

Vol. 4

3rd Session

25th Legislature

YUKON LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

together with

EVIDENCE

March, 1983

Legislative Assembly Office

Whitehorse





Yukon Legislative Assembly

Hon. Don Taylor, Speaker
Yukon Legislative Assembly
Box 2703
Whitehorse, Yukon

Dear Mr. Speaker:

I am pleased to present the Fourth Report of the
Standing Committee on Public Accounts and hope
it meets with the Assembly's approval.

Sincerely,

Tony Penikett
Chairman
Public Accounts Committee

March, 1983

Vol. 4

3rd Session
25th Legislature

YUKON LEGISLATIVE ASSEMBLY

REPORT

of the

STANDING COMMITTEE

on

PUBLIC ACCOUNTS

together with

EVIDENCE

March, 1983

Legislative Assembly Office
Whitehorse

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Yukon Legislative Assembly
Third Session 25th Legislature

MEMBERS

Tony Penikett, M.L.A. Chairman	Whitehorse West
Bill Brewster, M.L.A. Vice-Chairman	Kluane
Maurice Byblow, M.L.A. #	Faro
Al Falle, M.L.A.	Hootalinqua
Hon. Bea Firth, M.L.A. *	Whitehorse Riverdale South

Staff

Clerk to Committee
Missy Follwell

Margaret Joe substituted for Maurice Byblow
on February 7 and 8, 1983.

* Andy Philipsen substituted for Bea Firth on
February 1 and 10, 1983.

Table of Contents

PREFACE	i
DEPARTMENT OF GOVERNMENT SERVICES	
Departmental Objectives	1
Inadequate Statistical Information	3
Government Reservations Office	4
Inadequate Statistical Information - Public Affairs	4
Project Management Procedures	5
Accuracy of Information in Public Documents	6
MATTERS ARISING FROM FORMAL HEARINGS	
Construction Projects	8
Transfer of Responsibilities and Funds	9
DEPARTMENT OF JUSTICE	
Estimates and Statistical Information	11
Departmental Documents	13
YUKON HOUSING CORPORATION	
Program Accountability and Reporting	15
Contract By-Law	17
Maintenance	18
Purchase and Inventory of Chemicals	19
STATUS OF PAC (1980) RECOMMENDATIONS	21
STATUS OF PAC (1981) RECOMMENDATIONS	22
STATUS OF PAC (1982) RECOMMENDATIONS	26
STATUS REPORT	
Financial Management System Projects	31
Auditor General's Report "on any other matter" for year ended March 31, 1982	32
STATEMENT ON WITNESSES	35
- Memorandum to Deputy Ministers	36

SUMMARY OF RECOMMENDATIONS 1983	40
WITNESSES 1983	44

FORMAL HEARINGS: EVIDENCE

APPENDICES

- 1) Written departmental responses to outstanding PAC matters
- 2) Auditor General of Canada report on "any other matter"
for the year ended March 31, 1982
- 3) Memo, Fuller to Vantell re: EDP Policy Manual
- Government Services
- 4) Memo to PAC re: Property Management - Additional Requirements
- Government Services
- 5) Memo to PAC re: Chargebacks (Property Management)
- Government Services
- 6) Memo to PAC re: Public Affairs Bureau
- Government Services
- 7) Regulations Respecting Financial Signing Authorities
- Finance
- 8) Purchase of Chemicals
- Yukon Housing Corporation
- 9) Haines Junction housing contract
- Yukon Housing Corporation
- 10) Letter re: Departmental Objectives
- Consumer and Corporate Affairs
- 11) Post-employment guidelines
- Federal Government

PREFACE

The Standing Committee on Public Accounts has held fourteen meetings since being appointed in July, 1982. During the Formal Hearings, February 1 - 11, 1983, officials were called from the Department of Government Services, the Department of Justice, and the Yukon Housing Corporation to account for the financial management of their departments. As well, witnesses were called from the Departments of Municipal and Community Affairs, Finance, Consumer and Corporate Affairs, Highways and Transportation and Renewable Resources to discuss progress in implementing recommendations and undertakings from previous years or to consider matters arising from the report of the Auditor General on "any other matter".

Two themes emerged from the 1983 Formal Hearings: Delegation of financial authority and accuracy of public information. This year the Committee found that delegation of financial authority continues to be a problem. There appears to be a lack of understanding throughout the departments regarding financial and managerial control.

With regard to the accuracy of information in public documents, the Committee found that statistics reporting final figures were different in various documents. It would appear that publications such as departmental annual reports are not being produced as expeditiously as they could be.

The Report contains a number of recommendations dealing with these areas of concern.

The Committee has prepared a memorandum, included in the Report, which should provide helpful guidelines to those officials who are called to appear as witnesses.

Finally, the members wish to thank Raymond Dubois, Deputy Auditor General, and Harold Hayes, Principal, of the Office of the Auditor General for their cooperation and invaluable assistance during the Formal Hearings.

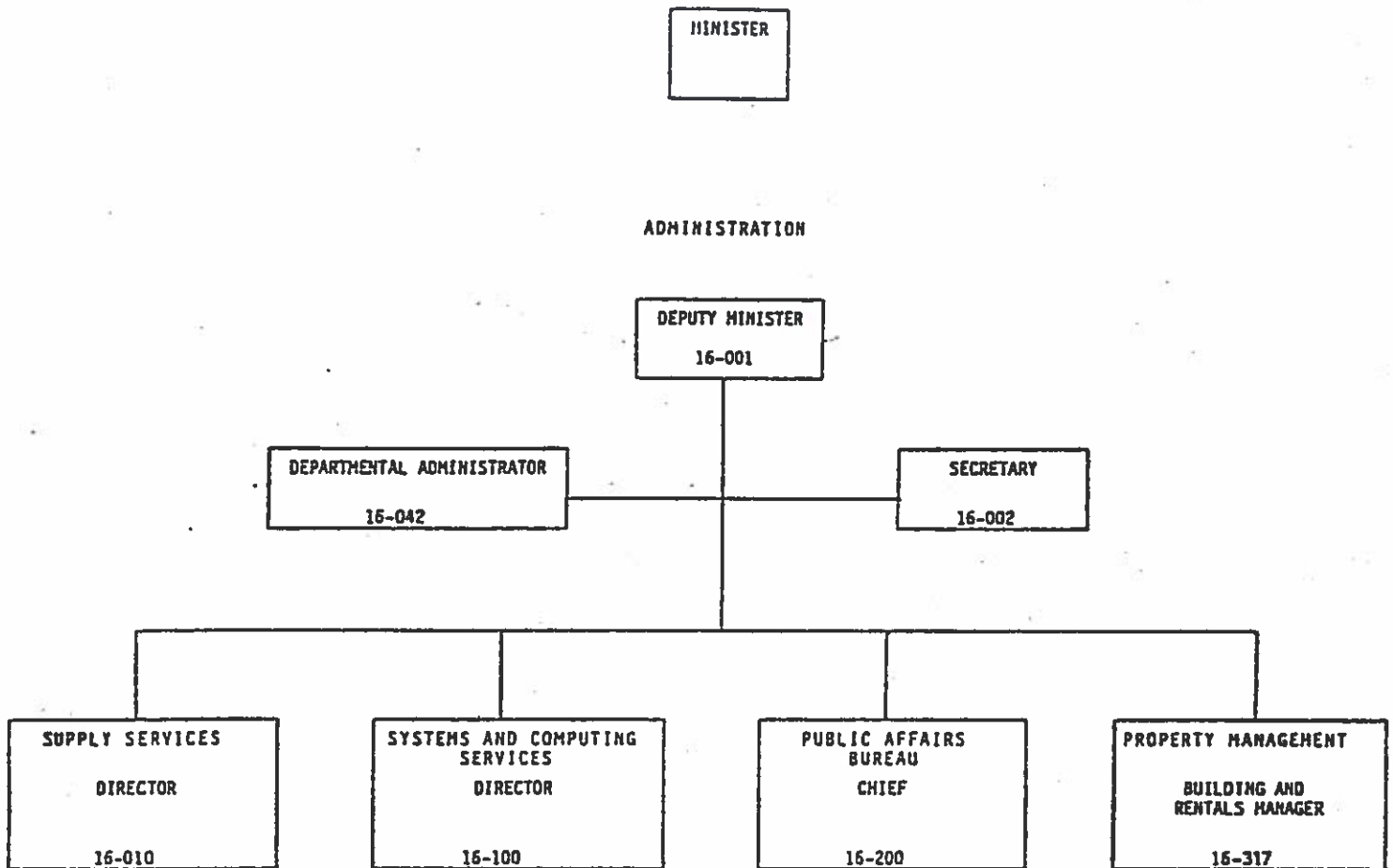
FORMAL
HEARINGS

NOTE: *****
* In the following section *
* there are number indica- *
* tors in the margin. *
* These relate to the page *
* reference in the appended *
* "Formal Hearings: *
* Evidence". *

DEPARTMENT OF GOVERNMENT SERVICES

PAC #2(a)

1981 - 82



Administration	2
Asset Control	2
Purchasing	6
Queen's Printer	7
Safety and Security	1
Transportation/ Communication	10
Warehousing	5

Administration	2
Processing Services	13
Service Centre	1
Systems Development	10

Administration	2
Information Office	4
Inquiry Centre	2
Photography	2

Administration	2
Building Engineering	3
Custodial Services	12
Security	5

TOTALS

ADMINISTRATION	3
SUPPLY SERVICES	33
SYSTEMS AND COMPUTING SERVICES	26
PUBLIC AFFAIRS BUREAU	10
PROPERTY MANAGEMENT	21
<u>GOVERNMENT SERVICES TOTAL PERSON YEARS</u>	<u>93</u>

DEPARTMENT OF GOVERNMENT SERVICES

The Department of Government Services was the first department selected for review by the Committee. Departmental witnesses were the Deputy Minister, Andy Vantell; Director, Supply Services, Sam Cawley; Director, Systems and Computing Services, Rob Fuller; Director, Public Works, Art Christensen; and Manager, Public Affairs, Andrew Hume.

1. DEPARTMENTAL OBJECTIVES

Background

The overall objective of the Department in the 1982-83 Estimates states that

Government Services co-ordinates general service agencies for the various departments within the Yukon Government. The three main branches are: Systems and Computing Services, Supply Services, and Public Works.

The overall objective of the Department in the 1981-82 Estimates stated that the Department was

To provide a central resource of electronic data systems and computing services, supply services and information services to support the operations of all Departments and Agencies of the Government of Yukon.

This objective was changed in the 1981-82 Supplementary Estimates No. 1 to include reference to Accommodation Services transferred from the Department of Highways and Public Works in July, 1981. These same Estimates provided funds for the implementation of a Handy Bus service but the objectives were not changed to reflect this.

Building Maintenance was transferred from the Department of Highways and Public Works in the 1982-83 fiscal year.

Analysis

The overall objective for 1982-83 does not clearly state the objective of the Department which is to provide a central resource of services to all departments and agencies of the Government of Yukon.

4:1 The Handy Bus is an exception in that it provides a service to the general public for use by handicapped persons, senior citizens or others who have difficulty using the regular transit service. The overall objectives of the Department for 1981-82 were not changed to include reference to operation of the Handy Bus service. The Committee believes that this activity should have been referred to in the overall objectives which form the legislative base for the Department. The Committee is of the opinion that the Department should not undertake activities beyond its objectives without reflecting appropriate changes in the objectives as soon as possible thereafter.

9:9 *The Deputy Minister gave an undertaking that the 1983-84 Estimates would contain an accurate statement of objectives.*

1. Recommendation

The Department, when undertaking activities not falling within its stated objectives, should revise its objectives to include the new activities as soon as possible thereafter.

2. Recommendation

When a departmental objective is changed by a supplementary estimate, that supplementary should include a narrative which describes the change in the objective.

2. INADEQUATE STATISTICAL INFORMATION

Background

The Department of Government Services operates four programs to achieve its overall objective: Administration, Systems and Computing Services, Supply Services and Public Works. Public Affairs, which fell under the Department in 1981-82, was transferred to the Executive Council Office in 1982-83.

The objective and amount required for each program is detailed in the Estimates, as well as supplemental information providing statistics and an explanation of changes in program activities.

Analysis

4:3 The Systems and Computing Services Program shows the number of production systems in operation and, as a percentage, volume capacity and utilization of hardware resources. Production systems are not explained, nor is volume capacity. The Department is in the process of collecting production, volume and utilization data and expects to include this, as well as cost break-out, in the 1984-85 Estimates.

4:5 The Supply Services Program does provide some statistical information but it would be more meaningful if it were clearly identified with the program activities such as Purchasing, Queen's Printer, or Transportation and Communications. It would also be appropriate to disclose cost and other information such as the cost of processing a purchase order, the cost per mile to operate and maintain pool vehicles, and the capacity and the level of utilization of printing equipment. This would provide meaningful data against which performance could be measured. In the case of the Warehouse activity it would be appropriate to disclose the dollar volume of receipts and issues.

3:1 The Public Works program provides costs per square foot of government accommodation but does not show the basis on which it is

calculated, the number of square feet apportioned to each Department, or the actual cost of that space. Cost data could also be provided for maintenance.

3. Recommendation

The Department should provide more meaningful statistical information in its Estimates.

3. GOVERNMENT RESERVATIONS OFFICE

Background

The Government travel agency, or Reservations Office, has been operating since February 1982. Prior to the establishment of the Reservations Office, the Government lost out on possible savings such as the utilization of excursion fares. As well, it now insists on government rates for hotel accommodation and substantial discounts are obtained on car rentals through a rental agency. Private travel agencies verify the arrangements, issue the tickets and receive normal commissions.

Analysis

9:7 It appeared that the Department did not undertake a cost/benefit analysis of operating this service as compared to the cost of using only a travel agency or agencies. The Department claims it is achieving cost savings and that it should be able to demonstrate these savings following the second year of operation.

The Department has undertaken to provide the Committee with a report on the savings achieved by the new system.

4. INADEQUATE STATISTICAL INFORMATION - PUBLIC AFFAIRS

Background

The Public Affairs program of the Department was transferred to the Executive Council Office in 1982-83 and so is referred to as a separate matter.

In the 1981-82 Estimates, the Public Affairs program included statistical information on volume only.

Analysis

Each item shown as statistical information is an indicator of a level of activity which results in a cost to Public Affairs. Unit cost data could therefore be developed and used as a measure against actual costs. The Public Affairs Manager advised in writing that the average cost of a press release is \$24.00 and of a feature article is \$495.00. Although these are estimated costs, they would provide a base against which actual costs could be measured.

4:9 The Manager stated that he is considering proposing guidelines to ensure that government advertising is apolitical.

4. Recommendation

The Public Affairs Bureau should provide unit cost data, where feasible, in the Estimates.

5. PROJECT MANAGEMENT PROCEDURES

Background

The Department undertakes construction projects on behalf of government departments and agencies--a responsibility transferred in July, 1981, from the then Department of Highways and Public Works.

1:4 The Department says it has guidelines outlining the steps to be followed for the management of a capital project from the identification of needs, establishment of requirements, through to tendering, construction and completion of the project, but there is no standard procedure or schedule covering the full scope of project development.

3:6 Projects are now handled on a case by case basis.

Analysis

1:4 The informal guidelines which establish a sequence of events
that are to be followed from the start to completion of a project
have not been communicated to client departments. The Committee
thinks this could lead to a lack of understanding of the role and
responsibilities of client departments as well as Public Works.

1:5 The lack of formally documented procedures inhibits the
transfer of knowledge from the Director to other employees within
the Department. It also creates problems arising from changes in
3:4 plans and specifications, as well as in the determination of
responsibility for project deficiencies including financial authority
for making the final decision on acceptance or rejection of the
completed project.

4:6 *The Deputy Minister made a commitment to
review and put in writing by March, 1984,
procedures on project management. The
Committee will follow up on this.*

5. Recommendation

*The Department should, with regard to
construction projects, formalize the
duties and responsibilities of client
departments and the Public Works Branch,
as well as all management procedures to
be followed during the project, and have
them incorporated in the policy manual.*

6. ACCURACY OF INFORMATION IN PUBLIC DOCUMENTS

Background

9:9 The section in the Yukon Annual Report for 1981-82 regarding
the Department of Government Services includes a financial state-
ment which showed total operation and maintenance expenditures of
\$2,885,300. The Territorial Accounts schedule of legislative
appropriations, expenditures and unexpended balances showed total
operation and maintenance expenditures of \$3,341,000.

Analysis

The difference of \$455,700 between the reported operation and maintenance expenditures in the above-noted documents results mainly from understatements of expenditures in the Annual Report of \$138,000 for systems and computing, \$79,000 for supply services and \$233,000 for property management. As both the Yukon Annual Report and Territorial Accounts are public documents, the Committee believes every precaution should be taken to ensure that the information in both is accurate and complete.

6. Recommendation

The Department should verify that any information it includes in a public document is accurate and complete.

MATTERS ARISING FROM FORMAL HEARINGS

In the course of its Formal Hearings, witnesses appeared from the Department of Government Services, Highways and Transportation, and Municipal and Community Affairs. In 1981/82, certain responsibilities were transferred from the Department of Highways and Public Works, now Highways and Transportation, to the Departments of Government Services and Municipal and Community Affairs. The evidence given by the witnesses from all three Departments is of considerable concern to the Committee.

1. CONSTRUCTION PROJECTS

Background

The Committee was advised during the Formal Hearings in 1982 that a review of the stages of the development of the Dawson City Sewer and Water project was underway, but there was no estimate of a completion date. At that time the Deputy Minister of Highways and Public Works stated he would have no objection to the Committee being provided with a summary of the review, but this would be subject to Ministerial approval.

Analysis

7:3 In 1983, the Department of Highways and Transportation advised that while Municipal Engineering remained within the Department the review was proceeding as and when the Director of Municipal Engineering had time available. The review was still in progress at the time that Municipal Engineering was transferred to the Department of Municipal and Community Affairs in September, 1982.

1:9 In 1983, the Deputy Minister of the Department of Municipal and Community Affairs advised the Committee that he was not aware of any such review being undertaken.

Responsibility for Property Management, which covers government office accommodation including support services, was transferred

- from Highways and Public Works to Government Services in 1981-82.
- 3:7 Government Services assumed responsibility for the construction of the Faro School and the Mayo Administration Building. Construction problems were experienced with the Faro School, which could result in additional costs to the Government.

7. Recommendation

That the Auditor General be requested to do a management audit of the Faro School and the Dawson City Sewer and Water Project.

2. TRANSFER OF RESPONSIBILITIES AND FUNDS

Background

- 4:1 In 1981-82, Property Management (which covers government office accommodation) and Security and Safety were transferred to Government Services. In 1982-83, Building Maintenance (which includes work such as painting, wiring, plumbing, furnace repairs and carpentry) and Records Management were transferred to Government Services.

Analysis

- 4:1 The amounts provided by ensuing Supplementary Estimates which relate to this transfer do not clearly show the costs and direct transfer of funds related to the transfer of responsibilities.

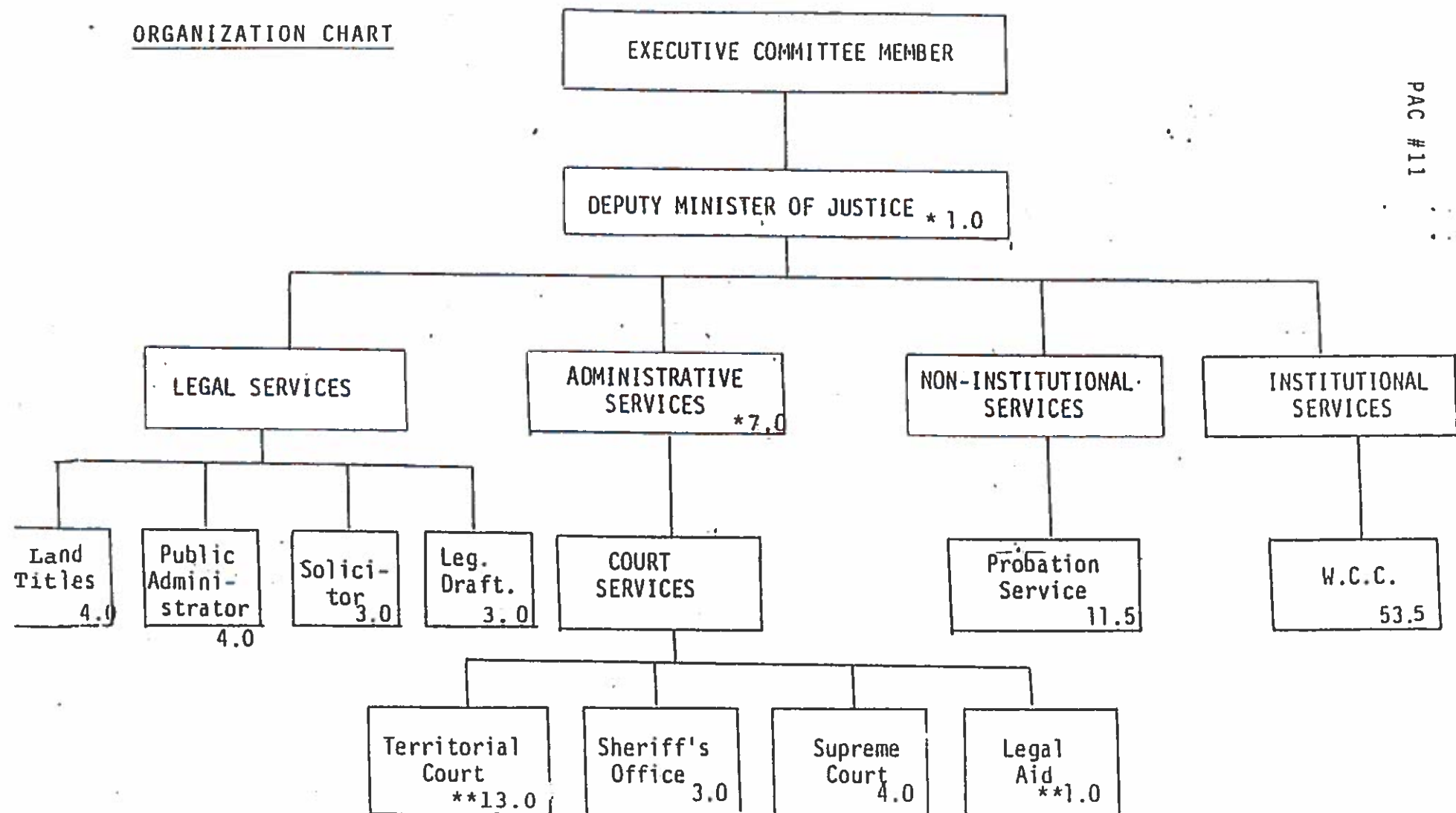
The transfer of responsibilities and the accompanying transfer of funds is of concern to the Committee from the standpoint of legislative control of expenditures. The Legislature is led to understand from the Estimates that it is appropriating certain amounts to each department, in total covered by the accompanying Appropriation Act. Even though the funds may be used for the same purpose in the department to which the responsibility is transferred, the transfer should take place with the knowledge and consent of the Legislative Assembly.

8. Recommendation

The Government should obtain legislative approval for a transfer of responsibilities and funds from one department to another.

ORGANIZATION CHART

Department of Justice
1981-82
PAC #11



*J-1 Deputy Head
J-2 Legal Services
J-2A Land Titles
J-2B Public Administrator
J-2C Legislative Drafting
J-2D Legislative Counsel

*J-3 - Administrative Services
**J-3A Territorial Court
J-3B Sheriff's Office
J-3C Supreme Court of Yukon
**J-3A Legal Aid

J-4 Whitehorse Correctional Centre
J-5 Probation Services

Total Man years - Permanent 109.0
Casual 2.0
111.0

DEPARTMENT OF JUSTICE

The Department of Justice was the second department selected for review by the Committee. Departmental witnesses were Acting Deputy Minister, Tom Duncan; Director, Whitehorse Correctional Centre, Phil Durant; and the Administrative Officer, Marg Gresley-Jones.

1. ESTIMATES AND STATISTICAL INFORMATION

Background

5:6/7 The Department reports some statistics on a fiscal year basis
5:9 and some on a calendar year basis. Several activities have little or no supporting statistical information in the Estimates. Yukon Courtworkers and Native Indian Special Constable are listed in the Estimates as Yukon government programs which they are not. Information about these services should be detailed in the Estimates under the Yukon government programs to which they relate. Another program, Criminal Injuries Compensation, budgets for administration only rather than including a projected figure for awards.

Analysis

5:3 The Department provides few statistics against which to measure performance or to provide a base for responsible budget forecasting.
5:8/9 The Department advises that they have provided additional information but that the Department of Finance has not included that supplementary information in the Estimates book.

The Yukon Courtworkers program provides funds to the Yukon Courtworkers Services Society to enable it to explain court procedures to people unfamiliar with the Court system and to put
6:8 them in touch with Legal Aid or a law firm. Both the Yukon Courtworkers program and the Legal Aid program have similar objectives in that they deal with persons coming in conflict with the law. The Committee sees no reason why the Yukon Courtworkers could not be included in the Estimates with the present information for the Legal Aid program.

6:8 The funds provided to the Yukon Courtworkers Services Society are accounted for in audited financial statements submitted to the Department annually. The Department has no statistical information on the activities of the Courtworkers and is negotiating with the Society on the development of meaningful statistics for inclusion in the Estimates.

Reference is made in the Yukon Courtworkers program to 50% of the expenditures being recovered from the Government of Canada. While the Legal Aid program is also cost-shared with the Government of Canada, the basis of cost-sharing is not stated. The Committee feels this would be meaningful information to include in the Estimates.

5:10 The Native Indian Special Constable program is shown in the Estimates only because it is financed by the Department of Indian Affairs and Northern Development and cost-shared with the Government of Yukon. The R.C.M.P. is responsible for recruitment and training of the Special Constables. These Special Constables are shown as part of the number of officers employed in providing
6:2 police services. The Committee is of the opinion that the Native Special Constable program could be combined in the Estimates with the Police Services Agreement.

6:2 The Yukon Government cost-shares the Native Indian Special Constable program with the Department of Indian Affairs and Northern Development. Yukon's share is 56%, the same percentage as for the
5:1 R.C.M.P. agreement. The R.C.M.P. agreement, which expires on March 31, 1991, provides for a graduated increase in Yukon's share of the cost from the current 56% to 70%. This type of information would be appropriate to disclose in the Estimates.

5:10 Under the new agreement, the R.C.M.P. will be required to provide the Yukon Government with a budget and required personnel and to consult with the Minister of Justice as to where personnel are to be deployed. This information should be included in the Estimates.

6:3 The Department stated that in the 1984-85 Estimates it would consider including an average award figure for the Criminal Injuries Compensation program so that the Legislature would have a truer picture of likely expenditure.

9. Recommendation

In the Estimates, the Legal Aid program should include detail on the Yukon Courtworkers service.

10. Recommendation

In the Estimates, the Police Services program narrative should provide more detail on cost-sharing arrangements and deployment of personnel in Yukon and should include the cost and statistical detail on the Native Indian Special Constable program.

