



**Third Session – Forty-Third Legislature**  
of the  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
on  
**Public Accounts**

*Chairperson*  
*Mr. Kelvin Goertzen*  
*Constituency of Steinbach*



**Vol. LXXX No. 6 - 2 p.m., Friday, May 15, 2026**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-Third Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ASAGWARA, Uzoma, Hon.	Union Station	NDP
BALCAEN, Wayne	Brandon West	PC
BEREZA, Jeff	Portage la Prairie	PC
BLASHKO, Tyler	Lagimodière	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian, Hon.	Keewatinook	NDP
BYRAM, Jodie	Agassiz	PC
CABLE, Renée, Hon.	Southdale	NDP
CHEN, Jennifer	Fort Richmond	NDP
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CROSS, Billie	Seine River	NDP
DELA CRUZ, Jelynn	Radisson	NDP
DEVGAN, JD	McPhillips	NDP
EWASKO, Wayne	Lac du Bonnet	PC
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KINEW, Wab, Hon.	Fort Rouge	NDP
KING, Trevor	Lakeside	PC
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LAGASSÉ, Bob	Dawson Trail	Ind.
LAMOUREUX, Cindy	Tyndall Park	Lib.
LINDSEY, Tom, Hon.	Flin Flon	NDP
LOISELLE, Robert	St. Boniface	NDP
MALOWAY, Jim	Elmwood	NDP
MARCELINO, Malaya, Hon.	Notre Dame	NDP
MOROZ, Mike, Hon.	River Heights	NDP
MOSES, Jamie, Hon.	St. Vital	NDP
MOYES, Mike, Hon.	Riel	NDP
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NAYLOR, Lisa, Hon.	Wolseley	NDP
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PERCHOTTE, Richard	Selkirk	PC
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SCHOTT, Rachelle	Kildonan-River East	NDP
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WHARTON, Jeff	Red River North	PC
WIEBE, Matt, Hon.	Concordia	NDP
WOWCHUK, Rick	Swan River	PC
<i>Vacant</i>	The Pas-Kameesak	

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

**Friday, May 15, 2026**

**TIME – 2 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Kelvin Goertzen (Steinbach)**

**VICE-CHAIRPERSON – MLA Jim Maloway (Elmwood)**

**ATTENDANCE – 10 QUORUM – 6**

*Members of the committee present:*

*Mr. Brar, MLAs Chen, Compton, Dela Cruz, Devgan, Mr. Goertzen, MLA Maloway, Messrs. Oxenham, Schuler, Mrs. Stone*

*Substitutions:*

*Mr. Schuler for Mr. Ewasko*

**APPEARING:**

*Tyson Shtykalo, Auditor General*

**WITNESSES:**

*Ann Ulusoy, Secretary to Treasury Board  
 Matthew Wiebe, Acting Deputy Minister of Finance  
 Brenda Feng, Provincial Comptroller  
 Salman Tariq, Executive Director of Public Accounts*

**MATTERS UNDER CONSIDERATION:**

*Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2024*

*Auditor General's Report – Public Accounts and Other Financial Statement Audits, dated December 2024*

*Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2025*

*Auditor General's Report – Public Accounts and Other Financial Statement Audits, dated December 2025*

*Auditor General's Report – Follow-up of Recommendations, dated March 2019*

*Keyask Process Costs and Adverse Effects Agreements with First Nations*

*Auditor General's Report – Follow-up of Recommendations, dated March 2020*

*Keyask Process Costs and Adverse Effects Agreements with First Nations*

*Public Accounts and Other Financial Statement Audits*

\* \* \*

**The Chairperson:** Good afternoon. Will the Standing Committee on Public Accounts please come to order.

**Committee Substitution**

**The Chairperson:** Before we begin with our business today, I'd like to inform the committee that we have received the following membership substitution for this meeting only: Mr. Schuler for Mr. Ewasko.

\* \* \*

**The Chairperson:** I'd like to table the following documents: the responses from the Public Service Commissioner to questions from the Standing Committee on Public Accounts meeting on Managing IT Security for Remote Access on April 17, 2026, and the responses from the Department of Innovation and New Technology to questions from the Standing Committee on Public Accounts meeting on Managing IT Security for Remote Access on April 17, 2026.

