

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Francis (Buck) Watts

Published by Order of the Legislature

## Standing Committee on Public Accounts

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**DATE OF HEARING:** 20 FEBRUARY 2019

**MEETING STATUS:** PUBLIC

**LOCATION:** COMMITTEE ROOM, J. ANGUS MACLEAN BUILDING, CHARLOTTETOWN

**SUBJECT:** CONSIDERATION OF COMMITTEE'S WORK PLAN

**COMMITTEE:**

Bradley Trivers, MLA Rustico-Emerald [Chair]  
Hannah Bell, MLA Charlottetown-Parkdale  
Kathleen Casey, MLA Charlottetown-Lewis Point  
Jamie Fox, MLA Borden-Kinkora  
Alan McIsaac, MLA Vernon River-Stratford  
Allen Roach, MLA Montague-Kilmuir

**COMMITTEE MEMBERS ABSENT:**

Hal Perry, MLA Tignish-Palmer Road

**MEMBERS IN ATTENDANCE:**

none

**GUESTS:**

none

**STAFF:**

Ryan Reddin, Clerk Assistant (Research and Committees)

Edited by Hansard



The Committee met at 10:00 a.m.

**Chair (Trivers):** Hello, everybody. I'd like to call this meeting of the Public Accounts committee to order.

Welcome. It's been awhile, I guess. It's been a cold winter. Hopefully everyone is staying warm.

**Mr. Fox:** Chair, (Indistinct)

**Chair:** Thank you, member.

We do have an agenda that's fairly lengthy today, so hopefully we can move through it quickly.

I wanted to welcome everyone who is here in the gallery. It's great to see, of course, the Auditor General, Jane MacAdam, will be joining us later. I see Chelsey LeFort who's down from, I guess, the Kinkora area, around sort of, centre part of the Island we'll just say, joining us here in the gallery as well.

Everyone has the agenda in front of them. Everyone had a chance to review that. Anyone like to move to adopt the agenda?

**Mr. Roach:** I move the adoption.

**Chair:** Thank you, Mr. Roach.

The next item on the agenda is consideration of the committee's work plan.

Mr. Fox.

**Mr. Fox:** Thank you, Chair.

Two things I'm interested in is – I seen some copies of it here this morning – we have the report from the Auditor General on the petroleum product pricing that she conducted with IRAC. I'd be interested to have that added to the agenda in two parts.

First, would be to have a briefing from the AG on this report.

Then, also, I'm interested in the fact of having IRAC come in and discussing what changes they have made within the organization before the committee, also.

Thirdly, I'd like to also have a discussion with IRAC on housing within the province and what actually their role is in low income housing or regulating housing across the province to ensure that we have a balance of housing available to families that are in that low-to-medium income bracket. I think that also ties into the problems we've seen in the last year or two with Airbnb's and what the effect that has on the renting market across the province, whether it limits – which it is – it's actually limiting available housing to families and that concerns me when people that are renting houses or apartments are actually being basically pushed out so that they can be rented as an Airbnb.

**Chair:** Thank you, member.

Mr. Roach.

**Mr. Roach:** Yeah, I'd like to speak to both of those, Chair, if I could.

With respect to the petroleum pricing and having IRAC or having the AG give a briefing on that and then have IRAC come in. I think it's premature for that considering the length of time that has taken place, between when the Auditor General has completed the audit and the recommendations have come forward. I believe that in previous discussions in the committee we had discussed that there needs to be time where the Auditor General would reach out after the timeframe would elapse when the recommendations are scheduled to be met and that the Auditor General would then go back with further questions to IRAC.

It seems to me that when that takes place, that if there was anything that became of concern to the Auditor General, or if there was a failure on the part of IRAC to respond to recommendations that the Auditor General had made, that that would be the appropriate time to have that come before a committee and that would be brought forward based on the Auditor General.

At least that's the correct format that would follow before bringing something back for the committee.

