

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

Chairperson
Mr. Leonard Derkach
Constituency of Russell

Vol. LXII No. 5 - 7 p.m., Tuesday, April 20, 2010

ISSN 0713-9462

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

Tuesday, April 20, 2010

TIME – 7 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Leonard Derkach (Russell)

VICE-CHAIRPERSON – Mr. Gregory Dewar (Selkirk)

ATTENDANCE – 10 **QUORUM** – 6

Members of the Committee present:

Hon. Ms. Wowchuk

Mr. Borotsik, Ms. Brick, Messrs. Derkach, Dewar, Mrs. Driedger, Messrs. Jha, Martindale, Ms. Selby, Mrs. Stefanson

APPEARING:

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

Hon. Rosann Wowchuk, Minister of Finance

Ms. Carol Bellringer, Auditor General

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

Mr. Hugh Eliasson, Deputy Minister of Finance

MATTERS UNDER CONSIDERATION:

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

* * *

Mr. Chairperson: Will the Standing Committee on Public Accounts please come to order.

This meeting has been called to consider the Auditor General's Report–Follow-up of Previously Issued Recommendations—a review, dated March 2009.

For the committee's information, certain sections of this report have previously been identified for consideration tonight, and we're—and our invited guests organized as follows: section 17, Department of Family Services and Housing–Public Housing Program; section 20, Lions Club of Winnipeg Housing Centres; section 23, Investigation of Maintenance Branch of the Manitoba Housing Authority, with the Minister and Deputy Minister of Housing and Community Development; section 24,

A Review of Crown Corporations Council, with the Minister and Deputy Minister of Finance.

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

Mr. Doug Martindale (Burrows): Yes, I would recommend, as I usually do, that we sit until 9 o'clock or until we pass all the reports, whichever comes first.

Mr. Chairperson: Thank you. Is that agreed? [Agreed] Thank you.

Also, I think it was in agreement that we would not deal with Housing until 8 o'clock because the minister is at another engagement this evening and won't be available until 8 o'clock. So, with the committee's approval, I would like to move to the Review of Crown Corporations Council with the Minister and Deputy Minister of Finance as our witnesses.

So I'd ask the minister and the deputy minister to take their place. And this is the strangest situation ever, when you have a member of the committee also being a witness, but, nevertheless, that's the way our committee is at this time and that's the way we have to accept it, so, welcome the minister and the deputy.

And, first of all, does the Auditor General have an opening statement?

Ms. Carol Bellringer (Auditor General): I'll actually make an opening statement to cover all of the reports.

But I wanted to first start by taking the opportunity to congratulate the Chair and the Vice-Chair and the committee and all of the others who worked to get the agenda set for the upcoming year that was announced today.

As the committee knows, the advanced schedule allows for the members, the witnesses and our office to come to the meetings better prepared, and it puts Manitoba in the category of having best practices for the organizing of the meetings. I might add, perhaps, there's a few other administrative matters for the committee to address, but today's announcement is a

strong endorsement for the committee's progress, so congratulations.

*(19:10)

The chapters of the 2009 follow-up report that you're discussing tonight, they have been covered by the committee at fairly recent meetings. The Crown Corporations Council report was discussed by the Public Accounts Committee on April 23rd, 2008. The report on Lions Club of Winnipeg Housing Centres, it was issued in 2001. It was discussed most recently at the May 27th, 2009 Public Accounts Committee meeting. The report on the public housing program, issued in December 2002, was passed by the committee in 2003, but it was also updated by the office of the Auditor General in the November 2004 report on the Investigation of the Maintenance Branch of the Manitoba Housing Authority. And that 2004 report is also on the agenda tonight and the update as well as that report were discussed by the committee and passed at the October 7th, 2009 Public Accounts Committee.

So at each of those more recent meetings, I actually did provide opening comments, so I won't provide any further opening comments tonight.

Mr. Chairperson: Thank you very much, Madam Auditor General, and I thank you for those comments. And, of course, you were an important part of all that, so we thank you as well.

Now does the Deputy Minister of Finance have an opening statement? And welcome to the table again.

Mr. Hugh Eliasson (Deputy Minister of Finance): I'd like to thank the committee for the opportunity to provide an update on the report, A Review of Crown Corporations Council, which was completed by the Auditor General's office in March 2004, and which covered a two-year period—review period of January 2000 to December 2002.

The original audit report included six recommendations: two directed to the Province and four directed toward the Crown Corporations Council.

The Province's position with regard to their two recommendations, which requested government to complete either a formal review or amendments to The Crown Corporations Public Review and Accountability Act, remains unchanged. The original review done by the Auditor General indicated that the organization was doing a good job and, at the

time of the report, the Auditor General specifically identified Crown Council's strength in delivering its legislative mandate and in its relationship building with Crowns.

As was noted in the original report, as a result of building positive relationships, the council was able to obtain adequate information from the Crowns to ensure sufficient oversight and accountability is in place for the public. This process has been continued and through better performance reporting on the part of the Crowns, the council continues to obtain adequate information.

The government appreciates the Auditor's recommendation; however, the Province's position with regard to these two recommendations remains unchanged for those reasons and concludes that there are more pressing issues for the government to focus on at this time.

With regard to the four recommendations directed toward the Crown Corporations Council, the council has implemented recommendation No. 6 regarding the performance measurement framework through the issuance of its annual report, which is prepared in compliance with the Province's policy on reporting on outcomes. However, the council's position of do-not-intend-to-implement regarding the remaining three recommendations that they develop a set of best practices for Crowns regarding the establishing and measuring of Crown mandates, development of a formal protocol for disclosure by Crowns, and development of a process to survey the stakeholders of the Crowns remains unchanged from that outlined in the report as issued in 2004, as they feel there continues to be adequate strategies and processes in place to satisfy the intent of each of the above outstanding recommendations of the Auditor General at that time.

I'd be pleased to try and respond to any questions that the committee may have.

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

Mr. Eliasson: Maybe I can just introduce Garry Hoffman, who is the CEO of the Crown Corporations Council, and if he could join me at the table, he could assist in me responding to your questions.

Mr. Chairperson: Absolutely. Mr. Hoffman, come forward, please. Perhaps you would like to take one

of the other chairs that might be more comfortable for you.

Okay, the floor is now open for questions.

Mr. Rick Borotsik (Brandon West): Thank you, Mr. Eliasson for your opening remarks. We've had them here before. A couple of questions.

First of all, Mr. Eliasson, do you sit on the Crown Corporations Council?

Mr. Eliasson: No, I don't.

Mr. Borotsik: Mr. Eliasson, can you tell me who does actually sit on the Crown Corporations Council?

Mr. Eliasson: The Council is chaired by Raymond Poirier. The other council members are Judy Murphy, who's the vice-chairperson; Becky Barrett; Elaine Cowan; Glenn Feltham; Kent Haugen; Raj Pandey; and Ron Bailey.

Mr. Borotsik: I appreciate that information.

You had indicated in your opening comments that the three recommendations, one being a policy recommendation and two being administrative recommendations, are not necessary in order for the Crown Corporations Council to operate, in your opinion, adequately.

One of them is to survey stakeholders. That seems to be fairly innocuous, just simply a matter of surveying the stakeholders to see if, in fact, there is an adequate strategy in place and policies.

Why is it that the Crown Corporations Council is so reluctant to do that survey of the stakeholders?

Mr. Eliasson: Council has not utilized a formal surveyor interview process for gathering client and stakeholder satisfaction. However, it is felt that with only seven Crowns under their—six Crowns now under their purview, direct feedback is a more prudent methodology. Council, through the board and its staff, have an ongoing contact with the Crowns, both at the board and management level, and they continue personal contacts as the means of assessing satisfaction with council's performance. In addition, council meets periodically with the minister and invites the minister to meet with council and also meets with each minister to whom the Crowns report. And it's council's opinion, both at the management and board level, that current methods provide appropriate opportunities for the Crowns to express any concerns related to how council interprets and carries out its mandate.

Mr. Borotsik: Meeting with the Crowns on a regular basis is part of your function—admirable—obviously, a process that's been in place a long time, and you're comfortable with—the Crown Corporations Council's comfortable with it. But just because we've done it like this forever, does that mean that there is no opportunity to look at different processes that may well increase the ability to manage or put forward the mandate of the Crown Corporations Council?