This meeting has been called to consider the following reports: the Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2024; the Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2024; Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2025; the Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2025; the Auditor General's Report, Follow-up of Recommendations, dated March 2019; Keyask process costs and adverse effects agreements with First Nations; the Auditor General's Report, Follow-up of Recommendations, dated March 2020; Keyask process costs and adverse effects agreements with First Nations, Public Accounts and other financial statement audits.

I will now entertain from committee members suggestions on how long we should sit this afternoon.

**MLA Jim Maloway (Elmwood):** I recommend we sit for an hour and then revisit at that time.

**The Chairperson:** MLA Maloway has suggested that we sit for an hour and revisit at that time.

Is that agreed? *[Agreed]*

I believe that there was prior agreement that this committee will complete consideration of the following chapters without further discussion: the Auditor General's Report, Follow-up of Recommendations, dated March 2019: Keeyask process costs and adverse effects agreements with First Nations; the Auditor General's Report, Follow-up of Recommendations, dated March 2020: Keeyask process costs and adverse effects agreements with First Nations, Public Accounts and other financial statement audits.

Does the committee agree to complete consideration of these chapters? *[Agreed]*

At this time, I'd also like to ask the committee if there is leave for all witnesses in attendance to speak and answer questions on the record if desired. Is that agreed? *[Agreed]*

Leave has been granted.

I'd also like to remind everyone that questions and comments must be put through the Chair using third-person vernacular as opposed to directly to members and witnesses.

Before we proceed, one further information: inform all those in attendance of the process that is undertaken with regard to outstanding questions. At the end of every meeting, the research clerk reviews the Hansard for any outstanding questions that the witness commits to provide an answer to and will draft a questions-pending-response document that will be sent to the deputy minister or other witnesses. Upon receipt of the answers to those questions, the research clerk then forwards the responses to every PAC member and to every other member who is recorded as attending the meeting.

Now, to begin the main part of the meeting—but maybe just before that, I would like to note that we were hosted by the Lieutenant Governor recently for the 150th anniversary of the Office of the Auditor General. I want to thank the Auditor General for invitations to members of the PAC committee. I think we all had an enjoyable evening together in celebrating 150 years of the Office of the Auditor General and its interaction with the PAC committee.

I will now turn it over to the Auditor General.

**Mr. Tyson Shtykalo (Auditor General):** First, I'd like to introduce the staff members I have with me for this meeting. I'm joined today by Deputy Auditor General Natalie Bessette-Asumadu; Audit Principal Shane Charron; and Audit Principal Yuki Diaz.

Mr. Chair, each year, my office audits the Province of Manitoba's summary financial statements and the financial statements of various government-controlled and related entities. The 2024 and 2025 reports, Public Accounts and Other Financial Statement Audits, summarize our financial statement audit work for those fiscal years and highlight key observations.

In 2025, for the first time since 2017, we issued an unqualified opinion on the Public Accounts. This clean opinion means the summary financial statements fairly present in all material respects the Province's financial position and activities for the year, in accordance with Canadian public sector accounting standards. This reflects improvements in the Province's financial reporting processes.

However, while progress has been made, our work also highlights that significant challenges remain. We continue to identify a high number of errors in financial statement preparation, particularly related to presentation and disclosure. These errors cause audit delays and point to ongoing weaknesses in internal controls and review processes. Addressing these issues is essential to achieving full audit readiness and improving the timeliness of summary financial statements.

At the conclusion of the 2025 Public Accounts audit, we issued 14 new recommendations in our management letter to the Office of the Provincial Comptroller.

While the number of new recommendations declined compared to the previous three years, the volume of outstanding recommendations has grown to 63. This indicates that issues are not being resolved as quickly as they are being identified.

Looking ahead, there are significant challenges that will affect the future reporting, including the implementation of a new enterprise resource planning system and upcoming changes to public sector accounting standards. These changes will require careful planning, strong oversight and sustained investment in financial reporting capacity to avoid disruption and maintain audit quality.

I'd like to thank the Department of Finance, the Treasury Board Secretariat, including the Office of the Provincial Comptroller, and all others

involved in preparing the financial information across government-controlled and related entities; your co-operation and assistance is greatly appreciated. I'd also like to thank my staff for their professionalism and excellent work on these audits and this report.

This concludes my opening remarks, and I look forward to the discussion today.