**Chair:** Did you want to talk about the housing one as well?

**Mr. Roach:** Yes, and second on the housing. I don't see any reason why – I think we all watched CBC over the last couple of weeks where an individual from IRAC was on CBC and kind of gave a pretty good overview of the housing and what takes place, IRACs responsibilities and that. I would support if we could identify that individual who was on CBC – I would support having that individual come in and give us a longer or a more in-depth briefing on that. I thought it was excellent, the information that came forward. It was presented in a manner that was independent of both the people that rent and the people who do the renting. I'd support at some point in time based where we could fit it in on our schedule. I know that we also have other agenda items when we get to that that are for our work plan that we never got to that may want to come ahead of that, but I'd certainly support that coming before this committee.

**Chair:** Mr. Fox.

**Mr. Fox:** Chair, just to be clear – the hon. members – so you have no problem with the AG coming in to talk about her report, but hold IRAC to a later date? Is that where you're –

**Mr. Roach:** No, I think if the Auditor General presented her report – and I think we've all had the opportunity to do that – along with presenting the report; the Auditor General has also made recommendations within that report.

I think that it's premature to have the Auditor General come in this early and give a further briefing on the report, and also then to bring IRAC in. The Auditor General made recommendations and I think the Auditor General and IRAC – they have this back and forth going right now, so if IRAC meets the Auditor General's recommendations, then there would be no reason to have IRAC come in here.

If down the road, after the diary dates for the recommendations are not met or the Auditor General gets that information back, has further questions and then we would get a report from the Auditor General approximately a year later, that would indicate to us there continues to be problems or the recommendations weren't met.

It seems to me that that would be the appropriate time to – upon receipt of that information from the Auditor General, that that would be the time, if necessary, to bring the Auditor General further to come in and report on what recommendations have been met and then perhaps bring IRAC in at that time.

I think it's just premature right now.

**Chair:** Mr. Fox.

**Mr. Roach:** But I do support the housing (Indistinct)

**Mr. Fox:** Yeah, and I appreciate that, hon. member.

The only thing I'm wondering is, previously, before the Auditor General does come in and does talk to a report that she has tabled – I'm just wondering why we would treat this report any different than any other report that she comes forward and briefs us on.

**Mr. Roach:** Chair?

**Chair:** Mr. Roach?

**Mr. Roach:** Yeah, I think we've learned, I think, over the last probably eight or nine months that that's not the correct way to do it.

**Chair:** Are there any other –

**Mr. Roach:** And maybe I'm mistaken, Chair, but it seems to me that all the conversation we've had, in particular over the last six months, certainly since last fall – I'll go back to probably last September/October – that we've learned that there is a proper way to do this.

I think on some of the previous reports we were premature. We had the Auditor General in talking about an audit and the people or the organization that were being audited still hadn't had the opportunity to completely comply with the recommendations that were made. I think we have to let things take the course that it's supposed to take.

Again, I'm not saying that we never bring them in on this one, but I'm just saying that the timing is not right, in my view.

**Chair:** Mr. Fox?

**Mr. Fox:** I would agree with you, hon. member, on some of your points.

What I'm going back to is the fact that we did have IRAC go before CBC when the report was released and made statements on recommendations that they have implemented or in the process of implementing, and that's what I'm – I'd like to have a clear understanding of what they've had to implement, or they thought that they needed to implement, based on the report and based on what they stated to CBC in the news.

But then I have to ask the question too; maybe we should invite the Auditor General onto the floor right now and ask her opinion on the matter, if she thinks it would be a benefit to the public or the committee to have a briefing on the report.

**Chair:** That's interesting.

Any further discussion here?

Mr. McIsaac.

**Mr. McIsaac:** Yeah, we already set, as a committee; we already set some priorities here.

I understand Mr. Fox; you want to put this on the agenda. I have no problem with it going on the agenda, but we haven't bumped it up to first priority today.

**Mr. Fox:** No.

**Mr. McIsaac:** So we have a lot of other stuff to deal with, so I'm okay with you putting it on the agenda. We can have our discussion on where it goes after that, but we've already, as a committee, set our priorities on what we want to deal with.