Mr. Eliasson: I think it's fair to say that council, the Crown Corporations Council, both at the management level and the board level, consider the Auditor's—the Auditor General's recommendation to utilize a formal survey mechanism, but it's their belief that the ongoing relationship and direct dialogue that they have on a regular basis with the Crown corporations, both at the board and the management level, is a very effective means of communication and receiving feedback from Crown corporations.

Mr. Borotsik: Would the Crown Corporation Council look at any new, innovative tools to try to improve their efficiencies within the organization?

Mr. Eliasson: I'm quite confident that the Crown Corporation Council is not closed to considering new tools. In this instance, they considered this one and have found the current practice to be quite acceptable.

Mr. Borotsik: Mr. Eliasson, can you tell us how there have been some major—or what type of major changes, if any, at the Crown Corporation Council's management—what type of new tools they have embraced over the last two or three years?

Mr. Eliasson: You know, I could—I'll just speak—

Mr. Chairperson: Mr. Eliasson, continue.

Mr. Eliasson: I'll just speak from my own brief experience from last November.

* (19:20)

We were in this committee, I don't know, four or six weeks ago on the role of Crown Corporation Council in training and advising Crown corporations on board governance. They have done substantive work over the past number of years in improving the government's practices at the major Crown corporations in the province. And when we were here last time talking about the governance training that they were leveraging from their experience with the major Crown corporations and making it available to the whole array of agencies, boards and

commissions in a way that smaller agencies and boards and commissions never would have had access to that level of training and governance expertise, is a pretty clear measure of how innovative they've been in addressing governance issues, not only in the Crown corporations over which they have oversight, but throughout the entire agency, boards and commissions structure.

Mr. Borotsik: Very admirable. Certainly, it's important to be able to get best practices and try to have those available to other boards and commissions. That's very admirable.

I would expect the Crown Corporations Council to provide that kind of input, obviously, to the, not only Crown corporations, but other corporations. You say you have—the Crown Corporations Council has meetings on a regular basis with the minister. Is it not the Crown Corporations Council's responsibility to make sure that there are check and balance or perhaps a watchdog, if you will, of those Crown corporations and should report that to the minister if there are any deficiencies or shortcomings?

Mr. Eliasson: That's what they do.

Mr. Borotsik: They do that, and I'm going back to the Auditor General's report. The Auditor General had come up with a couple of what I consider to be fairly innocuous recommendations. But it seems that the Crown Corporations Council for some reason don't want to implement those innocuous recommendations. It would've been fairly simple, I think, to put into place the survey particularly. Yet there seems to be a substantial hesitancy, perhaps even a digging in the heels, if you will, of trying to implement that simple management tool.

Would that management tool not also assist in making sure that the minister is confident in the ability of the Crown Corporations Council to be that watchdog of the corporations, Crown corporations?

Mr. Eliasson: I always have a bit of difficulty with the sort of menu of responses to recommendations in the Auditor's report that's available, and the do not intend to implement a recommendation is sort of a case in point. That doesn't necessarily mean that there's any disagreement with the intent of the recommendation. But from time to time organizations find different ways of satisfying the intent of the recommendation without actually following the precise recommendation that the Auditor General might have made. And I don't think

in any cases the council oppose to the intent of the recommendation, they simply feel that there are alternate and more practicable approaches to addressing the intent of the recommendation. And I think the response on the formal survey side of things is a good example of that where the cost to develop a formal survey mechanism that would apply to seven Crown—or six Crown organizations when a very effective communications protocol is in place would be an example of that.

Mr. Borotsik: Last question. Who do you see, Mr. Eliasson, as being the check and balance for the Crown Corporations Council?

Mr. Eliasson: There's several levels of check and balance in the whole system. Each of the Crown corporations report through a minister to the Legislative Assembly. Each of the Crown corporations have the legislative committee—the Standing Committee on Crown Corporations has the opportunity to call any of the Crown corporations to review their annual reports. Corporate Crown corporations provide annual reports. They provide quarterly reports. They engage in public meetings. But the primary—and the Crown Corporations Council obviously has oversight over six of the Crown corporations—but the primary method is through a board of directors that is responsible for the operation, direction and the management practices within Crown corporations, and that board is accountable to a minister who is then accountable through the Legislative Assembly.

Mr. Borotsik: Last question, and I do appreciate the organizational chart.

My question was is who is the check and balance in the Crown Corporations Council. The council reports I believe to the Minister of Finance. Is that not correct?

Mr. Eliasson: The council does report to the Minister of Finance and the council has its own board of directors.

Mr. Borotsik: Those board of directors are appointed by government?

Mr. Eliasson: They're appointed to government in accordance with the legislation.

Mr. Bidhu Jha (Radisson): Could the deputy minister elaborate on the recent Crown Corporations Council's initiative on performance measurement?

Mr. Eliasson: Well, specifically related to the Crown Corporation Council, they prepare an annual

report, which is available to the public. That report includes a specific section on corporate performance. The corporate reporting identifies their priorities, their strategic outcomes, their expected results, and the report also provides the public with an assessment that shows whether or not the council has achieved their expected results for the year, as well as information on major accomplishments for the year.

The Crown council also has oversight of performance reporting of the Crown organizations that fall within their purview. In regards to the council's oversight of Crowns, one of the council's responsibilities is to facilitate co-operation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance.

To ensure effective reporting in 2001, the council staff, along with feedback from the Crown organizations, prepared a comprehensive best practices resource guide to facilitate the development of corporate performance measurement in the Crowns under the council's purview. This guide includes a framework consisting of 15 key components by which each selected Crown's existing measurement and reporting was assessed. The components comprised the key findings for best practices and, consequently, also encompassed the overall recommendation to which the Crown corporation should consider. This guide is available to the public on the council's Web site.

Mr. Chairperson: Mr. Jha? You're okay?

Mr. Jha: Just fine.

Mr. Chairperson: Any other questions? Mrs. Driedger, sorry.

Mrs. Myrna Driedger (Charleswood): Thank you, Mr. Chair. My question's related to No. 5 on page 102, and, again, it is about the survey. Now, is my interpretation correct that the Crown Corporations Council itself does not intend to implement this survey, but would the Crowns themselves find it beneficial to have such a survey put in place? Have you asked them the question?

Mr. Eliasson: I myself haven't asked the Crowns if they would find that beneficial. The council reports that they have never asked for one, so I'm not sure.

Mrs. Driedger: The reason I ask that is because the auditor had done a report and it was looking at the regional health authorities. And, in that case, the

auditor had surveyed what the board thought about certain things and also what CEOs thought about the same things. And it was different because there was disparity in terms of what different groups felt about certain things. And it was interesting because where you might have thought there was agreement, there wasn't. And it was just quite eye-opening in some places and, you know, I sort of look at this opportunity of a survey to find out if, in fact, there—you know, you might find some very interesting things and something helpful too. You know, it's one thing, I think, for the council to say, we don't want it, but maybe the Crowns themselves might find some advantage to it, and that's why I just wondered if you'd ever asked them if—you know, they might just be used to the status quo so they maybe never brought it up. So that's why I just wondered if they themselves might find it a useful process to have in place just to improve things.

Mr. Eliasson: I think that that's a good suggestion, and I will ask the council if they could consult with the Crowns under their purview and get their views on that.

Mrs. Driedger: I guess the other aspect to that too would be providing a certain degree of anonymity so that nobody then, you know, is identified, but that, as the survey is—you know, however it's carried out, it allows the, you know, the Crowns an opportunity to speak freely with no fear of what they are going to say and just might provide better information and, you know, that open dialogue, and then no fear of any retribution for speaking out. You just find that there might be some very helpful information that comes out of that.

* (19:30)

Mr. Eliasson: Part of this may already have been done and we'll review some previous reports to see the extent to which that's been addressed, but in the Auditor General's survey of the Crown corporations on board governments, it was a very thorough and extensive survey and there may be aspects of that that address this issue, and so we'll review that from that perspective.