11. Recommendation

In the Estimates, the Department should include a projected criminal injuries award figure.

2. DEPARTMENTAL DOCUMENTS

Background

5:2 As of February, 1983, the Department had not yet published its
5:3 1981/82 Annual Report. Nor had it produced the Sessional Volume
5:3 containing all the Acts passed during the 1982 Fall Sitting of the
Legislature which adjourned December 9, 1982.

6:9 The Department has, however, produced a policy manual for the Institutional Services Branch and a document entitled Adult Criminal Justice Information Systems Planning which presents a plan for information systems development in the Department of Justice.

Analysis

In order to maximize effective use, the Department should produce such documents as the Annual Report and the Sessional Volumes in a more timely fashion.

The Committee notes that the Department is making headway in its efforts to document procedures, processes, and systems necessary to administer fairly and effectively justice in Yukon but the Committee is of the opinion that the Department has a considerable amount of work yet to do in this area.

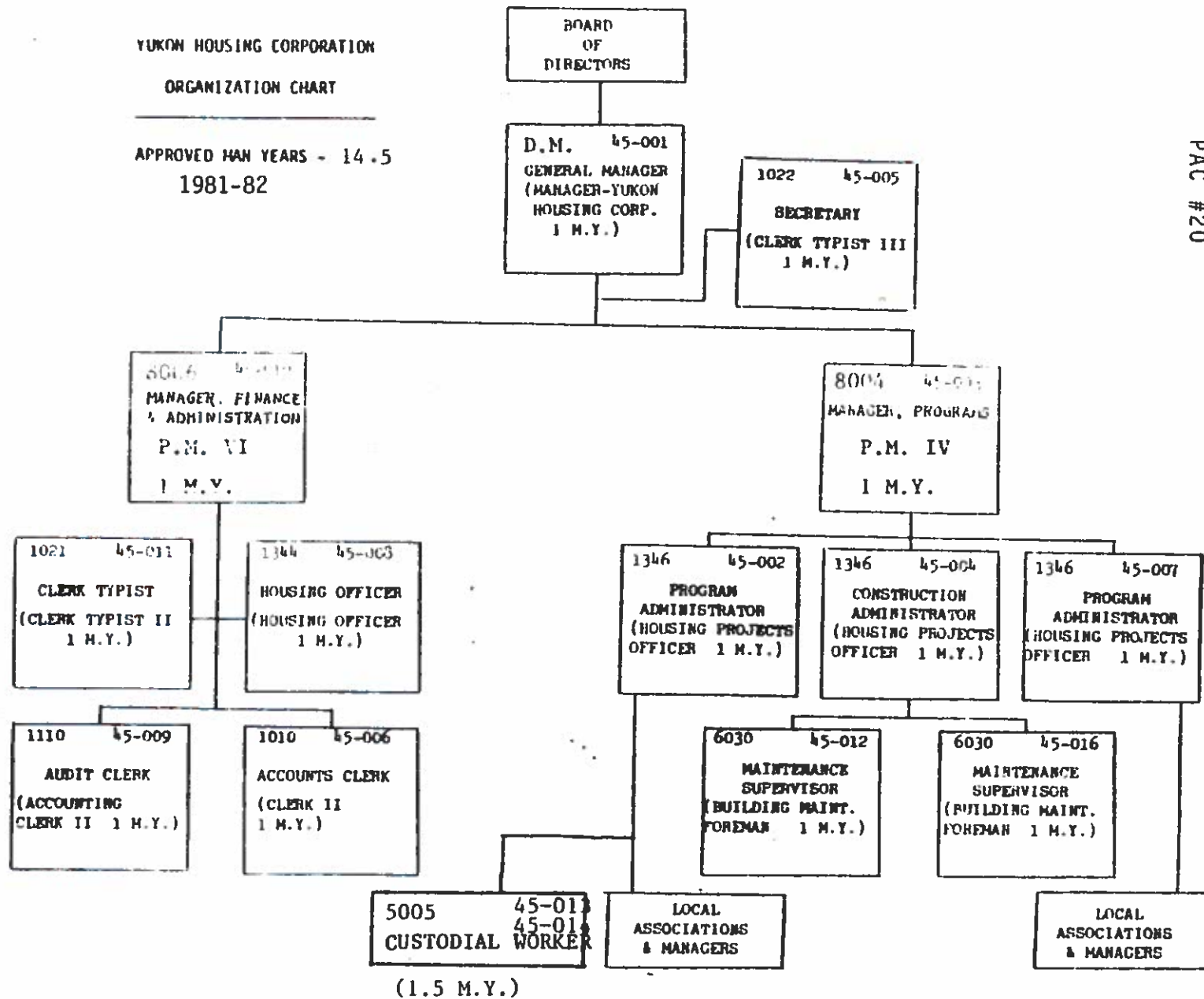
12. Recommendation

The Department should produce public documents on a more timely basis and, through increased documentation, should develop performance indicators against which performance can be measured, wherever feasible, for each of its programs.

YUKON HOUSING CORPORATION
ORGANIZATION CHART

APPROVED MAN YEARS - 14.5
1981-82

PAC #20



YUKON HOUSING CORPORATION

The Yukon Housing Corporation was the first Crown Corporation in the history of the Public Accounts Committee to be selected for review. Corporation witnesses were the General Manager, Barrie Robb; Manager of Finance and Administration, Andy Easton; and Manager of Programs, Henry Kamphof.

1. PROGRAM ACCOUNTABILITY AND REPORTING

Background

As the 1981-82 Annual Report had not yet been published, the Committee used the 1980-81 Annual Report of the Yukon Housing Corporation as a basic document. The 1980-81 Report provides information on nine basic programs:

- 1) Low Rental Housing for families of limited income
- 2) Rental/Purchase Housing
- 3) Low Rental Housing for single persons and single parent families
- 4) Rent Supplement to subsidize low-income families
- 5) Senior Citizens' Housing
- 6) Rural and Remote Housing
- 7) Staff Housing
- 8) Government Employee Housing Plan; and
- 9) Energy Conservation

The funds required for the operation of these programs are provided for in the Estimates and accounted for in the audited financial statements of the Corporation.

Analysis

The 1982-83 Estimates provides funds to meet the net operating requirements of the Corporation. Supplemental information provides a summary of expenditures for Administration, Community Housing, and Staff Housing and recoveries for Community Housing and Staff Housing.

8:2/3 Although the Corporation in effect operates nine programs as referred to in the 1980-81 Annual Report, they are not clearly identified or explained in the Estimates. Without explanations of the elements included in the programs and the bases of cost-sharing, it is not possible to obtain a reasonable understanding of the operations and funding required by the Corporation for each of its programs. The Estimates should also provide information on the Government Employee Housing Plan program.

8:3 The Corporation advised the Committee that the format of the Corporation's financial statements, which account for the funds provided and spent, groups programs together because of identical cost-sharing arrangements. This makes it impossible for the Legislature to identify results by program.

 The Committee notes that the Corporation is currently revising its management information system to provide more meaningful information and that similar improvements can be expected in the Annual Report, including the financial statements, and in the Estimates. As well, statistical information is to be provided
9:3 showing unit operating costs.

13. Recommendation

The Corporation should restructure the presentation of information in the Estimates and in its Annual Report to provide an analysis of costs related to each program and to provide information on unit operating costs.

2. CONTRACT BY-LAW

Background

Contract by-law #5 of the Corporation provides that:

- 3.(2) The Corporation shall not accept a tender or bid from or enter into a contract with a person who is the spouse of or the dependent child of a permanent employee of the Government of the Yukon Territory or an agency thereof.

Analysis

On August 21, 1981, the Corporation awarded a contract to the firm of a former General Manager of Yukon Housing Corporation who had resigned on April 30, 1981. The contract was for the construction of two energy-efficient houses in Haines Junction for the tender amount of \$171,583, subsequently increased by a change order to \$183,200.

In certain businesses, former employees may not enter into contracts with former employers until a certain amount of time has elapsed since separation. Although By-law #5 does afford some measure of protection regarding conflict of interest, it does not go far enough in instances such as this one.

The Committee noted the Federal guidelines whereby senior officials leaving the employ of a Federal Government department are not supposed to do business with that department until at least one year has elapsed.

The Corporation undertook to examine these guidelines.

14. Recommendation

The Corporation should examine By-law #5, Contract By-law, with a view to making amendments to prevent any unfair advantage for or the appearance of conflict of interest with former employees of the Corporation.

3. MAINTENANCE

Background

8:6 The Corporation has a maintenance section with three full-time employees. A maintenance schedule is established on an annual basis. However, as maintenance is a function of resources, if those resources are not available, then the maintenance schedule has to be adjusted accordingly.

8:1 The Corporation maintenance staff are becoming more like project managers in that they organize, arrange, and oversee the maintenance program. Each Yukon community has a maintenance person on contract and it is that person who actually performs the duties.

9:4 Once a unit has been vacated, a contract is entered into with the maintenance person in the community to clean the unit and repair any damage that has been done. This is often a lengthy process and it reflects on the vacancy rate, which tends to be higher than the private market vacancy rate.

Analysis

8:6 Sometimes major expenses occur which cut into the scheduled maintenance budget. This may preclude ongoing and necessary preventative maintenance. Although some funds are budgeted for extraordinary maintenance, it would appear to the Committee that the budgeting should be done in such a way that ongoing maintenance funds are directed to that purpose only.

9:4 The Committee is concerned that the cleaning and repair of a vacated unit in some cases takes so long that it actually affects the vacancy rate, particularly in the northern region where turnover is high.

15. Recommendation

The Corporation should review its maintenance program to ensure that ongoing maintenance

is carried out on a regular scheduled basis and that extraordinary maintenance is budgeted separately and carried out as expeditiously as possible.

4. PURCHASE AND INVENTORY OF CHEMICALS

Background

During the period December 1980 to October 1981, the Corporation purchased boiler treatment chemicals totalling \$67,000. Of that, about \$17,000 worth has been used and about \$50,000 worth is still in inventory.

According to the signing authorities existing at the time of purchase:

- \$25,300 worth of the chemical was purchased within the authority of the General Manager of the time;
- \$26,000 worth was purchased under the authority of the Construction Administrator of the time, who exceeded his authority of \$10,000 by \$3,200 for one of four purchases; and
- \$15,700 worth was purchased under the authority of the Maintenance Supervisor who exceeded his authority of \$2,000 by \$1,800, \$5,250 and \$1,600 for three of four purchases made.

Analysis

9:1 This matter was not uncovered until the fall of 1981 and since then little action has been taken on it. The fact that this inventory was not voluntarily revealed during testimony and then that conflicting testimony, although subsequently corrected, was given on this matter caused the Committee considerable concern. The Committee was also considerably concerned about the apparent lack of control over signing authority for the purchase of these chemicals by officers of the Corporation at the time. The
9:1/2 witnesses, who were not parties to the purchases, advised that they were not aware of the extent of the inventory or the rationale for

the purchases and were going through their files to reconstruct the transactions as best they could.

9:2

The General Manager undertook to report back to the Committee on the results of his investigation of the boiler treatment chemical question.

16. Recommendation

The Corporation should undertake to ensure that all officials with signing authority are well aware of their limits and that they remain within these limits when authorizing expenditures.

17. Recommendation

The Corporation should take steps to improve the management and control of its inventories.

UNITED STATES OF AMERICA

IN SENATE
JANUARY 10, 1962
COMMITTEE ON LABOR AND HUMAN RESOURCES
SUBCOMMITTEE ON LABOR
HEARINGS ON THE
STATUS OF PAC
RECOMMENDATIONS

STATUS OF PAC
RECOMMENDATIONS

STATUS OF PAC (1980) RECOMMENDATIONS

In the PAC (1982) Report, the Committee reported that only one of the fourteen recommendations made by the Committee in 1980 had not been fully implemented. With the activation of the Internal Audit Committee during the year, the Committee now considers the following recommendation to be implemented:

8. Internal Audit Committee

The Government should activate the Internal Audit Committee and appoint an elected member to chair it. Until the Government has recruited its own Internal Audit staff, the Audit Services Bureau should be directed to report to the Internal Audit Committee.

The Treasurer should advise on the scope and coverage of the work of the Audit Services Bureau only through the Internal Audit Committee.

STATUS OF PAC (1981) RECOMMENDATIONS

In the PAC (1982) Report, the status of the implementation of the fifteen recommendations in the PAC (1981) Report was as follows:

Recommendations implemented	3
1981 Recommendations revised in 1982	2
Recommendations not fully implemented	<u>10</u>
	<u>15</u>

The Committee now considers the following six recommendations referred to in the PAC (1982) Report as "not fully implemented" to be "implemented".

Recommendations Implemented - PAC (1981) Report

3. Accident Plotting System - Highways

The Department should develop an accident plotting system for all Yukon roads.

8. Transfer of Funds - Highways

Clearly defined guidelines and procedures should be established with appropriate limits for the transfer of funds between activities.

11. Evaluation of Project Proposals - Highways and Public Works (Latter now with Government Services)

The Department of Highways and Public Works should ensure that it has the expertise to analyze and evaluate fully and effectively project proposals.

(The Committee notes that the Department of Highways and Transportation states it does have the expertise to evaluate project proposals and the Department of Government Services states it does not and will not in the foreseeable future.)

12. Mandate Limitation - Renewable Resources

The Department should undertake only those activities which clearly fall within its mandate and should state goals only to the extent of its mandate.

14. Wildlife Data Base

The Department should develop a solid wildlife data base.

(The Committee considers that this recommendation is being implemented but notes that the project is ongoing.)

15. Hunting Licence Fees - Renewable Resources

The Department should review its hunting licence fees with a view to ensuring a reasonable economic return to the public purse.

* * * * *

The Committee considers that the following recommendations outstanding from the 1981 Report are not yet fully implemented:

Recommendations Not Fully Implemented - PAC (1981) Report

1. Delegation of Authority

Ministers should be responsible for all delegations of financial signing authority within their departments.

2:3 The Deputy Minister of the Department of Finance advised that delegation of authority is a matter of considerable concern. The current statutory instrument on delegation of authority, Order-in-Council 1980/184, provides no clear concept of a hierarchy of authorities from Ministers to deputy ministers to subordinates and as a result there is a serious lack of co-ordination and understanding.

3:4 The Committee has noted this problem in prior years. It is also noted again this year with the Department of Government Services with respect to project approval, contract approval within the project, spending authority and approvals required for contract change orders, and for acceptance of responsibility for project deficiencies.

7:8/9 The Department of Finance advised that the terminology of the current Financial Administration Act is very unclear and poorly understood but that with the intended revisions to the Act a more easily understood legislative base will be established from which a hierarchy of authority will more clearly flow.

Delegation of authority is a key financial control and the confusion which exists in the use of the current delegation is of considerable concern to the Committee.

9. Construction Program Coordination - Public Works
(now Government Services)

The Department of Highways and Public Works should be responsible for the coordination of the Government's construction program.

10. Facility Construction Responsibility - Public Works
(now Government Services)

If funding is granted to any department contemplating the construction of a facility, the Department of Highways and Public Works should be responsible for the planning, development and delivery of that facility.

The Department of Government Services advised that it is now responsible for Public Works and that it has taken no action on the above recommendations. It is the intention of the Department to review the Public Works Branch with a view to making changes, if necessary, to its activities. The review is expected to be completed in 1983-84.

1:4 The Department does not see itself as having a coordinating role to play in the Government's overall construction program, nor does it see the need for such a role. The Committee believes that now that the Government's construction program is in effect fragmented between Highways and Transportation, Municipal and Community Affairs, and Government Services, there remains a need for such coordination to ensure that the Government's overall capital plan is achieved.

It would therefore be appropriate for the Department to clarify the matter of construction project coordination with the Department of Finance.

13. Performance Measurement - Renewable Resources

The Department should define its objectives in terms of the activities for which funding is being requested so that, wherever possible, performance can be measured against these objectives.

7:4/5 The Department of Renewable Resources advised that it is now undertaking activities which clearly fall within its mandate. It is in the process of reviewing its mandate and activities so that performance can be measured against its objectives. This is intended for inclusion in the 1984-85 Estimates.

STATUS OF PAC (1982) RECOMMENDATIONS

In the PAC (1982) Report, the Committee made thirteen recommendations as summarized on pages 33-35 of that Report. The status of the implementation of those recommendations is as follows:

Recommendations Implemented - PAC (1982) Report

The Committee, based on the appropriate Department's comments either before the Committee at the 1983 Formal Hearings or in written communication, considers eight of its recommendations to be implemented.

1. Redefinition of Objective - Consumer and Corporate Affairs

The Department should redefine its objective so as to state the role of the Department more clearly and to indicate how its mandate is to be achieved.

3. Follow-up System - Consumer and Corporate Affairs

The Department should implement a follow-up system for all cases that it refers to other departments or enforcement agencies.

4. Summary Statistical Information - Consumer and Corporate Affairs

The Department should provide in documents such as the Yukon Annual Report summary statistical information of its major activities for the preceding five years. Any changes in the method of reporting statistics should be explained.

7. Specific Objectives - Health and Human Resources

The Department should establish the objectives of each program in specific and measurable terms.

8. Reporting Statistical Information - Health and Human Resources

The Department should report all statistical information on a fiscal year basis in the Yukon Annual Report.

9. Information in Annual Report - Health and Human Resources

The Department should include information on the Yukon Hospital Insurance Plan and Medicare in the Yukon Annual Report.

10. Accuracy of Information - Health and Human Resources

The Department should ensure the accuracy of statistical and financial information included in its Estimates and it should provide explanations in the Estimates of significant variances from information provided the previous year.

12. Internal Audit Committee - Internal Audit

The Internal Audit Committee should meet at the earliest opportunity.

Recommendation Revised - PAC (1982) Report

Based on the comments made to the Committee at the 1983 Formal Hearings and in written communication, the Committee is of the opinion that the following 1982 recommendation should be revised:

2. Enforceable Legislation - Consumer and Corporate Affairs

The Department should ensure that all legislation under its authority is enforceable.

The Department of Consumer and Corporate Affairs advised that it had not reviewed the existing enforcement provisions of all legislation under its administration but rather these provisions are reviewed on an ad hoc basis when considering other amendments to particular legislation.

Although penalty provisions may be prescribed in certain legislation, the Department often does not take or advise any action on them. The Committee is of the opinion that if there are penalty provisions, the Department has no option other than to take action on them or, if they are deemed to be unenforceable, to recommend their deletion from the legislation.

Revised Recommendation

18. Review of Legislation

The Department should review all legislation under its administration on a systematic basis, identify provisions therein that are not enforceable, and recommend legislative amendments to the Government.

Recommendations not fully implemented - PAC (1982) Report

5. Activity Performance Indicators - Consumer and Corporate Affairs

The Department should establish unit cost performance indicators for those activities where statistical information is available.

As one of the purposes of performance measurement is to provide justification for budget dollars requested, the Department of Consumer and Corporate Affairs is investigating implementation of performance measurement where possible. The Department already has a record of a considerable number of statistics including inquiries made, complaints, and licences issued, each involving a cost to the Department. This statistical data could be related to the cost of each activity in order to provide a unit cost-base. Performance against this cost-base could be measured at the end of each fiscal year when actual figures are known. Any difference between the unit cost-base and actual cost could be analyzed and explained, thus providing useful information to management.

6. Health and Safety Performance Indicators - Consumer and Corporate Affairs

The Department should establish performance standards for inspections and investigations, depending on their complexity, and measure the performance of the Occupational Health and Safety Officer against them.

2:9 The Department of Consumer and Corporate Affairs will be contacting other jurisdictions regarding performance standards for the Occupational Health and Safety Officer. As the work of this Officer falls under the Workers' Compensation Act which is administered by the Workers' Compensation Board, the Committee questions why this Officer works for the Department of Consumer and Corporate Affairs rather than the Workers' Compensation Board, particularly when the Board is responsible for covering his wages.

11. Social Worker Performance Indicators - Health and Human Resources

The Department should establish performance indicators for social workers and disclose them in the Estimates.

The Department of Health and Human Resources advised in writing that it will provide case to worker ratios for each departmental program in the 1983-84 Estimates. As well, an explanation of variances between the program ratios will be given. In the long-term, the Department will research alternatives for providing the type of information sought on worker activities in human services.

13. Long-term Planning - Highways and Transportation

The Department should gather the information needed for an adequate data base and develop an action plan so that it will be in a position to

*plan and control more effectively
its capital construction and
maintenance activities.*

7:1 The Department of Highways and Transportation is gathering data base information for planning and controlling capital construction and maintenance activities. The recently implemented accident plotting system as well as the improved activity reporting system should assist in this regard. The Committee reiterates its opinion that there is a need for long-term planning by the Department.

STATUS REPORT

Financial Management System Projects

The PAC (1982) Report included a status report on Financial Management System projects because of their overall financial management and control of Government operations. The Committee regards all the projects listed as "underway" last year still to be of that status.

Projects Underway

Department of Finance

- (2) Revenue and Recovery Recording and Collection Procedure
- (3) Internal Chargebacks
- (4) Commitment Accounting
- (7) New Payroll System

Department of Government Services

- (1) Electronic Data Processing Manual
- (2) Asset Control

Project Deferred

Central Shipping and Receiving

The Committee is, therefore, requesting the Auditor General as part of his audit to follow up on the action being taken on the projects where implementation action is incomplete. Should the action taken not be satisfactory, the Auditor General will point this out in subsequent reports to the Legislature.

STATUS REPORT

Auditor General's Report "on any other matter"
for year ended March 31, 1982

The Committee at its Formal Hearings reviewed with the appropriate departments the observations and recommendations made by the Auditor General in his report to the Legislature "on any other matter" arising from his examination of the Government's accounts for the year ended March 31, 1982. The Committee reports as follows:

1. Land Development - Municipal and Community Affairs

1:7 The Department of Municipal and Community Affairs advised the Committee that the inventory of land development costs will be completed and reconciled by March 31, 1983. As of April 1, 1983, the Department will start applying the Government's policy of taking interest costs into account when determining the selling price of developed land.

1:8 Residential and recreational lots are normally sold at the development cost, irrespective of holding charges. Industrial or commercial land is sold at market value, which is often substantially higher than the development costs incurred. The Department advised that if residential or recreational lots are returned and are considered to be undervalued in relation to other lots being sold
1:9 in a similar development in the same area, an adjustment that has been described as an interest charge is made to the selling price on resale to achieve parity between the prices. No fixed formula is used for this purpose.

In view of the evidence given by the Deputy Minister at the Hearings, the Committee suggests that the resale of land policy may warrant clarification.

2. Road Equipment Replacement Account

The Department of Highways and Transportation advised that the review of the Road Equipment Replacement Account should be completed in the Spring of 1983 at which time proposals on the operations of the Account will be put forward to the Government.

3. Capital Assets Control - Government Services

1:6 The Department of Government Services advised that the program for the verification of physical assets has been established and that the Department is working with Finance to establish guidelines and reporting procedures.

4. Data Processing - Government Services

The Department of Government Services advised that the backlog of maintenance requests has been clearly documented and prioritized, and that the recent strengthening of staff has eliminated most of the high priority backlog.

4:3/4 The Department advised that the role and purpose of the Systems Priorities Committee has been reviewed and that the Committee will become functional by the end of the fiscal year 1982-83. The Public Accounts Committee notes this commitment as the Deputy Minister of the Department of Finance advised the Committee during Formal Hearings that the Systems Priorities Committee had not met for almost a year and that this is handicapping government departments which have requests for computerization of their functions.

5. Internal Audit Committee

The 1982 PAC Report expressed concern that the Internal Audit Committee had not met. The Internal Audit Committee did meet in September, 1982, and terms of reference are being finalized. The PAC notes that the mandate of the internal auditor is to be a

priority item and reiterates its suggestion that this mandate should clearly include value-for-money auditing.

6. Revisions to Main Estimates and Capital Estimates -
Department of Finance

2:3 The Department of Finance recognizes the desirability of implementing the suggestions regarding revisions to the Estimates put forward by the Auditor General, but stated that it simply has not had the time or resources to develop them as it would have liked. Some progress will be made in the 1983-84 Estimates. The Department has given priority to extracting each department's goals and objectives and pulling them together so that Cabinet can examine program goals and objectives in relation to the overall policy goals and objectives of the Government. The Department believes that when the goals and objectives are in place and performance indicators are established it will be possible to make a start in performance evaluation in 1983.

2:3 The Department also advised that some progress had been made on the long-term capital plan referred to in the 1982 PAC Report. A tentative set of program standards has been developed and agreed to in principle by the Government. The Department is now proceeding to develop the technical standards. Treasury Board Canada has demanded that a capital planning process be in place by the Fall of 1984.

7. Revisions to Territorial Accounts - Department of Finance

2:4 The Department of Finance advised that a suggested format for revisions to the Territorial Accounts had been received from the Auditor General. The Department expects that the 1982-83 Territorial Accounts will include the new format for some "pilot" departments. If the new format is accepted as an improvement, the format will be extended to the other departments.

STATEMENT
ON
WITNESSES

WITNESSES

Clearly, witnesses play a major role in the hearings of the Public Accounts Committee. It is from the answers of Deputy Ministers and other senior officials of the various government departments that Committee members try to determine if public money is being spent with economy, efficiency and effectiveness. To clarify its expectations of witnesses, the Committee has prepared the appended Memorandum which will be sent to the appropriate Deputy Ministers prior to Formal Hearings.

The Committee would like to note as well a less tangible expectation, that being that witnesses be as brief, frank and forthright as possible. As the Committee examines the past with a view to future good effect, an open and honest dialogue between the Committee and departmental officials can only result in a long-term benefit to the taxpayer.



Yukon Legislative Assembly

MEMORANDUM TO:
Deputy Ministers
and others called to appear before
the Public Accounts Committee

Committee Terms of Reference.

Standing Order 45(3) of the Yukon Legislative Assembly charges the Public Accounts Committee with reviewing the Territorial Accounts and all Reports of the Auditor General. The Committee's basic purpose is to ensure economy, efficiency and effectiveness in public spending.

Pursuant to a resolution of the House, the Committee has full authority to call for "persons, papers, and records."

Accountability and Responsibility

The Committee expects:

1. That Deputy Ministers (or their equivalents in Crown agencies) are responsible and accountable for department administration and will be answerable to the Committee on all matters of administration.
2. That Deputy Ministers and other department officials will ensure that they can respond fully to questions from the committee on the administration of the department, whether or not they were in their present position when the matter in question took place. Deputy Ministers may choose to be

accompanied by members of their staff who may participate in the committee hearings. However, subject to the direction of the Minister, it is the Deputy Minister who has responsibility and accountability for the operation of the department and who should, therefore, be the focal point for dealings with the Committee.