**The Chairperson:** Thank the Auditor General for their opening comments.

Does the Secretary to Treasury Board wish to make an opening statement, and would they please introduce their staff that are joining them here today.

**Ms. Ann Ulusoy (Secretary to Treasury Board):** Good afternoon. I would like to thank the committee for the opportunity to provide some brief comments on the matters under consideration today, including the Annual Report and Public Accounts of the Province of Manitoba, for the fiscal years ending March 31, 2024 and '25, and the Auditor General's reports on Public Accounts and Other Financial Statement Audits, dated December 2024 and December 2025.

Sitting at the table with me are Matthew Wiebe, acting deputy minister of the Department of Finance here; Brenda Feng, the Provincial Comptroller; and Salman Tariq, executive director of Public Accounts at the Office of the Provincial Comptroller. Matt Wiebe and Brenda Feng may also be able to respond to questions from committee members.

\* (14:10)

As noted in the Public Accounts, the Province's summary financial position as of March 31, 2024 was an operating deficit of \$1.971 billion. The deficit is about \$1.6 billion higher than the budgeted deficit of the \$363 million for '23-24. Total summary revenue of \$21.8 billion was \$585 million lower than the budgeted amount of \$22.4 billion. Higher than budgeted deficit was primarily the results of lower net income of government business enterprises, mainly Manitoba Hydro and Manitoba Public Insurance, and higher expenditures in the health sector for that year.

The Province's financial-summary financial position as of March 31, 2025 was an operating deficit of \$1.149 billion. This was an increase in deficit of \$353 million in relative to budget '24-25, and an improvement of \$822 million compared to the previous year's deficit. Higher than the budgeted deficit in '24-25 was the net impact of \$1 billion higher revenue offset by close to \$1.4 billion higher expenditures.

Higher revenue was primarily due to the unbudgeted \$846 million for tobacco settlement and increases in corporate income tax remittance and higher expenses reflected, higher expenses in the health sector, allowances for doubtful accounts established for the tobacco revenue and various one-time year-end adjustments for contingent liabilities.

The improved operating result for fiscal year '24-25, in comparison to the prior year, reflected the net impact of higher revenue of \$2.6 billion and higher expenses of \$1.7 billion. Higher revenue reflected higher tax revenue and transfer payments, smaller net losses from Manitoba Hydro and MPI, as well as one-time revenue recognition of tobacco settlement. More details on actual to budget and year over year are provided in the annual report and Public Accounts for both fiscal years.

The '25 summary financial statements received a clean audit opinion as a result of improvements made in response to previous audits. The Auditor General's reports to the Legislative Assembly on Public Accounts and other financial statement audits identified other areas of improvements needed in the process for financial statement preparation, including the consolidation of financial information and controls over financial transactions.

The department welcomes the Auditor General's report and its findings, and the Office of the Provincial Comptroller, or shortly, OPC, is committed to continue addressing these through collaborative work with departments and by its own due diligence. We shall endeavour to answer all administration-related questions posed by the committee. We may need to take some questions under advisement and provide a written response later.

I would like to thank the staff at Treasury Board Secretariat, who prepared the annual report, and all staff in the Department of Finance and across government for their work related to these documents.

Finally, I also thank the Auditor General and his team at the OAG for their professional and collaborative relationship with Treasury Board Secretariat and Department of Finance.

Thank you.

**The Chairperson:** I thank the Secretary to Treasury Board for their opening statement. I also want to thank you for your willingness to take questions as an undertaking, and also to thank all the staff for being here on what is the beginning of a May long weekend, proving

that government never sleeps when it comes to the work of the Legislature.

The floor is now open for questions.

**MLA Carla Compton (Tuxedo):** Thank you, honourable Chair, and I thank our guests for being here.

I'm curious around the identified errors pattern that seem to be there. And if I'm understanding correctly—I'll be the first to admit accounting and numbers is not my area of expertise—but if I'm understanding the information correctly, it sounds like there's patterns of where the error—where some of the errors are happening and the plan for the new, I believe it's ERP system coming, the enterprise resource planning system, and perhaps the SAP system, if I'm getting these acronyms correctly. The hope is that their integration or improvement will therefore cut down on the pattern and sheer number of accounting errors that were happening.

Is that—could they perhaps shed some light on that, please?