Mrs. Heather Stefanson (Tuxedo): My question is for the Auditor General. We've heard tonight that there's a number of recommendations that your office has made here and that we've heard various reasons tonight why, and, you know, I guess they indicated as well they may have some issues with, you know, it says in the reporting status that you—they do not intend to implement and they may have some issues

with that because there are various ways that—other ways that they try and implement this, but it may not be exactly as stated in your recommendations. Do you have any comments on that? I mean, where do we go from here? Is that a satisfactory answer, or how can we handle that?

Ms. Bellringer: The—it isn't the first time that that issue has come up when we've been working with the follow-up reports, and, indeed, nobody likes the do-not-intend-to-implement classification. It causes controversy, but we do think there are times where it's really the only way to describe the situation. When an organization has addressed the risks thoroughly to our satisfaction, we actually will call it implemented or resolved and we'll usually put in a little discussion around what we mean by that.

So there—actually, on some of the other reports that are on the agenda for tonight, there's—it's—we consider it implemented, although perhaps we referred to a time frame. We said every two years and they're doing it every three, so we'll say it's resolved, however, it's being done every three years, not every two. So there's some clarification around what the difference is between what they've done versus what we had recommended in the first place.

But, in this case, I have to say that it really does reflect something a little bit different from that. I think there are—it would require a little bit more in each of the areas for us to consider it resolved. So the first two recommendations—and the deputy minister did comment on the fact that these recommendations directed towards the Province around the act and amendments to the act or clarification on the act—they are somewhat policy-oriented areas that for the government to indicate to you that they're not a priority area; for us, it's quite clear; they don't intend to implement it. I don't know how to suggest anything other than that.

In the case of the—I mean, it's kind of—I'm going to go from the bottom up. The survey—I share the views of the members who've, you know, who in—or at least what I'm hearing through the questioning, that I don't really understand why not. It's a healthy thing to do. It's not—it wasn't meant to be anything more than just a suggestion for a way to get anonymous feedback. There was probably a reason at the time of the audit for suggesting it be done. That may or may not be the case today, but it isn't a bad thing to do and it would be periodic.

So, yes, we did do quite an extensive survey of the Crown—of all of the board members of all the

Crown corporations, including some questions directly related to the Crown Corporation Council, but that was at one point in time, and things do change. And that's where you end up. Even at the time of this audit, as contrasted with today, there's no way to know what the mood of the stakeholders is. So, we do think that should be done periodically.

The protocol issue, I'm not sure about that one, what the issue is. I would suggest that we don't share the same view, the council and ourselves, around the recommendation about adopting—we say adopting a more robust approach to ensuring consistent practices among the designated Crowns. That could border on policy because you could say, well, it's a policy decision to allow them to have different practices. I would suggest it's still—there's still room for some consistency. And I would even go beyond the Crown Corporations Council and suggest government as a whole should have some consistency in how public funds are spent. And I do take that position, I don't think there should be a huge difference between one organization and another in any aspect of their operations. It's all public monies. So we do disagree on that one, I guess.

If you read the recommendation it does say that we recommend council consider the merits of. I guess we could have said, yes, that's resolved. They considered them and they decided there was no merit. So we didn't actually interpret it literally and we chose to say we still didn't think that the spirit of what was intended with the original recommendation had been addressed.

How serious is that? I think that's up to the committee to decide whether you'd like the Crown Corporations Council to reconsider that position or whether you'd like us to take another look at the follow up in the future.

Mrs. Stefanson: In your follow-up reports, like—are you only allowed to look at the specific recommendations that have been made and you keep going along in those lines, or is there room for maybe improving some of the recommendations that you've made after sort of working with the department, or in this case the Crown Corporations Council?

Are there perhaps some ways that we can reword some of this to still allow for transparency and accountability, which is what we're trying to achieve here, without just sort of coming back and saying, no, I'm not budging on this. No, I'm not budging on

this. Well where are we going? Well, you know, we're not—we have no intention of implementing and that's it.

So where do we go from here, I guess, will be my question to you?

Ms. Bellringer: The answer to the first question, we don't have any rules we have to follow. We have the flexibility of choosing to do this any way we wish. The practice we've followed has been not to alter the recommendations once they've been made. There's no reason to say that we cannot do that in the future. It's a practical suggestion. I think it makes some sense in this case, to explore how we can reword the recommendations to get at the heart of what was intended.

Mrs. Stefanson: Well, I just—I would ask Mr. Eliasson just—is that—is there some way that—I mean you had mentioned earlier, and with respect to when Mr. Borotsik brought up the No. 4 recommendation, fairly innocuous, I think, and you had mentioned that you believe a lot of this is being done anyway in different ways.

I mean is there some way that maybe you could work together and figure this out? How do we make sure that we do have transparency and accountability or is this just sort of, okay, this is it. We've got, you know—we agree to disagree.

Mr. Eliasson: You know, I don't think it's a case of we agree to disagree. I think that there's sort of common ground on the intent of the recommendations and perhaps a difference of opinion on the best way of addressing that. And, you know, my brief experience with the council is that they're not an inflexible organization and they have experience in dealing with the Crown corporations that are under their purview. And so they have—they bring that knowledge to bear on the recommendations and both at the board and management level have expressed their views on that.

But as we—when we're talking about the survey thing—I don't think it's at all unreasonable to ask the council to reconsider that and talk to the Crowns and determine if it would be valuable to the stakeholders. If there's value in it to the stakeholders then maybe it's worth the effort. If the stakeholders aren't fully satisfied with the current communication protocol, which seems to me to be a pretty practical way of going about doing things in Manitoba, when you're only dealing with six Crowns and you know the people and you can pick up a phone and you can

meet on a regular basis. If that's insufficient or not satisfactory, then maybe a more formal survey is. And so I indicated that I'd request that the council revisit that and talk to the Crowns.

* (19:40)

Mrs. Driedger: In 3(b)—and my question would be for the Auditor—there's a recommendation to adopt a more robust approach to ensuring consistent practices among the Crowns.

Does that mean that the practices that are currently occurring, then, are inconsistent? Is that how this was viewed? And I guess I would ask the Auditor General what she might recommend in terms of ensuring consistent practices. Like, what are some examples of practices that should be consistent that perhaps aren't?

Ms. Bellringer: I'm looking back to the original report and consistent practices is addressed on page 17. And now some—the audit refers back to the act, which actually requires the council to ensure consistent practices among two or more corporations where appropriate. So I can see that the audit team didn't just think it was a good thing to do; they were actually looking at it in terms of a compliance area.

The findings in the report—and I do have to go back to this because I didn't conduct the audit. So I would—my quick answer is actually from what I do know from Crown corporations. I don't know whether they're consistent or not, but there isn't a single policy that covers more than one—each Crown corporation is reporting to its own board of directors and then those boards through a minister of government. There isn't one single set of policies that covers all Crowns.

So the answer is: Who knows? You know, so that—I think that really does get into the original intent, perhaps, of the act that may have evolved to something different, which was why the audit recommended either comply with the act or revise the act.

So then it does get into—there's something that was issued in 2001, consistent practices review, and there was—there were a number of things drawn out of that. And that—the conclusion of the audit was overall council had provided a useful service to government and the designated Crowns by comparing comparative information on stated policies and procedures with each of the Crowns. And as I said, this goes back, though, quite a long period of time, encouraging the Crowns to follow

best practices and providing the Crowns with assistance in sharing examples of best practice, and there were some interpretations around that.

So I'm—I need to draw the line now between those positive things and the recommendation, because it wasn't as though nothing was being done. And there is a certain amount of—because so much time has passed—of irrelevance to really going back to figure out exactly where it came from. And I don't know if there's been that kind of a recent study done.

Mrs. Driedger: I would ask Mr. Eliasson: What opportunities are there for Crowns to share best practices right now? Is there some kind of an opportunity for them to do that, or a process?

Mr. Eliasson: In my response to an earlier question, I referred back to the role of the Crown Corporation Council has played in elevating the government standard, not only amongst the six Crown corporations that are within its purview, but extending that well beyond agency boards and commissions. So I think that's a very good example of how they can encourage best practices amongst Crown.

I think, you know, part of the six Crowns under the purview of the Crown Corporation Council, you have quite a range in terms of complexity of organization and economic significance. And it sort of ranges from Manitoba Hydro at one end of the spectrum to the Centennial Centre Corporation at the other, which are—I mean, they are all very important organizations, but, sort of, the operation of a concert hall requires a different set of standards and rigour than the operation of a major utility. And so I think that while the acts says where appropriate they can, sort of, apply a common standard, it's where appropriate and it's not appropriate in every instance. You wouldn't, sort of, impose the same rigour on a smaller organization that you would on a larger organization.