The Committee concurs with many of the observations made by the Royal Commission on Financial Management and Accountability (the Lambert Commission). The Committee believes that the Deputy Minister should properly be held accountable for the daily administration of his department including:

- 1) the correctness of the amounts charged to the vote for which the Deputy is accountable;
- 2) the legality of expenditures made under this vote; that expenditures are in accordance with the intention of the Legislative Assembly in voting them, and that systems and procedures are in place to ensure probity in the expenditure and receipt of monies;
- 3) the economy, efficiency, and effectiveness of the expenditures;
- 4) the evaluation of the effectiveness of programs in achieving their stated objectives;
- 5) the maintenance of adequate systems of financial management, the safeguarding of public property, the supervision of compliance with contracts, and the control of allotments; and
- 6) personnel management.

Committee Proceedings

The Committee meets for two continuous weeks, usually in late January or early February, as well as several times throughout the year. All Committee hearings, which are held from 9:30 a.m. - 11:30 a.m., in the Legislative Assembly Chamber, are open to the public and the press; the Committee does, however, meet in closed Executive Session following each day's hearing.

The Committee normally begins the review of a Department by hearing an opening statement by the Deputy Minister explaining departmental goals, objectives and structure. This opening statement is, however, optional. If an opening statement is to be given, the Committee requires ten copies of it no later than three days prior to the scheduled hearing.

Questions from Members of the Committee follow the opening statement. It is essentially left to the discretion of the Deputy Minister either to answer questions or to refer them to other officials accompanying him. The Deputy Minister determines which members of his staff should accompany him to the hearings but appropriate personnel should be on hand to speak to matters which might reasonably be expected to arise. The Committee understands that some of the information requested during a hearing cannot be supplied immediately, but it does expect a prompt response to bring forward that information.

Anyone called to testify before the Public Accounts Committee, or who is chosen by the Deputy Minister to take part in a Committee hearing, should understand that giving evidence to a Legislative Committee is a very serious matter.

Unless the Committee directs otherwise, documents presented to it become public documents, available for public inspection. Ten copies are required of any documents or material for distribution to the Members and officials of the Committee.

A more detailed account of the work of the Public Accounts Committee may be found in the first section of the Committee's 1980 Report.

Enquiries as to details relating to such matters as the dates and times of hearings and the transmittal of documents are to be directed to the Clerk of the Committee. Enquiries as to other matters, including any of the points raised above, may be directed to the Chairman or to the Clerk of the Committee.

Tony Penikett, M.L.A.
Chairman

Committee Terms of Reference

Standing Orders of the Yukon Legislative Assembly

- 45.(3) At the commencement of the first session of each Legislature a Standing Committee on Public Accounts consisting of five members shall be appointed and the Territorial Accounts and all Reports of the Auditor General shall stand referred automatically and permanently to the said Committee as they become available.

Motion #9 (First Session, 25th Legislature, July 14, 1982)

THAT the Honourable Members Mr. Penikett, Mrs. Firth, Mr. Falle, Mr. Brewster, and Mr. Byblow be appointed to the Standing Committee on Public Accounts;

THAT the said Committee have the power to call for persons, papers and records; to sit during intersessional periods; and to print such papers and evidence as may be ordered; and

THAT the Clerk of the Legislative Assembly be responsible for providing the necessary support services to the Committee.

SUMMARY OF RECOMMENDATIONS 1983

Department of Government Services

1. Revision of objectives

The Department, when undertaking activities not falling within its stated objectives, should revise its objectives to include the new activities as soon as possible thereafter.

2. Descriptive narrative in supplementary estimates

When a departmental objective is changed by a supplementary estimate, that supplementary should include a narrative which describes the change in the objective.

3. Meaningful statistical information

The Department should provide more meaningful statistical information in its Estimates.

4. Unit cost data - Public Affairs

The Public Affairs Bureau should provide unit cost data, where feasible, in the Estimates.

5. Formalization of procedures

The Department should, with regard to construction projects, formalize the duties and responsibilities of client departments and the Public Works Branch, as well as all management procedures to be followed during the project and have them incorporated in the policy manual.

6. Verification of information

The Department should verify that any information it includes in a public document is accurate and complete.

Matters Arising From Formal Hearings

7. Management audit of construction projects

That the Auditor General be requested to do a management audit of the Faro School and the Dawson City Sewer and Water Project.

8. Transfer of responsibilities and funds

The Government should obtain legislative approval for a transfer of responsibilities and funds from one department to another.

Department of Justice

9. Yukon Courtworkers

In the Estimates, the Legal Aid program should include detail on the Yukon Courtworkers service.

10. Native Indian Special Constable

In the Estimates, the Police Services program narrative should provide more detail on cost-sharing arrangements and deployment of personnel in Yukon and should include the cost and statistical detail on the Native Indian Special Constable program.

11. Criminal Injuries Compensation

In the Estimates, the Department should include a projected criminal injuries award figure.

12. Production of documents

The Department should produce public documents on a more timely basis and, through increased documentation, should develop performance indicators against which performance can be measured, wherever feasible, for each of its programs.

Yukon Housing Corporation

13. Presentation of information

The Corporation should restructure the presentation of information in the Estimates and in its Annual Report to provide an analysis of costs related to each program and to provide information on unit operating costs.

14. Conflict of interest

The Corporation should examine By-law #5, Contract By-law, with a view to making amendments to prevent any unfair advantage for or the appearance of conflict of interest with former employees of the Corporation.

15. Maintenance

The Corporation should review its maintenance program to ensure that ongoing maintenance is carried out on a regular scheduled basis and that extraordinary maintenance is budgeted separately and carried out as expeditiously as possible.

16. Signing authority

The Corporation should undertake to ensure that all officials with signing authority are well aware of their limits and that they remain within these limits when authorizing expenditures.

17. Inventory

The Corporation should take steps to improve the management and control of its inventories.

Consumer and Corporate Affairs

18. Review of legislation

The Department should review all legislation under its administration on a systematic basis, identify provisions therein that are not enforceable, and recommend legislative amendments to the Government.

WITNESSES 1983

Department of Government Services

Mr. Andy Vantell, Deputy Minister
Mr. Sam Cawley, Director, Supply Services
Mr. Rob Fuller, Director, Systems and Computing
Services
Mr. Art Christensen, Director, Public Works
Mr. Andrew Hume, Manager, Public Affairs Bureau
(formerly under Government Services)

Department of Municipal and Community Affairs

Mr. Peter Kent, Deputy Minister

Department of Finance

Mr. Frank Fingland, Deputy Minister
Mr. Bruce McLennan, Director, Financial Operations

Department of Consumer and Corporate Affairs

Mr. Don Ilich, Deputy Minister
Mr. John Lawson, Director of Policy & Planning

Department of Justice

Mr. Tom Duncan, Acting Deputy Minister
Mr. Phil Durant, Director, Whitehorse Correctional
Centre
Mrs. Marg Gresley-Jones, Administrative Officer

Department of Highways and Transportation

Mr. Larry Blackman, Deputy Minister

Department of Renewable Resources

Mr. Grant Livingston, Deputy Minister
Mr. Gordon Drummond, Departmental Administrator

WITNESSES 1983

(Continued)

Yukon Housing Corporation

Mr. Barrie Robb, General Manager
Mr. Henry Kamphof, Manager of Programs
Mr. Andy Easton, Manager of Finance and
Administration

FORMAL HEARINGS: EVIDENCE

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Tuesday, February 1, 1983

9:30 a.m.

Issue No. 1 (Fourth Sitting)

25th Legislature

Standing Committee on Public Accounts

Chairman: Tony Penikett, M.L.A.
Vice-Chairman: Mr. Bill Brewster, M.L.A.

Members: Hon. Mrs. Bea Firth, M.L.A.
Mr. Al Falle, M.L.A.
Mr. Maurice Byblow, M.L.A.

(Mr. Andy Philipsen substituted for the Hon. Mrs. Bea Firth)

Missy Follwell
Clerk to Committee

Expert Advisors from the Office of the Auditor General:

Raymond Dubois, Deputy Auditor General
Harold Hayes, Principal

Witnesses:

Department of Government Services
Mr. Andy Vantell, Deputy Minister
Mr. Sam Cawley, Director, Supply Services
Mr. Rob Fuller, Director, Systems and Computing Services
Mr. Art Christensen, Director of Public Works

Department of Municipal and Community Affairs
Mr. Peter Kent, Deputy Minister
Mr. Leo Chasse, Departmental Administrator

ORDER OF REFERENCE

ORDERED. THAT the Honourable Members Mr. Penikett, Mrs. Firth, Mr. Falle, Mr. Brewster, and Mr. Byblow be appointed to the Standing Committee on Public Accounts;

THAT the said Committee have the power to call for persons, papers and records, to sit during intersessional periods; and to print such papers and evidence as may be ordered; and

THAT the Clerk of the Legislative Assembly be responsible for providing the necessary support services to the Committee.

(July 14, 1982)

EVIDENCE

Tuesday, February 1, 1983

Mr. Chairman: The committee will come to order. This is the first round of the formal hearings of this 25th Legislature; fourth of the Public Accounts Committee, first established in 1979.

I would like to introduce, for the record and to the witnesses, the members of the committee. On my left is Andy Philipsen, substituting for Bea Firth, who is the member for Porter Creek West; to my immediate left, Bill Brewster, the member for Klucane; to my immediate right, Mr. Al Falle, member for Hootalinqua; and, at the far end, Mr. Maurice Byblow, the member for Faro.

I think it is worth emphasizing again, in my opening remarks, the tradition of this committee, which is that it is a non-partisan enterprise, perhaps one of the few associated with the Legislature. Our purpose is to ensure that public funds are spent with economy, efficiency and effectiveness and our effort together is the result of the recognition that such economies are in the best interest of all Yukoners, particularly in these hard times.

I want to emphasize, again, that this is a committee of the legislature and that the committee functions as a team. As part of the non-partisan approach what we, in fact, have, is a dialogue, not such as normally occurs in the House between the government and opposition but, if you like, a discussion here between the Legislature and the administration. Our purpose is to complete the cycle of financial accountability that begins with the Estimates and goes through the financial year and ends with our examination of the public accounts, our report to the Legislature and the subsequent debate of that report.

I want to welcome again to the table Mr. Raymond Dubois, Deputy Auditor-General for Canada, and Mr. Harold Hayes, Principal in the Auditor-General's Office. As most people know, these gentlemen have been of great assistance to us in our deliberations for the past three years and we look forward to the same kind of selfless devotion from them again this year in their capacity as expert advisors to the committee.

I want to, at this time, formally table the Territorial Accounts for the year ended March 31st, 1982 and the Report of the Auditor-General on any other matter. This year we are beginning our hearings with the Department of Government Services and we will follow up from the 1982 Public Accounts Hearing Report and matters arising from the Auditor-General's Report with a management letter. We will, of course, be looking forward to spending more time with Government Services later this week when we do a more substantial review but, at this point in our agenda, we are simply following up from the previous year's report.

To that end, I would like to welcome before the committee, Mr. Andy Vantell, Deputy Minister of Government Services; Mr. Rob Fuller, Director of Systems and Computing Services; Mr. Sam Cawley, Director of Supply Services; and Mr. Art Christensen, Director of Public Works. I would like to welcome you, gentlemen. Though I do not expect that you have any opening remarks, just let me confirm that that is the case.

Let me proceed immediately to questions arising from our recommendations last year. I want to begin first with Recommendation Number 11. Perhaps, by the nature of some of my questions, Mr. Vantell, if you wish to defer them to Mr. Christensen or someone, perhaps you would indicate that for the record, if you are doing so.

Our Recommendation Number 11, last year, on the evaluation of project proposals, Highways and Public Works, said: "The Department of Highways and Public Works should ensure that it has the expertise to analyze and evaluate fully and effectively project proposals." The commentary that was included in our report on that item said: "The Department advised that it does not have the capability to assess a project as far as detailed engineering calculations are concerned but does have the capability to evaluate the concept and viability of a project. To carry out the former would require an increase in professional and technical staff, as well as the use of major computer hardware and software and that could not be cost-justified at this time."

Since that report, of course, there has been a split in the

Department of Highways and Public Works; Public Works has now come under your ministry, Mr. Vantell, Government Services. I would like to pursue this Recommendation Number 11 and what appears to the committee to be a contradiction between the response in your letter on this question and the response from the Deputy Minister of Highways and, what was then, Public Works, for the year under review.

If I may remind you, your response in your letter dated the 30th of November, 1982, on Recommendation Number 11, Evaluation of Project Proposals, said: "Nothing had changed in this area prior to Public Works being transferred to Government Services. Although the recommendation is very desirable, we do not visualize any changes in the immediate future. All major project proposals are analyzed by outside consultants as we simply do not have our own professional resources available".

I would ask you to compare that answer with the response that we received from Mr. Blackman, the Deputy Minister of the Department of Highways and Transportation, on the same recommendation, which said: "We believe the Department of Highways and Transportation has the expertise to evaluate any project within its jurisdiction". Perhaps I could ask you, Mr. Vantell, or, if you wish, to defer it to Mr. Christensen, if you have any general comment about the contradiction, which is at least apparent to members of the committee but may not be apparent to you.

Mr. Vantell: Maybe, at the time when the other statement was made, Public Works was part of the Department of Highways and had many more people working in that area of responsibility. As far as Public Works is concerned, we only have a few people, mainly involved in the construction of buildings. We simply do not have the expertise to go into detail as far as major projects are concerned and have to go to outside sources to get the analysis done. Maybe Mr. Christensen can add to that.

Mr. Christensen: It is a matter of skill. When you look at projects and proposals, it is one thing to look at a multi-million dollar proposal and a successful evaluation as compared to a project of less magnitude. If we are dealing with projects of less magnitude, certainly within the department, we can analyze and make a complete evaluation. On the other hand, if it is an immense project involving multi-millions of dollars, I think that we would be acting in a responsible fashion to seek outside assistance for the evaluation.

Mr. Chairman: Let me just ask you to clarify that a little bit, Mr. Christensen. You suggest what would make sense to most people, I guess, that a larger project, or a project of great cost, might require some outside expertise in terms of the planning and co-ordination of it. Yet we have in Highways, which we would assume would have many expensive projects, the suggestion that they have the in-house capability; but in Public Works you do not have it. You are suggesting, in respect to small building projects, you might have it but, on a larger project, you would not. Is that the distinction?

Mr. Christensen: I think this would be correct. The other distinction that should be made involves the complexity of the problem and we have to look at that very carefully.

Mr. Chairman: Could you give us some sense of scale, or what you mean by a large project, in terms of dollar cost, as opposed to what you mean by small projects that might be manageable within your offices?

Mr. Christensen: Using the scale of dollars we, in the past, used a figure of \$50,000, depending on the complexity, as something that we could cope with with our own resources. However, depending on the project, we could go up as high as half a million dollars. In looking at a project that is several million, I am afraid we would seek assistance from other sources.

Mr. Chairman: Unless anybody has any supplementary questions on that point let me return, then, to your letter, Mr. Vantell. You say in your letter, in the paragraph on Recommendation Number 11, nothing is changed: "Although the recommendation is desirable, we do not visualize any changes in the immediate future. Major projects proposals are analyzed by outside consultants..." et cetera. You say you do not visualize changes in the immediate future in the way you co-ordinate these projects. Could you expand

a little bit and indicate when you might anticipate some changes in the way things are done or if you anticipate changes?

Mr. Vantell: When the money would be available to increase the number of man-years in Public Works, maybe we would be able to obtain those expertise ourselves.

Mr. Chairman: That would also assume, presumably, that money be available to embark on big projects that would require such staff.

In the absence of the in-house personnel, do the consultants you use appreciate the full extent of their responsibility for the project under question with the existing practice?

Mr. Vantell: I think so.

Mr. Chairman: Could you elaborate a little further? If you hire a consultant to do a project, a larger one on the scale indicated by Mr. Christensen, do the contracts with the consultants, the standard kind of contract forms you use, have clauses in them which make clear their responsibility for the management of the project?

Mr. Christensen: It is very important at the outset, in negotiating an agreement with a consultant or an architect, to state emphatically what the terms of reference are for the project. This is done in great detail so that the consultants have a clear understanding of what is expected from them. Of course, this is monitored throughout the project to ensure that they are sticking within the terms of reference. In other words, they are not doing something beyond the scope of the work that would lead to additional costs or some other factor that we could not cope with.

Mr. Chairman: I understand that answer, but let me ask you this question. Do you have something like a standard contract form or standard contract language which would cover not just the specific tasks of the consultants but would make clear an understanding between you and a consultant their responsibility for the outcome of the project?

Mr. Christensen: Yes. We use and adopt two forms. One of the forms that we have with architects is the standard form of agreement between architects and clients. This form is adopted by the Association of Architects in Canada and is recognized in the construction industry and also in professional practice. This particular document emphasizes what the architect's responsibilities are and, again, emphasizes the responsibility of the clients. It is a very legal thing. There are ces in there for insertion of scope of work and other terms that they must follow and they must abide by.

The other document is a standard agreement between engineers and the client. Again, this form has been adopted by the professional engineers and the construction industry in Canada. It is similar to the architectural agreement.

Mr. Chairman: Perhaps I could ask you, Mr. Vantell, if you have a couple of examples of those standard forms? Could they be tabled with the committee? It might assist in our understanding of the question.

Mr. Vantell: I will table them tomorrow.

Mr. Phillipsen: I would like to ask if a consultant gets paid on a contract sum or do they go on a percentage of whatever the building or project happens to be?

Mr. Christensen: Generally, the agreements that are negotiated with architects and/or consulting engineers can either be paid on a fee basis — that is, a percentage of the total construction cost — or they can be negotiated on a per diem basis for services provided; per diem, meaning wages and their office administration plus disbursements and any other costs directly attributable to the project.

Mr. Phillipsen: A common feeling would be that people feel, and I will say of an architect, the more he can build into the building the larger his take home pay would be if he is working on a percentage basis. Could this be a factor?

Mr. Christensen: This problem has been identified in some of the projects that we have executed to date. It is very difficult to document this sort of thing because, when we examine the client's needs for the total project, there are a lot of things that are built in there to satisfy the client and the client's programs. These items that are built in to satisfy the programs may be construed as frills to others who are outsiders and are not aware of the facts.

Mr. Falle: I will go right to one of the problems that concern

me. When it comes to consultants, it appears to me that we have a typical problem in Dawson City with the water and sewer situation. Correct me if I am wrong, please. I understand that that system was designed by consultant engineers.

Mr. Christensen: I am not familiar with that project. It never did come under my jurisdiction and I am afraid I cannot provide the necessary answers. I understand that the project was designed by consulting engineers and also supervised by the same engineers.

Mr. Chairman: Let me ask Mr. Vantell a question on the Dawson sewer and water project. Two years ago, when we had before us the Department of Highways and Public Works, officials will remember that we had extensive discussion about that project the management of that project, particularly as it related to this item and this recommendation. At that time it was indicated that there was going to be some kind of review, both of the cost-overruns, the management of the project, the whole list of things that we are looking at here: co-ordination, planning development, implementation, construction and so forth, which, at least in the public mind, has been something less than a complete success.

Is that review now your responsibility and, if it is, is it complete and could the committee be apprised of the results of the review?

Mr. Vantell: No, it is not our responsibility. I believe it is under the Department of Municipal and Community Affairs.

Mr. Falle: I want to direct this to Mr. Christensen. We have buildings like the Mayo Administration building and the Faro liquor store. Are these buildings about this size — they are much more than \$50,000, I realize that — but are buildings like this designed by consultant engineers?

Mr. Christensen: I cannot speak about the liquor store in Faro in any detail, but I understand it was designed by an architectural firm with related engineering expertise. I am familiar with the Mayo Administration building project. It was designed by an architect with a team of consulting engineers that involved the structural side of the building, including foundations, electrical engineers and the mechanical engineers.

Mr. Falle: The obvious question I must ask is how many engineers and building people have we on staff?

Mr. Christensen: We have on the public works side, on the construction side, two inspectors, and we have an engineer and we have a draftsman.

Mr. Falle: I take it this engineer is a building engineer?

Mr. Christensen: A building inspection engineer, yes, a construction engineer.

Mr. Falle: In the event that we wanted to build any type of a building over \$50,000, in your opinion, we do not have adequate in-house staffing to be able to accomplish this kind of a feat?

Mr. Christensen: It depends on the size of the project, the complexity and how we can fit it into our schedule. It is fully appreciated that our staff is a small staff; I think an efficient one. We can cope with smaller projects on a scheduled basis and do a reasonably good job.

If projects have come to our attention that we cannot cope with on a scheduled basis, and time is of the essence, we have gone to local consultants to assist us in completing programs.

Mr. Chairman: Half a million or more? I understand what you said about the complexity of the program, but \$50,000 is a small house today and a half million dollars is probably a complex, a four-complex. What I am actually hearing is that we have the expertise in our government to build, maybe, a complex of four houses or something in that magnitude, but for anything more we would have to go outside the government. Is that not correct?

Mr. Christensen: That would be correct.

Mr. Phillipsen: I just have one more question. If we have to go outside government to a consulting firm, do we first go to a local firm, or do we go outside?

Mr. Christensen: It depends on the project. It is an assessment situation where we look at the capabilities of the local firms to see whether they have the expertise and staffing required to cope with a project. I would say, yes, we do engage the local firms to perform work in our department.

Mr. Byblow: I have a question relating to the area where the government assumes the responsibility for a construction project. I

would refer specifically to an example such as the Faro school. At one point, government would have entertained consultants to design and plan the construction of that school. Since the completion of the construction, there are a number of deficiencies in the building and I am curious as to who assumes the responsibility for the correction of those deficiencies, and how does that relate to your process, whereby you use consultants in the construction of a major facility like that?

Mr. Christensen: Referring specifically to the Faro school, yes, there were three: the original school construction, and there were two major additions. We did have consultants, architects and consulting engineers assisting us in the production of design drawings and specifications for tender call, and the work proceeded. Certainly, in the last addition to the school, there have been problems but, in our analysis of the foundation problem at the school, we have determined that it was not a fault of the contractor — if you could call that a deficiency — nor a responsibility of the structural engineers. We might say that it was an act of God that the school settled and we have taken the responsibility of seeing that corrective measures are undertaken.

Mr. Byblow: I am puzzled by one aspect of what you say. You have determined that it was not the responsibility of the designers, the consultants or the engineers to have prepared adequate drawings for the construction of that school, yet there has been a major foundation deficiency. I am curious why that responsibility does not rest with those who planned it.

Mr. Christensen: It is important to keep in mind that the contractor engaged in that particular job fulfilled the terms and conditions of his contract. In other words, it was not a shortcoming on the contractor's part. The consulting engineers involved in the foundation preparation were happy and satisfied that the work had been done adequately and under strict supervision and control. The resulting foundation failure is something that we cannot point our finger at anybody to say that they are at fault or they are responsible. It is something that has happened. It still cannot be explained how this came about, but it is a problem that we have that we are monitoring very carefully and will correct in due course.

Mr. Byblow: I would conclude with one last question. If you say that the responsibility did not rest with the design engineers, yet there has been a deficiency, I am curious why government has assumed the responsibility of that school. Was there any change by public works to the design drawings of the consultants?

Mr. Christensen: There were no changes whatsoever to the design documents and what the contractor executed and what we accepted as the final product.

Mr. Chairman: Was there no requirement in your contracts with these consultants, or these experts, to undertake soil foundation tests on the site before carrying out the plans?

Mr. Christensen: Yes. Before the construction of the school we did carry out soil testing; geo-technical work. It was followed by a geo-technical foundation report. All this information was in the hands of the consultants for design purposes.

Mr. Chairman: Let me take it, to wrap this one up, that, in a case where the powers that be conclude that it was an act of God or God's fault that we had this kind of problem, it is, in fact, the taxpayer who ends up paying the cost?

Mr. Christensen: Yes. We have recognized a responsibility here. We say that we cannot point our finger at anybody to say that they are at fault because the work was monitored and checked throughout. We are accepting this responsibility and going about it in a very close and controlled situation to keep costs under control.

Mr. Chairman: Let me move on, if I may, Mr. Vantell, to Recommendations 9 and 10 in our report from last year, which are also covered in your letter to us of November 30th.

In your letter you differentiate between building construction, as you say: "...to clearly differentiate between other types of construction, such as highway construction, airport construction, and municipal services, which are the responsibility of other departments".

I think I know the answer to this question but could I, just for the record, get from you exactly who is responsible for the other types of construction, such as highway construction, airport construction

and municipal services?

Mr. Vantell: Highway construction, of course, is the Department of Highways and Transportation, as well as airport construction.

Mr. Chairman: And municipal services under Municipal Affairs?

Mr. Vantell: The Department of Municipal and Community Affairs.

Mr. Chairman: Since you have this split in the responsibility for construction project co-ordination between building construction, airport construction, highway construction and municipal construction — given that we have a small government and given that we have a shortage of personnel, as indicated by yourself and Mr. Christensen earlier — could you indicate to me the administrative purpose of that split, in this sense, by answering the question, who is it who co-ordinates? Is there some central co-ordinating body? Is it Government Services that co-ordinates all these projects or Public Works that co-ordinates all these projects, or is there no co-ordination at all, or is it someone other than your department?

Mr. Vantell: I do not exactly know what you mean by co-ordination. Not too long ago we submitted a five year capital plan to the Sub-committee on Finance in relation to building projects which covered all the departments in the government. It was, however, decided at the time that this would still remain the responsibility of each individual department. After the capital has been approved for each department, monies will then be turned over to Public Works to carry out responsibilities of the project.

Mr. Chairman: The various departments make their capital requests and you assemble them or catalogue or grade them. Are you responsible for costing them at all? If Education wants a school, are you the people who do the estimates on the cost?

Mr. Vantell: That is correct.

Mr. Chairman: You are the ones who have the final look at them before they go into the budget process?

Mr. Vantell: That is correct.

Mr. Chairman: Then the budget is approved by the House but those items are existing in the capital budget and under the different departments?

Mr. Vantell: Yes.

Mr. Chairman: You indicated that Public Works then takes over. To what extent do they manage or co-ordinate the construction of those projects in those different departments?

Mr. Christensen: Depending on the project, the co-ordination lies between Government Services and the client department. Someone in the client department is appointed to look after the program ensuring that the resulting construction will translate into their needs.

If you wish, a team is formed that consists of a representative from Public Works, a representative from the client department and perhaps others who are related to the project and they determine the scope of the work. In other words, they determine the construction program so that when design drawings and specifications are prepared and subsequent tender called, the end product is what the client department wanted in the first instance and what they finally achieve when the project is completed.

Mr. Chairman: I understand that, Mr. Christensen. The issue I am trying to address here is the issue of accountability. Let us take a case of a school being constructed. You have such a process as you have just described with the Department of Education, roughly analogous, I would assume, to my engaging a person such as yourself to build a house for me. If my house falls down the day after I take possession I still may hold you accountable as the contractor or the architect, in whatever capacity I engaged you, for that fact. I may even be able, in law, to go back and make a claim against you or refuse to pay you or a number of things.

It is slightly different in the public sector, but what we have trouble identifying is who takes responsibility for the successful co-ordination, planning, development, implementation of the construction of that property?