**Ms. Ulusoy:** There is an errors pattern that affects the preparation of the summary financial statements, the public accounts. That's mostly due to a number of factors. One is the year-end closing and consolidation of the information from the 124 other reporting entities is a massive amount of work, and we are dependent on the information from those entities in order to integrate them into the summary financial statements.

Unfortunately, those entities include universities, school boards, Crown corporations and a number of other hospitals, regional health entities. Those are all individual legal entities that have their own board of directors, that have their own auditors, and it takes time for them to provide the information back to the departments and through the departments to the Office of the Provincial Comptroller.

We don't have a single accounting system that the Provincial Comptroller is able to access the accounts of all of these entities and draw data prior to their audits being finalized. So that last-minute nature of consolidating a very high 120-something entities creates a bottleneck and a problem.

The ERP system and SAP is implemented for the core government only, but it will improve—significantly improve the consolidation process. There is a new consolidation module, which will eliminate the need for manual consolidation and Excel spreadsheets,

and we're looking forward to seeing some positive impacts and less errors.

In addition to that, the Office of the Provincial Comptroller, in consultation and in reaction to the Auditor General's recommendations, have done a significant amount of strengthening of controls, some proactive work to accelerate the process but also improve the errors.

At the end of the day, the—for the purposes of this committee, the final financial statements are error free; unless they're specifically identified by the Auditor General as a qualification, they are error free. The errors just reflect, you know, difficulty and bottleneck in getting to the finish line.

Thank you.

**The Chairperson:** Thank you.

Follow-up, MLA Compton?

**MLA Compton:** Yes, thank you for that answer.

So I guess my curiosity is, in this time of technology and new tools that keep getting developed, recognizing that the core government systems are kind of their own, and then all the other entities—like you said, the different health authorities and universities and various other entities that must report back as well—is there an emerging system to be a helper, to keep things more consistent, cut down on the errors?

I'm just thinking this sounds like a lot of work for folks, and I really respect the work that everyone involved in clarifying the errors, and it sounds like that that happens, and that I'm really glad that those errors get remedied. But I guess the problem solver in me is like, if we see a consistent pattern of challenge, is there something available or potentially that could become available to simplify, streamline, make the work for the department, for everyone involved, simpler?

\* (14:20)

**Ms. Ulusoy:** We have, as of this year, implemented SAP's group reporting module, which makes the consolidation process significantly easier and streamlined, so technology definitely helps to improve.

With respect to harmonizing the accounting systems of all of the legal entities that constitute the summary government, that would be a cost. That—first of all, that would be a decision that needs to be taken by those entities, but that would be a cost that would be cost prohibitive and not the best use of, you know, public dollars. So I am not aware of any initiative that

forces or requires the different legal entities to use the accounting system.

Having said that, most of them are on SAP and most of them are updating their SAP systems to the most recent version, so that should be—that should bring some alignment.

But thank you for the question.

**The Chairperson:** Thank you for the response.

**MLA Maloway:** My questions were a follow-up to MLA Compton's questions, actually. So you say the core government is on SAP and all the rest—or, some of them are on SAP. And this has now been going on for, like, 30 years, almost, or 25 anyway. And originally, we didn't have all the modules; we got—they added more later and later.

But there was a plan at some point to get a much better price on implementation by—for example, in Nova Scotia, they had the hospital and the government and the City of Halifax—the government basically forced them all into one group. And SAP gave—I mean, we were the very first government ever to have ERP known as SAP. It was basically in pulp plants in Germany; that's—we're the first government in the world to have it.

But other governments seem to do better than us by aggregating these other jurisdictions, right, like the school boards and the hospitals and stuff like that. The whole reason we amalgamated the hospitals in the first place was to have one central system, not people wandering off like the City Winnipeg did in getting Oracle and others.

Now, so—and that brings me up to another question: Have you ever gone to tender on any of this stuff to see that you made the correct decision in the first place to go with SAP? I'm assuming you did. And there has to be a long-term plan to get these things together. Furthermore, are you using any AI tools at all in any of this accounting?

**The Chairperson:** And before recognizing the secretary to the Treasury Board, I'll remind all members, including the most experienced ones like myself, to put your questions through the Chair.

**Ms. Ulusoy:** Mr. Chair—thank you—through you: All of the government procurement, including technology purchases, are the result of a tendering process. There's very few examples where a tendering is not pursued because there's only one supplier out there. So, yes, it is standard. And each organization follows

the same procurement rules. And, you know, when they're doing technology updates or—they will be tendering and getting the best price for their organizations as well.