Mr. Borotsik: How many employees are there in Crown Corporations Council?

Mr. Eliasson: Now I can sound more certain. There are five.

Mr. Borotsik: For my information, how long, Mr. Hoffman, have you been with the Crown Corporations Council?

Mr. Eliasson: Since June 1st, 1999.

Mr. Borotsik: Last question. Have you ever asked a Crown for information and they were not prepared to

disclose that information in Crown Corporations Council?

Mr. Eliasson: We actually have had a discussion of that and council has reported that in almost every instance the Crowns are very forthcoming with information and the only frustration that they've had in receiving information from Crowns is when they might want to provide a copy to the minister before they give it to the council or something like that. But they have never been refused access to information when they've put the question to a Crown.

Mr. Chairperson: Thank you. Seeing no other questions, is the committee agreed that we have completed consideration of the following section of the Auditor General's Report—Follow-up of Previously Issued Recommendations—A Review, dated March 2009, section 24, A Review of Crown Corporations Council? *[Agreed]*

Thank you, Mr. Eliasson. Thank you, Mr. Hoffman. Thank you, Madam Minister.

We—can I ask the committee if it would be agreeable to recess for five minutes? The minister just came in, to give her a minute to be able to take her place for the next section. So can we just pause for a couple of minutes and then we'll call us back to order. Five? Thank you. Is that agreed? *[Agreed]*

Thank you.

The committee recessed at 7:48 p.m.

—————
The committee resumed at 7:59 p.m.

Mr. Chairperson: We'll call this committee back to order, and we will now be considering the Auditor General's Report—Follow-up of Previously Issued Recommendations—A Review, dated March 2009, section 17, Department of Family Services and Housing—Public Housing Program; section 20, Lions Club of Winnipeg Housing Centres; section 23, Investigation of the Maintenance Branch of the Manitoba Housing Authority.

Before we get started, is there any specific order that the committee would like to review the sections in, or shall we do it in the order that they are listed?

Hearing no suggestions, we will consider the sections in the orders that—in the order that they are listed. So we will start with section 17, Department of Family Services and Housing—Public Housing Program.

* (20:00)

I would ask the minister to perhaps introduce her staff to the committee first, and then I will ask the Auditor General for opening remarks, and then we will ask the deputy minister for opening remarks. And the remarks may be made specifically to that section, or if you want to make them globally, I guess we'd allow for that as well.

So, Madam Minister, to you first.

Hon. Kerri Irvin-Ross (Minister of Housing and Community Development): Mr. Chair, I'm pleased to be joined here today with Joy Cramer, Deputy Minister of Housing and Community Development; Darryl Jones, CEO of Manitoba Housing; and Gordon Thomas, director of Property Services, Manitoba Housing.

Mr. Chairperson: Thank you, Madam Minister. The Auditor General has indicated that she does not have an opening statement. Is that correct?

Floor Comment: I have already made one, sir.

Mr. Chairperson: She has already made one. So, now I go to the deputy minister, Ms. Cramer. Do you have an opening statement?

Ms. Joy Cramer (Deputy Minister of Housing and Community Development): Yes, thank you very much.

I'm pleased to be here today to address the OAG report on the Lions Club of Winnipeg. And in my report I'm happy to say that we are satisfied with the final report from the OAG that all the recommendations have been addressed, and, in our opinion, this file is closed.

With regard to the 2002 and 2004 investigation of the Maintenance Branch and the value-for-money audit, I would like to begin by reporting on the outstanding recommendations.

To begin with recommendation No. 5, this department—the department considers this recommendation implemented, and Treasury Board was advised in 2007 and 2009, and in March 2010. I'm not going to read out the actual recommendation, just in terms of saving a bit of time.

Recommendation No. 9: Manitoba Housing also considers this recommendation implemented in that all fire plans were in place by February 2010.

With respect to recommendation No. 10, Manitoba Housing also considers this recommendation implemented. The cyclical assessment process was developed in 2009, and with the completion of recommendation No. 9, the previous one I just stated, this recommendation, we believe, is also complete.

With respect to recommendation No. 11, that's still outstanding. This is in progress, and we believe this will be implemented by 2010, in September. The majority of Manitoba Housing employees have been trained with respect to fire safety, and the remaining Manitoba Housing employees, employees that sponsor managed projects will be trained this spring and summer.

With respect to recommendation 20, Manitoba Housing does not intend to implement this recommendation. The length of time required to house applicants depends on their level of need and their choice of location. Both of these factors are outside the control of Manitoba Housing, and, therefore, strategies cannot be developed.

With respect to recommendation 22, Manitoba Housing considers this action no longer required. We believe we have implemented practices that exceed the intent of the recommendation. Not only are the eligibility lists updated automatically as new applicants are entered into the system and units are offered, regional directors regularly run confirmation reports. In addition, applicants are asked to update their applications on a yearly basis to ensure their information is correct.

With respect to recommendation No. 31—

Mr. Chairperson: Excuse me.

Ms. Cramer: Sorry.

Mr. Chairperson: Ms. Cramer.

Ms. Cramer: Yes.

Mr. Chairperson: I'm trying to follow. I think we're talking about two different sections, if I might. Are you in section 17?

Ms. Cramer: I'm in section—yeah, the 2002 value-for-money audit on public housing.

Mr. Chairperson: Oh, it's the original report. Okay, I'm sorry.

Ms. Cramer: Yes, and the—

An Honourable Member: They're the same numbers.

Ms. Cramer: They're the same. Are you able to follow? Yes. Okay. Sorry.

An Honourable Member: Sorry. What was the last one?

An Honourable Member: We had 32 last.

Ms. Cramer: 32. Oh, I'll do 31 over again.

Manitoba Housing considers this recommendation implemented. The manager of Quality Assurance reviews and reports on arrears monthly. As well, as collection officers continue to work with regional directors and property managers to improve collection practices. Is everybody—

Mr. Chairperson: Carry on.

Ms. Cramer: Okay. With respect to the outstanding recommendation 32, this is in progress and will be implemented by September 2010. Manitoba Housing has provided a revised handbook to the sponsor groups for their feedback. Once they provide the feedback, portfolio admin of Manitoba Housing will finalize and distribute the handbook.

With respect to the outstanding recommendation No. 33, the department, Manitoba Housing does not intend to implement this recommendation. The department is unable to unilaterally change sponsor agreements and, therefore, cannot develop an action plan.

Portfolio administration of Manitoba Housing updates operating agreements when the opportunity arises.

Now I'm going to go on to the 2004 Investigation of the Maintenance Branch of Manitoba Housing Authority. Okay?

The outstanding recommendation of No. 1, the department considers this recommendation implemented as Treasury Board was advised in 2007 and September 2009 and March 2010. This is a—this is the exact same recommendation that was in the previous report, the 2002 report.

With respect to recommendation No. 8, that's outstanding—this recommendation is in progress. Manitoba Housing has implemented several organizational changes to improve communication. One major step would be the development of the community relations office that took place approximately two years ago.

An organizational-wide newsletter that we implement on a either bimonthly or a quarterly basis.

And we've also implemented staff meetings throughout the organization.

The last three outstanding recommendations 14, 15 and 21 are with respect to information management systems, and I'm—in 2010, which is in this fiscal year, we are initiating the development of an IT road map and this, hopefully, will be implemented by 2013.

So that brings me to the end of our response to the outstanding recommendations for the Lions Club, for the 2004 and the 2002 audits from the Auditor General.

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

I'm sorry. I—this just may be me and I need a little clarification, Madam Deputy Minister. Section 17, the department of family housing—public housing program, that's the section you went through first.

Ms. Cramer: Right. The—I went to the Lions Club first which means—but all the recommendations have been implemented there.

The second one I went through was the 2002 public housing program. Correct.

Mr. Chairperson: Okay, which is section 17.

Ms. Cramer: Yes.

Mr. Chairperson: And then the last one you did was the Investigation of the Maintenance Branch of Manitoba Housing Authority.

Ms. Cramer: Correct.