I'd like to see – and the housing is one of those – I would like to see added to that.

**Mr. Fox:** (Indistinct)

**Chair:** Very good point.

**Mr. Roach:** Chair, I don't have an issue with that.

**Chair:** I just wanted to make a couple of comments.

In terms of any report that the Auditor General makes, I mean we need to discuss this as a committee as well, but really, we have to make sure we understand the report. I think that's key. As the Public Accounts committee in the province, we probably should make some sort of statement about it, I would think. If appropriate, we can talk about that as a committee as well, and just say: Yes, we're reviewing the report.

Also, I think it would be good to get a status update on where they're at with the recommendations, the same as we do for all recommendations. That's something – might be something the committee wants to consider, is we just simply send a letter asking for an update on the status of the recommendations.

**Mr. Roach:** Chair, I agree with (Indistinct)

**Chair:** Okay.

But, as Mr. McIsaac said, we do have a whole work plan with a set of topics already outlined, so we should decide where those two items that the member brought up do actually fit on the priority list.

Hopefully everyone has had a chance to review the work plan that we had and I'll open the floor to comments about the priorities and if we need to change the priorities, and perhaps we could have motions on the floor to do things, like ask for status updates on outstanding recommendations.

**Ms. Bell:** Chair?

**Chair:** Yes, Ms. Bell.

**Ms. Bell:** Thank you, Chair.

It's my understanding that a portion of the housing file has currently been reassigned to the Minister of Finance, given conversations that I've been having regarding housing, so we may need to extend that invitation on the first priority, to not only Minister Mundy, but also to Minister MacDonald in terms of responsibility for housing and housing allocation.

**Chair:** Thank you.

**Mr. Roach:** Chair, which one was that?

**Some Hon. Members:** The first priority.

**Chair:** The first priority, housing.

**Mr. Roach:** Chair, do we need the minister here?

I thought we had had this discussion some time ago that we would have, perhaps, the director that was involved more directly in that file come before the committee.

**Chair:** Yes, and that was the discussion we had. And of course, this was to-be-determined as well as you can see within the work plan, so it's definitely open for discussion.

But, given the fact that there is part of it within finance, we have to consider those two departments as well, regardless.

Ms. Bell?

**Ms. Bell:** To add to that, given – to the comment that other potential parties could be more able to answer questions on this, it's also – could we also consider the role of the housing hub director/coordinator which is under transportation, infrastructure and energy, who would be Clifford Lee, which is another department.

**Chair:** Thank you.

Further to the discussion, before we go too far down this path, let's decide: Is housing our number one priority first of all?

**Some Hon. Members:** Yes.

**Chair:** Yes? It is, okay. That is a unanimous agreement there.

So, let's discuss who best then, as you've already been doing, to bring in as witnesses to talk about the housing file. We have three departments that are involved, at least, right now –

**An Hon. Member:** (Indistinct)

**Chair:** So we have the Department of Family and Human Services, the

Department of Finance, the Department of Transportation, Infrastructure and Energy, and as well, Mr. Fox is saying we should consider IRAC.

Is there any particular order we should talk about those? Even before we talk about that, I know that we were going to review some of the information requests we put out to the different departments and I wanted to make sure we didn't have any outstanding requests on housing out to the various departments as well, because that could actually help inform us.

**Mr. Fox:** Chair?

**Chair:** Yes.

**Mr. Fox:** I just want to clarify something on why I'm thinking IRAC on that, because it is a social problem and that social problem does encompass infrastructure and energy, social services, and those are the two big departments I see – community, lands and environment to a point, but the thing I see here is we have IRAC who is an independent body and they're the ones that are actually making decisions on what rate increases are seen at the door of an apartment.

They're the people that are making the decisions on when rates go up based on applications a year on rental rates, and I think that's key because that organization is not consulting with social services or department of infrastructure and energy when they approve or disapprove a rate increase. I think that's a very important fact, or point to it.