With respect to AI, it's a very new field, and the Office of the Provincial Comptroller has started using AI tools with respect to checking the errors, cross-checking the numbers within their consolidation work. It's very new. They're doing it for the past year, and we're hoping that the unit will be able to expand it to departments as well.

**The Chairperson:** Follow-up, MLA Maloway?

**MLA Maloway:** So my follow-up question would be: Which AI tool are you using right now?

**Ms. Ulusoy:** I had to check this, I'm sorry. It's Copilot.

**The Chairperson:** Thank you for the response.

Just on the question of the ERP and updating the SAP—so, anybody who's been in government gets terror going through their hearts when there's a discussion about upgrading technology. I think I've experienced that and might be the subject of a future Auditor General's report. But the risk mitigation that happens along with that, sometimes that's done internally, sometimes that's done with external consultants. Do you have folks or companies working alongside government as it's going through this upgrade to ensure there's risk mitigation on it?

**Ms. Ulusoy:** Yes, we do. The company that's—that has the—that implements the software has a number of other companies that provide support to the risk mitigation process.

**The Chairperson:** And have they provided—as a follow-up, have they provided with that waymarks or gateways in terms of when the different parts of that system are going to come on onside? Do you have something you can provide to the committee, either verbally or in a documentation form, in terms of when full or part implementation is expected to be completed?

**Ms. Ulusoy:** It's going live this summer. It's on track, within budget and on time to go live this summer.

**The Chairperson:** And when you say go live, does that mean across the entire system? Are there parts of it that are going live at certain times or is—does it—is it the kind of thing that has to happen all at once, or does it go in pieces?

**Ms. Ulusoy:** Mr. Chair, there are many modules in ERP modernization, which is also known as SAP S/4HANA module. The group reporting module went live in 2025; that's the consolidation module that we're starting to use. Finance, procurement, asset management and a reporting tool named ASAC are going live in August of this year. And finally, the human resources module is going live on January 27, so it's a staged implementation.

**The Chairperson:** I thank the secretary for the clarification.

Other questions?

**MLA Jelynn Dela Cruz (Radisson):** My question pertains to what's reflected on page 64 of the annual report on Public Accounts for 2025—the line being individual income tax—noticing, of course, in 2024, as it's restated, the anticipation of, I guess that would be \$4,469,000,000 being collected through income tax.

\* (14:30)

In 2005, the budget was, well, I guess again, \$4,670,000,000, though it looks like there's a bit of a shortfall, a bit being \$405,000,000 in individual income tax collected.

I'm wondering if the department—or any of our witnesses, really—can shed some light on why they think that may have happened.

**Ms. Ulusoy:** Mr. Chair, through you: yes, there's a follow-up mechanism in place. In fact, we also do our own due diligence and verify the amounts that CRA, Canada Revenue Agency, provides to the Province for tax revenues.

Tax revenues is a very lengthy process. For example, we're starting working on the '26-27 budget now. So we use information that we know today in booking the revenues or estimating the tax revenues for the budget here. CRA—the economy changes, economic conditions change depending on inflation, economic activity. Those numbers change on a regular basis, and CRA provides the Province with an update of the new estimates on a regular basis throughout the year. However, the final tax revenues are not done until that year's tax revenues, tax returns are filed, tax assessments are complete, and then we settle with the CRA.

So it's a two-year process where the assumptions change with the changing economic conditions and the final, final numbers are not provided until way after the public accounts close. Every public accounts

year, we have a true-up about the year before once tax assessments are complete.

So, yes, there's a very close follow-up process with tax revenues. Just want to emphasize that it's a changing assumption throughout the year until the final tax assessments are in place.

**The Chairperson:** Follow-up, MLA Dela Cruz?

**MLA Dela Cruz:** I'm wondering if the secretary can then inform the committee whether or not, at this stage, a gap of \$405,000,000 in anticipated individual income tax revenue versus actual income tax revenue is typical for this stage in reporting.

**Ms. Ulusoy:** In the past, we have seen wild variations. The economy changes so much that it's not uncommon to see changes in tax revenues that may approach \$1 billion. So, yes, it's very normal.