Mr. Chairperson: Correct. Thank you very much.

Okay. We will now have the floor open for questions.

Mr. Martindale: I have a question for either the minister or deputy minister.

I'm very interested in Manitoba Housing Authority. As they probably know, there's a large complex in Burrows constituency.

So I'm interested in knowing, first of all, how MHA deals with complaints from tenants?

Ms. Cramer: Okay. Just for clarification sake, we refer to MHA now as Manitoba Housing, and we refer to the Property Services piece of that department as Property Services and TSAM, Tenant Services and Asset Management.

How do we deal with complaints from tenants? First, we hope that they can be dealt with satisfactorily from the front-line staff and the regional directors that are responsible for that area because we have organized ourselves into regional offices.

And if not that, they also have the Administrative Review Committee, that's part of Manitoba Housing and they also have the tenant, the residential tenancy branch to also file a complaint.

Mr. Martindale: Since some public housing projects have tenant associations, I suppose complaints could go through them to Housing.

What about in cases where there is no tenant association? Is there some similar mechanism for handling complaints?

*(20:10)

Ms. Cramer: We have our Administrative Review Committee. We also have—we have tenant forums. We have security forums where our security goes out to the community and speaks to what our responsibilities are and what the tenants' responsibilities are. We also have a 24-hour, seven-day-a-week phone line that they can call in if they have concerns. We also let our tenants know that, depending on what the complaint is, what the responsibilities are if they see something that's of a criminal nature, then part of that responsibility is to also call the police.

Mr. Martindale: Yes, I understand that those are happening and including at Gilbert Park in the Burrows constituency and I think they're quite successful in getting information to tenants. Notwithstanding that, there are still security and safety issues and so I'd be interested in knowing how those are being addressed and what improvements have been made in the last couple of years?

Ms. Cramer: There's a couple of things that have occurred. One is that we've really looked at our security branch, we've enhanced it. Since 2008 we've actually formalized a security program within Manitoba Housing. We have also looked at our contracts in terms of the security contracts that we manage. And we've looked at how we support our tenants in terms of information around what their responsibilities are and what are responsibilities are. And we've also done environmental design in terms of lighting and how we lay out, when we're doing renovations and so on, the landscape of our

properties so that we are more aware of that type—those types of security issues.

We went from two—when I first started four years ago, we had two security officers and they pretty much managed everything and now we're up to 20. We have a director. We have investigators, supervisors and mobile officers.

As I said earlier, we have security forums with not only our tenants but our community stakeholders and we have a very strong oversight with regard to our security officers.

Mr. Martindale: It's my understanding that when we formed government in 1999, we inherited what was known as a maintenance deficit and I don't know what the total amount was, but I do remember when I first became a legislative assistant to the minister of Family Services and Housing in 2003, that it was estimated there was a need to spend about 25 million a year but the actual budget was about 8 million a year.

Since then expenditure has increased considerably on both maintenance and repairs and capital upgrades and I wonder if you could tell me how much is being spent in various categories on, like total rehabilitation and ongoing maintenance and repairs?

Ms. Cramer: Okay, I'll do my best to do that. I can say that you're correct, when I started, about four years ago, our capital budget was approximately \$9 million. And it went up to 24 million and it went there for three years. And now we are at about 91 million plus the federal government's economic stimulus package, close to 100 million as well. So we're up to 300 million in terms of our operating expenditures.

I'll just list off some stuff that I have here in terms of information. We're spending approximately \$6 million renovating the hallways, stairwells and tenant lounges of 86 apartment buildings including new flooring, paint and fixtures. We refer to that as common area refreshes. So we're not going into the units to actually refresh the unit but we're doing all the common areas and the outside, the facade, to make it look more appealing and basically nice, and to try and make it fit more into the neighbourhood.

We are doing deep refreshes and I think that many people here are aware of Lord Selkirk Park and Gilbert Park and so on. And there we're spending about, I would say, average, approximately, 30,000 to 50,000 dollars a unit to totally refresh that unit.

Floors, everything. We had asbestos tile floor, that original flooring and that's what they used, asbestos. And in some instances we had five, six different kinds of tile on a living room floor. Sometimes the tile was completely gone from the living room floor and it was just plywood. And so, that's the type and the state of housing, that I walked into four years ago and a lot's changed since then. I think that it's been partly because there's been a lot of work done, but I think also, as everyone here would know, there's been a lot of media about the state of the housing—in public housing in Manitoba, and I think that that, unfortunately, but it's helped in terms of raising the awareness of the need to invest in our social housing. And it's a lot less expensive to invest in what we have than to build new. It just—it's as simple as that and the folks that live in public housing, you know, we always say we want to provide safe and affordable housing and that's allowing us to do that now in terms the investments that are being made.

Mrs. Driedger: Could you tell me what kind of success you're having with dealing with tenants that deal drugs. I had a—we have a—quite a large Manitoba Housing unit in my area and I've met with a number of residents that have some huge concerns around that. This one fellow was really worried because he had two little kids and there were needles lying around outside and he tried to get help and he had a heck of a time trying to get anybody to listen to him.

Finally, we called the cops and there was a sting that happened and they actually were able to deal with a guy that was dealing in the area. But he said that this is rampant within, you know, Manitoba Housing and he was trying to find another place to move to and, in fact, was told, well, you're just going to end up, you know, moving to another complex and they're going to have the same things. I know it's probably a tough challenge, dealing with this issue, but what kind of success are you having and what are the initiatives being put in place to really rein that in?

Ms. Cramer: That's a long answer and I'm going to try to answer it as best I can. First of all, I know that we have safer communities legislation and that allows—and we also fund through the Department of Justice two dedicated officers and—to look at and address any types of criminal activity that's occurring in public housing. So within the safer communities act legislation and that program that's managed through Justice, we have two staff and that's what they do. They look at our public housing and they look at if there's any criminal activity and our tenants

are all made aware of how they can contact that program.

So that's one piece. The other piece is that this is a reality is that for whatever reason in Manitoba Housing, at one point we took in a lot of folks that had mental health and multiple barriers and double addictions, and we decided to house them and we put a lot of them together in just a number of—not all our buildings, but in some of our buildings, and one of them is your building, the building that you referred to. And they don't have—they didn't have services, mental health services, Winnipeg Regional Health Authority and so on, coming in. Now, with partnerships with them, we have clinics, we have folks coming in from Winnipeg Regional Health Authority regularly.

We look at supportive housing for people with mental health. That's one of the major initiatives that we're working with right now with an interdepartmental committee and programming so that we support those folks. They are vulnerable, there's no question about that. So you have people that prey on them, that come to those areas, but we also have property managers and we have staff that are trained to share that information with the tenants so that they can call the police or they can call—okay, you're good? Okay. I could go on.

Mr. Chairperson: No, that's fine and this is an interesting discussion, and I think all of us are keenly interested in the topic, but unfortunately, it takes us almost into an Estimates process and I allowed one question on each side of that nature, but now I'm going to ask us to come back to the report and to focus our attention on the recommendations, perhaps, and questions that are relevant to that. And believe me, folks, I'm finding it just as interesting as anybody around the table, but I do have to bring us back to the focus of this session.

So, Ms. Driedger, did you have any more questions?

Mrs. Driedger: No.

Mr. Chairperson: Okay, thank you.

Mr. Borotsik: And I was also fascinated with the answer, so thank you very much. But we'll go back to the report and the recommendations.

* (20:20)

Recommendation No. 5 on the public housing program, it was suggested by the Auditor General—and I don't know whether I got your update on that

one or not, Ms. Cramer. But it was suggested that you do a five-year plan of expenditures, a five-year plan, and that it was submitted in 2007, but it wasn't submitted in 2008.

Are you doing it on an annual basis now with the five-year plan out?

Floor Comment: Yes, we are.

Mr. Chairperson: Ms. Cramer. I'm sorry. Ms. Cramer, I was still reading the recommendation.

Ms. Cramer, your answer, please, again.

Ms. Cramer: Yes, we are.

Mr. Borotsik: Has it been submitted for this year, the 2010 year?

Ms. Cramer: Not for 2010. We submit it in March 2010 for the '09-10 year, and so we'll be submitting another one for the '10-11 year.