I understand the co-ordination thing with the client department. I understand that they are going to be involved in the planning. I understand that they are going to be very specific about what they

want to see developed. I doubt very much if they are going to have anything very useful to you to say about what kind of materials you use or how you are going to plan the construction or, perhaps, what it is even going to cost. Our problem is identifying who is accountable. Who is, in the end, responsible for seeing that project from the beginning to end.

Mr. Christensen: It would be Public Works that would be responsible for implementing the program and seeing it to one hundred percent completion?

Mr. Chairman: Whether or not it was in Municipal Services or Highways or...?

Mr. Christensen: I gathered that the question was referenced to building construction primarily.

Mr. Chairman: Let us use that example then. Going back to you, Mr. Vantell, what happens then, if you have got a major capital project in Highways. Is that still funnelled through you in terms of your assembling all those capital works in the budget? It is just those things that are building construction projects. I gather.

Mr. Christensen: Yes.

Mr. Vantell: Just building construction, is all.

Mr. Chairman: Is there any co-ordination function in the government between the entire capital construction program — buildings, airports, highways, municipal?

Mr. Vantell: I do not believe so.

Mr. Chairman: Based on your experience, is that a desirable situation or does the present situation function adequately from your point of view? You now added building construction. You do not feel any need to exercise any co-ordination over the other things?

Mr. Vantell: Not as far as the Public Works' experience of Government Services is concerned.

Mr. Chairman: Even though you may have some subsequent responsibility for their maintenance? Suffice to say that there is no central co-ordination function of all the capital programs right now and you do not feel, as a manager, any desperate need for one.

Mr. Vantell: No.

Mr. Chairman: Let me ask you about Recommendation Number 10, Facility Construction. Your letter says, in reference also to Number 9: "In respect to both recommendations, no action has been taken or planned and when Government Services assumes responsibility for Public Works in August, 1982..." Your letter goes on to say: "It is the intention of this department to review the Public Works branch in detail during the coming fiscal year. We will then be in a better position to recommend in detail what changes should be made, if any, in respect to the co-ordination, planning, development and implementation of construction and maintenance of all Yukon government buildings".

A review is mentioned there. Do you have, in your own plans, a sort of target date for the completion of that review?

Mr. Vantell: As I said, during the fiscal year. We have just taken over the responsibilities during the summer of 1982. We simply have not had the time available to us to analyze it completely.

Mr. Chairman: Do you still hope to have it completed by the end of this fiscal year?

Mr. Vantell: I am talking about the fiscal year 1983-1984.

Mr. Chairman: So, it is your hope that by the end of next fiscal year you would have this review completed?

Mr. Vantell: Yes.

Mr. Chairman: Because there was some concern in the committee about this problem of, where we use the phrase, the litany, "in terms of co-ordination, planning, development and implementation of the construction and maintenance of the buildings", in the absence of this review, have you identified any problems with the present system, at this point, that would cause you, if circumstances were different, to feel more urgently about the review? Does the system work all right now or does it need some room for improvement or major improvements?

Mr. Vantell: There are still some areas, right now, for improvement, definitely.

Mr. Chairman: Could you elaborate at all for the committee?

Mr. Vantell: I think there are certain duplications in existence

whereby other departments do exactly the same thing as we are doing in Public Works in relation, for instance, to maintenance.

Mr. Chairman: For example? Schools?

Mr. Vantell: School maintenance. We have not fully analyzed that. We are looking into the situation.

Mr. Chairman: What is the situation in the schools? Are the school maintenance people Department of Education employees rather than your employees?

Mr. Vantell: That is correct.

Mr. Chairman: So, you are not both doing the work. It is just that they have parallel function right now which might be an argument for bringing it under your supervision?

Mr. Vantell: Yes.

Mr. Chairman: In reference to the system that Mr. Christensen outlined earlier in terms of at least the planning of a project, you have client departments which would include many other departments of this government. I would guess, including perhaps, some of the Crown corporations. How is the present system, such as it is for co-ordinating projects, communicated to the other departments?

Mr. Christensen: Would this be just reference to the client department only or other departments that have no involvement? I did not quite understand your question. I am sorry.

Mr. Chairman: Let us not use the Department of Education for an example again, but let us use another department. You have some other department in government that is planning a capital project, a building, which you are going to be responsible and accountable for seeing to completion. You have some procedures which you have established, and systems that you have established, for managing that project which you briefly outlined to us. Are those systems and procedures on record in some kind of standard way that, should a department come to you with a request, you can tell them, "This is the way we usually work and this is the practice that we observe and this is how we would like to work with you on this". Or is it a case-by-case kind of situation?

Mr. Christensen: It is almost a case-by-case situation but I have certain guidelines that I have established over the years that point out a sequence of events, or a schedule, that must be followed to bring it from start to completion. Very briefly, it is meetings with the client department to determine exact needs; translating those needs into sketch plans, if you will, followed with cost estimates that would be of a rough sort of a nature which identifies where we are going dollar-wise.

These sketch plans could go through several revisions before they finally settle what the program is going to be. Following that, there is another step that takes that very sketchy plan and develops into something that is more sophisticated, that does not change but now looks at how things come together scale-wise in proper proportion. We may attach outside views to those sketch plans — how the building or the project will look from the street, et cetera.

Again, approval is sought at that step. Then you go into the proper design of the project. Eventually, with approval, you turn out plans and specifications for tender call, contract award. These are kind of formalized, I might add, and really point out our responsibility in keeping the client department informed of where we are at and where we are going as far as the program is concerned.

Mr. Chairman: You say you have that formalized. Do you have a form or do you communicate these guidelines in the form of a letter routinely with the department? Is there a typical document that you might be able to table with us to illustrate the process for us?

Mr. Christensen: No, I do not have a document that would illustrate this. This is something that is communicated with the client department in memos, reports and the like.

Mr. Chairman: It is not fully standardized to the point that the process becomes a matter of routine?

Mr. Christensen: Each and every project is different and, I think, demands a sort of flexible arrangement as opposed to a structured arrangement.

The other thing to keep in mind, of course, is that we have other agencies who are extremely interested in the program and we insist that they are involved right from step one until the completion. This

concerns the protective services of the government or the government Department of Municipal and Community Affairs, their electrical inspectors, their building inspectors, the fire marshal, the fire inspectors and there are a number of others. Not only that, if the project is based in Whitehorse, the City of Whitehorse has input into the program. The health people also have things that they like to look at.

We are not in isolation in developing these programs. There are a lot of people and agencies involved and we try to keep everything under control and on schedule.

Mr. Chairman: You have outlined all the steps for us. Do you feel any need, yourself, to sort of commit them to some sort of standard procedure?

Mr. Christensen: I think that it would be wise for us to develop a schedule to make sure there are no stones unturned and particularly so if we go into a building program that is going to be of a fair size in the future.

Mr. Chairman: I would be concerned that, for some awful reason, you were suddenly taken from us and that the knowledge and experience that you are now carrying around in your mental files might be lost to us because we do not have it committed to some sort of standardized process.

Mr. Christensen: With my deputy's permission, I think that I could translate these ideas onto paper that would be most worthwhile for not only our use but, as well, the client departments.

Mr. Falle: Mr. Vantell, you are in charge of Government Services, is that not right?

Mr. Vantell: Yes.

Mr. Falle: Government Services — the maintaining of all buildings that come under YTG?

Mr. Vantell: Yes.

Mr. Falle: I am just wondering, right now, we have to do a certain amount of standard maintenance throughout our buildings, throughout the territory — whether they be our schools, whether they are this building or any other major structure that YTG has — who is directly responsible for this?

Mr. Vantell: Except for schools in the territory it is the Public Works Branch of our department. It is also Mr. Christensen.

Mr. Falle: This is where part of the concern was that Mr. Christensen expressed a few minutes ago. The Department of Education is responsible for the upkeep of the schools which are major structures and then like this building here, or other administration buildings that we have, Government Services is. So we are duplicating our services. Is this not correct?

Mr. Vantell: In a way, yes.

Mr. Chairman: Perhaps we could pursue that a little bit more. Mr. Falle, when we do the general review of the department. I want to clear up, if I can, the recommendations which are outstanding for last year.

One last question to Mr. Christensen, in respect to the guidelines: have these been communicated to the client departments, all government departments, in fact, that may have need for your services, so they are aware of the kind of procedures that you would want them to follow, or the expectations that you would want them to follow, should they require a building next year, or whatever?

Mr. Christensen: They have not been communicated, but, again, I will repeat that I would think they should, with the concurrence of my deputy minister.

I can recall, though, a number of years ago, there was actually a policy written that appeared in our Policy and Procedure Manuals, that outlined the steps in a construction program — what to do and what not to do, sort of thing — but, for some reason, it was deleted. I have never been able to trace out why; however, that is just a point that I make.

Mr. Chairman: A fascinating question. I do not know whether we will be able to get to it.

Let me move into Mr. Fuller's area, but I will direct my questions through Mr. Vantell. My reference is on page 31 of the Public Accounts Committee Report of last year and has to do with the FMS projects, the Financial Management System projects. We seem to have had these with us for many years now and we keep hoping to finally close the account on them, but we have not yet.

We, in our report, mention that the Department of Government Services reported on the FMS projects, which is responsible as follows: projects underway, Electronic Data Processing Policy Manual — the department is advised that this project had been deferred due to lack of funding and resources. The Auditor-General, in his management letter, pointed out that: "While the department has made some improvements, progress and implementation on a number of planned improvements have been delayed due to the difficulties in recruitment of qualified computer personnel".

I note, in looking through some other documents, that the problem of shortage of skilled personnel is not unique to Yukon. I was reading in the Public Accounts Committee Report of Ontario, for example, where they have a whole chapter on computers in government and I would just like to quote you a sentence from it. "A recurring theme throughout the presentations was the shortage of skilled EDP personnel and the difficulty in recruiting and retaining them in the public service".

Let me ask you a very general question, since I do not think we can spend too much time on the specifics: what are we doing about this problem here in Yukon?

Mr. Vantell: We have partially solved the problem here.

Mr. Fuller: Our backlog of vacancies has diminished considerably over the past several months. The Public Service Commission went on an interviewing tour as far east as Winnipeg and recruited several people for the vacant positions. I think the recession has helped us in certain areas, but not overall. There are still some areas in the field that are very difficult to recruit for, despite the high unemployment rate that exists. In some of those areas, there just are not real clear solutions to them. Our salaries are competitive in some areas and, in other areas, perhaps not so much.

Mr. Chairman: For lay people, such as you find on this side of the House, anyway, for whom computers are a mystery still — but confessing that we have also advocated their use from time to time — I think many of us are bound to wonder why we would get into computer systems if we cannot, at the same time, obtain the people to operate them. Let me put that layman's question to you, Mr. Fuller, and see if you could respond.

Mr. Fuller: I think it depends on what your expectations are. If we had all of the staff that we felt we needed and, in fact, if we had all of our vacant positions filled, we would be able to do much more than what we are doing now. That is not to say that what we are doing now is not beneficial and cost-justified.

Mr. Chairman: In the Auditor General's letter, and I refer you to page 5 of the letter and the recommendation: "the department should establish priorities and develop an action plan for correcting system deficiencies" and the government's comment, in response to that recommendation, "A timetable has been established for implementing the recommendations. Resources in Data Services are in the process of being strengthened which has significantly influenced the speed with which corrective action is taken". Do you have anything to add to that answer as contained in the Auditor General's letter?

Mr. Fuller: I do not have anything to add to that. We have clearly documented the backlog of maintenance requests and had those prioritized. I think the strengthening of the staff has eliminated a lot of the high priority backlog that existed. I am not saying that it is completely eliminated. I do not think that will ever occur but I think the high priority backlog is somewhat less than it was when that comment was made.

Mr. Chairman: The other note by the Auditor General was "the department should monitor the action plans and regularly report to the government on the status of the plans". The government's comment on that was "the government was currently in the process of reviewing the role and the mandate of the System Priorities Committee. This will establish systematic procedures for determining the EDP system requirements, implementation and maintenance, as well as monitoring the reporting on the status of implementation." How long will this review of the System Priorities Committee take?

Mr. Fuller: I am not sure. We have a request for a decision that has been drafted and is under review now that defines a restructured

Systems Priorities Committee.

Mr. Chairman: We keep running across reference to the System Priorities Committee. It has become a bit of a mystery to us. Who is on it?

Mr. Fuller: The old committee consisted of three deputy ministers: Mr. Vantell, as chairman; the deputy minister of Finance and the third member who was appointed at that time was Mr. Graham, the deputy minister of Library and Information Resources. When Mr. Graham left it was felt that the committee should be expanded to include more than three deputy ministers and that is what prompted the preparation of the request for decision to re-establish that.

Mr. Chairman: That is not complete yet?

Mr. Fuller: No.

Mr. Chairman: Let me move on to the question of asset control. I refer you both to the Public Accounts Committee report from last year, page 32, and the Auditor General's letter. Our comment in the report said the following: "The department advised that the accounting system for asset control has been redesigned, but it is unlikely that the system will be computerized in 1981-82 because of its low priority. The committee was advised that the new accounting system is working very satisfactorily. Committee is therefore requesting the Auditor-General to review the system and report to the committee on its effectiveness. If that report assures the committee that there is effective control over the government assets, the committee will consider the project completed".

The Auditor General, following our request, reported the following on page 4 of his report: Item 3: Capital Asset Control. "In 1982 the report of the Public Accounts Committee included a status report on Financial Management System projects. In respect to the asset control project, the Department of Government Services advised the committee that a new accounting system was in place for the control and recording of capital assets. The committee requested us to review their new system and report on its effectiveness. The recorded value of Capital Assets, according to the Territorial Accounts at March 31st, 1982, is \$91,000,000. These comprised land, buildings, public works, motor vehicles, furniture and equipment".

The Auditor General then goes: "We have reviewed the new system and noted that a number of improvements have been effected. There is, however, a continuing lack of periodic physical verification of the government's substantial capital assets. This leads to less than satisfactory control. Periodic physical verification of capital assets with the control records is an important internal control element. It serves to confirm the validity of records and, more importantly, the continuing existence and custody of the recorded assets".

"I understand that this physical verification is necessary in order to confirm whether your records are accurate. Have you anything to add to the comment that the government made in response to the recommendation "procedures should be established and implemented for physical verification of capital assets for the accounting records on the cyclical basis. The result of these verifications should be regularly reported to the government". The government's comments, "the department has already begun to implement the recommendations, starting with large departments. This physical verification will be extended to include a physical verification of all government assets. A procedure will be developed for reporting these verifications to the government". Can you tell us anything more about the procedure or the when-and-how of this question?

Mr. Vantell: The whole program for verification of the physical assets has been set up.

Mr. Cawley: The asset controller section of Supply Services had started on verification of physical assets with the reallocation and relocation of various sections within the government departments when they were realigned. That has prompted us to endeavour to set up a system much more promptly than we would have done. We have spent some time in correcting our records, which previously had shown such things as Highways and Public Works, which is now Highways and Transportation. Therefore, we have had to go into our records and deal with the various branches

of those departments, as well, to realign them. We have started a physical verification prompted by the realignment of departments.

We are working with Finance in developing a reporting procedure whereby we would have established guidelines that would be used to channel this information to the government as to the status and verification of the various assets.

Mr. Falle: I would like to know who is in charge of co-ordinating the data processing system with the rest of all the departments in the government? Who is the one person, or group of people, who is responsible for that?

Mr. Fuller: Are you talking about co-ordinating a specific system or just overall?

Mr. Falle: Overall data. Who is the computer boss?

Mr. Fuller: I guess myself.

Mr. Falle: You are responsible for making certain that all the departments get their information in the computer and the type of data that they want stored in that computer?

Mr. Fuller: Not in all cases. In some cases the systems have been designed such that the departments themselves input the data directly and are responsible for retrieving that data as and when required.

An example may be the Personal Properties Security Registration System which was recently put into place in Consumer and Corporate Affairs. They do all their own data input and all their own inquiry through their terminal.

Mr. Falle: Each department, then, having its own program, is itself responsible for the data that has to go into that machine.

Mr. Fuller: If they are performing the data entry themselves, yes. In many cases, our older systems or our high volume systems, the data is batched. The source documents are sent up to our data entry section and we have a data entry staff that keys that information into the system on behalf of the department.

Mr. Chairman: Perhaps we can flag this line on inquiry because we may want to pursue it in the overall review of the department later. Let me ask you, Mr. Fuller or Mr. Vantell, one question arising from our report last year in reference to the manual. The committee last year noted concern about the lack of progress on this project as a manual would not only establish policies and procedures but would also serve as a ready source of reference for training. The committee believes that at least some progress could have been made on this project in 1981-82, simply by bringing together all existing policies and procedures. Could I ask now what is the status of the manual?

Mr. Fuller: Because of the shortage of staff, we have decided to tackle it in a slightly different manner than what was originally intended when it was established under the FMS umbrella. Within the systems group, we have taken our technical memo process and decided that that will be our internal systems standard until otherwise noted. Within the processing services section, they have done a considerable amount of work in defining their procedures and their policies, particularly in the computer operations area, because we have had a number of new computer operators that have had to have that information available to them for their training process.

So, we have made some progress in it, although not necessarily in the same format as what we had originally intended, although I think we will evolve to that eventually.

Mr. Chairman: Would it be possible, or convenient for you, to communicate, perhaps through your deputy minister, and perhaps giving us in writing some better description of exactly what has been done rather than spending a lot of time asking what, to you, would be very ignorant questions?

Mr. Fuller: Yes.

Mr. Chairman: We will set that as a commitment then.

Mr. Phillipsen: My question is on training. Do we, at present, have a system whereby we can train the people who you are now presently trying to employ outside? Is it more expensive to train people locally than it is to go outside and hire them and bring them in and, if we did train people here, would you be worried about training them here and then having them go outside to work?

Mr. Fuller: We look at training in one of two ways. One is where we take in a person who has a base amount of background

already in the field but who might require some upgrading of skills to make them valuable in our particular environment and that kind of training we try to do as much as we can. We are restricted somewhat by availability of funds because sometimes those training dollars have to have a travel component to them and travel tends to be the first thing that is cut from budgets when they are cut.

Training people from the ground up, right from square one, is a difficult process for us because of the availability of staff to really have the time available to hold the hand of somebody who really needs the orientation from the very beginning. We would like to be able to do that but I do not think we are prepared to do that at the present time.

Regarding your third question about the worry about people leaving — actually, no, I am not concerned about that at all. We have found that the people with whom we have invested a fair amount of training tend to stay here a bit more than the ones who maybe do not require that training and may have more marketable skills.

Mr. Chairman: We have run a little bit over time. Let me suggest now that if there are further questions from the committee that we will break until 11 o'clock. For the time being, I would like to excuse and thank the witnesses, Mr. Vantell, Mr. Christensen, Mr. Fuller and Mr. Cawley. We look forward to having you with us again later this week when we are doing a full review of your department. I thank you for your presence here this morning to deal with the follow-up matters from last year's report.

Committee stands recessed until 11 o'clock.

Recess

Mr. Chairman: The committee will come back to order.

We are dealing this morning with the follow-up of matters arising from the 1982 report of the Standing Committee on Public Accounts and matters arising from the Auditor General's Report on any other matter in his letter to Council. We have with us, for this purpose this morning, two witnesses: Mr. Peter Kent, deputy minister for the Department of Municipal and Community Affairs and Leo Chasse, the departmental administrator. Welcome back, Mr. Kent. I guess you were one of the first witnesses we ever had before this committee.

Let me go immediately to the matter we want to look at, which is the matter arising from last year's Public Accounts Committee report which really dealt with an item that had previously been referred to in the Auditor General's Report, and that had to do with land development costs. You, no doubt, will recall that our concluding sentence in our comment was "The committee, therefore, is unable to see how the department can categorically state that it has recovered all costs to date when it does not yet know, within reasonable certainty, what the costs involved are".

The Auditor General, in his letter to the Council this year, commented, under his section on Land Development, as follows: "Our 1981 report to Council referred to inadequacies in the Department of Municipal and Community Affairs land inventory records and the lack of disclosure in the territorial accounts of the development costs of substantial land inventories. The department had estimated the cost to be in excess of \$14,000,000. The government's policy is to charge these costs to expenditures when incurred and to recognize revenue from sales of land at the time of the sale. We had recommended the establishment of current inventory of land development costs in related control accounts, the development of a reporting system on land development activities and a review of the appropriateness of the accounting policy".

He goes on to mention that the Public Accounts Committee considered this matter last year and talked about the fact that the department "advised the committee that it was implementing our recommendations and the inventory of land under development would be reconciled by March 31, 1982. The intention was to disclose these costs by way of a note to the financial statements pending completion of the accounting policy review. However, the department was unable to identify and reconcile the land development costs at March 31, 1982, so as to disclose this information".

The Auditor General then comments: "In our opinion, sufficient

attention has not been given to this matter to date". He goes on to point out, "Land development costs are largely financed by loans from Canada, repayable over a five year term. The outstanding loans for land development at March 31, 1982, amount to \$11,000,000 and bear an interest of an average rate of 12 percent. The balance of land development costs is financed by the working capital of the government.

In May, 1981, the government adopted the policy of taking interest costs into account in determining the selling price of land. The price was to be revised half yearly, based on prevailing interest rates. Any exceptions to the policy will be reported to the government. This policy, however, was not implemented by the department during the year and selling prices continue to be based on cost excluding carrying charges".

"The Auditor General, therefore, recommended: "The inventory of land development costs should be established by March 31, 1983 and reconciled by the supporting records".

The government's comments were as follows: "Municipal and Community Affairs commenced this project in December, 1981. The difficulties in reconciling land inventories were not anticipated at that time and a number of outstanding issues remain in March 31, 1982. These outstanding issues are now being resolved and Municipal and Community Affairs have made a commitment that the information required will be completed and, therefore, can be reported in the 1982-83 Territorial Accounts".

I wonder if I could just ask you, first, Mr. Kent, if you have anything to add to that answer by way of elaboration?

Mr. Kent: Perhaps two comments. One is the inventory that you are seeking is 90 percent complete, as of today, so I speak a little more than words. In fact, in the late spring of 1982, we brought on a contract employee, a large part of whose responsibilities were to make sure this thing was done. Her contract expires on March 31 and the work will be done before she leaves.

Mr. Chairman: The Auditor General goes on to recommend: "On reconciliation, control accounts should be established and an adequate system developed to report on land development activities". The government comments: "As control accounts will be established in reconciliation and a system will be developed to report on land development activities". Could you elaborate on that answer at all, Mr. Kent?

Mr. Kent: The control accounts, which would largely be an inventory of raw land, working progress and completed inventory, will be completed at the same time, March 31. Would you like to elaborate on that, Mr. Chasse?

Mr. Chasse: No, I think that is quite self-explanatory unless, of course, they have questions on that.

Mr. Chairman: The final note by the Auditor General was: "The department should implement the government's policy of including interest costs in the selling price of land and report exceptions to the government for approval". The government's comment to that recommendation was: "On conciliation of the inventory costs for land development, action will be taken to implement the government's policy of including interest costs in the selling price of land". Is there anything to add on that point, Mr. Kent?

Mr. Kent: Until we have, and this only applies to certain lands, established this inventory, I have no values upon which to apply an interest rate. So, certain parts of that policy I cannot put into effect until I know what the costs incurred, and on what dates, have been. That is one comment. My second comment is yes, the department was remiss in that and I guess all I can say is that there were quite a number of competing priorities in demands. I give, for example, the transfer of these federal cottage lot leases to title, a very time consuming deal. It involves negotiations with basically every lot owner. The rural residential lot enlargement program that the Lands Branch is involved in, again, is very time consuming. You have got to deal with each application and, to some extent, it has been a question of competing priorities and perhaps this one fell short a little bit.

Again, on certain groups of land, I could not apply the policy until I knew the costs, which is what we are doing with this control. I can assure you that we will effect this policy and start applying

interest as of April 1.

Mr. Chairman: Let me ask you, because you mention the problem of establishing the cost of some of the lands, if you are experiencing any problem in terms of established accounting procedures or established procedures in terms of establishing the costs of land that government might have had in its bank for some time?

Mr. Kent: As I understand it, basically we do not attempt to determine how much we have invested in a particular piece of land until we put it on the market. What I mean by that is that if we have a piece of land over there, say a subdivision that has been developed and maybe all the costs incurred, we need just let them sit there where they have been previously dispensed in previous budgets, and only when we are going to put them on the market have we, in the past, routed back through the old books to try to determine what those costs were.

So, yes, I guess you have some troubles, and what we are going to solve with this inventory is a question of going back through all the old records, all the old accounts and seeing what, if any, costs we have incurred. I will ask Mr. Chasse how difficult it is.

Mr. Chasse: That is what part of the hang-up is; going back through the old records and tracing a particular development and capturing all those costs with various coding changes and computers, and whatnot, through the years. That has been one factor in the delay in implementing this this last fiscal year.

Mr. Chairman: You, presumably, have had to refer to other jurisdictions in terms of establishing some methods of costing or putting a value on some of the land that you have had in the bank, for example, for quite a long time. Are you aware of the Canadian Institute of Public Real Estate Companies recommended accounting practices for real estate companies, and is that an article of reference for you?

Mr. Kent: I cannot answer that.

Mr. Chasse: I am not aware of it, personally. In developing, I might add, these control accounts, and whatnot, we are doing it in conjunction with the assistance of the Department of Finance, with input from our Internal Audit department.

Mr. Chairman: Has the department given any consideration to developing this system for reporting on land development activities and have the control accounts been established for doing that?

Mr. Chasse: They have not been established, as yet, but they will be once we finish this exercise.

Mr. Chairman: So there will be a systemized reporting of those land development activities, perhaps which we will see most obviously, what, in the Estimates?

Mr. Chasse: There will be a certain portion of it reported in the Territorial Accounts, which has been suggested by the Auditor General. Now, I cannot comment on any other management information report for the distribution of that report.

Mr. Kent: I agree. The kind of information which you are seeking, I believe, would appear in the Territorial Accounts. I do not believe it would appear in the budget Estimates.

Mr. Chairman: I asked that question simply because the continuing problem we have is reconciling the accounts for the Estimates, or trying to follow where one goes to the other. We have been given some indications that we would have an increasing ability to be able to do that so I was interested as to what you would be reporting in the Estimates.

Mr. Byblow: In establishing land development costs and the assignment of all the development costs to the selling price, is the procedure to pro-rate for future sales that cost, or is the intention to recover the costs that have not been collected over the years?

Mr. Kent: We have different policies with respect to different types of land. For example, industrial or commercial land is sold at market value, which is quite often substantially higher than the costs you have incurred. On the other hand, residential and recreation property is sold at development costs. I do not know if I have answered the question.

Mr. Chairman: Let me get to the question of development costs. I guess what we have not had a clear idea of is that we know that the interest costs are now going to be included in that development cost figure. What other costs are we looking at? When

I referred to the manual previously, when they are talking about private real estate companies, they include all sorts of things: legal fees, finder's fees, rezoning costs, any costs the government or developer might have borne in developing the land. Could you give us some indication of the kind of costs that are included and some that may not be, for example, because they are regarded as general administrative charges?