**Chair:** Thank you for that point.

I think the other thing we need to consider is the order we bring in witnesses. Would it make sense to bring in IRAC first, or is it based on availability of the witnesses we want? Or is it, we want to hear from the Department of Family and Human Services first –

**Mr. Fox:** Yes.

**Chair:** – then we want to hear from the housing hub director next and then have IRAC come in after that.

**Mr. Fox:** And it could be that way, Chair. But I think that it's a key point. It's an organization that's making a decision on when rates go up or rates decrease. Totally independent from the government is a quad judicial, so I think it has to be considered. I think the hon. member wants to make a –

**Chair:** Thanks for making that point.

Just before you continue debate on this, Mr. Roach, I did want to mention that we did not yet receive a response to our letter from the acting deputy minister of family and human services on the implementation of the 2018 audit recommendations on the social assistance program, some of them which include; long-term plan to address the current and expected future demand for low-income senior housing, for example. That ties into it as well.

Mr. Roach.

**Mr. Roach:** Thank you.

On that, and I think that we learned that when we started reviewing the 2018 report, that was also premature. The department never had the opportunity to meet the recommendations and the timeframe, because we did that in 2018. However, it might be timely to have an update on that report from the department, whether you want to do that in terms of a letter, or whether the AG would ask for that at this point. It's now a year later since we got the report and started to review it. I think that goes back to the conversation we had earlier that there has to be a timeliness of review when it comes to the Auditor General's report.

I agree that it may be timely, either for this committee or for the Auditor General to provide an update on the recommendations from that, in order to make the findings on that report as accurate as possible.

**Chair:** Your point is well taken.

Our clerk has prepared a document here which you should have in front of you. It's up to date – it's about February 19<sup>th</sup>, 2019, so as of yesterday. You'll see that in November on the 21<sup>st</sup>, we asked the Department of Family and Human Services

for an update on recommendations from the 2017 audit report.

In fact, the ones that I referenced just earlier are from the 2017 report, as well as recommendations on the 2018 report, and we didn't hear back yet. The course of action there is one that I was hoping we would consider in this meeting. Like you say: Do we ask the AG to report back to us because we didn't hear from them? Do we send another follow up letter, how does that work. Or, do we just have the department in as a witness as per our first topic and ask them to focus on the recommendations from 2017 which are now approaching the two-year mark, that sort of thing.

Just suggestions.

**Mr. Roach:** It would be nice to have that update, Chair (Indistinct) with recommendations.

**Chair:** Ms. Casey.

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

I think we can – this committee and we discussed this before – this committee can assist the Auditor General by sending letters out seeking the same information. I would recommend that.

Also, I know the letter was sent November 21<sup>st</sup>, 2018, with regard to report on Chapter 6, to Michele Dorsey, who was then the Deputy Minister of Communities, Land and Environment, but there's been a change in the deputy minister and it's Mary Lynn Kane now, just for future letters that are being sent out.

**Chair:** Deborah Bradley is no longer the acting deputy minister of family and human services.

**Ms. Casey:** Sure, so maybe that's why there's a delay in some of – there's been some changeover. But I would recommend that we send a letter seeking more information or status report.

Thank you, Mr. Chair.

**Chair:** Thank you for that.

Ms. Bell.

**Ms. Bell:** To confirm it, Mark Spidel is the DM for family and human services.

Chair, just to clarify, when we originally had this on our – when this was raised as a priority on this housing it was not specifically seeking only the feedback from the AG report, it was about the broader context of the housing and housing crisis and what was happening on that aspect.

So I think to my honourable colleagues point, absolutely, we want to pursue as we agreed to support the AG in the role in presenting those letters. We would also – I personally would also advocate, as my colleague did, that we additionally seek to have briefings from some of the key players in this complex aspect of the housing challenges in PEI, and that includes IRAC, it includes the finance in terms of the relationships with CMHC and what's happening there, which part affects the vacancy rate, for example, and the relationship between rental rates and social services rates, which then will support the work that we can make for recommendations for family and human services, for example.

