

Crown Corporations Council
A Manitoba Crown Corporation

Second Quarter Report 2001

Crown Corporations Council

*Second Quarter Report
For the Three Months Ended June 30, 2001*

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August 23, 2001

The Honourable Gregory Selinger
Minister responsible for
Crown Corporations Council
103 Legislative Building
WINNIPEG, Manitoba
R3C 0V8

Dear Minister:

The Council is required under the Crown Corporations Public Review and Accountability Act to provide a quarterly report. Enclosed is the Report for the three months ended June 30, 2001.

Yours truly,

Arthur V. Mauro
Chairman

Crown Corporations Council

Second Quarter Report

For the Three Months Ended June 30, 2001

Report on Activities of the Council

During the quarter, Venture Manitoba Tours Ltd. officials made a presentation to Council on current strategic issues facing the corporation.

In February 2001, the Government directed Council through an Order in Council to undertake two reviews.

The first review focuses on remuneration policies in each of Manitoba's Crown corporations to assist Manitoba in setting realistic and appropriate remuneration policies for all of Manitoba's Crown corporations.

The second review focuses on ministerial roles respecting policy direction and operational oversight of Crown corporation activities. This work will include cross jurisdictional best practices and the appropriate level of documentation each Crown corporation should maintain regarding policy decisions. The review and report will consider the matter within the context of ministerial public accountability for actions of a Crown corporation and a Crown corporation's accountability to the public.

Council issued requests for proposals (RFP) to obtain independent expertise and strategic advice in order to undertake both reviews. Deloitte & Touche was engaged to provide consulting services on the remuneration study and PricewaterhouseCoopers was engaged to provide consulting services on the work related to ministerial roles. The value of the contract with Deloitte & Touche is estimated at \$104,500. The value of the contract with PricewaterhouseCoopers is estimated at \$90,000. The costs incurred by Council are recovered by levy from Crowns that are under the Crown Corporations Public Review and Accountability Act.

Council anticipates the reviews will be completed by December 2001.

Council Reports

Corporate Performance Measurement and Reporting Special Project

Council is required as part of its mandate and corporate strategy, to ensure that Crowns under its purview monitor progress against plans and measure performance through consistent and effective criteria. During the quarter, Council undertook a special project on corporate performance measurement and reporting.

Council developed a matrix of key components critical to an effective, functional and valuable corporate performance measurement and reporting system based on best practices. The components formed a framework upon which each selected Crown's existing measurement and reporting was assessed.

The components comprise the key findings for best practices and consequently also encompass the overall recommendation to which the Crown Corporations should consider. Flexibility is given to the unique business and corporate environments to which each Crown is subject.

Manitoba Hydro's performance measurement system is extensively integrated within its management processes. The foundation, linkages and culture solidly support performance measurement and allow it to be used as a valuable company tool. Improvements are being planned on public reporting and feedback from government – both concluding stages of the cycle. Nevertheless, the system in place sufficiently meets most of the key components identified for an effective system. This is an important tool Hydro has implemented to assist in ensuring it sustains its successful performance.

Manitoba Liquor Control Commission's is currently proceeding to improve its corporate performance measurement and reporting. It is establishing a system that coordinates its strategic planning and corporate performance measurement functions with strong linkages. The conceptual framework chosen, the Balanced Scorecard, is well suited and provides a clear structure for the Crown to follow.

Manitoba Lotteries Corporation has been reorganizing and has contracted an external consultant to redevelop its strategic planning and governance framework. As part of the project, a

performance measurement and reporting function that complements the improved system is also being redeveloped and is expected to be delivered.

Based on the key component criteria derived by Council, each Crown corporation is in a unique state, pertaining to its corporate performance measurement and reporting. While there is not one best framework for all corporations, the key components provide a guideline for the Crowns to consider in customizing a system to their own distinctive needs.

Members of Council approved the framework of components as the consistent and effective criteria that Crowns should consider adopting and that will be used to assess each Crown. Council staff will facilitate the adoption of the criteria by presentations to Boards of Directors, sharing the study with the Executive and assessing adoption by Crowns.

Submissions to Council

There were no new submissions made to Council during this reporting period concerning allegations or complaints against any Crown corporation under Council's purview.

Overview
Crown Corporations Council
Financial Statements
For the Six Month Period Ended June 30, 2001
(unaudited)

Operating expenses are recovered from the Crown corporations through assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred.

Expenses for this six month period increased by \$20 thousand compared to the same period last year. The increase is primarily attributable to filling a vacant staff position on a term basis.

Balance Sheet
(unaudited)

	June 30	
	2001	2000
	(thousands of dollars)	
Assets		
Current		
Cash	\$ 531	\$ 347
Accounts receivable	4	2
	535	349
Capital assets (note 1)	12	26
	\$ 547	\$ 375
 Liabilities and Reserve Reflecting Net Investment in Capital Assets		
Current		
Accounts payable and accrued liabilities	\$ 54	\$ 40
Levies received in advance	178	105
Due to Manitoba Crown corporations	303	204
	535	349
Reserve reflecting net investment in capital assets	12	26
	\$ 547	\$ 375

**Statement of Income and Reserve
Reflecting Net Investment in Capital Assets
(unaudited)**

	Six Months Ended June 30	
	2001	2000
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	\$ 314	\$ 295
Interest	10	7
	324	302
Expenses	331	311
Excess of expenses over income	\$ (7)	\$ (9)
Reserve reflecting net investment in capital assets, beginning of period	19	35
Reserve reflecting net investment in capital assets, end of period	\$ 12	\$ 26

Notes to Financial Statements
June 30, 2001

1. Capital assets and depreciation policy

These are comprised of office furniture and equipment and computer equipment:

	June 30	
	2001	2000
	<u>(in thousands of dollars)</u>	
Cost		
Office furniture & equipment	\$52	\$54
Computer equipment	57	55
	<u>\$109</u>	<u>\$109</u>
Accumulated Depreciation		
Office furniture & equipment	50	54
Computer equipment	47	29
	<u>97</u>	<u>83</u>
Net Book Value	<u>\$12</u>	<u>\$26</u>

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

2. Statement of cash flows

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.