Mr. Kent: Maybe it would be more correct to refer to which costs are not covered. Basically, there are certainly no charges against staff time, such as myself or people in the lands branch. Those costs are not charged against the development. Another part that is not charged against it, and maybe I can give you an example, is, say we were going to build Riverdale again, we would not charge the total cost of the bridge against Riverdale. Perhaps a portion of it, because that bridge serves other purposes than just those houses.

I can give you another example, in Crestview. Only part of the pumping station was charged against those properties because that pumping station also improved fire flows and fire protection capability for other parts of Crestview. As well, part of the road system we put in was of benefit to the new subdivision, but also to the old part of the subdivision, so there was a pro-rated portion there not charged against those lots.

Mr. Chairman: When Mr. Byblow asked about pro-rated costs, would each lot be charged the same share of the cost of that pump station, or would there be a dollar allocation charged to each lot? How would those costs be assigned?

Mr. Kent: Maybe I could explain it this way. First, you would look at all the costs that were incurred; you would perhaps take out any of the costs that should not be charged against those lots because they are of benefit to the broader community and then you would end up with "x" dollars. You would distribute those costs to the various lots.

There are a number of ways you could do it. You could just divide the costs by the number of lots, or you could do it on a basis of street frontage, or you could do it on the basis of square footage of the various lots. The method we use is to distribute the costs on the basis of their relative market values.

Mr. Chairman: Even when you are selling the land at development cost?

Mr. Kent: That is right. It is just a formula to distribute those costs. I send my assessor out — and let us say there are two lots in question — and he says this lot has twice the appeal because it has a nice view or nice trees, so this lot is worth twice the other one. Relative to this one it is worth twice as much so then I will distribute those costs on that basis.

Mr. Byblow: In the pro-rating of the development costs to the lots, is it now the policy to apply the total development cost to the remaining lots left, or is it now taken into consideration that a number of lots have been sold without these development costs applied? I am a little confused as to how you are going to apply the development costs to the lots remaining.

Mr. Kent: Hopefully, and I think it has been done in most cases, you have assigned those costs before any of the lots in a particular subdivision have been sold.

Mr. Phillipsen: I am a little confused, too. On recreational lots, if we went on development costs, are they not going on market value on land on recreational lots?

Mr. Kent: No, sir.

Mr. Phillipsen: On development costs on any of the areas that have been developed for a twenty-year period, has not the development been borne by the federal government and already been paid, rather than a new development cost being put in now?

Mr. Kent: I am sorry. Are you referring to the..

Mr. Chairman: That, there, is a chargeback from the federal government to the territorial government for those development costs in the case of the transfer, I think.

Mr. Phillipsen: I do not know; that is why I am asking.

Mr. Kent: That is correct.

Mr. Phillipsen: They charge you for their development?

Mr. Kent: Yes. What happened with those lots that were

transferred to us — that is what I think you are referring to — is that they went back and accumulated the costs they had incurred on those lots, and then that is something that we have to pay them.

Mr. Phillipsen: That is how the cost is arrived at for recreational lots that you take over from the federal government?

Mr. Kent: Those particular ones.

Mr. Chairman: There were some sold at a percentage of their assessed value, though, as I recall.

Mr. Kent: That is price.

Mr. Chairman: Yes.

Mr. Kent: The government, in its wisdom, decided that they would sell those lots for 29 percent of their appraised or assessed value.

Mr. Chairman: Do you know what the relationship between that and the development cost was? As a matter of fact?

Mr. Kent: I believe that the 29 percent was arrived at as an amount which would be sufficient to pay the federal government the development costs they incurred, plus give us some funds to fix up the roads and some of the ramps in those areas.

Mr. Chairman: That 29 percent was, in fact, a development cost charge, at least as far as the whole block was concerned.

Let me, if I could, because we have a couple of minutes, Mr. Kent, pursue a related matter. During the fall session I asked a question of Mr. Pearson for an explanation of the procedures involved in recording and appropriating funds for returned lots sold by Municipal and Community Affairs. This is a question about accounting from land that may have been bought in one year and returned in a subsequent year. The answer I got at that time was quite clear but I just wanted to pursue a couple of questions on that subject and, just for the record, ask if there is any penalty imposed on cancellation or sale of land, or does the individual receive a full refund if they turn back a lot which they may have paid for, or partially paid for, depending on the scheme?

Mr. Kent: I believe you have a period of 90 days after you buy the property where you get a one hundred percent refund if you cancel. After that point in time you receive no refund.

Mr. Chairman: There are some cases, for example, where property owners may have failed to fulfill the requirements on the land; they may not build a house, and the land has then been put up for option, has it not? If there is a surplus over the original purchase price then the purchaser may get that surplus, or a portion of that surplus. Is that not correct?

Mr. Kent: I cannot answer that question.

Mr. Chasse: I am not familiar with that at all.

Mr. Chairman: When a parcel of land has been sold and returned on cancellation what adjustments, if any, are made to the selling price for future sale of the same parcel?

Mr. Kent: Normally land is just sold at the price which was initially established. However, in a couple of instances, lots have come back maybe two or three times and so they are under-valued relative to other lots that are being sold at the same time. Maybe I can give you an example. There was a time when there was a new area of Porter Creek opened up. At the same time, about three or four lots had come back for maybe the third time. So, you end up with a situation where, in the new portion being opened, maybe the lots are selling for \$12,000, but these three or four lots are selling for \$10,000 or \$9,000. Then there is some kind of inequity there.

What the government did in those instances — and I believe they did it in Porter Creek, Wolf Creek and also in MacPherson — is apply interest, just as you are recommending here, or the government is doing. They applied interest, not so much to get a recovery on their money as to bring some parity between the prices.

Mr. Chairman: There is not a fixed formula for adjusting the prices on a lot when they come up for resale a second or third time?

Mr. Kent: That is correct.

Mr. Chairman: I am sure this is just a matter of regulation. Is the contingent liability for the possible cancellation of a prior year's sale known?

Mr. Kent: Would you state that again, please?

Mr. Chairman: You presumably take into account, when you are financing or budgeting for the operation of your department — you develop something like Wolf Creek, you have a recovery from

the sale. You must, based on the experience of the department, have anticipated a certain number of those lots being turned back, or a certain number of those people coming back for refunds, or something happening where you do not eventually get the full purchase price because people may have put money down but they do not complete the terms of the agreement. Do you anticipate that in the budgeting? How do you account for it?

Mr. Kent: I do not believe, and I will refer this to Mr. Chasse, that it has been necessary in the past, for two reasons. One: when a lot came back, it was almost immediately taken up again, and that actually gave you a positive cash flow because they had to make a down payment. So I think, in the past, a turn-back would not result in lost revenues, and could perhaps result in increased revenues. That may be something that we have to consider starting about now.

Mr. Chasse: We have not provided for it in our budget, per se. However, the Department of Finance, for their purposes, are advised each year of the number and the amount of turn-backs of lots over the previous year turned back from the current year.

Mr. Chairman: Are there any further questions? Mr. Phillipsen? Mr. Brewster? Mr. Falle? Mr. Byblow?

Mr. Chairman: Well, Mr. Kent, Mr. Chasse, let me see if we have covered the ground here.

Just to change subjects a little bit, a couple of years ago we spent some time with the Department of Highways and Public Works talking about the Dawson sewer and water project and what seemed to us to be, from a layman's point of view, in the end a fairly badly managed project and one that had significant cost over-runs; at least at the time when we were reviewing it or looking at it, it still was not working properly.

At the time, the incumbent deputy minister indicated to us that there was some kind of departmental review going on and that the committee might be apprised of that review when it was completed. When we put the question to the deputy minister of Government Services this morning, who is now responsible for Public Works, he advised us that the review was being undertaken by your department, Municipal Affairs. I just wondered if you could give us some kind of indication as to what progress may have been made on that review and whether there is anything you can report to the committee of substance.

Mr. Kent: When you say "a review", are you asking in terms of what explanation there is or may be for these cost over-runs or why the system does not work?

Mr. Chairman: We were not really looking at a review not of the operation of the system but of the construction project, if you like.

The clerk may be able to find me the specific reference where we were given the... Does someone have a Public Accounts committee report from last year?

Mr. Chairman: Let me give you the reference. Page 27 of the Public Accounts Committee's last report from last year — and this was a follow-up question.

"With reference to the Dawson City Sewer and Water System, the Committee was advised that the review of the stages that the development of the project went through is underway but there is no estimate of a completion date. The Deputy Minister stated he would have no objection to the Committee being provided with a summary of the review, but this would be up to the Minister to decide."

My question to you Mr. Kent, and I guess we would have to deal with it in terms of a written answer at this point, would be: has the review been completed as described here? The deputy minister of Government Services said that your department was now responsible for it, so my question is: is that case, has the review been completed, and, according to this commitment recorded by us last year, is there any prospect of us being given the summary of the review?

Mr. Kent: I am aware of no review being undertaken on the Dawson sewer system.

Mr. Chairman: By your department?

Mr. Kent: That is correct, sir.

Mr. Chairman: We will have to pursue that with other officials then. Are there any further questions?

Thank you, Mr. Kent and Mr. Chasse. I appreciate your being

with us. The committee will now adjourn and reconvene in Executive Session.

The witnesses are excused.

The Committee adjourned at 11:30 a.m.

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

**Wednesday, February 2, 1983
9:30 a.m.**

Issue No. 2 (Fourth Sitting)

25th Legislature

Chairman: So, it is a question of timing. There is no judgment as to who might be responsible for whatever subsequently emerge?

England: Well, in the normal course of events I would think that would be so. Now, in the flow of responsibility, of from contractor to government it can occur and I think I see a situation that you have in mind. You can get into a question of whether there was negligence and, therefore, on whom the responsibility should fall.

Chairman: I do not want to get into a specific case, I just want to understand the procedure. We have heard of a case where a conclusion reached and, according to evidence heard, the problem was an act of God. I must confess to being slightly puzzled as to who makes the decision that it was an act of God. If the cost does not then fall to God; it falls to the contractor.

England: That is right and, I suppose, ultimately, it is the adjuster who has to render his advice.

Chairman: So, it is an outside official.

England: Yes. Usually what happens is, if we have an insurance claim against us, we refer it to our adjuster and the policy is put out on the advice of the adjuster.

Chairman: What if it is not an insurance claim? What if it is a cost that calls for repair, or something like that, that may involve insurance?

England: The cost of repair that has been incurred by the contractor for its own building?

Chairman: Yes, for a building that may have collapsed, or that had to be fixed or redone. That is not an insurance claim, surely.

England: No, we would simply assume responsibility for the contractor in the normal way.

Chairman: Then my question is, who decides? Are you saying that there is in place, clearly spelled out in terms of the division of authority, who decides such a question as to whether the responsibility of the consultant, contractor, the government or God? In either of the two latter cases, we have to pay the bill.

England: I would think in a situation like that, if it were a repair, it would be the operating department in consultation with this case, Public Works.

Chairman: But there is no hierarchy of authority that says that a repair within such-and-such a range of dollars, the responsibility is divided?

England: There is a hierarchy of contracting authority. The operating department that had responsibility for a building approach Public Works and if it were within the authority of the normal maintenance people to handle the repair, they simply go ahead and handle the contractual relationships. If the matter, though, that was of such a magnitude that it had to do with that because of the dollar value then, of course, it would be referred upward in the hierarchy.

Chairman: The authority, in fact, is described at the point where it depends who has authority to issue what contracts?

England: Yes.

Chairman: The question was also raised in the Auditor General's letter to Council with revision to the territorial accounts. I must confess that we still have problems following one to the other.

There is a recommendation from the Auditor General that the territorial accounts should be revised to provide for accountability in line with the estimates format. There is a substantial government, but I wonder if you might want to elaborate on it? **McLennan:** There is really nothing more to add other than what has been received, in consultation with the Auditor General, a revised format. We have reviewed that and we are in the process of making some other changes. I would expect that, for this year's territorial accounts, there will be two or three or four formats that we will try this type of format on.

Chairman: When you say that you are moving as quickly as possible in the answer to this letter, starting this year and perhaps even in what, five, six years hence, or sooner?

Mr. McLennan: It may be sooner if there are no problems with the revisions that we are considering and people were able to understand them and they appeared to be an improvement. We would probably move fairly quickly to add to that.

Mr. Chairman: Thank you once again.

Witnesses excused

Mr. Chairman: Perhaps we could go straight into Consumer and Corporate Affairs and then we will take coffee after that.

This morning we have with us officials from the Department of Consumer and Corporate Affairs to follow up recommendations from the 1982 Report of the Standing Committee. We have Mr. Don Illich, Deputy Minister and John Lawson, Director of Policy and Planning with us as witnesses this morning. I would like to welcome both you gentlemen. I am now going to turn you over to the tender mercies of Mrs. Firth, who will be leading the line of inquiry this morning.

Mrs. Firth: I think we will start off with the first recommendation regarding redefinition and departmental objectives. The comment was made that the new objectives will appear in the 1983-84 Estimates and, hopefully, the 1983-84 Estimates should be in the final stages of preparation now. Is that correct?

Mr. Illich: That is our understanding, yes.

Mrs. Firth: Is it possible to provide the Public Accounts Committee with a copy of the revised objectives?

Mr. Illich: I would have no problem with that. The only concern at this point is that we have submitted the new departmental objectives. We have drafted them within our department and we have taken them to the minister for him to review to make sure that he agrees with our view of what our objectives are. As soon as that is done, I would have no problem in passing that along to the committee.

Mrs. Firth: Is it possible, therefore, to have them presented after they have had ministerial approval?

Mr. Illich: Certainly.

Mr. Chairman: By way of a letter would be adequate.

Mr. Illich: Certainly.

Mrs. Firth: Regarding the licensing and registration as part of departmental objectives, does the department see itself as administering the legislation?

Mr. Illich: Within the departmental objectives, as we state them?

Mrs. Firth: Yes.

Mr. Illich: We have done some reading of some literature that we had gathered to try to develop the new objectives in the proper fashion and still keep them in some kind of a condensed form so that we did not go all over the place. We feel that the way we have worded the new objectives, these kinds of things would fit into the objectives; however, we would not be stating that there would be the registration of vehicles or the licensing of operators or those types of things. Our feeling was that those were more in the line of activities which would then come under objectives. They are the functions that we have to go through in order to meet our objectives. It is very difficult. We spent, off and on, two or three months within our department working this out with our management staff. I sat down with them and we went through this kind of an exercise. Even as they stand now, all the management groups have sort of compromised slightly in order to come up with something that we all feel is reflective of what our objectives are and that also covers all the activities that we are responsible for.

Mrs. Firth: The reorganization aspect, is there a particular change in direction or are you recommending a change in direction?

Mr. Illich: The reorganization is as a result of the transfer of the weigh scales to our department. That has caused us to realign some of these sections within the department, so that we have the weigh scales, the motor vehicles people and the former executive secretary of the Transport Public Utilities Board all under one operation. We also have our enforcement in there, so that we have our weigh scales, our enforcement section and our motor vehicles section altogether in one transport services section that we have created. That is basically so that we can co-ordinate our operation and try to

improve our service in that way.

Mrs. Firth: I would like to talk a bit about providing services and the relationship licensing and registration has on providing services. Does not the licensing and registration bear a relationship between the activity and the objectives? Should the activities, perhaps, be clarified?

Mr. Illich: What does happen within our estimates, as we present them and as they are presented in the House, is each of the sections within our department also includes their specific objectives, which then work towards achieving our overall departmental objectives. I am not sure if I am understanding correctly, but I think that probably would expand a little bit more on our departmental objectives and may clarify things as far as your concern about the objectives, registration and those kinds of things, goes. That kind of thing would be included in the motor vehicles section or now transport services section objectives as their function.

Mrs. Firth: I will move on to the second recommendation regarding enforcement of legislation. The response made a suggestion that some action would be taken. However, there was a comment made to the extent that "Government wishes enforcement to be included in our legislation. We will ensure that adequate provisions are provided". Ultimate control over this problem rests with the Assembly. Does the Assembly control the enforcement?

Mr. Illich: Insofar as what legislation is approved. We can recommend that certain enforcement measures be included in the legislation or amendments that come before the House. However, if it is not agreed that these methods of enforcement are required then, obviously, we are overruled. We are keeping those kinds of things in mind as we are putting forward our recommendations for amendments or new legislation. Obviously, we can be overruled on that and, ultimately, nothing is law until the Assembly passes it. So, with amendments from the opposition, as well, things could be changed. Enforcement could be beefed up if that was then the agreement of the majority of the House.

Mr. Chairman: May I say, Mr. Illich, that those of us with experience with regulations would be somewhat amused at the prospect of the Legislature having any say in them.

Mr. Illich: I said theoretically, I think.

Mrs. Firth: Can you possibly, at this time, tell us to what extent the department will be recommending that the government enforcement be included in the legislation?

Mr. Illich: We do not have a broad policy on that because it is difficult. It would depend on the individual type of legislation. For instance, if it was dealing with professional groups and self-regulating bodies, our involvement in enforcement could be quite different from consumer protection types of legislation. It even could be different between professional associations depending on the numbers of members within the territory. Where you have a small number, we may wish to have some enforcement role. Whereas, if you have a large number, we feel that it would be advisable to allow that profession to self-regulate.

Basically, what we do as far as other enforcement matters are concerned, even on consumer types of legislation, is continue to look at what is being done in the provinces to see whether or not some of those types of examples might be advisable to put forward as enforcement measures that would work in Yukon or, possibly, some variation that would work better. That is another way of monitoring what is happening in enforcement across the country.

Mrs. Firth: Are you saying, therefore, that you have identified some old legislation, possibly, where enforcement provisions may be inadequate? Has the department done this?

Mr. Lawson: We have an ongoing review of our legislation. We have not gone to the point of going back through all of our statutes and reviewing them specifically to look at the enforcement question. We have, over the past several months, though, since the committee met last spring, contacted the western provinces with a view to developing some kind of departmental perspective on enforcement that would be uniform across the range of statutes that we administer. We found out, basically, somewhat as we expected, that the provinces do not do that and our advice to this point is that it is not possible or advisable. The range is simply too wide, the circumstances between different types of statutes are too varied. We

find that the provinces, Saskatchewan, Alberta and British Columbia, at least, have come back to us and said, "We do not have an overall policy. You must look at it on a statute-by-statute basis".

Mrs. Firth: If you do not make the identification, could you tell us how the department will develop an action plan? Will there not be an action plan developed? How do you, therefore, make the recommendations to the government?

Mr. Illich: In that case, as each administrative section within the department has time to review the legislation, which sometimes is difficult, they review the legislation. Based on their experience with the kinds of inquiries that come in, the kinds of problems that arise because of the legislation and possible enforcement problems, they would discuss these as possible amendments. If there is a need for amendments to the legislation, which quite often is the case, — the legislation requires amendment because it is outdated as well or just does not work as well as it should work — then the enforcement policy or requirements would be discussed at the same time that we are looking at other amendments to the legislation.

That would then be put forward, again, on an individual basis because we may feel it advisable to carry out enforcement in a totally different way depending on the particular piece of legislation that we are looking at. Again, that would be upon looking at what the provinces are doing, but not necessarily just copying what the provinces are doing in case it just does not work in the territory.

Mr. Chairman: Have you ever had a situation, at least during the period under review or during your time as deputy minister, where you have had to make a decision on enforcement — to enforce or not to enforce — based not on a policy or the letter of the law, but based on a question of administrative convenience or cost?

Mr. Illich: We have been much more involved in enforcement since we have taken over the weigh scale, and that has been a concern. We were concerned that enforcement was not really what it should have been.

Mr. Chairman: Have you discovered any law in your review which does require some enforcement, or the letter of the law indicates some enforcement but you have had to make a judgment, based on budgetary considerations or staffing considerations, that has prevented you from carrying out that enforcement function?

Mr. Illich: Not where we have said definitely no, we will not enforce it. I think, sometimes, we have had to postpone what we are doing just because of the staff requirements. I do not think that we have had to say, "No, we are just going to ignore this". Certainly, that is not my intention, of ignoring it if it is there.

Mr. Lawson: It does make a difference, under some statutes, whether or not, traditionally, we have assumed the role of being an active enforcer, such as under labour standards or other statutes where there may be penalty provisions prescribed but the government has not traditionally enforced them.

Mr. Chairman: Presumably it would be consumer protection legislation versus labour standards?

Mr. Lawson: Yes, for example, landlord and tenant legislation. Until the present provisions which allow for arbitration, which you might consider as some type of enforcement, basically until that point, the only action available to us is to advise people. Theoretically, there are penalty provisions there. A violation has occurred and anyone could take action. They could go to the courts and lay an information. That has not been our role, so we do make those types of decisions.

Mrs. Firth: To pursue Recommendation Number 3, regarding follow-up systems of complaining: follow-up cases that refer to other departments or enforcement agencies. The response stated some comments about the practicality of follow-up of cases referred to other departments. Does the department have no interest in knowing that the department or enforcement agency, to which it has referred a complaint or an inquiry, has taken action on it without necessarily obtaining the case information?

Mr. Illich: In some cases, yes. In other cases, the answer would be no. For instance, an example would be, if somebody came into our Labour Standards department as a result of a wage claim or something like that, and they were an employee of a company like an air transport company, radio station or transport or trucking

operation, we would have absolutely no jurisdiction in that at all. It simply has to be referred to Labour Canada because it comes under the federal legislation. Therefore, our position is simply to advise the person that, yes, you had best go over to Labour Canada. Even if Labour Canada is unable to do anything for them, there is basically nothing we can do either.

Mr. Chairman: Would you open a file when someone like that came in?

Mr. Illich: No.

Mr. Chairman: If you referred a matter to the police, would you have a file opened then?

Mr. Illich: That would vary. I think, with motor vehicles, that there are occasions where there are files that are opened. We do try to follow up on certain items.

Mr. Chairman: When you open files, what is the process for closing them? Do you age them? Do you make a specific inquiry as to what might have happened or how the case may have been disposed of?

Mr. Lawson: If I could use transport services weigh stations as an example, quite often a case that is ultimately referred to the RCMP will have been dealt with by our people, initially, so there would be an individual complaint file established. That we would follow up, certainly, because we are working with the RCMP in that kind of a situation. At the time the case is disposed of, the file would be closed.

If, on the other hand, a weigh scale employee, perhaps through a trucker coming through, suspected a violation of something totally remote from our area of jurisdiction — a criminal offence, be it robbery or whatever — we would probably not open a file. If it was theft of a truck, it would be reported, and that is totally beyond our jurisdiction. We simply do not have the resources, or really the rationale, for continuing to follow up that type of a case.

Mrs. Firth: In the event that that follow-up did happen, and it would be a simple follow-up I am sure, would that be recorded? Is that action recorded somewhere? Is it recorded on the file?

Mr. Illich: If there was follow-up. My understanding, certainly the way my staff is operating, is that they do record some information on the file as to what the follow-up was and what action has been taken, if any. Even if no action was taken, it would be recorded.

Mr. Chairman: Would it be accurate to say that you basically only open files where the problems are in your jurisdiction? You may, subsequently, refer to another enforcement agency or the police reports, or something like that, in which case you would do follow-up, but if it is outside your jurisdiction, you would never open a file and, therefore, would never do any follow-up?

Mr. Illich: Right.

Mrs. Firth: There had been some comment about a number of complaints and practicality because of lack of numbers, however, I am sure that there are some complaints. I am concerned about the department determining the effectiveness of the present legislation. Do you feel that you can do that without the present information of a follow-up system?

Mr. Illich: Yes. I think that we have an advantage here in the territory because of the size of the territory. For instance, again, using labour standards, as an example: our staff and the federal staff are dealing in the same types of areas basically, only with federal and territorial legislation. These people tend to communicate back and forth on different things, social occasions or whatever else, or just phone over or visit back and forth in the offices. We have the advantage of being able to communicate information back and forth. On occasion there are situations where — taking labour standards again — for instance, somebody who is contracted with the federal government raises a complaint with us, then sometimes there is a concerted effort that goes on in order to try to satisfy the complaint and resolve the situation. We have that kind of thing. Certainly, with our consumer services section as well, we do deal quite frequently, on the telephone with the federal people, and as they are in town, as well.

Following a little bit more on the previous question, I think, as far as opening files on things that are outside of our jurisdiction, that is probably not totally correct because, where we do see things

that are in the federal jurisdiction — especially consumer services types of things — we will, sometimes, open files so that we can advise the consumer. If somebody phones in and says, "I have heard that so-and-so is selling this product within the territory; have you heard anything about them"? and if we have heard that there is a scam going on in British Columbia, or something like that, then we usually will keep the newspaper clippings or will have contacted B.C. or Alberta, or federal people to try to find information. That is simply for informational purposes.

Mrs. Firth: What about the repetitive complaints that you get? Do you take any additional action? You made some reference to enforcement agencies. What exactly is the role of the department when you continue to receive the same complaints over again?

Mr. Illich: Something that is outside our jurisdiction, is that what you mean?

Mr. Chairman: Either way.

Mr. Illich: If it is within our jurisdiction, what we will have done generally, if there is already case in law situation where somebody can go to court, or small debts court, or whatever, where there has been a precedent set in the past, we would advise the person of this precedent and in some cases assist the person in getting their information together to file some kind of a claim.

If it is something outside of our jurisdiction, generally we would try to get that information. Because the same staff generally receive the complaints or receive the inquiries, that kind of information would be brought forward to us and we would either pass that memo on to the federal people ourselves, or whoever else is involved, and advise them that we feel this is an ongoing problem, it is within their jurisdiction, and what are they doing about it? We can get some feedback on that and then pass along the information and, again, the consumer would possibly decide to take upon himself to take court action or else go to the federal people for some action.

If it is a recurring problem, certainly outside of our jurisdiction, we contact the other jurisdictions to find out what is happening, and that we see a general problem that needs some correction. If it is within our operation, obviously then, as well following up and assisting the person and possibly getting the information to decide what kind of action they want to take, we also, if it is serious enough, put forward recommendations for amendments to either our enforcement or to the legislation.

It is fairly easy for our staff to see the trends in that. Our staff is so small in most of our sections that the same person is receiving the inquiries in that section, as the calls are referred to the appropriate section. They have a fairly good knowledge of the kinds of things that are cropping up.

Mr. Chairman: When a member of your staff observes some trends — and we see them as MLAs; there was a period at the end of last summer, or the summer before last, where we were hearing a rash of labour standards complaints on collective wages in the classroom, as an example, and in another period, there was a rash of landlord tenant complaints and they may be of a certain kind where they identify a problem with legislation — do you have a procedure, or process, where that officer would do a memorandum or report to the senior officials, such that amendments or regulation changes may be recommended?

Mr. Illich: Yes, if that kind of stuff is happening. I know, since I have been in the department, I have received memos from the administrator of that particular section where information has been received and discussed it with their subordinate. I have received memos with possible solutions to the problems and then we have discussed it further from there. If it is felt that there is nothing that we can do in-house, if it requires amendments to legislation...

Mr. Chairman: You have that as part of your job description, or your standard duties, to do that then?

Mr. Illich: Yes.