**The Chairperson:** Thank you.

**Mrs. Lauren Stone (Midland):** This may have been referenced in one of the opening comments regarding the restated surplus. So I'm just wondering if the Auditor General could confirm what the restated surplus was for fiscal 2023 in the 2024 and 2025 Public Accounts.

\* (14:40)

**Mr. Shtykalo:** So I don't have an answer at this point in time. This is something that we can take away and work at.

Alternatively, I would also recommend, when it comes to questions on numbers as presented in the Public Accounts, directing the questions to the Department of Finance or Treasury Board Secretariat who prepared the numbers might be better positioned to answer it more expeditiously.

**The Chairperson:** Did I hear, for the sake of the research clerk, that there was an undertaking to provide that response at some point? Is there an undertaking to provide the response to MLA Stone?

**Floor Comment:** I can, yes.

**The Chairperson:** Auditor General.

**Mr. Shtykalo:** Yes.

**The Chairperson:** Thank you.

Follow-up, MLA Stone?

**Mrs. Stone:** I would then revert to the department and just ask the same question, if they have those numbers available, and the question was what the

restated surplus was from 2023 and whether that was restated again in the 2025 Public Accounts?

**Ms. Ulusoy:** Mr. Chair, the Provincial Comptroller will answer the question.

**Ms. Brenda Feng (Provincial Comptroller):** So the restatement from the 2022-23 actual result from \$270 million to \$373 million is really driven by the implementation of the new accounting standard related to revenue. The majority of the 103 is driven out of two departments. One is the automobile and motor carrier licensing fees; \$79 million was restaged to revenue from the deferred revenue in the last year—sorry—in the next year when we restate prior years, and then another \$70 million related to the universities' tuition fees and other legal revenue.

So the majority of the restatement is really coming from the implementation of the new accounting standard of revenue.

**The Chairperson:** I thank the Provincial Comptroller.

MLA Stone, does that satisfy your question?

**Mrs. Stone:** If the department—or the comptroller could clarify whether that surplus—so the 2023 fiscal restated surplus was again restated in the 2025 Public Accounts. I'm just curious if it was restated again. *[interjection]*

**The Chairperson:** I'm sorry, I—the Provincial Comptroller.

**Ms. Feng:** Sorry.

So, yes, the answer to that is no, okay? We didn't restate it again in '24-25 Public Accounts.

**The Chairperson:** So I think that that will relieve the Auditor General of the undertaking that he graciously took previously.

**Mr. Shtykalo:** Okay.

**The Chairperson:** You sounded relieved, and you are so relieved.

Other questions?

**MLA Compton:** No, I'll cede it to my colleague.

**Mr. Diljeet Brar (Burrows):** My question is regarding this \$1.1-billion tobacco settlement. And, as I understand, the companies have to pay back this through future payments.

Is there a system in place to track or monitor tobacco companies' financial performance?

**Ms. Ulusoy:** So the tobacco settlement included an upfront payment, as well as annual payments that will be ongoing for a number of years. And every year

in June, the Province, along with other provinces, receives financial information from the tobacco companies and, based on that, we have the adjusted amounts that is receivable for that year and for the future years. There is a process in place.

There is also a legal process in place where all of the provinces have representatives and external consulting firm that provides that review on behalf of the beneficiaries of the settlement.

**The Chairperson:** Follow-up, MLA Brar?

**Mr. Brar:** What happens if the tobacco companies are not performing well financially? Do we lose money, or what happens?

**Ms. Ulusoy:** In summary, yes. If they can't perform financially or they go bankrupt, then we would be part of their bankruptcy proceedings and we would lose some of the revenues.

In anticipation of that, we have not recognized the full revenue in the year that the settlement is achieved. We have put a very significant provision for uncollectibles, and every year, as we know the going concern and financial health of the companies are known, we adjust that provision down.

So it will not hit our books or, you know, summary financial statements significantly because of that provision in the future years.

**MLA JD Devgan (McPhillips):** Sorry, just to pick up on that last question there.

So, in the event that these companies are not able to fulfill their obligation, where would the Manitoba government or the collection of governments who are entitled to that money fall in the list of priority of debtors, I guess you would call them, that the tobacco companies would have to pay on that settlement?

**Ms. Ulusoy:** Mr. Chair, through you, I'm—don't have—I'm not a lawyer and I don't have the legal information to give you a fulsome answer, but I can take this back and consult with legal services and get back to the committee in writing.