Mr. Borotsik: That's good enough. I marked down here on the report, No. 5 on the report, that it wasn't good enough, but I would like to suggest that what you've indicated is good enough at this point in time.

Item No. 17, or, I'm sorry, recommendation No. 17. It says it's implemented right now. Underfilling housing units is occurring. What strategy did you use, what vacancy rate is there, and how many units do you actually have in Manitoba Housing?

Ms. Cramer: Okay, can I clarify the questions again? You wanted to know—

Mr. Borotsik: First of all, I asked, how many units in Manitoba Housing at the present time, what is the strategy that you're using with respect to underfilling of housing units, and what is your vacancy rate?

Ms. Cramer: Thank you. I can answer the first question pretty quickly. We have 13,056 units for Manitoba Housing. We have 3,045 that are sponsor managed, which means that they are part of the public asset, but they're not managed by us. They're—*[interjection]* They're—yeah, well, they're owned by us, but they're—we let community groups manage them. Lions owns their own property.

And, in terms of under filling, we have just enacted a policy with respect to the national occupancy rates in terms of guidelines and how we fill housing vacancies in terms of whether we underfill or not. So, it is, for example, if we have vacancies in a community, and we have a one-bedroom or a two-bedroom that's vacant, and we

have a single person that wants to live there, but, according to policy, it says they're only eligible for a studio. Well, we don't have any studios. Well, we will rent them a one-bedroom unit. That's what our policy now states.

Mr. Borotsik: And the last question, what is the vacancy rate currently on the 13,056 units?

Ms. Cramer: One moment, please. I apologize. We did provide the vacancy rate. It's in *Hansard* from our Estimates process. But, just to clarify, we can get that information to you, but our vacancy rate right now is—it's variable because we are doing such deep renovations in some of our units we have to keep a number of them vacant. So it's just skewed a little bit, you know. So I apologize.

Mr. Borotsik: And I appreciate that, but you do have a five-year program of this maintenance program that you should have on an ongoing basis. So the vacancy rate is going to be somewhat consistent. Is there no ballpark vacancy rate right now on the 13,056 units?

Ms. Cramer: So, in terms of available units right now, it's about 4 percent. However, you would have to add another about 5 percent onto that for the units that we've taken out of market because of renovations.

Mr. Borotsik: And I do appreciate the process of renovating properties and having them turn over and back into the inventory for lease. But 4 percent, regardless of the 5 percent that's still under renovations, seems to be fairly high considering there's a very low vacancy rate within the city of Winnipeg.

In Brandon, for example, I think our vacancy rate is about 0.5 percent rate right now in the private sector. Why would you have a 4 percent? Is it because of the condition of the units or is it lack of customers, if you will, for the units themselves? Four percent seems awfully high under the circumstances.

Ms. Cramer: The answer to that varies depending on where you're looking at that within the province. We do have depopulation issues with regard to some communities where we have all our units are vacant because everyone's leaving that small community. However, we have example you used in Brandon where the vacancy rate is, you know, we don't have any units available for rent in Brandon either.

And then we also have the issue of, in some instances, the condition of our units and also, in

some instances, the type of unit we have available. So, for example, in Winnipeg, we do have some studio bachelor units more readily available than in any other unit we have. And in also some instances in Winnipeg, when you apply for public housing, some or many people don't want to live in certain projects, in certain locations and so they choose to stay on the waiting list as opposed to take that unit. We do have an active offer program within our housing, so if you applied for a house and you wanted to live, let's say in St. Vital, and you know, we tell you that that's going to take a long time for you to get a two bedroom in St. Vital, we may call you back a week later and go but we have one here. We have another two bedroom here, are you interested? And we try to house them in our units that some people might find a little less desirable because of the location.

Mr. Borotsik: The renovations, your outfitting of the apartments, the 5 percent that you have on the vacancy list right now, do you do them in those markets that are—that have more access to them, that people want in those marketplaces? You're doing them so that they can be filled, I assume, as opposed to staying vacant with the other 4 percent?

Ms. Cramer: That's true to a certain degree in terms of where we're looking at creating more opportunity to fill vacancies, for example, in Central Park. However, we are also investing in communities like Gilbert Park and Lord Selkirk Park, where there is a real need to invest in that housing because there hasn't been an investment in those housing since there were built.

Mr. Borotsik: I'm curious, and, certainly, quite happy with the fact that you're changing the policy to underfill units in certain areas. It's flexibility that's built in. When was that policy changed?

Ms. Cramer: Probably within the last month.

Mr. Borotsik: Hot off the press. Very good, and I do appreciate that, and needless to say, it was required for flexibility in the system itself in order to fill vacant units. And that's commendable.

Item No. 24. It's been implemented, and it said that the department should be develop a routine report from its management information systems, for the length of time units have remained vacant. Would—this would facilitate monitoring chronic vacancies. What is the reporting system, and what has happened with respect to chronic vacancies?

What would you consider to be the percentage of your housing units as chronic vacancies?

Ms. Cramer: Just one moment please.

* (20:30)

Thank you, sorry about that. I can speak to our strategy to address chronic vacancies, and this strategy was developed, I would say, well over a year ago. What we're looking at is trying to—any property that we have as 'chronicked,' we look at whether or not it can be sold within the community at a market price. And what we do is we go to the community, for example, the municipality, and we speak to them to see whether or not that's an option. And, if it is, then we look at selling that property in terms of to the community. So that's one of the strategies we use.

The other piece we look at is can it be used for an alternative use. So, if it can be used for supportive housing, then we look at that as an option in terms of supporting the community in that endeavour, and we've done that in different communities throughout Manitoba. So we've renovated our units and invested in units to make them into supportive housing. So we address chronic vacancies that way, and in some instances they've been left chronic for so long and it's reality that we have to demolish them, and so we do that as well.

Mr. Borotsik: I was getting more to the recommendation that was put forward by the Auditor General where it says it's implemented right now that you would develop that routine report so that you would have a better opportunity of monitoring those chronic vacancies. How often is that report put forward? And, if it is a report, then we should be able to know what the chronic vacancies are currently.

Ms. Cramer: Yes, we do have a report and it's provided monthly, and it indicates where our chronic vacancies are so that we—and that's why we developed the strategy is so that we can look at how to address that, because it does affect our vacancy rate in terms of how we present that to whomever is asking about that. That's correct.

Mr. Borotsik: Can you tell me how many units are on that chronic vacancy report?

Ms. Cramer: Sorry. I apologize. That's—we don't have that information.

Mr. Chairperson: Mr. Borotsik.

Mr. Borotsik: Thank you.

Mr. Chairperson: And I'm sorry, were you finished with your answer, Ms. Cramer?

Ms. Cramer: Yes, I am. Sorry.

Mr. Chairperson: Okay, thank you.

Mr. Borotsik: Well, I guess that speaks to the implementation of this particular recommendation. We have a report. We know where our chronic vacancies are, but, unfortunately, we don't have a report. But we will get the report. Okay then.

And, as I understand, you have developed it. You do know who your chronic—where your chronic vacancies are. I would suspect there's another line item with that chronic vacancy with a suggestion or recommendation what to do with those chronic vacancies either this year or next year or, as you say, demolition sale. Who makes those recommendations with respect to chronic vacancies?

Ms. Cramer: Okay, you're correct. We do get a report every month. We as the Executive Management Committee of Manitoba Housing make the decision as to what the next step is best for that unit or that complex or project. And part of that strategy, as I mentioned earlier, was that we would speak with the community to find out what their ideas are with respect to that property.

In addition to that, in terms of our strategy, we also have, as you said in the report, speaks to the different types of vacancies we have. So one would be chronic; the other one would be that they're not in commission because of renovations and so on. So we break it down, so we understand where the vacancy's coming from. Some of it is turnover, you know, people moving in and out and so on. So we understand exactly where those lines are.

Mr. Borotsik: Recommendation No. 31. You indicated in your preamble that that particular recommendation was implemented. It's a review process to look at collection practices, particularly in projects experiencing high arrears. Can you tell me what the receivable situation is right now with Manitoba Housing?

Ms. Cramer: I apologize. I don't have that information, but we do receive that on a monthly basis as well.

Mr. Borotsik: Have you changed the collection practices at all in those areas where you are experiencing high arrears?