Mrs. Firth: The next recommendation regards collecting statistical information. The response did suggest that some action was being taken. I have just some short questions that I would like to ask. What changes have been made to this statistics gathering system?

Mr. Illich: What we have done within the various administrative

sections in the department — some already had statistical sheets that they would keep and do on a monthly basis, or whatever, statistical reports and at this point, all of the sections have statistical data sheets that they use — in the cases where they were in existence prior to this recommendation, they have been changed to broaden the types of statistics that they were gathering and make them fit in a little bit more with the kind of information that would be more useful, as far as information in the Estimates and the Annual Report, so that people can gather some useful information from that. Within all the sections, now, we are doing monthly statistical reports.

Mrs. Firth: Were there any changes in the information provided in the Yukon Annual Report? If there were, what were they?

Mr. Lawson: We have not done the annual report submission for the coming year, to my recollection. There will be changes. I think the recommendation of the committee last year read that we should attempt to provide our information in a uniform manner. We have attempted to, first of all, standardize within the department and, secondly, we will be presenting, whether it be in the Main Estimates, the Annual Report or the Annual Report on Government Activities in the North, our statistics in identical format to the extent possible. That will necessitate, or cause, some confusion for the first year because these publications are used to having statistics presented in a way that is unique to each publication. If we follow the committee's recommendation and say that we will present them in a standard manner so that what we put in one is transferable to another, the transition may be a little confusing within each publication. Once that first year has passed, and as our system internally is in place for a year or two, then we should, within two years, be up to a five-year base on a standard reporting system throughout the department.

Mrs. Firth: You are talking about standardizing a method of presenting statistics. Do you have anything else in mind when you refer to that standardization of statistics?

Mr. Lawson: I am not sure I understand your question. We have left it, basically, to each section to develop their method of statistical recording on the premise that the statistics are, first of all, most useful to the section, as opposed to those people who read the reports. So, we have said that there is no point in trying to standardize the method of reporting statistics between, for example, Motor Vehicles and Consumer Services. They do different functions and they need statistics which fit their purposes.

Mr. Chairman: The annual summaries of these statistics will then appear both in the annual reports and in the Estimates?

Mr. Illich: Yes.

Mr. Lawson: Yes.

Mr. Falle: I would like to know how many pieces of legislation Consumer and Corporate Affairs has control over or are supposed to look after?

Mr. Lawson: Roughly 50.

Mr. Chairman: Are you going to be doing away with things like the dog mushers speed limit law of 1903 and stuff?

Mr. Illich: Actually, that one is quite useful.

Mr. Lawson: We have done away with a couple recently and, yes, if there are more that we can identify. Through the *Personal Property Security Act*, we repealed approximately four statutes. Also, the *Motion Pictures Ordinance* was repealed, the *Saw Logs Driving Ordinance*, and so on, a year or so ago. If there are more that come up that we can identify as being definitely redundant or obsolete, yes.

Mr. Falle: At the very beginning of the questions, Mrs. Firth started off on the objectives of your department. With 52 pieces of legislation, it is rather a motherhood, be-all, everything to everybody. I did not get a real clear, definitive answer to where your objectives are. What are the objectives of the department? I think that was one of the main problems we had the last time your department was before us. The objectives were not definable. I do not believe you have really defined them, at least, not to my satisfaction.

Mr. Chairman: I should say, Mr. Falle, probably since they agreed to come back in writing with those, perhaps it might be

unfair to ask them to expose what they may or may not have permission to expose yet.

Mr. Illich: I would have no problem giving you the information at this point. The only problem is that I do not know for sure that I have the agreement of the minister that those really are our objectives yet. So, I do not know that I could speak on behalf of the department on those without the minister's concurrence.

Mr. Falle: Just basically looking from a layman's point of view, I would imagine that if you people are looking after and trying to enforce certain regulations when it comes to consumer-type legislation, that there are probably other departments doing the same thing and I would imagine that you may have duplication. I am not certain, but I would like to ask that question.

Mr. Chairman: I think, because of the time we are taking, we will take a coffee break until 11 o'clock and then continue with this. Perhaps we could have you back because there is still a couple of things we want to pursue. I do hope that when the objectives come we do not have an objective that says "to research the needs of the people of Yukon".

Mr. Illich: Yes, certainly, I can go that far as to say that that is not one of the objectives of the department.

Mr. Chairman: We will have a coffee break until 11 o'clock, then, and we will continue with Mrs. Firth.

Recess

Mr. Chairman: The Committee will come to order.

Mrs. Firth: Recommendation Number 5 talks about performance indicators. How does the department assess performance? I am under the impression that you are not analyzing, say, what it costs to issue one driver's licence or one other such licence. How do you then measure the performance, the efficiency?

Mr. Illich: Both qualitatively and quantitatively?

Mrs. Firth: Yes.

Mr. Illich: The fact is that each of the administrators for each of the administrative sections is situated right next door, basically, to their staff. For instance, if there are problems in Motor Vehicles and if the staff are not doing their job properly or if they are giving misinformation, or those kinds of things, basically, the deputy registrar, whose desk is right next door and can hear everything that is going on, is able to pick up on a lot of that stuff. As a result, he also is involved on a daily basis with checking at the front counter ensuring that forms are being properly filled in and that things are being done properly as far as processing applications. A lot of times there are things that come in that are a little bit unusual, possibly the re-registration of a vehicle or somebody who has come from somewhere else and wants a driver's licence, so he becomes involved; therefore, there is a very close connection between him and the staff. He can see what kind of work is being done by the staff and he can also see whether or not they are doddling with the work or whether or not they are actually working at a good speed and quite efficiently.

I think that is the case with every one of the sections within the department, save the weigh scales, for which we have the administrative people in our office. Then, of course, each weigh scale has a supervisor and the supervisor does do some on-the-job supervision. They are now spending one shift a month doubling up with their subordinates to make sure that they are complying with the policies and regulations that have been set down. We have done that since we have taken over the weigh scales to ensure that there is uniformity, and also that things are being followed properly.

Mrs. Firth: What kind of measure does the department use; how does it assess or determine staffing levels? We understand that the process of issuing a licence has a cost; there is a cost related to that process. Say the volume handled by each staff member was either higher or lower than, say, the performance indicators and the costs you knew, would it not be useful information for management purposes to determine staffing? How does the department now determine staffing and efficiency?

Mr. Illich: An example of that is what we did with the motor vehicles section, particularly this summer. We brought a business administration student on staff under the Student Employment

Program that the Education department ran. We had that person go through the motor vehicles section, working with Mr. Lawson, to come up with all kinds of data on what steps were being followed in each procedure, from receiving an application at the counter for a driver's licence to the final issuance of the driver's licence, and for various other things. We wanted to be able to see where we could cut out steps and, if not, what we would have to do as far as staffing requirements. In this way, rather than automatically assuming that we were going to need more staff because there was overtime being put in during the busy time of the year, we could try to make the operation a little more efficient by looking at what procedures we were following to find out if they were things that we could cut out. We have found steps that we can cut out and we are still looking at that report. Unfortunately, we have not had as much time as we would like to have had to follow through on that. That is one example of how we are handling that kind of stuff.

We have also, with Occupational Health and Safety, one person who is currently on staff as the inspection officer. We have a second position which is a combined inspection and educational officer but, because of the obvious slowdown in the economy, we have felt that there was no need to staff that second position and the person we have there now is handling things quite adequately. I guess keeping our ear to the ground as much as anything on that one has assisted us.

Mrs. Firth: Recognizing that there is a cost involved, could you say to the committee that you know the cost of issuing a licence, say a driver's licence?

Mr. Ilich: I think we could do that; we could come up with it. I do not know it off-hand, but I imagine we could come up with it fairly quickly. It would not be accurate right down to the last penny because there are all kinds of factors that come to bear on that, but, certainly, we would be able to come up with some figure that would approximate the costs.

Mr. Chairman: From our point of view, in terms of measuring the efficiency of some exercise, we are not going to be burrowing into all the detailed records of account, but if there is a statistic, for example, in the estimates which shows that last year it was costing you so many dollars to issue a licence plate and your revenue is such and such, but the next year the cost of doing that had increased extraordinarily without a commensurate increase from revenue, it would be apparent to us that you were significantly less efficient, or more efficient, depending. It might not be totally accurate and it might not be totally fair, but it would be a useful kind of indicator to us.

Mr. Ilich: There would be all kinds of other factors that would be involved in that, as well, depending on what kinds of other costs have escalated that have been brought to bear on that. I think, as long as it was clarified why the costs have gone up — because I do not think it would be quite as obvious and it may just be, for instance, with some of the sections — maybe Motor Vehicles would not be a good example, but certainly other sections — we are required to have occupational health and safety officers. Now, whether or not there are 10 or 20 accidents during the year or 200 accidents, we still have to have one safety officer. So, this year might be a bad indicator of efficiency just because this person has not, for instance, gone out to Elsa or Faro to even do inspections, never mind anything else.

Mr. Chairman: Believe me, we would never want to have a large number of accidents as proof of the efficiency of the occupational health and safety officer; rather, the opposite.

Mrs. Firth: How does the department identify the amount of money in the budget that they are going to need, say, to issue licences? How do you make that identification?

Mr. Lawson: I think the practice, if I can be candid, over the last two or three years, has been that we have been told how much money we are going to have and we make do as best we can. There has not been a great deal of reallocation within the department.

On this question of cost indicators, I think that there is an assumption that our costs, perhaps, do vary directly with volume and, as Mr. Ilich just said, in most of our units, that is not really the case. We have staffing levels that are established to provide a minimal level of service, whether it be in Occupational Health and

Safety, where we have one officer; Employment Standards, where we have two; Consumer Protection, where we have one, and so on. The volume may vary in a particular year as much as one hundred percent one way or the other and we really cannot adjust our costs or our staffing to compensate for that.

The second problem I have is that, dealing in small volumes, if we establish a particular year as a base, there is no assurance at all that that is a reliable base or one that should be used as an indicator for future years.

Mr. Chairman: But time will prove that case, one way or the other.

Mr. Lawson: Time would improve it, if the volumes were large enough. As we said in the response, we are looking at unit cost indicators. There may be areas, for example, in Motor Vehicles, where we have one or two people providing abstracts of driving records, doing driver testing and so on, where the service is standard, it is not qualitative. In those areas, we may be able to develop useful indicators.

Mr. Ilich: One thing we are doing, as well, as far as Occupational Health and Safety officers are concerned, is that we are getting in touch with other jurisdictions to find out what they are doing with that type of thing. In this way we can get both qualitative indications of what levels this person should be achieving and also, if they do have any kind of quantitative measures that they use for their staff, those, too. Again, I think the indication in our memo was the fact that, because the person is involved — and I think a lot of our staff are involved in the territory, differently from the provinces, where they probably communicate on a more informal basis — generally, I think the public prefers to deal with us in that way. We could use the indicators from the provinces to give us a guideline, but I think we would have to look then at what the practicalities are for the territory, considering the way people like to be served by the civil service here in Yukon.

Mrs. Firth: How does the department assess or gauge when the standard is minimum or maximum? How do you know that we are providing a minimum level of service to the public?

Mr. Ilich: If we are just providing the very basics?

Mr. Chairman: Mr. Lawson referred to having one or two people in various sections providing a basic minimum.

Mr. Ilich: What Mr. Lawson is basically referring to is the fact that, because of the expertise that is required in relation to certain pieces of our legislation — for example, the Occupational Health and Safety officer requires a great deal of training in order to understand the various aspects of industry, the types of equipment they have to use and the kinds of safety problems that occur in the work place — we obviously need one person in that situation as a minimum. That would be the very minimum that we would require. We could not get somebody for half-time to do that kind of work, likely, so we are basically looking at one fulltime person. That one fulltime person can handle, obviously from a very minimal number of inquiries or inspections a year to quite a great number. So, it is hard to say; if they only handle 20 during the year and the next year they handle 200, that may not indicate that the person is overworked or that they are not able to spend enough time on the job site doing the inspections. It may just indicate that they are now working at their peak efficiency. That is where the indicators can be misleading.

I do not think that we could serve the public properly if we had people doubling up and tripling up on some of the pieces of legislation. I do not think that we would have the expertise to be able to help them properly.

Mrs. Firth: The last recommendation, Number 6, Performance Standards; could I ask a very general question? The committee would like to know if you can expand any more on the response that was given following the committee's recommendations? Do you have any more information?

Mr. Lawson: As Mr. Ilich said, we are in the process, or will be, of contacting other jurisdictions. The concerns over quality of service, level of service, and so on, that were mentioned with respect to Recommendation 5 apply here, but we are hoping that there may be industry standards or provincial government standards

established that generally will say that a certain type of inspection will take, roughly, two or three or six hours — whatever it might be — so that we have some idea what the true capacity of our officer might be.

Now, we would have to balance those results against the quality of service that we wish to provide here. We are told by the occupational officer, who doubles here, unlike in some of the other jurisdictions, as an education officer, that he spends a great deal of his time, while doing inspections, also doing the education aspect of his job. Again, the results may be misleading, but we will be trying to get some information from the other jurisdictions to use as a bench-mark.

Mr. Ilich: Also, the supervisor of this person has been appointed an officer under the act and, therefore, will be able to go out on the the job site with this person to better acquaint himself with the kinds of things this person is involved in, and should be in a much better position, even when he receives written reports, to understand what kinds of things this officer has done and whether or not an inordinate amount of time has been spent on an inspection or out teaching something.

Mr. Chairman: We do not have an occupational health and safety act, or, at least, a revised one as such. Which act are you referring to?

Mr. Ilich: This is under the *Workers' Compensation Act*.

Mr. Brewster: That leads into a question that I suppose would go back to Recommendation 5, the performance indicator. This occupational health and safety person, as you state now, is working under the *Workers' Compensation Act*?

Mr. Ilich: The requirements are set out under the *Workers' Compensation Act*, but this person is actually working in our office. Now, we recover the wages from the Workers' Compensation Board, but this person actually works in our department, because of the fact that there are a lot more things involved than strictly the payment of wages once an injury has occurred. This person is involved in teaching, inspections, accident reporting and those kinds of things. That person actually works in our office, but the Act that he is responsible for is the *Workers' Compensation Act*.

Mr. Brewster: I notice in the background information that it states that he makes routine reports to Workers' Compensation and he does actual reports for them, but this is charged back to Workers' Compensation. In other words, you know how many hours a day he works for Workers' Compensation.

Mr. Ilich: The total cost of him being within our department is charged back to Workers' Compensation; all of his wages. We do receive requests from the Workers' Compensation Board to ensure that they are getting their dollars' worth for this person working within our department, as well. We are continually working with them on reporting procedures back to the board from our office; not necessarily directly from the employee, but certainly from our office as to what kinds of inspections were done and what kinds of things were found when the person was out doing inspections.

Mr. Chairman: Thank you, Mr. Ilich and Mr. Lawson. I will excuse you now as witnesses. If we do have any particular questions that may occur to us later, I think we will communicate them in writing and perhaps ask if you could give us a written response during the time of these hearings.

Mr. Ilich: Certainly.

Mr. Chairman: I do not anticipate any now, but there may well be some that occur to us later.

Thank you very much.

Witnesses excused

Mr. Chairman: We are now going to meet again with Mr. Vantell, from Government Services. We are going to begin the major review of that department. I have asked Mr. Vantell to come alone because I think the questions in the remaining time for us today will be extremely general. Mr. Byblow will be leading that line of inquiry, but I understand that Mr. Vantell has an opening statement and I would recognize him first for that purpose.

Mr. Vantell: I have distributed two sets of organizational charts: the first chart is marked Exhibit "A", and reflects the Department of Government Services the way it was during 1981-82. The second chart is marked Exhibit "B" and shows the way it is

today.

The Department of Government Services is strictly a service-oriented department and provides a wide range of services within the Yukon government. During the 1981-82 fiscal year, the department consisted of four main branches: Supply Services, Systems and Computing Services, the Public Affairs Bureau and Property Management. Since 1982, several other components were added, such as Public Works, Records Management, Contract Administration and the Parking Authority.

The Supply Services Branch, with Sam Cawley as director, provides a pool of resources to all government departments and Crown corporations, encouraging greater efficiency and economy. The branch consists of nine different sections, with the following responsibilities:

1) Purchasing. This section has two prime functions: to ensure that departments acquire goods and services in the most economic manner and to ensure that government business is dispersed on an equitable basis, giving preference, if at all possible, to the northern business community. During the 1981-82 fiscal year, purchase orders were issued for \$17,800,000, service contracts were \$11,400,000 and local purchase orders were issued for \$900,000.

2) Asset Control. This section is responsible for all Yukon government capital assets, totaling a value of \$91,200,000, and maintains on-going records. The annual auctions are handled through this section and produced recoveries of \$149,000 during 22 sales throughout the year.

3) Transportation. This section co-ordinates the movement of goods and services through the utilization of commercial carriers for freight and charter contracts, both for fixed wing and rotary aircraft.

4) Car Pool. In 1980, the co-ordination of all government passenger carrying vehicles was placed under the authorization of the Transportation Section. The total number of vehicles was reduced by 18 and the efficiency of the operation, as well as the utilization, was improved tremendously. The pool fleet consists of 119 units divided over the following categories: assigned outside Whitehorse, 18; assigned within Whitehorse, 74; assigned through the common pool, 27.

" This section is also responsible for the chauffeur system and the operation of the handibus serving the elderly and disabled five days a week.

5) Travel Office: Since January, 1982, all government travel, including medical evacuations, are booked through this office which has two video display terminals linked through the CP Air main computer in Vancouver. The system is not only cost-effective and beneficial to the government but results in equal distribution of government funds to the various travel agencies.

As a matter of interest, during the calendar year 1982, from February to December, we booked a total of 753 flights within Yukon and 1,069 flights outside Yukon, representing a total value of \$929,000.

6) Communications: This section covers the activities of telex, dex, telecopier, mailing services and shipping and receiving for all government departments.

7) Printing Services: The Queen's Printer operation during the year was relocated to the Supply Services building in the Marwell area. This not only created more room for their operational requirements, but allowed better utilization of space in the administration building. The Queen's Printer provides a quick print service to all government departments with an annual volume of about 10,000,000 reproductions.

The introduction of forms management procedures has resulted in the reduction of government forms and now provides form designer layout service to all government departments. The Queen's Printer also monitors the acquisition and maintenance of all photocopy equipment throughout Yukon and is responsible for the publication of the *Yukon Gazette* and *Hansard*.

8) Warehousing: Our Central Stores is located in the Marwell compound. We operate with a \$600,000 revolving fund and maintain an inventory of 1,100 different items, such as stationery, cleaning supplies, hardware, et cetera. The main advantage of Central Stores is bulk purchasing of common items.

9) Safety and Security: This function covers only one person-year and was transferred from the Public Service Commission to our department during this fiscal year. It is responsible for monitoring the internal security of all government establishments. It also has Emergency Measure Office responsibilities, for which it reports to the Department of Intergovernmental Relations and is cost-shared with the Government of Canada.

This covers the nine different areas of responsibility for Supply Services the way it was structured in 1981-82. Since March of 1982, the following additions were made to Supply Services: Records Management, which includes the record centre, record stations and micrographics and contract administration.

The second branch of this department is Systems and Computing Services, which is managed by Rob Fuller and is divided into three different sections: Processing Services includes the technical side of the branch for technical consultants, computer operators and data entry operators; Systems Development, which includes systems analysis and programming; and the Service Centre, which includes a word processing co-ordinator.

This branch provides a systems analysis in design services, as well as an electronic information processing service to all government departments and Crown corporations.

The third branch of Government Services, during 1981-82, was the Public Affairs Bureau. Since June of last year, however, the Bureau was transferred to the Executive Council Office. The director, Andy Hume, will be with us tomorrow to answer any questions you may have on this branch.

The Public Affairs Bureau provided a centralized in-house service to all government departments, Crown corporations and agencies in the area of public information, education and awareness programs relating to government programs and activities. These services were provided through the following three sections: Information Services, Photography, and the Inquiry Centre.

» The fourth branch of the Department of Government Services for the year under review is Property Management, under the direction of Bill Blinston, Building and Rentals Manager. His branch acquires and allocates office accommodation for all government departments throughout Yukon, including the provision of support systems, such as building maintenance, janitorial and security services. The branch consists of three sections: Engineering, limited only to the Whitehorse administration building; Custodial Services, including gardening and landscaping in and around all government buildings, except schools; and, Security, limited only to the Whitehorse administration building.

As you can see, on our new organizational chart marked Exhibit "B", a major reorganization of the department took place during the summer of 1982, and Public Works was transferred from the Department of Highways and Transportation to our department.

Property Management now comes under Public Works, which should be, because it is closely related to Property Maintenance. Security and the Emergency Measures Organization Co-ordinator has also been transferred from Supply Services to Public Works, because the position goes hand-in-hand with the Security Section, formerly under Property Management.

Mr. Chairman, I hope I have not been too confusing in my remarks, but I am sure that, with the assistance of my directors, we will be able to answer any questions you may have in relation to the administration of our department.

Mr. Chairman: Thank you very much, Mr. Vantell. Given that we have reached the time of adjournment for our hearings, I would thank you for your statement, and look forward to seeing you tomorrow morning when we will subject you to the withering scrutiny of Mr. Byblow. You will be here tomorrow with the major officials from your department, we expect.

The Committee now stands adjourned until 9:30 a.m. sharp tomorrow morning. The Committee will now adjourn to the Committee Room, where we will go into Executive Session. Thank you.

The Committee adjourned at 11:30 a.m.

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Thursday, February 3, 1983
9:30 a.m.

Issue No. 3 (Fourth Sitting)

25th Legislature

Standing Committee on Public Accounts

Chairman: Tony Penikett, M.L.A.

Vice-Chairman: Mr. Brewster, M.L.A.

Members: Hon. Mrs. Firth, M.L.A.
Al Falle, M.L.A.
Maurice Byblow, M.L.A.

Missy Follwell
Clerk to Committee

Expert Advisor from the Office of the Auditor General:

Raymond Dubois, Deputy Auditor General
Harold Hayes, Principal

Witnesses:

Department of Government Services
Andy Vantell, Deputy Minister
Sam Cawley, Director, Supply Services
Rob Fuller, Director, Systems and Computing Services
Andrew Hume, Manager, Public Affairs Bureau
(formerly under Government Services)

21 EVIDENCE

Thursday, February 3, 1983

Mr. Chairman: The Standing Committee on Public Accounts, Meeting Number 3, Formal Hearings, will come to order.

Today, we are continuing with our review of the Department of Government Services. I would like to welcome back as witnesses before the committee, Mr. Andy Vantell, Deputy Minister; Sam Cawley, Director of Supply Services; Mr. Rob Fuller, Director of Systems and Computer Services; Mr. Art Christensen, Director of Public Works. I understand you completed your opening statement yesterday, Mr. Vantell, so we will go immediately to Mr. Byblow, who will be leading the line of questioning this morning.

Mr. Byblow: Good morning, gentlemen.

I want to say how I appreciate having had an opportunity to review your opening remarks overnight. By way of notice, I want to say that the line of inquiry that I will be taking this morning is going to centre on the transfer of the responsibility of property management and chargebacks, after which I will want to examine procedures in contracting awards under Public Works. Following that, we will probably ask some questions relating to the Faro school, the Mayo administration building and a number of other topics related to Public Works. Later, I will want to get back to discussing accuracy and consistency in the Estimates, relating to the figures presented, as well as departmental objectives. So, if that can map out the intention of the line of inquiry, I can, perhaps, proceed right into it.

In your opening remarks, you said that the Department of Government Services assumed the responsibility for property management in July, 1981. That is quite substantiated by the absence to any reference to property management in the Main Estimates of Government Services but, by the time Supplementary No. 1 was introduced, we have reference to property management, so that is something that took place during the fiscal year under review.

22 However, when the funds for office accommodation, as it is referred to in the Estimates, were originally estimated in the Department of Public Works, they were offset by internal chargebacks to the very same amount. I interpret that to mean that, in effect, there is no actual cost to the department. Yet, when we see the reference in Supplementary No. 1, it indicates that there is a cost to office accommodation for the department. My first question, to understand the situation, is if property management costs are direct chargebacks to other departments, why was there a call for supplementary funding by Government Services when it assumed the responsibility in July, 1981?

Mr. Vantell: I do not recall the exact dates when the chargebacks were discontinued. I would have to research that a little more but, at that given time, of course, the cost was incurred in relation to rental of office space and janitorial services and security and whatever. When we took over from the Department of Highways and Public Works, it was a self-recovery situation. I do not have the figures with me right now, but there was a given time when we discontinued the chargeback situation.

Mr. Byblow: Why was there a call for additional funding when you took over that portion, when the original Estimates said that there would be no costs because it was offset by the chargebacks?

Mr. Vantell: Do you have a specific amount?

Mr. Byblow: Supplementary No. 1 refers to, I believe, \$196,000 that was budgeted. I do not want to bog down with details. I just was curious as to why there was additional funding called for, for office accommodations when, apparently in the chargeback policy, there ought not to have been any additional charge because it is billed back internally?

Mr. Vantell: Could I come back with an answer to that question tomorrow?

Mr. Byblow: Sure. Could I inquire what exactly a chargeback relates to? Perhaps I could go one step further: does it relate to government-leased facilities, government-owned facilities or both?

Mr. Vantell: Both. All the costs incurred at the time by Property Management were translated into the number of square

feet or square metres and charged back to departments.

Mr. Byblow: When, then, was the chargeback system eliminated for assigning space costs to departments within government-owned facilities?

23 **Mr. Vantell:** Owned as well as leased.

Mr. Byblow: We understand, from Mr. Fingland's remarks, that the policy of chargebacks within government-owned facilities has been eliminated. Does it still show up in your department to other departments when you arrange for office accommodations?

Mr. Vantell: No, it does not. We have a breakdown, of course, of what every department occupies as far as space is concerned, but we do not charge other departments for that space occupied or the services in relation to that space.

Mr. Byblow: Let us assume that you have an arrangement made for leasing space to a department — it is outside a government owned building, it is from the market — how is that chargeback handled?

Mr. Vantell: It is not charged back. We will have the funds available in our own budget to pay for that.

Mr. Byblow: Government Services will have those funds in their budget?

Mr. Vantell: Government Services. That is correct.

Mr. Byblow: It does not show up as a cost to the recipient department?

Mr. Vantell: That is correct.

Mr. Byblow: In the process of calculating your costs to maintain space for departments, is there a system maintained that reflects the actual cost of that space?

Mr. Vantell: Yes, there is.

Mr. Byblow: Do you break out that cost to each department? In other words, do you have a system that tells you what each department costs you for space?

Mr. Vantell: We have those figures available, but they are not being used for any purpose at this time.

Mr. Byblow: Why is that?

Mr. Vantell: If departments request those figures, they will be available. For us, we know how many square feet of office space we have in total, whether it is leased or owned by the government, and we know how much it is going to cost us to operate that. That is all that we are concerned with as far as our O&M budget is concerned.

Mr. Byblow: Would it be a substantial problem to incorporate that into the informational statistics in the Estimates?