**The Chairperson:** So an undertaking has been given to provide for the question that Mr. Devgan—or MLA Devgan—has asked.

And a follow-up to MLA Devgan.

**MLA Devgan:** So, in the event, again, if they are not able to fulfill their obligation in making that payment, is there a mechanism by which the government would

continue to pursue recuperating the full amount through legal action? Has that happened in the past in any other scenario, and is that something that would be open? Again, understanding that this might not be your specific area of expertise, but just a question of process.

**Ms. Ulusoy:** I'll include that in my undertaking when we get back to the committee.

**The Chairperson:** Secondary undertaking.

Other questions?

**MLA Compton:** I believe this one might be for the Attorney General. I'm just wondering if you could—if the Attorney General—

**An Honourable Member:** Auditor. Auditor.

**MLA Compton:** —or—sorry, thank you. Apparently, I'm already on vacation for the weekend.

If the Auditor General—thank you for that correction—could explain a little bit more around the clean audit opinion, just explain a little bit more of what that means. I'm just trying to wrap my head a little bit more around that.

**Mr. Shtykalo:** So a clean audit opinion, also sometimes referred to as an unqualified opinion or an unmodified opinion—it goes by many names, but it's the same thing—means that the auditor's opinion of the financial statements is not reserved or qualified or affected in any way. It's a clean opinion that the financial statements are fairly presented and in accordance with public sector accounting standards.

\* (14:50)

In—and a very key part of that is also the addition, in all material respects. So there may be minor, you know, amounts. There is, you know, you—it would be impossible to audit to a level where there would be zero—100 per cent zero errors. So it's in the auditor's opinion, without any reservation, that it's fairly presented in all material respects.

A modified opinion or a qualified opinion usually expresses a type of reservation on that. So it would be something like the financial statements except for asset retirement obligations, and the amounts stated for that are fairly presented. So that's the qualification which renders it not clean, I suppose, so.

**The Chairperson:** Maybe a follow-up, if I might, to MLA Compton's question.

So, an unqualified opinion, or a clean opinion, means it adheres to the accounting principles that are

being applied against it. It doesn't mean there aren't problems or errors leading up to that. And part of that, I think, has been identified by the Auditor General, is a need for staffing, which is a challenge throughout government.

Can the Secretary to Treasury Board tell us how many vacancies there are in the financial positions? And I know there was a recruitment effort made for those who had comptrollership experience. Can you tell us the outcome of that recruitment effort?

Auditor—or secretary to the Treasury Board.

**Ms. Ulusoy:** In the 2020s, the vacancy rate for financial positions were very close to 30 per cent. However, a significant recruitment effort was made. As of last year, the vacancies were only 16.8 per cent, and in the current year that just ended, it's 18.20 per cent. There are minor fluctuations, but it's in the high 16s, 18s right now.

**The Chairperson:** And would that be comparable to the vacancy rate in government generally? And you might not know, but perhaps you can give me your best guesstimate, which I know accountants don't like to do.

**Ms. Ulusoy:** I don't have an exact number for you, Mr. Chair. However, we had a very high—the government, in all areas, had a very high level of vacancies. And with recruitment efforts, I could speculate that most departments are at much lower rates right now.

**The Chairperson:** I'll canvass the committee to see—at the suggestion of MLA Maloway, we were to sit 'til 3 p.m. We're now nearing that hour. I'm wondering if there is a suggestion to perhaps extend the time for potential questions.

Is there leave to perhaps suggest—to extend the time by up to half an hour for potential questions that might arise? *[Agreed]*

I have a question regarding contaminated sites and, perhaps for my sake, you can provide a bit of a description of what those contaminated sites might be. I know sometimes it's like mine mitigation; perhaps mines have been abandoned after somebody's done their work there or they're become financially not viable. Like, can you provide to myself, and by extension the committee, what are some of the examples of contaminated sites that government needs to mitigate?

**Ms. Ulusoy:** Contaminated sites, the largest type includes the orphaned and abandoned mines. There are other examples, such as airports, gas stations,

where fuel leakage may be going into the ground, but the majority of it is mining.

**The Chairperson:** So I believe that one of the auditor's recommendations was to provide sort of a central intake or registry of these contaminated sites, abandoned sites, and then to do some risk analysis on which ones should be mitigated first.