But that broader picture of those other aspects of what's happening in the story around housing are much more than the narrow scope that we have whenever we have an auditor's report. I do feel that part of our role is to have that broader discussion with other expertise so that we can then be a better support to the AG and the role of efficient recommendations.

**Chair:** Thank you.

Mr. Roach.

**Mr. Roach:** I certainly support that and I think that should be part and parcel with priority number one. I would support that. It's the broader picture that – and that's why we're calling – we want to see different departments brought in so we can get the – so it's not all just – there's so many different areas that have an effect on this.

**Chair:** Okay, so it looks like to me we have two suggestions on the floor right now.

Number one is, we send another letter to – in this case it's the new deputy minister of

family and human services – as well as the new deputy minister of communities, land and environment to solicit a response to our letters that we didn't receive a response to earlier. That's in this case you put forward.

The second thing is it sounds like we're saying; get the proper representative from the Department of Family and Human Services first, to come in and discuss housing from a Public Accounts perspective.

Those are the two things. Are we agreed on that?

**Ms. Bell:** Chair?

**Chair:** Yes, Ms. Bell.

**Ms. Bell:** Following on from that, other witnesses from, including, IRAC, and the housing hub director Clifford Lee, and potentially someone from finance regarding the CMHC relationship.

**Chair:** Let's just settle – I'll take that as a motion then Ms. Casey made to send the letters out asking for updates to the proper – the new deputy ministers. Is everybody in favour of that one?

**Some Hon. Members:** Aye!

**Chair:** That's carried.

Now, let's look at the order of witnesses for housing. Do we agree that someone from the Department of Family and Human Services should be first? Or, do you want to list witnesses and then based on availability bring them in?

**Mr. McIsaac:** Chair, I think we should have the departments come in and explain exactly what the situation is and what they're doing with it.

As far as the IRAC thing, I'd like to see IRAC come in. It was suggested we have IRAC come in and talk about the fuel, we talk about the organization change, we talk about the housing. I'd also like them to come in and talk about the land, there's a review going on that. So do we keep having IRAC in every time? Or, do we have them in as one special meeting and say; specifically we're focusing on IRAC? Why don't we deal with the housing what's going on with

the departments, deal with a couple of the other issues and in the end we have IRAC come in and say: Hey, these are the things we're concerned about. The org change, the fuel, the housing and possibly the land and spend a whole day with IRAC after we find out from the departments exactly what their situation is.

I think that's the direction I'd like to go. But focus on the departments first and get IRAC in one time for a bunch of reasons.

**Chair:** Mr. Roach.

**Mr. Roach:** Chair, I think I agree somewhat with what my colleague is saying. But I think in terms of priority, number one, housing, I think to have the individual who deals with it directly in her department, I think it's important to have her come in and speak about housing alone, because that is our priority. I think, for us, in order for this committee to stay focused, have them come in to speak about housing, have the departments to come in so this committee is staying focused on what our role is.

I'd like that lady from IRAC – what's –

**Ms. Casey:** Jennifer Perry.

**Mr. Roach:** Yes. I'd like Jennifer – I move that she be brought in as a witness based on the way I saw her explain it on CBC. I think she's the appropriate individual to come in.

**Chair:** All right.

We have a motion on the floor that Jennifer Perry from the Department of Family and Human Services – she's responsible –

**Ms. Casey:** No (Indistinct)

**Mr. Roach:** From IRAC.

**Chair:** From IRAC, responsible for housing –

**Mr. Roach:** Yes.

**Chair:** – come in to present.

All in favour of that?

**Mr. McIsaac:** What's the priority? Is she coming in first or last or what are we doing with the departments?

**Mr. Roach:** Well, I think – Chair?

**Chair:** Yes.

**Mr. Roach:** I'd like to see, perhaps, someone from the department to speak about housing first, and then I'd, perhaps, like to see Clifford Lee and then, perhaps, we could go with Jennifer after that.