Mr. Vantell: No.

Mr. Byblow: How do you arrive at a cost per square foot of a government-owned space?

Mr. Vantell: We can simply take all the costs incurred in property management and divide it over the total number of square feet.

Mr. Byblow: Would that include any capital costs?

Mr. Vantell: Capital improvements. Not capital costs, no.

Mr. Chairman: You may have covered this in your own mind, Mr. Byblow, but since Mr. Vantell has offered to come back with an answer I wonder if he could clarify one point for me. In the year-end review, your client departments budgeted a certain amount for rents, the chargebacks they would have to pay. When the chargeback policy was changed or abolished or suspended, you had a supplementary of \$196,000 to cover the costs of operating the property management of that same space. Was this \$196,000 transferred out of those other departmental budgets from the allocation they had made for rent to you?

24 **Mr. Vantell:** I do not know exactly about the \$196,000. I would have to look at that. All the funds which were available in the budgets of the various departments were transferred over to our department.

Mr. Chairman: Were those amounts accurate? Were the figures originally supplied by Public Works on the basis of the formula indicated by you a moment ago on the basis of the square footage of space or were they figures developed by the client departments based on some kind of history that continued to budget the same amount?

Mr. Vantell: They were developed by the department, with the

advice from us as to how much it would cost per square foot.

Mr. Chairman: I accept your undertaking to clarify that one point that Mr. Byblow raised earlier.

Mr. Byblow: I think I will leave that aspect of inquiry there and wait for the response relative to that supplementary funding. We may have more questions relating to the chargeback.

I would like to move into the area under the responsibility of Public Works that your department has assumed and specifically talk about the procedures in awarding contracts. You may want to defer the questioning to Mr. Christensen.

Perhaps, by way of introduction, I could ask for an explanation of what takes place in the procedures from the moment that a need is identified to construct a facility for a client department to the point of acceptance of that project. We are talking about a public works facility. It could be a structure, a client department identifies that it needs this facility. What takes place through the process until the point where that facility is turned over to government? It would be of a large-scale facility requiring additional outside assistance.

Mr. Christensen: We spoke the other day of the sequence of events, or the schedule, by which a project is brought from its infancy to completion. Let us set a scene, then, for a major project. We can draw on numerous examples in the territory that have gone in this fashion.

Once the plans and specifications are completed and we have answered the needs of the client department, through the approval process, we are then ready to go to tender call. The public tender notice is placed in the local papers and, depending on the size of the project, of course, we advertise across western Canada. This is in newspapers located in Edmonton, Calgary, Vancouver, Prince George and also in the Dawson Creek-Fort St. John area. So, that is the legal tender that appears in the paper advising contractors that the project is out to tender. Various trade magazines and journals located in the southern cities mentioned pick up on this and publish the tender call, as well.

We send to all the trade associations, the building construction associations, several sets of documents that they display in their plan rooms that are related to the building construction industry. This includes the Building Construction Association of Whitehorse. In other words, the documents are placed in a reading room or a plan room where interested contractors and suppliers can examine the documents. The arrangement for sending plans and specifications to outside suppliers is by means of mail or air mail, whatever, to get them down to the outside points, but we only send them upon receipt of a plan deposit, which is either a certified cheque or cash.

We usually allow one full month as a tendering period. Once tenders are received, of course, they are analyzed very carefully as to whether they are over or under-budget, et cetera and whether or not we should enter into negotiations or discussions with the low tenderer. We do arrange a pre-contract award meeting with the low tenderer. This meeting follows a format where we determine very quickly whether or not the contractor, the low tenderer, fully understands the scope of the work. In other words, it is an examination of the intent of the work, the scope, so he can tell us whether or not he is confident in the tender he has submitted. The other points that are examined are his previous experience, credit ratings, bank references, ratings with trades and suppliers. In other words, a fairly complete financial history. We do follow these checks up by phoning banks outside, suppliers and all this information is documented.

All things being equal, the contract is awarded and the work proceeds. We carry out inspections of the work. We call upon consultants and the architects, if they are involved in the program, to assist us in these inspections, and the work carries on to completion and acceptance. All the way along in this program, the client department visits, is involved with the project, to make sure that whatever we do is what they want. That is the rather lengthy description and I hope it covers the question.

Mr. Byblow: Thank you, Mr. Christensen, for that explanation.

I do want to spend some time examining what you were talking about. Firstly, I want to go back to the first few stages of the procedure and talk about those steps that take place prior to the preparation of the specs, as you referred to them.

The client department making the request for the facility makes contact with Public Works. Exactly what takes place then? Certainly the client department is not capable of putting together drawings, is not capable of putting together a design and is not capable of putting together any engineering detail. What takes place prior to the point where specs are assembled?

Mr. Christensen: If we can go step-by-step, I think this would help us. Step number one is where the client department identifies a need, either a new building, an addition to an existing building, or major renovations within an existing building. The client department, through their own discussions in the department, has determined there is a need. They contact our department for assistance in determining the area involved to suit the program, their needs, and a very rough cost of what it will come to budget-wise.

I emphasize the word "rough" because we have not gone into details and all we can look at is the total space required and translate that space through dollars per square metre or per square foot into the finished product. It is a rough estimate.

Now, once a program approval has been received through the budget process, we then get into details with the client department, again, to really nail down or define their program needs. This information, once it is determined, is passed to an architect if this is the route that the project will take. The architect will take these program notes and translate that into very rough sketches and submit them to the client department to say that this is his translation of their needs, how does it look? The client department has ample opportunity to look at the sketch plans and, through the subject of approval or resketching, finally the sketch plans show exactly what the client wants.

The next step, of course, is defining that program into more precise drawings, details, exterior views. Again, it goes through an approval process to ensure that it meets the clients' needs.

All the way along through this operation, of course, there are code checks, National Building Code and other codes that are required that need to be referred to to ensure that whatever happens is in accordance with the standards set.

Once, of course, the more elaborate plans are finished and approved, the architect proceeds with the final working drawings and specifications. All the way through this process there is an opportunity for the client department to look at the work to see how it is proceeding, again to ensure that it is meeting their program. Finally, the drawings are finished and the project is going to tender.

Mr. Byblow: I appreciate that explanation. I was seeking that type of summary.

I want to talk about that process of planning from the moment the client department expresses the need, through the process where you detail the requirements and it gets ready in a physical form of drawings. Who enters into contract with the designers, architects and engineers in the preparatory stage of the planning?

Mr. Christensen: It is the decision of the client department as to who is engaged to do the design work, architectural work. We provide the client department with information we have received from interested architects on the outside, as well as the local professional people. We have a track record of professional people who have done work for us in previous years. The final decision, of course, rests with the client department.

Mr. Byblow: Are you saying that the authority to enter into a contract with the architect or the engineers or the designers, whomever is involved, rests with the client department?

Mr. Christensen: No, I am sorry, I apologize for that. The selection is made by the client department. The negotiating is done by Public Works with the selected consultant.

Mr. Byblow: You say the negotiation goes on with Public Works. Who signs the contract? Who has the authority to say, yes, we are going to take firm "x" to detail these drawings?

Mr. Christensen: The decision is made with the client department to go with firm "x". The negotiation is with Public Works and the successful consultant.

Mr. Byblow: Does Public Works sign the contract with the consulting firm?

Mr. Christensen: No, it would be signed by the deputy

minister of the contracting department. Mr. Vantell, in this particular case, would sign on behalf of the government.

Mr. Byblow: So, the authority ultimately rests with the deputy minister of Government Services in those small contracts leading up to the major one.

Mr. Christensen: Yes.

Mr. Byblow: Given that, could I ask how the spending authority is regulated towards those individual awards of design, of engineering? Is the spending authority regulated by the total cost of the project or is there a spending authority applied against the individual contracts leading up to the major one?

Mr. Christensen: Perhaps the best way of explaining this is that if there is one main contract with the consultant, there is going to be a commitment and the commitment is based on the estimate of the value of the work. Looking at the architectural agreement or consultant agreement, there is a formula in there by which the fees are determined. There is a formula in the agreement as to how the consultant will be paid as the work progresses. I am not sure whether this answers your question.

Mr. Chairman: Do you sign any contracts on behalf of the government?

Mr. Christensen: No, I do not. I have authority for smaller contracts.

Mr. Chairman: To what limit?

Mr. Christensen: \$25,000.

Mr. Chairman: Mr. Vantell, then, signs most of the contracts of this kind on behalf of your department. Could I ask you, Mr. Vantell, what is your limit? Do you have, by regulation, a limit to the amount of the contract you can sign on behalf of the government?

Mr. Vantell: I do not know exactly what my limits are. I believe it is \$500,000.

Mr. Chairman: Could you check for us exactly what it is?

Mr. Vantell: Yes.

Mr. Byblow: I want to clarify the range of procedure in the preparatory stage for contract awards. You make reference to a consultant. Are consultants engaged to oversee the entire process of planning? That is, do consultants engage the engineers, the architects, and so on? Do they act with you as a client?

Mr. Christensen: Yes.

Mr. Byblow: So then, there is really just one contract we are talking about in these major projects and that is with a consultant. Is that correct?

Mr. Christensen: This is correct.

Mr. Byblow: So we do not enter into individual contracts with architects, separate ones with engineers, a separate one with soil analysts, and so on?

Mr. Christensen: The agreement with the architect, firm "x", will include a complete service: architectural, structural engineering, electrical engineering, mechanical engineering, which includes plumbing, heating, air conditioning and ventilation, and there may be other specialist consultants involved. For instance, if there is any need for acoustical treatment or a specialized radio communications system, other specialist consultants will probably come into the agreement. Soils consultants, geotechnical engineers can be involved in this main agreement or they can be handled separately, depending on the work involved.

In other words, we have one main agreement with the consultant, but we may have one or two minor agreements, or smaller agreements, with other specialists.

Mr. Byblow: That is, essentially, what I was getting at. The common practice, you are saying, is to have an agreement with a consultant who engages all the required professional expertise.

Mr. Christensen: That is correct.

Mr. Byblow: You may go beyond that and engage some special expertise, in addition to that major contract and preparation?

Mr. Christensen: That is correct. I might point out to you that the selection of sub-consultants to the main architect is subject, again, to our approval representing the client.

Mr. Byblow: Back to the earlier questioning. Who has, and how much is, the spending authority for these sub-consultants?

Mr. Christensen: Within the main architectural agreement,

including the sub-consultants, our department has authority to spend funds under that program.

Mr. Byblow: If it is under \$25,000, you could have that authority?

Mr. Christensen: Yes.

Mr. Byblow: If it is over that amount, Mr. Vantell would be required to sign that agreement?

Mr. Christensen: Yes.

Mr. Chairman: If it is over \$500,000, who would sign that?

Mr. Vantell: The minister.

Mr. Byblow: What is the procedure where a review of the project or some aspect of the project comes under question? For example, there may be some questionable design. Someone objects to the way something is being planned, it may be running over-budget. What is the procedure when there is need for a review of a project underway?

Mr. Christensen: What we do, almost as a standard procedure, is we call a site project meeting for each and every project we have. These are held usually once a month. Present at these meetings are the main contractor, representatives from the major sub-contractors involved in the project, certainly representatives from our department and a representative from the architectural firm, the mechanical and the electrical engineering firms involved in the program.

Mr. Chairman: Could you explain what you mean by "it is almost a standard procedure"?

Mr. Christensen: It is something that we have adopted over the years as a project management tool. It gives all the people, all the personalities and the firms involved in the program a chance to get together.

Mr. Chairman: I understand that, but why is it not standard? Why is it "almost" standard?

Mr. Christensen: We have had some changes in some of our programs and, because of staffing and budgets, we have had to look at these sort of things very seriously to determine their actual value and what is going to be our procedure in years to come.

Mr. Chairman: Their value is in question at this moment?

Mr. Christensen: Well, no. What we are going through is a reassessment of past practices and looking at what they should be in the future.

Mr. Chairman: Not with a view to doing away with the procedure, but, perhaps, towards standardizing it?

Mr. Christensen: Perhaps instead of once a month, perhaps once every two months.

Mr. Chairman: As a result of this review do you expect to have committed to paper a standard procedure?

Mr. Christensen: No, I would not think so, in my opinion at this time. We really have to look at the project, its complexity and whether we need to have that sort of formalized meeting. All projects are different. Some would demand a formalized site meeting and others would not.

Mr. Chairman: Who would decide whether such a site project review meeting would be in order?

Mr. Christensen: This would be done with our client, of course, and also with the successful contractor, the consultants. It would be a consensus to establish, right at the very beginning, whether or not this was going to be a valid operation; are there enough problems in the project that would demand attention once a month.

Mr. Chairman: I understand consensus. Who has the first word or who has the last word?

Mr. Christensen: I think that we, in Public Works, would have the final word on whether it goes ahead.

Mr. Byblow: You made reference to the site project meetings. I made reference to a possible review of a project part way through its completion or at any stage therein. Given that Public Works has the final say, what impact does that have on the responsibilities of the consultants? Let me put it very specifically, what happens in the event that the client department or Public Works changes recommendations of a consultant or even changes speculations?

Mr. Christensen: Perhaps I could just go back to the site meetings, which I described. The purpose of the site meeting, of course, is to examine in detail the work that has progressed thus far.

Mr. Byblow: But, given that there was a deficiency, who is responsible for that deficiency? Are you saying that Public Works is?

Mr. Christensen: If there is a deficiency on the contractor's part, the general contractor, the party engaged and contracted to build the facility, must correct it.

Mr. Chairman: Mr. Christensen, it seems to me you are avoiding the basic question. If it is a dispute between a consultant and a contractor as to who may be responsible, for example, for a deficiency or a flaw in the final project, who decides the question? Is it you?

Mr. Christensen: This would be correct.

Mr. Chairman: So, it is you who decides. If something goes wrong with the building at the end of the project, you are the one who has the responsibility for deciding who is at fault or what is at fault.

Mr. Christensen: This would be correct.

Mr. Byblow: Do you engage outside advice? Is there any type of independent review?

Mr. Christensen: Yes, there is.

Mr. Byblow: In that kind of a situation?

Mr. Christensen: Yes. There would be a support mechanism for this.

Mr. Byblow: To qualify your decision. In matters of litigation, what is the procedure?

Mr. Christensen: Again, we would seek professional guidance for expert assistance.

Mr. Byblow: You would seek a second opinion?

Mr. Christensen: It depends on the complexity of the problem, yes.

Mr. Chairman: We talked about the possibility of a lawsuit arising. Now, you have made a decision that it is the contractor or the consultant, whatever you have decided — it may be the electrical contractor — you have identified that problem and there is subsequent litigation. At that point, are you still the final authority or will it be deferred to one of your superiors or to the ministerial level, the deputy ministerial level, to an outside consultant, to, in fact, confirm your opinion? Is there an established procedure for confirming or documenting or legitimizing your decision?

Mr. Christensen: I think that, again, it would not remain in isolation. My deputy minister would be involved in this. If it is a question of law and responsibility, we would seek assistance from the Department of Justice.

Mr. Chairman: You earlier described your spending authority as \$25,000 in terms of a contract. Mr. Vantell's is \$500,000 and the minister's is anything above that. You have a flaw in a contract that may be \$2,000,000, to use a hypothetical figure, yet you were the authority for only a \$25,000 amount in making the final decision as to who may be responsible for correcting what may be an error considerably in excess of the your \$25,000 limit. Does that not seem a contradiction to you, in terms of hierarchy of authority? I am asking a question, really, not of professionalism, but of legal responsibility, if you understand what I mean.

Mr. Christensen: Accountability in my spending or my authority for spending?

Mr. Chairman: Yes.

Mr. Christensen: The normal course of events, the changes in contracts, whether the contractor is at fault or otherwise, has been somewhat limited. I am trying to recall some examples of where we have had real conflicts with contractors and their performance and liabilities.

Mr. Chairman: Perhaps we could leave it there and take a coffee break until 10:45 and we will come back with an example or two that we can discuss and talk about procedures in those cases.

Mr. Vantell: could I say to you that it appears, from the line of inquiry, that we may not get much past Mr. Christensen and yourself today in questioning and I wonder if it might, for your convenience, if you are agreeable, we could excuse Mr. Cawley and Mr. Fuller as they may have other things they want to do, as fascinating as this is? It is now looking to me as if we will not get to their areas today. If that is acceptable to you?

Mr. Vantell: That is fine.

Mr. Chairman: So, we will reconvene at 10:45.

Recess

Mr. Chairman: We welcome back Mr. Vantell and Mr. Christensen.

Before I turn you back to Mr. Byblow, Mr. Christensen, in talking about spending authorities, if a change order in a contract results in this amount being exceeded, who authorizes the change order?

Mr. Christensen: Once we have negotiated a price change with the contractor and we have determined that the price is fair and reasonable, the contractor signs a change order in the space that is provided. I sign the change order as a recommendation and it is passed to my deputy minister for final approval.

Mr. Chairman: That would be the case even if it were still under \$25,000?

Mr. Christensen: Yes.

Mr. Chairman: And if the original contract were \$24,999 and we had a change that added \$20, that would go to your deputy minister, just as it would if it were much less than that?

Mr. Christensen: Yes.

Mr. Chairman: Mr. Vantell, if you have a \$500,000 contract, or just under that, and you have a change order that results in its going, by a very minor amount, over your limit, does the minister then have to approve that?

Mr. Vantell: I do not think it has been the practice in the past, no. If it is only a change of, say, \$10,000 or \$20,000, I would approve it without bringing it back to the minister.

Mr. Chairman: So, when they say \$500,000 in your case, it is not absolute limit, it is a margin.

Mr. Vantell: That is the way I see it, yes.

Mr. Chairman: Do you know what the margin is? Is it one percent, two percent?

Mr. Vantell: No, I do not.

Mr. Chairman: There is no limit to the variance on the limit?

Mr. Vantell: I do not think so.

Mr. Byblow: Is there written procedure governing the full scope of a project development?

Mr. Christensen: No, there is not. I have made note that this is something that we should document very carefully. I made note of this in a statement the other day where, at one time, there was a policy that was written with respect to public works programs. I noted that it had been removed for one reason or another. That particular policy described a procedure from concept to completion.

Mr. Byblow: So, it is your undertaking that this will be reinstituted?

Mr. Christensen: It would be my recommendation to my deputy minister that this be seriously considered.

Mr. Byblow: When would you hope to have this in place, given the last hour's discussion?

Mr. Christensen: I would suggest by the coming summer.

Mr. Byblow: I would like to move on to some questions surrounding the Faro school. I think, by way of prefacing my first question, I would observe that something went seriously wrong in that project. We have a facility that has been constructed with a number of deficiencies. The deficiencies are very obvious in the form of cracks, rolling floors, doors that do not hang properly and will not close. Looking at foundation footings, we see tremendous movement in those supports.

Given what we have discussed, in the past hour, design, planning, construction and final acceptance, I want to know what went wrong in the construction of that school in terms of the procedures. You referred on Tuesday to what took place in Faro as, perhaps, having been an act of God and I would want you to make a clarification on that. What went wrong to create the deficiencies in the Faro school?

Mr. Christensen: First of all, I would like to apologize to my deputy minister and, through him, to you, for the phrase "act of God". It is not a precise engineering term and we should refrain from using it and I offer my apologies.

Certainly, when we think of an act of God, we witnessed in

December, 1981, where the Old Crow school burnt to the ground. In working with our insurance and fire inspectors, we came to the conclusion that it was an act of God. The insurance company treated it in that fashion. It was a tragedy that could not have been forecast, estimated or scheduled in any way, shape or form.

We think of an act of God as being something devastating — again, something that cannot be forecast; major floods, an earthquake that comes through and does severe damage. Using that phrase for what happened at the Faro school is, perhaps, inaccurate.

I was involved in the construction of the Faro school from the original school, through the second addition and through the last third major addition. The foundation technique that was adopted at that school was based on the consultants who were employed by the mining company for the construction of the recreation centre.

The technique that was used was based purely on engineering principles while, of course, keeping economies in mind. The technique that was used in the rec centre involved the complete excavation of all the frozen clays and silt, down to a layer of gravel that was determined to be down about 14 feet. So, if you can picture in your mind that all the frozen clay and silt — it is a permafrost area — was excavated out and wasted. It was just hauled away and dumped.

The second step is, once that gravel layer was found, we started a backfilling operation. The backfill was clean, good gravel that passed the test for compaction, et cetera and was brought right to the desired grade — something in the range of 14 feet when we talk about the original school. Once the gravel placement had been completed, we then commenced the placing of concrete footings, foundation walls, steel structure, finishes inside and outside and, eventually, completed the school ready for use by students and staff. Despite these techniques in the original school, there were movements. The movements, thank goodness, were acceptable and did not cause any structural or cosmetic problems.

Let us go on, now, to the second addition. Again, we followed the practice that had been adopted for the recreation centre, for the original school. We excavated down to this gravel horizon, we followed with backfill and, as in the previous school, we completed it and it was ready for occupancy.

Let us now deal with the third major addition. Again, with soil testing, we determined that the gravel layer was still there. The contractor excavated down to the gravel layer. We found that there was one portion where the gravel layer dipped steeper than it showed on the drill logs and the excavation of that portion broke through the gravel layer. We ended up with frozen clay and silt that quickly turned to a quagmire. A decision was made to stop the excavation.

The decision was made that, since the excavation was adjacent to the existing school, we were placing the existing school in real jeopardy. Would it really collapse as a result of undermining the foundations? The decision was made to stop excavating and to commence backfilling immediately, which we did. That decision was made by myself at the site, in concert with our consulting engineer.

We stopped the excavation and we carried up the backfilling operation to the required grade. All the backfilling was done, of course, under strict quality control by the consulting engineers. In other words, the work was inspected and was approved. Likewise, the contractors worked for the foundations, foundation walls, the steel structure. All these different parts of the building were all inspected and approved. The contractor went ahead and completed the building. We moved in the furniture and equipment and it became part of the school complex.

Two years ago, in January, 1981, was the first indication of failure. It happened almost overnight. We addressed the problem. Our consultants were involved and it was determined that at no point was the contractor deficient. His work was all inspected and improved. At no point were the consultants deficient and the work was completed and we had this foundation failure.

I said the other day it was an act of God and, again, I would like to go back and say that this is a wrong term to use. The work that went on there was based on experience with permafrost and building construction but, for some reason which we cannot explain

even to this day, we had that movement.

Now, during our investigations, we even contacted the National Research Council based in Ottawa and sought their assistance on what has happened here that we really could put a finger on and say "That's it". The permafrost reaching through Faro is pretty severe. I have not seen some of the newer houses, but I gather there have been problems with the newer housing and other developments.

We have monitored the school foundation problem there ever since it occurred. We have documented all our research, surveys, reports and are keeping a tight control on it. We see now where the foundation has reached a point where it is stable.

On January 19th, two weeks ago, the structural engineers were at the school. We made a thorough investigation of the crawlspace, the exterior and interior. We examined the structural steel where we could without cutting away finishes, and the conclusion of the structural engineers was this: there is no problem with the safety of the building. Yes, it has suffered the movement and settlement and that has stopped. We have a report, based on that inspection, and this report has been copied and circulated to the Department of Education for their information.

We have started repair work to the school; adjusting doors, painting, fixing finishes, cosmetic work that has to be done and this work will be completed within the next several weeks. We will continue to monitor that problem. At some point in time, we will get into the crawlspace and, through a system of jacking and shimmying, we will bring the features back near to where they should be, as much as we can.

"I trust my explanation here has been of some value.

Mr. Byblow: Thank you very much. That is probably some detail surrounding the construction of that facility that I have certainly never heard before and I am appreciative of that. At the point where you made the decision to stop excavation, did the consultants concur in that decision?

Mr. Christensen: Yes, they did. The decision was made based on what we could see happening and the danger to the existing school if we continued with our excavation process. At that time, we were some 20 feet into the ground and the decision was made to cease excavation and to commence backfilling operations.

Mr. Byblow: That decision now resulting in the foundation movement causing the deficiencies; do you agree with that?

Mr. Christensen: There are many other factors that we have looked at in relation to the school problem and I will cite a few, if I may.

Number one, the original school suffered some movements and, as I have stated, they were of minor nature but, nevertheless, movement. The second addition suffered movement to a greater extent than the original school and we were concerned at that time that we were entering into a very serious problem but, fortunately, it was not. I can recall being very concerned over the second addition and we carried out surveys and were monitoring that. We can see those movements in the second addition. The third addition, of course, is the one that is causing the discussion this morning.

The decision was made based on experience and the conditions of the site at the time.

Mr. Byblow: But, you are saying that because of the previous two constructions you had the expertise and knowledge of the soil conditions on this third extension. I might point out that the amount of movement on the first two constructions was quite minimal and probably only designated to one corner of the construction. Was it not taken into account that you were moving into a swamp area? Was not the factor taken into account that you were moving into an area that had up to 10 feet of backfill over the natural surface?

What of the soils testing that ought to have been done at the point of the third construction? Surely, it should have been known what subsurface conditions existed in that there was the dipping lens before the gravel pad under which was more permafrost. It appears to me that all factors, relative to knowledge and expertise of the area upon which you were building, were not known?

Mr. Christensen: I mentioned just briefly that there were factors that we have looked at and we are still not satisfied that we have the complete answer. I am not sure that we will ever have the complete answer. Nevertheless, you mention this water problem

that was just adjacent to the north and was really a swamp at that time, surface water that was draining to the east. There was also the problem of was there any ground water that we were not aware of. That is a big question mark.

Following the major fire in Faro — I forget the date — but it was certainly a devastating forest fire; the whole nature of the permafrost regime through Faro has changed. How much it has changed is worthy of a research project in itself, but certainly the regime of the permafrost around the school is vastly different today than it was, say, when we constructed the school and it is going to change in years to come.

Mr. Byblow: Who did the soils testing under that portion of construction?

Mr. Christensen: It was done by a local consulting engineer firm, J.R. Paine and Associates.

Mr. Byblow: You say that the consultants concurred in the decision not to excavate further for the reasons you described?

Mr. Christensen: Yes.

Mr. Byblow: What onus of responsibility is there now for the deficiencies? If the consultants concurred in the decision to not excavate further, then they were undertaking the responsibility that that was an adequate foundation preparation. Why are they not responsible now for the deficiency expense?

Mr. Christensen: I cannot answer that one because we have not pursued that line of attack. Perhaps we will have a look at this.

Mr. Chairman: Mr. Christensen, you told us the other day, when you used the expression "act of God", that the government had assumed financial responsibility for the problems that had occurred. Are you saying that that is still an open question and there has not been a final decision on that?

Mr. Christensen: The conclusions we have come to are, number one, that the excavation and the backfilling operations were adequately done.

Mr. Chairman: You indicated just a moment ago that there was some question about liability.

Mr. Christensen: If there is a point of liability that should be explored, we will do this.

Mr. Chairman: But you have not done this to date? It is not now being explored?

Mr. Christensen: No.

Mr. Byblow: Why has that possibility not been explored? It would seem to me that the deficiencies arose prior to final acceptance of the building. We referred earlier to litigation and we are now two years down the road. We are getting every indication that government is assuming full responsibility for the cost of correction, yet no exploration has been done as to the original responsibility. If the consultants are not responsible, then your department is.