Ms. Cramer: Yes, I can actually give an example. When four years ago when I started, the arrears in Churchill, Manitoba, were horrendous. *[interjection]* Horrendous would be in hundreds of thousands in terms of arrears. That area has one of the lowest arrears in Manitoba in terms of our public housing. We took a real aggressive step in terms of addressing that. We worked with the community and so on.

So we do have a policy. We do work very hard, and, actually, I can't give you a percentage, because I don't have it in front of me. But I can assure that we can get that information, and you'll be pleased to see that our arrears is quite low when it comes to our public housing.

Mr. Borotsik: What type of collection practices do you have? I know the last resort obviously is eviction, but what type of collection practices do you implement?

Ms. Cramer: We have collection officers that follow up on arrears, and eviction is one of the tools that we use. We also use a—and forgive me, I don't know the exact title of the program, but we work with Revenue Canada and we place sort of a lien on folks' income tax, and when they file it we get our arrears paid to us. And so that piece is also implemented within our arrears collection practice.

Mr. Borotsik: Could I possibly, at some point in time, maybe it's Estimates that we go to, but just what's your percentage of arrears—or what your—

Ms. Cramer: We can provide that to you, for sure.

Mr. Borotsik: Number 33, if I can find it. You had indicated that you cannot or do not intend to implement any development action plans with respect to sponsors and updating sponsor agreements. And you had indicated that, I think it was 3,000-some-odd units are sponsored units.

Those sponsor agreements, do they come up on a fairly regular basis? Would a sponsor agreement be—or better yet, the question is, what term would the normal sponsor agreement be on a property?

Ms. Cramer: The length of a sponsor agreement would be between 25 and 30 years. So that's when they would come up, so that—sorry.

An Honourable Member: No, go ahead.

Ms. Cramer: So that's the length of time we have signed or through the social housing agreement through the federal government. When we sign social housing agreement, we inherited that—those

agreements with those sponsor managed groups. And so when the opportunity arises, or we create new arrangements with new non-profits, then we implement a new agreement.

Mr. Borotsik: Do you have a flowchart which indicates when—like 25 and 30 years, they go back in some cases 25 or 30 years. So some of those sponsor agreements I would suspect are coming up. Do they come up for renewal at that point, or does Manitoba Housing then look at the other options available to them, with respect to those particular units themselves.

Ms. Cramer: In both cases normally what happens when the sponsor agreement expires, that's because there's no more mortgage on the unit and, therefore, that non-profit ceases to have a relationship with us.

Mr. Borotsik: And at that point in time, you assess your—reassess your options, I suspect, on those units. Do you renew another sponsor agreement, or do you then take those housing units into your own inventory, and use them as your stock?

Ms. Cramer: We review our options in that case, in terms of what we do next.

Mr. Borotsik: Well, I would suspect that you have a pretty good handle on it. I don't understand why you would suggest that you do not intend to implement the recommendation of the Auditor General.

It is an issue that you have within your corporation. You know on a flowchart, I suspect, what kind of units are coming back from sponsorship. Why could you not do that action plan that was suggested in a reasonable timeframe, five to 10 years? You can find out how many sponsorship units are coming on the market, if you will, within that five to 10 year period, but you just simply or it just simply says here, the department obtain the legal opinion, suggest Manitoba Housing Renewal Corporation may not unilaterally terminate.

That's not what was asked for in the recommendations. It was not to unilaterally terminate. It was, in my opinion, just simply an action plan going forward for five to 10 years. Why would you arbitrarily suggest that that's not a good recommendation from the Auditor General?

Ms. Cramer: The opinion that we have is that we can enter into new agreements, but if we have an agreement already in place, we can't unilaterally say that agreement no longer exists, we want to

implement a new agreement. That was the view that was provided to us.

Mr. Borotsik: Well, I'm confused then, if that was the direction, and I don't disagree with you. To the Auditor General, was it that the recommendation means that they would like to renew existing agreements, or wait until they expired and then do an action plan at that point?

* (20:40)

Ms. Bellringer: It's my understanding when the recommendation was made that there was an expectation that long-term agreements, 25- to 30-year agreements, yes, would be renegotiated to a shorter timeframe. I think that's what was intended by the recommendation, and I'm okay with the—if legal—you know, legal advisors are saying you can't do that, I don't know if some of them are open-ended, because that is the case with some other departments where there's agreements where we were questioning some that had no date in them and that sort of left it open forever.

But it sounds like these have an actual timeframe on them that's very lengthy. So it's not like—that's the reason we put the explanation into the report here itself. So, I mean, it's just the—in this case it's not like we disagree on it. It's just it isn't implemented. This is one of the ones where the actual phrase, do not intend to implement, doesn't fit very nicely because it's not an unreasonable thing that the department is describing to you, but it isn't what was suggested in the first place.

Mr. Chairperson: Thank you.

Mr. Jha: Well, he has already asked the questions and I got the answers.

I just wanted to know—sorry, only one question, it is about pest control. Any new information on the pest controls in the apartments and some housings?

Ms. Cramer: Yes we have created an integrated pest management program and I'll just speak to that so I don't make any errors here.

We have a manager and five technicians and three inspectors and we're increasing to 10 technicians and six inspectors in 2010 and '11. And they will be responsible for monitoring and treating buildings with chronic pest activity. And we've improved our scheduling and our oversight of pest control contractors by our program, our integrated pest management group which means it will oversee our contractors much more vigorously. And we're

developing more effective treatment methods and we're currently using heat treatment for infested furniture and other tenant possessions that will allow us to be able to address this more quickly and adequately.

I could go—I could elaborate a little bit further on this if you like—*[interjection]*

Mr. Chairperson: I'm going to ask again—this is kind of out of scope. The question was a little bit off the topic of the recommendations here, but an interesting one.

Ms. Cramer: I can speak to the arrears now if you'd like—

Mr. Chairperson: To the—

Ms. Cramer: Arrears question—if you want to go back.

Mr. Chairperson: Okay, so we'll pause and your question will just pause for a minute and let Ms. Cramer answer the previous one. And then we'll come back to you, Mr. Jha.

Ms. Cramer: Percentage of total arrears is in January '09—so that's one of the dates we're going to provide here—our arrears for rural was 0.51 and for Winnipeg it was 0.56, for a provincial total of 0.54.

Mr. Borotsik: Just clarification, is that a percentage?

Ms. Cramer: That's a percentage of revenue.

Mr. Jha: I just wanted to know if this pest control program is doing well, progressing well, but it's not something that I would insist to waste time here in terms of—if other priorities are there, I withdraw my question. Just curious to know.

Mr. Chairperson: Ms. Cramer, we'll allow for some digression.

Ms. Cramer: Okay, I'm going to finish my arrears. Sorry.

And this year, year-to-date arrears is 0.33 for the province—percentage.

Mr. Chairperson: Thank you. I'm sorry that I had cut you off. I thought you had finished your answer, but I apologize for that.

Now Mr. Jha asked a question that is out of scope, but I'm going to allow you to answer it, because he had started the question, and then I think he had a supplementary. Now do you have an answer, or—

Ms. Cramer: Can you repeat the question please.

Mr. Jha: I wanted to know if you are satisfied that it's progressing well.

Ms. Cramer: Yes, we're very satisfied with the new techniques that we're using in terms of pest control and addressing it. Absolutely.

Ms. Marilyn Brick (St. Norbert): My questions go to recommendations 9, 10 and 11, which you—they say work in progress on our report, but I think you say that they have been completed.

So I wanted to ask, in particular, when I'm thinking about the residents in Manitoba Housing, I'm thinking that I would classify some of them as at-risk populations. And so I'm wondering the timeframe it took from when this report was originally produced, which is December of 2002, how come—it seemed to have taken a while to implement what to me is a safety recommendation that would have been given a high priority. So I'm wondering if you could address for me the timeframe it took and in addition, some of the things that you undertook in terms of putting together a plan that would address fire safety.

Ms. Cramer: So you're referring to the 2002 value-for-money audit. Correct?

An Honourable Member: Yes.

Ms. Cramer: Chapter 17. *[interjection]* Okay, thank you. I can speak to when I began as the assistant deputy minister for Housing approximately four years ago, and that is when we started to look at fire safety planning for all our buildings, and we began the implementation process for these three recommendations for fire safety planning.