If everyone is okay – I think, in order for us to kind of chronologically get everything the way we want it, I'd like –

**Chair:** Do we know, who from the Department of Family and Human Services we want to –

**Ms. Bell:** It would be Sonya Cobb.

**Chair:** Sonya Cobb, Ms. Bell? Sonya Cobb?

**Ms. Bell:** Sonya Cobb is from family and human services and responsible for director of housing services.

**Chair:** Okay, so what I'm hearing is we ask Sonya Cobb from the Department of Family and Human Services and then we're going to ask the –

**Ms. Bell:** Clifford Lee.

**Chair:** – Clifford Lee, I'm not sure of his exact title.

**Ms. Bell:** Housing hub director, maybe.

**Chair:** Housing hub director come in, and then have Jennifer Perry from IRAC come in.

My only concern with that, just in terms of scheduling meetings, is if we have a backup and we have to wait for that first witness to become available when the other ones are available. I would like to be able to do business in the Public Accounts.

**Mr. Roach:** Yes, I agree, Chair.

I think if one is not available for a date, then we'd just go to the next one, priority for housing. So, we would go one, two, three

and stick with housing because that is the priority at this time.

**Chair:** Great, so we'll look at the next available date and we'll go in that order to try and call those witnesses. If the first one is not available we'll move to the next and move to the next.

Great, excellent. Is everyone in favour of that plan?

**Some Hon. Members:** Yes.

**Chair:** Okay, it seems unanimous to me.

All right, now just in case we whip through that, is there any point in talking about our other priorities at this time? Everyone is happy to leave –

**Mr. Roach:** I think once we start with housing and we see how long that's going to take, I think we could – once we see where we're getting some ground under us and we're moving forward with housing and we see we're kind of coming close to the end of it, I think then we could – because we don't know what's going to come out of our discussions with these three individuals that are coming in.

So, based on what we get from these individuals, we may want to call other witnesses based on what we hear. But I think once we know that we're kind of getting close to finishing up with housing, I think that's the appropriate time to go and say: Okay, what's next?

**Chair:** The only thing – what I'm thinking is if all three of those witnesses aren't available, say, for our next availability date – let's say it was next Wednesday, for example – then it would be nice to continue on business as a committee, in which case we would – if all three of those witnesses for housing aren't available we would want to move onto our next priority just to continue moving forward, whether that's performance reporting or open data in government.

I know, for example, Peter Rukavina had contacted us and wanted to know – he's keen to come and talk about open data in government and he might have availability if all those three witnesses aren't there.

Anyhow, that's why I think it is important, maybe, just to have a backup plan. That way, we can continue our work and we don't end up with long delays.

**Mr. Roach:** Thank you, Chair.

**Chair:** Yes.

**Mr. Roach:** On that, when we're talking about open data and government, it would be nice to have somebody from government come in and say: What's open data? What do you have right now? So we have a starting point.

**Chair:** Yeah, and we have Dan Campbell from Treasury Board on our list here as one of the witnesses that was suggested.

**Mr. Roach:** Okay.

**Chair:** I would assume those are sort of in our order of preference. I mentioned Peter Rukavina because he is keen.

So, are we happy with performance reporting and open data in government as our next two priorities and what are people thinking on that front?

**Some Hon. Members:** (Indistinct)

**Chair:** We're still happy with that?

**Some Hon. Members:** (Indistinct)

**Chair:** Okay, so in terms of performance reporting then, the witnesses on the list were Robert Hughes of the Town of Stratford and then Martin Reuben, so we can direct the clerk, if the first three witnesses from housing aren't available, we can move to that second priority.

Everyone is okay with that? All right, great. Super.

Well, it looks we've got our work plan well underway here. If everyone is okay, I'd like to move on to the next item on the agenda.

**Mr. Fox:** Motion to move in camera.

**Chair:** All right.

Thank you, Mr. Fox.

The motion is to move in camera.

All in favour?

**Some Hon. Members:** Aye!

**Chair:** Thank you.

So, we will be moving in camera so of course, we will ask everyone to clear the room and of course, we're going to invite the Auditor General to join us as well in our in camera session.

[The Committee went in camera]