Is there a central list of priorities from one to whatever those—and perhaps you can provide the number if you have it—how many contaminated sites exist in the province that we need to deal with at some point? But what is that number, and how do you—do you have a central registry from one to whatever the final number is in terms of priorities?

**Ms. Ulusoy:** There is a registry by department. Contaminated sites are placed through different departments. For example, an airport-related contaminated site may be under MTI; however, the orphaned and abandoned mines would be under a different ministry.

So there is a prioritized site by the department, which is determined after a risk assessment, and each department's budget to address the contaminations are departmental; it's not a central budget. And they come with a plan every year to Treasury Board, to the government, and remediate those sites based on priority.

**The Chairperson:** So I'm curious then—I mean, I'm assuming the department of culture doesn't have a lot of contaminated sites, so—but maybe I'm wrong—and that most of them are housed in places like the department responsible for mining. But if they have their own individual list, and there would be other departments that have lists, too, they're prioritizing them by department, but that's not a central list for government.

So how does government ensure that the most at-risk sites—at-risk, however you want to determine them—are being dealt with first, even if the department doesn't have that as either their top priority or they don't have the funding to deal with it in that particular year? Like, it seems to me that there should be some sort of central list so that it could be triaged. Is there a barrier to that?

**Ms. Ulusoy:** No, there is no barrier to that. However, there's centralized oversight as a part of the capital and operating budgeting process.

During the budgeting process, both Treasury Board Secretariat, but also Treasury Board and the government as a whole, looks at the priorities, the

criteria. And adjustments are made to accelerate some projects and, you know, slow down some others as needed.

**The Chairperson:** Can the secretary commit to providing a list of the—central list—one list, not—well, I guess it would be by department, but every contaminated site that exists on the books of the government of Manitoba and the priority that exists in terms of dealing with that contaminated site?

**Floor Comment:** Yes—

**The Chairperson:** Secretary to the Treasury Board.

**Ms. Ulusoy:** We can take—we have—we can provide an undertaking to provide a list to the committee.

**The Chairperson:** Okay. I thank the secretary for that undertaking.

Other questions?

**MLA Devgan:** Actually, before I get into my question, I don't believe her mic was on, so I don't think—got caught by Hansard, if she wants to repeat her answer to that.

\* (15:00)

**The Chairperson:** Oh, good, good. We'll just check on that—[interjection]—yes, thank you, MLA Devgan, for that important catch.

I'm going to get the secretary to the Treasury Board to repeat the commitment to provide the list of the contaminated sites and their priority.

**Ms. Ulusoy:** Yes, we will provide a list of the contaminated sites by priority and risk back to the committee.

**The Chairperson:** Thank MLA Devgan, who will make a fine Chair of this committee someday.

**MLA Devgan:** No, thank you.

My question is about MPI. With the ultimate cancellation of Project Nova, how much of a hit was that overall to—I guess the variance of the total cost, and how much of a writedown was that for you?

**Ms. Ulusoy:** This is an MPI question, and the numbers I have are not necessarily final. The Auditor General is conducting an audit—performance audit—of Project Nova. And the results of that will be available, I believe, sometime this year, later this year. So it will be detailed in that report.

**The Chairperson:** Follow-up, MLA Devgan?

**MLA Devgan:** Could you provide a rough estimate as to how much that may end up being?

**Ms. Ulusoy:** I don't have a rough estimate that would be in the range that the numbers are.

It's—so, if you would prefer, I can take an undertaking and send the information that MPI provided—or MPI has.

**The Chairperson:** So I—*[interjection]*—undertaking's been taken and noted by the research clerk.

Other questions?

Hearing or seeing no other questions or comments, I will now put the question on the remaining reports.

Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2024—pass; Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated December 2024—pass; Annual Report and Public Accounts of the Province of Manitoba, for the fiscal year ending March 31, 2025—pass.

Shall the Auditor General's Report, Public Accounts and Other Financial Statement Audits, dated 2025, pass?

**Some Honourable Members:** Pass.

**The Chairperson:** Sorry, dated December 2025—I may have been getting ahead of myself—pass?

**Some Honourable Members:** Pass.

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

Before the committee rises, I'd like to ask that all members please leave behind their copies of the reports so they may be used again for future meetings or recycled appropriately.

The hour now being 3:03, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**The Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 3:03 p.m.

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