And it does take awhile to do the fire safety planning because (1) you do your work, then you send it in to the fire commissioner. They look at it; they give it back to you. Then you go back and forth and then you go back to them. They give you the clear. Then you go to the next step. So that's part of the process and the length of time it takes to implement that.

Ms. Brick: One of the things that I've noticed, I have quite a few Manitoba Housing complexes in my area, in Fort Richmond. And one of things that I've noticed is that new immigrant populations aren't necessarily aware of how to operate some of our equipment—things like stoves, that sort of thing. Is that part some of the fire safety that you address, or is it something that you would consider in the future

as looking at things like education on how to use that kind of equipment?

Ms. Cramer: We do provide tenant orientation for all our tenants. We also have a tenant handbook in terms of what their role and responsibilities are, but also in terms of what Manitoba Housing is and the services that we provide to you, and we also have staff that are available if you have any questions.

Ms. Brick: My next question goes to recommendation No. 23 which is about chronic vacancies, and I know that in my area, I will actually get—people come to my office and tell me particular housing units, in particular places that are vacant. They will say to me such and such unit is vacant. I would like to move into such and such a unit. How come I can't? I'm on the waiting list.

Can you address for me how that process works and why it seems sometimes that people are waiting a fair length of time on a waiting list?

Ms. Cramer: I can't speak specific to your—to that exact situation because I don't know the details, but we are on a point-rating system in terms of how someone goes through the application process, and they are weighted in terms of their needs. That's one piece of it. The second piece is that we do have an active offer process where, if you want a unit in a certain location and it's not available, then we will actively offer you other units.

We do try to and we are implementing a pretty strong strategy around customer service, in terms of trying to address those—if you know of a vacancy, we will look at that, in terms of if you call us and we will follow up on that piece of it, because that has been one of our problem areas in terms of customer service. So we are working really hard to address that with our tenants.

Ms. Brick: First of all, I appreciate that. I think that's great to know. So I will keep that in mind when people approach me and I will, you know, tell them that that can be passed on directly.

* (20:50)

The other question I have is why does it seem that some units sit empty for a while? Maybe you can give us some information why it seems like some units don't seem to have tenants in them or don't seem to sometimes for a while.

Ms. Cramer: We do have some chronic vacancy problems, as I had indicated earlier, in rural Manitoba through depopulation. We also have units

that are not desirable because of their size, studio units, and I referred to that earlier, that that is an area that we are having trouble with, and we're addressing that as well in terms of a vacancy strategy.

I'll give you an example without going into too much detail. There was a point in time in history, and it happened in various jurisdictions across Canada, where there was high, high vacancy rates, and so decisions were made within public housing organizations as to how to address that. And some folks developed supportive housing, assisted housing, assisted living programs, and we didn't. What we did is we populated our seniors' buildings with single non-elderly, as we refer to them, and then we mixed the population and then seniors moved out, and then that's—a result of that was that we had lots of vacancies.

So we are trying to address that now by making those units, some apartment buildings just seniors only, so we can attract seniors. We want to offer more assisted living programs, supportive housing programs, to bring those folks back in, because what they're doing is they're spending the extra 20, 30 dollars a month that they don't really have or afford, and they're going into the private sector to rent. So that's—and that's a long-term plan that we've been working on, and we've been working on it for the last few years.

Mr. Chairperson: Thank you. We move now to Mr. Borotsik.

Mr. Borotsik: I didn't say anything.

Mr. Chairperson: Pardon me?

An Honourable Member: You had your hand up before, talking about arrears.

An Honourable Member: Myrna did.

Mr. Chairperson: But so did you, Mr. Borotsik. *[interjection]*

Okay, Ms. Driedger.

Mrs. Driedger: Just to follow up on Ms. Brick's questions. What is the average length of wait for a unit?

Ms. Cramer: The average length of wait is—it is a point-rating system. People have to reapply because one of the recommendations from the Auditor General is that we don't—that we need to purge our waiting list regularly. And because—and this is a

reality too, is that when I started, we had folks on our waiting list that didn't even live in Manitoba any more.

So, I mean we had to clean up our list, No. 1. No. 2, if someone wants to live in—on Marlene Street or on Cottonwood and we don't have any vacancies, and they refuse to accept any place else, they could be on that waiting list for a year, you know, and so on.

So that's part of our challenge is to try to make all our units, all our projects desirable and acceptable to everyone who needs rent-gear-to-income social housing, and so that they don't spend more money on rent and they can come and live with us.

Mrs. Stefanson: My question is for the Auditor General. We've heard from the deputy minister tonight that there are some recommendations that she has indicated have been implemented, and specifically, the ones that I just sort of heard were 9, 10, 11 and the other one was 31 that I noticed.

And I know we're not talking about the 2010 report tonight, but in those reports it indicates in there that those are—those particular recommendations are still a work in progress. Is your office satisfied with—that these specific ones or some of these ones tonight that have been indicated as being implemented, are actually implemented?

Ms. Bellringer: I actually don't know, because at the time that we did the '09 and the 2010 follow-up report, they weren't. So that would be something we'll catch up to in the next report, because these do carry forward to next year. So in 2011 we will follow through on every recommendation until it's followed up. So we'll be catching up with them.

I mean, I'm assuming that the timing of this is just off, so that it was implemented after we had completed the March 2010 report which was a status as at a date, and previous to that—I'm think it's something, you know, June 30, 2009. So there's been quite a lot of time since then.

So what we're dealing I'm assuming is a timing issue which—the department is nodding, so I'm not surprised. When we consider—when we report something being in progress, it's usually—and in that case I recall that that one was well along the way at the time that we reported that, so that's not

something I'm surprised to hear that it's now implemented.

Mr. Gregory Dewar (Selkirk): In your—my question is to the deputy. In one of your earlier answers, you stated that department spending—I think it was \$300 million in capital improvement. That's \$300-million worth of goods and services that the department is buying. That's a significant amount. There are—and this is in section 23. There are six recommendations dealing with recommendation 6, 10, 11, 12, 14 and 17, dealing with tendering and procurement.

Can you just enlighten the committee as to what progress you're making in improving procurement practices?

Ms. Cramer: We've implemented and created a procurement program, and that procurement program has been instrumental in us tendering the contracts in terms of developing—implementing these capital projects. So that's been pivotal in terms of us getting lots of value for our dollar. We've scoped out work. We've standardized our products in terms of the type of product we use, for example, cabinets, flooring, washers, fridges and stoves, toilets, you name it. It's standardized.

As—before, when the Auditor came in and looked at us, we had purchased whichever fridge we could get at the cheapest price and maybe bought two or 10 of them. Now we have a standing order. We buy the same fridge, the same parts to repair them, so the time and the money that is saved is unbelievable actually. And so we're benefiting from that. We use the same flooring, so we buy—we try to scope out the best product for the best price right now on the market, and sometimes we get very lucky and we're able to buy oak cabinets for our kitchens and they last a lot longer, and they're just—they're less expensive than the cheaper brands.

So it depends on what we're doing, so in Gilbert Park and Lord Selkirk Park, we're able to buy a lot of cabinets, so we get a really good price.

Mr. Chairperson: Seeing no further questions, is the committee agreed that we have completed consideration of the following sections of the Auditor General's Report—Follow-up and previously—to Previously Issued Recommendations—A Review, dated March 2009.

Section 17.0, Department of Family Services and Housing, Public Housing Program report. Agreed? *[Agreed]*

Section 20.0, Lions Club of Winnipeg Housing Centres. Agreed? *[Agreed]*

Section 23.0, Investigation of the Maintenance Branch of the Manitoba Housing Authority. Agreed? *[Agreed]*

Auditor General's Report-Follow-up of Previously Issued Recommendations-A Review, dated March 2009-pass.

Ladies and gentlemen, before we adjourn, I know that this is the deputy minister's first appearance before this committee, and I really want

to express my appreciation as Chair of this committee for the forthright answers that you presented to the committee. That is certainly appreciated.

And I also want to thank the committee on both sides of the table for participating in the questions, and, Madam Minister, I want to thank you for a very positive exchange.

So, with that, what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise. Thank you very much.

COMMITTEE ROSE AT: 8:59 p.m.

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

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