Mr. Christensen: Yes.

Mr. Byblow: If you made that decision, we have the other complexity relating to spending authority. The cost of correction now has implicated far greater than the ceiling of authority. So, I am very curious why the exploration has not been done as to whose fault it is and who pays.

Mr. Chairman: We cannot spend forever on this one project. What was the total ballpark cost of that school addition?

Mr. Christensen: Slightly over \$2,000,000 for the addition.

Mr. Chairman: So, it was beyond the spending authority of Mr. Vantell and yourself. Then, would it not be the case that, rather than what you told us on Tuesday, the responsibility for making a decision about liability does not really rest with you under the hierarchy of the spending authority or even with Mr. Vantell but, in fact, with the minister in this case. Is that correct?

Mr. Christensen: The total spending authority?

Mr. Chairman: Given that the project is of a scale beyond your spending authority and beyond Mr. Vantell's spending authority, surely the question of subsequent liability for problems that arise must rest with the minister? Would that not be your understanding?

Mr. Christensen: Yes.

Mr. Chairman: Perhaps we could move on to another item.

Mr. Byblow: One last question: has there been any independent review on that particular project, other than by the consultants who

were originally engaged or by your department?

Mr. Christensen: As I mentioned, we did approach the National Research Council, but they did not carry out any independent review. It was just an exchange of information.

Mr. Chairman: So the answer is no.

Mr. Christensen: No.

Mr. Falle: I have just a few quick questions. I am going to relate directly to the Mayo administration building. There has been a labour dispute up there and I am wondering, due to the labour dispute, if there are going to be any direct costs to the government or are we adequately covered?

Mr. Christensen: There have been problems with the contractor of the Mayo administration building, who went into default. The date of default was December 21st. The bonding company was notified and put on notice and they responded to this. Through a series of discussions and letters and telex messages the contract has been assigned to the bonding company.

Since the first of the year, the bonding company has paid out monies to Mayo suppliers for services. They have paid out money to contractors and labour forces engaged in the work and there are still payments to be made.

Mr. Falle: As far as you are concerned, though, the government has been adequately covered by the bonding company and, I take it, that the Mayo administration building is rather under control.

Mr. Christensen: It is under control. The funding on our side is under control and we know where our limit is and that is the contract amount that we had with the defaulting contractor and that is the bottom line. Other funding to complete the work will be provided by the bonding company.

Mr. Falle: I have one more question that you may have to bring back in writing. I want to know exactly how much outside consultants, architects, you name it, cost on the Porter Creek school. I understand it is a \$6,000,000 school. I want to know how much of that was spent on architectural fees, outside consultants, rather than the actual cost of the building. I will just skip over the other questions on that. That is my major one and I will accept a written reply to it.

Mr. Chairman: Could we take that as an undertaking? I assume you do not have those numbers available.

Mr. Christensen: I can provide those answers this afternoon in the form of a letter.

Mr. Chairman: Fine.

Mr. Brewster: In the Yukon Housing Corporation, is the building maintenance and construction tied to the Government Services in any way or do they have their own department?

Mr. Christensen: They have their own department.

Mr. Chairman: Mr. Vantell, you said yesterday, on that subject, that you had some concern about inefficiencies resulting from Education running a parallel service to you. Would that also apply to Yukon Housing?

Mr. Vantell: Yes, it does.

Mr. Brewster: I would like to follow up on the construction jobs that have been done by your department, as I understand it, specifically the Tuchtua Camp on the road between Faro and Watson Lake. Did Government Services design and build this camp itself?

Mr. Christensen: The camp at Tuchtua, at the present moment, consists of a steel building which is called a grader station. This is the building that houses their equipment where they can carry out equipment repairs. There is also a cold storage building of frame construction and a house that was put in there a number of years ago for the foreman and his family to live in. The Department of Highways staff live in a bunch of old trailers that have been moved together and connected by one means or another to form a complex; that is what they are living in now.

Mr. Brewster: There was a rumour going around that a new camp was built there.

Mr. Christensen: We had tendered the construction of a new living quarters in 1981. The cost of that structure, plus related work to make it complete, was in excess of \$1,000,000. We, in our analysis, said that we do not have that sort of money; it is way

over-budget. Negotiations with the low tender were not successful and the project was cancelled.

Last spring, we reduced the scope of the work involved with the new living quarters and retendered it but, prior to tender opening, the project was deferred. Whether it is in this year's budget or not, I cannot answer that.

Mr. Byblow: I have a question going back to the Mayo administration building. From what we discussed in the first hour today, would you say that the procedures of contract award were followed from inception to the present stage?

Mr. Christensen: Yes.

Mr. Byblow: Who was the client department?

Mr. Christensen: The Department of Municipal and Community Affairs.

Mr. Byblow: How do you determine whether projects are handled in-house or not?

Mr. Christensen: Number one, it depends on the size of the project. I mentioned a figure of \$50,000 the other day. If it is a small project of that nature with that financial limitation, we can handle it, but we can also handle projects that would go up to, say, \$500,000, depending again on the complexity. It depends a lot on our own work program. I noted that our staff was very small and our schedules are such that if a project comes along and we just cannot cope with it, we will select a consultant to do the work for us. So, it really depends on our own work capability, our own schedules, the size of the project and whether or not we can do it in-house or whether we need assistance.

Mr. Byblow: In the area of design, architectural and engineering, what expertise do you have?

Mr. Christensen: We have an architectural draftsman, an engineer on staff and we have support from protective services on some of the facets of the program.

Mr. Byblow: Do you have established guidelines that govern whether you choose to go out or stay with in-house?

Mr. Christensen: No, it is a decision that we make in the process.

Mr. Chairman: Do you make that yourself, if it is less than \$25,000, and Mr. Vantell if it is more than that?

Mr. Christensen: It is a matter of consultation with my deputy minister to determine the best course.

Mr. Chairman: But the spending authorities previously described are a determining factor in who has the final word?

Mr. Christensen: I would say so, yes.

Mr. Chairman: Mr. Vantell, we, on this side, got a little confused earlier about cost control by Public Works on construction projects. I want to know if the total project costs that you are talking about include furnishings? Mr. Christensen earlier said, for example, in the case of a school, Education would buy the furnishings. When you are talking about spending limits, are the furnishings included in the total project cost?

Mr. Christensen: Yes, they are.

Mr. Chairman: Would there be separate controls within the total project on the costs for each of the following: consultant costs, construction costs and furnishings?

Mr. Christensen: There would be control on the construction costs, that is, the contractors' work. There would be control on the consultants' fees and their invoices and our own costs.

Mr. Chairman: Both by yourself.

Mr. Christensen: Yes. Unfortunately, we have no control over the furniture. That is really up to the client department; it determines their needs and whatever.

Mr. Chairman: But Government Services has no responsibility in that area?

Mr. Christensen: To supply the furnishings?

Mr. Chairman: Yes, in terms of controlling the costs on that.

Mr. Christensen: No, we do not.

Mr. Falle: I recognize the time factor and maybe these questions could be answered by letter to me. I am quite happy to accept that.

I am interested in knowing whether or not your department has done an evaluation on the exhaust systems put in the grader stations? I would like to know how much we have spent so far?

what are our projected expenditures, because there are a few grader stations that do not have them yet and I want to know whether they work or not.

Mr. Christensen: In a schedule that was developed with Highways and Transportation, we have completed some of the grader stations and some are nearing completion. Just very quickly, the grader station at Teslin was finished. I am just going by memory now. The heavy duty workshop here in Whitehorse was finished, the building maintenance workshop was finished and we are at the point of wrapping up the Stewart Crossing, Mayo, Klondike and Ogilvie camp. Now, this is an exhaust and ventilation system that we are installing. The design is in accordance with Workers' Compensation, as well as health and safety.

Mr. Falle: I do want to know who designed them.

Mr. Christensen: They were designed by a mechanical engineer.

Mr. Falle: I will let you know my problem so that you can answer me. I understand you will be gone tomorrow. These exhaust fans are in excess of \$300,000 per unit for a garage or whatever and it seems to me an extreme expenditure on the smaller grader stations that are probably only worth \$100,000.

The other concern I have about it is that I understand, from the operations of these fans, that if it is 40 below outside, you turn them on and, in a very short time, it is going to be 40 below inside. There seems to be an operational problem with the fans. That is where I am coming from and that is what I am going to be asking. I would like to have an answer tomorrow, if possible.

Mr. Chairman: Before we air that rather large subject, perhaps we could accept your and Mr. Vantell's undertaking to get back with a letter confirming the facts as Mr. Falle understands them or an explanation of the issues that he has identified. Would that be agreeable?

Mr. Christensen: Yes.

Mr. Chairman: If you could answer this question immediately, I would appreciate it. Do you now — and I say this as much to Mr. Vantell as to Mr. Christensen — have knowledge of the construction requirements or the costs of those projects you were responsible for over a five-year timeframe, for the next five years?

Mr. Christensen: We have set up a five-year program, which Mr. Vantell referred to yesterday, that went to the Finance committee and the projects were all identified into their proper client departments.

Mr. Chairman: So, you are planning on a five-year timeframe right now?

Mr. Christensen: Yes.

Mr. Chairman: Is it possible to identify, within that five-year plan, those projects in that plan that are now there? Is it possible now to identify those that you will have the capacity to be able to handle in-house and those that you will have to go to outside consultants on?

Mr. Christensen: I think we can identify this.

Mr. Chairman: So, the consequent management decisions that would flow from that identification are being carried out?

Mr. Christensen: Yes.

Mr. Chairman: Mr. Vantell, thank you for being with us today. I expect we will see you back here tomorrow morning. I am sorry we have not spent as much time talking to you as we have Mr. Christensen, but I understand he has some exploration to do somewhere in the South Seas so we wanted to cover his ground today.

Thank you, Mr. Christensen. Thank you again, Mr. Vantell, and I look forward to seeing you again tomorrow morning at 9:30.

Committee will now adjourn into Executive Session in the Committee Room. The committee hearings will reconvene at 9:30 tomorrow morning.

The witnesses are excused.

Witnesses excused

The Committee adjourned at 11:30 a.m.

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Friday, February 4, 1983

9:30 a.m.

Issue No. 4 (Fourth Sitting)

25th Legislature

Standing Committee on Public Accounts

Chairman: Tony Penikett, M.L.A.
Vice-Chairman: Bill Brewster, M.L.A.

Members: Hon. Mrs. Firth, M.L.A.
Al Falle, M.L.A.
Maurice Byblow, M.L.A.

Missy Follwell
Clerk to Committee

Expert Advisor from the Office of the Auditor General:

Raymond Dubois, Deputy Auditor General
Harold Hayes, Principal

Witnesses:

Department of Government Services
Andy Vantell, Deputy Minister
Sam Cawley, Director, Supply Services
Rob Fuller, Director, Systems and Computing Services
Andrew Hume, Manager, Public Affairs Bureau
(formerly under Government Services)

21 EVIDENCE

Tuesday, February 8, 1983

Mr. Chairman: The Standing Committee on Public Accounts, Meeting Number 6, Tuesday, February 8th, will come to order.

We are in the middle of the review of the Department of Justice. I would like to welcome back with us this morning Mr. Duncan, Mr. Durant and Mrs. Gresley-Jones.

We will pick up where we left off. I want to, first of all, for the record, show that we are tabling this morning four documents provided to us by the officials from the Department of Justice. Document 23, which is the Department of Justice, Compensation for Victims of Crime, which is a record of the number of awards and the amounts of the awards for the years 1979-80, 1980-81, 1981-82 and 1982-83 to date. Document 24, which is the Territorial Court Time Summary, 1982, gives us an indication of the extent to which court time has been used, the circuit hours, the Whitehorse hours and juvenile court hours. Document 25 is the Territorial Court Registry Operating Statistics Report. It is numbered 1-82 period, January 4th to the 29th, 1982, and deals with case volumes, court time scheduling horizon, docket volumes, fine and trust fund volumes. Document 26 is the Yukon Territorial Government Department of Justice, Adult Criminal Justice Information Systems Planning, April, 1981.

Of course committee members will not have had a chance to study these documents but, at the very least, they will prove a useful reference for questions this morning and I thank you for that, Mr. Duncan.

21 Let me begin with where we left off yesterday. I would like to ask the clerk for a copy of the Estimates for 1982-83.

Yesterday, Mrs. Firth was asking you, Mr. Duncan, a number of questions about statistics. I refer you to page 143, in the 1982-83 Main Estimates, where there is some statistical information under Legal Services. This question arises from the questions Mrs. Firth was pursuing yesterday, which is: are you satisfied, in respect to the statistics on page 143, that they relate clearly enough to the activities of the branch for the purpose of observing the performance from year-to-year? I hope that is not too general a question.

Mr. Duncan: Generally, yes, we are satisfied with those for the purposes of planning.

Mr. Chairman: When I look at the activities under Legal Services, I see Solicitors, Public Administrator, Land Titles, Women's Bureau. Land Titles is quite clear. I look at Coroners Cases. That is under Public Administrator, is it?

Mr. Duncan: Public Administrator. Those are the only two which are represented statistically at this time.

Mr. Chairman: This item which says Solicitors, is there a way of describing that activity? At the end of the statistics page, it has "Solicitors Branch has the responsibility for revision and consolidation of territorial ordinances and regulations; acts as a prosecutor in ordinance infractions and is an ongoing representative before boards and commissions". Is there any way of adequately statistically describing the activity of that function?

Mr. Duncan: I suspect not, because a lot of the time it is consultation work and advice.

Mr. Chairman: How many solicitors are now in that branch?

Mr. Duncan: At present, we are rather short. We have one legislative counsel and we have one away on leave without pay on the course on legislative drafting.

Mr. Chairman: This is a topic that may be pursued by Mrs. Joe later, but I want to ask it from a point of view of statistics. On page 149, in the same Main Estimates, we have references to the Native Indian Special Constables Program. The Estimate on page 149 talks about nine people being employed. On page 154, we have the Native Indian Special Constable Program, the activity and the program objective and the spending there.

If I recall correctly — I cannot put my hand on it now — there is another reference in the Estimates. May I just say for the record, we read over the explanation you gave yesterday and tried to follow the particulars of that program through in the Estimates here and, in fact, it is not perfectly clear. Would you have anything to say about whether that will continue to be described in the same way in the

Estimates in the future?

Mr. Duncan: Yes, it would. The Special Native Constable is shown separately in the Estimates only because the payment to Canada is different. It actually forms part of the RCMP force. It is an integral part of it and I think it is clearer if we show what the total RCMP involvement is.

Mr. Chairman: Okay. We will have Mrs. Joe pursue that further, then, in her questions later.

This morning you have given us some information which is useful, arising out of the kind of statistics that we were talking about yesterday. There was some concern, which was probably obvious to you, in the committee about the extent to which the statistical data generated in your department was being used for planning and management purposes. The material provided this morning gives us some assistance in answering that question.

We began yesterday by talking about the Justice Information Council, I think it was, which talked about the gathering of provincial statistics and so forth. What use, from a management or planning point of view, can you make of that information?

21 **Mr. Duncan:** Perhaps I had better elaborate on the Justice Information Council. It is a federal body which is trying to develop common statistics between all the jurisdictions. That has only become a concern in the past three or four years. The justice community had been operating in 12 or 13 different elements up to that time and they became concerned that there was a lack of statistics. So, the thrust towards statistics within Justice is a recent happening.

As part of it, we did the study of the book which I have given you, the Management Information Systems for the Adult Criminal System, which is a plan of the systems which will be required at some time. We are prioritizing those and developing them as we go. The sheets that I have given you are the statistical operating statistics sheets that we have developed out of that as a first crack at the thing. We may have to modify those at later dates.

We do receive assistance from the federal government from the Justice Information Centre. They have a technical assistant development section there which helps us financially with the systems and they come down and look at what we are doing in that thing. It is a comparatively new field we are developing. As I say, we seem to be further ahead than the other jurisdictions in this respect. That document I tabled this morning is used as a model for smaller jurisdictions. NWT are now using that as a base working on theirs. PEI are also using that as a base to develop the same thing for themselves.

Mr. Chairman: Having regard to the traditional question of separation of powers, will the information that you have started to develop here be sufficient for you to be able to forecast the following question? Increasingly, we expect that governments will require longer term budget planning, longer term forecasting rather than just year-to-year. At some point, this territory may grow to the point when it will need three or four judges, for example, in the territorial court. Will the statistical information that you are beginning to develop now, such as the court time thing, be sufficient for you to be able to project when — because it is an important budget consideration, I assume — you may need a third judge or a fourth judge and, consequently, capital expenditures that may flow from that in terms of space, a court room, or a court house, for example?

Mr. Duncan: By itself, no, it would not be enough, but it will be a contributing factor in determining that, when that point in time comes. I say that because population growth, et cetera, all have to be taken into consideration with those statistics, too, and the economic situation within the community.

Mr. Chairman: I understand that. Will you have any objective criteria, such as population, caseload, court time? You will be able to take those things together and be able to make a reasonable forecast, within the realms of possibility, that we might need a third judge in 1987 and a fourth one in 1992 if present trends continue. You will be able to do that, will you?

Mr. Duncan: I sincerely hope so.

Mr. Chairman: Will the information you are developing now

be sufficient to make planning decisions in respect to such matters as the expansion of correctional facilities? I was trying to think of a more difficult example but let me use that one for now because it is, perhaps, easier in some ways since you can, presumably, plot convictions over a period of years and see what the trends are.

Mr. Duncan: In conjunction with the statistics which are in the corrections centre itself already, yes, we would. We have done studies for the correctional centre in the renovations to that. Those statistics, coupled with the economic development, population growth or decrease, depending upon what happens, and the facilities available within the institution itself, what their admission records, length of stay, et cetera, all form part of the picture. You cannot, I do not think, take any one on its own. You have to have an amalgam of all the relevant material within the department before you can make a judgment like that.

Mr. Chairman: I quite agree and have no issue with that. Let us pretend for a second. I put this to both you and Mr. Durant: given the information that you now have, if I were your minister as of this moment and I asked you, "Can you tell me, Mr. Duncan, when we will need a third judge in the territorial court and, from a capital planning point of view, therefore, when we will need to expand the court facilities or when we must have the court facilities expanded to accommodate that?" Could you answer that question? When will we need to expand the correctional institute, for example, for population reasons?

Mr. Duncan: I, of course, can answer that question about the court without any trouble because the present facilities are completely inadequate and we need a new court building at this time, but, in looking at those, I would have to be mindful of the fact that the *Young Offenders Act* is coming into force and take that into account.

Mr. Chairman: Will that increase the caseload?

Mr. Duncan: It is difficult to say. There may be a slight increase but, certainly, we anticipate there will be more appearances than what there are at present. If the judge is dealing with somebody as a juvenile rather than an adult, there may be more appearances before sentence is passed.

Mr. Chairman: What is your best estimate now, as a manager, as to when we will need a third judge in the territorial court?

Mr. Duncan: I would say that, shortly after the *Young Offenders Act* comes in and when we have the facilities to use a third judge, we will need one.

Mr. Chairman: Are you are talking about 1984 or 1985?

Mr. Duncan: The *Young Offenders Act* is due to come into force in October of this year. The federal government has just made definite that they are going to bring it into force at that time.

Mr. Chairman: How about the jail? When are you looking at expansion, in terms of your capital forecast?

Mr. Duncan: That, again, is tied in with the *Young Offenders Act*, because we will need a maximum security facility for the young offenders which must be separate and apart, by the federal definition, from the adult correctional centre. We have a dialogue with the Solicitor General and he has agreed, and is going to confirm in writing, that "the separate and apart" means that we can build that facility within the perimeter of the Whitehorse Correctional Centre, which also means that we will be able to make use of common facilities such as kitchen, recreation, laundry, et cetera.

Mr. Chairman: You cannot tell me a day right now at which you must have that facility completed? You cannot look at it from that point of view, in terms of forecasting?

Mr. Duncan: We could. We would like to remodel or revamp the present centre, if the funding was available, because of the fact that we are trying to house three security classifications under one roof. Obviously, we could divide that merely by altering the present structure without starting from scratch again.

Mr. Chairman: I refer you back to page 154 and 155 in the Estimates. Could the information on those pages not reasonably be consolidated with the information on pages 148 and 149, since both relate to Police Services? Is it not possible that the details could be broken down as part of the supplementary information and then tie in with the cost statistics in some way that might make it easier to follow? Neither of the pages are crowded, I would point out, in

terms of the information.

Mr. Duncan: The only reason it is being done in this fashion is because it is payment to two separate government agencies in the federal government and it is more a matter of accounting. It could be done on one page without any trouble.

Mr. Chairman: I will turn you over to Mrs. Joe, who is going to pursue the issue of Native Constables.

Mrs. Joe: I have a question in regards to page 155 of the Estimates, on Native Indian Special Constables. That states that the Native Special Constable Program is cost-shared by YTG and the Department of Indian Affairs. Yesterday, you had mentioned that the cost was 100 percent by Indian Affairs. I just wanted some clarification on that and, if it is cost-shared by YTG, what is the proportion of that?

Mr. Duncan: It is cost-shared, as I said yesterday, on the same ratio as the Police Services Agreement but, instead of paying the money to the Solicitor General as we do for the RCMP Agreement, we pay it to the Department of Indian Affairs and Northern Development.

Mrs. Joe: The proportion of that from YTG is what?

Mr. Duncan: The amount that is shown in the Estimates there.

Mrs. Joe: In the Estimates.

Mr. Duncan: On the same percentage as what the Police Agreement is of the total cost, which is 56 percent.

Mrs. Joe: Can you tell me what authority or control the Department of Justice has over this program?

Mr. Duncan: It has no authority over the program, since the operation is controlled by the RCMP. They consult with us in recruitment, in the total number who are recruited, but the actual operation is solely in the hands of the RCMP.

Mrs. Joe: On page 154 of the Estimates, there is an increase of 20 percent. Can you tell me what that 20 percent increase is for?

Mr. Duncan: No, I cannot because all we get is an invoice from DIAND telling us how much money we have to pay.

Mrs. Joe: The other question I had, and I think it might have been answered in part to Mr. Penikett, is in regards to the Police Services and the Native Indian Special Constables being separated. I would have thought that it would have been more convenient to have them together and I wondered why there was a separation of the two. It would have been a lot easier, I would have thought, if they were together.

Mr. Duncan: They have been shown as two separate programs, although, statistically, the Special Native Constables are shown within the RCMP for strength, so that you get an idea of the complete picture of what the policing is in the territory; the other thing is purely financial.

Mr. Chairman: When we were looking at the item of the Police Agreement in the 1982-83 Estimates, we were a little bit confused about how much policing is actually done for Yukon by the RCMP.

Mr. Duncan: I am not quite sure if I am on the right track on this but, if I am not, you can pull me up. The RCMP carry out provincial-type policing, which is the enforcement of our acts and the *Criminal Code* within the territory itself. The federal part is under the *Narcotics Control Act*, which is purely federal statutes and immigration, the other statutes which are purely federal. It is split into this in all jurisdictions. As you can see, there are 104 territorial and 26 devoted to the other commercial crime.

Mr. Chairman: I understand your explanation there but I am really looking at page 149. The supplementary information said, "This program is carried out for the government by the Royal Canadian Mounted Police under the terms of agreement whereby the Government of Yukon is responsible for the portion of costs that would be attributable to a provincial police force".

Then we have "Territorial policing may have Indian Special Constables division and administration of federal policing". I understand that. I just wonder, for a citizen looking at this, since it refers to territorial policing and not provincial policing, if one might be confused and, in fact, think that the territory was paying for the entire complement of 139, rather than just the 102, which is actually the case? It is not a big confusion.

Mr. Duncan: I think it is probably a mistake on our part that

when you talk of territorial or provincial, the two are interchangeable. People, certainly governments, never think that there is a differentiation between those two terms.

Mr. Chairman: I just wonder if a slight addition of information would make it clear that the portion that we pick up is, in fact, the territorial policing in the Estimates. Would you agree?

Mr. Duncan: Yes.

Mr. Chairman: Perhaps, then, we could go to the Criminal Injuries Compensation question which Mr. Brewster was beginning to get into yesterday when we finished. We have, of course, the information tabled this morning, Document 23.

Mr. Brewster: Even with this information we have now, I still would wonder why we could not average this out when we put it in the budget?

Mr. Duncan: There is no reason why we could not. The policy has been that we only put in the total amount and then pay the actual claims which arise in any one year, because there is no guarantee that there is going to be a claim in one year or how many claims there will be.

Mr. Chairman: I understand, as an administrative policy, that there are a number of other programs where we just vote a nominal amount to the House. However, given the awards in these years, we have \$9,000, \$49,000, \$3,900, the figures bounce a little bit, but there is some average. You are getting into numbers which would probably warrant saying that, based on previous years, we can estimate; we will probably award between this and this. The average would be closer to \$10,000 than to \$2,000 if we were looking at the averages, would they not?

Mr. Duncan: We would be looking at \$12,000, instead of \$2,000.

Mr. Chairman: That is \$39,000 in the 1981-82.

Mr. Duncan: In total, yes.

Mr. Chairman: So you have \$49,000 and \$39,000 in two recent years, which is not an inconsiderable expenditure. It may be somewhat inaccurate to come to the House with a \$2,000 item when, in fact, we can reasonably expect that it will be in excess of \$30,000, anyway — except that you have only spent, to date, \$19,000? You still may spend \$30,000 by the end of this year.

Mr. Duncan: It may be that we are at the stage now where we should follow that plan. In the past, we have not had quite so much spent on this particular program, but the claims may be increasing to the extent where it should be put in as an average. Of course, we may be subject to the same criticism if we put in averages rather than the total amount.

Mr. Brewster: Do you plan to change the Estimates on that?

Mr. Duncan: We will not be able to change them before 1984-85, because the 1983-84 ones are already compiled.

Mr. Brewster: But you probably would consider this?

Mr. Duncan: We would consider it, yes.

Mr. Chairman: Then, Mr. Falle, you have a question about corrections, which is going to be an administrative question today, right?

Mr. Falle: Of course. I will try to stay out of policy. I just wanted to ask a few questions concerning the Wolf Creek Detention Centre. Now that the Wolf Creek Detention Centre is closed, what are we doing now with the facilities?

Mr. Chairman: Is it still your building?

Mr. Duncan: No.

Mr. Falle: It is not your building. It is out of your hands.

Mr. Duncan: It is not our building.

Mr. Falle: It is gone, so it is no longer under the Department of Justice.

Mr. Duncan: That is correct.

Mr. Chairman: When did it leave your hands? When did you stop renting it or whatever you were doing with it?

Mr. Duncan: 1978.

Mr. Falle: I will not pursue that one with you people. Shucks, that was a good one.

Mr. Duncan: Saved by the bell.

Mr. Falle: This is more or less a general question on Corrections and the Department of Justice. I was curious to know whether the Department of Justice had a legal specialist on retainer

from the private sector to advise the government on certain types of expertise in their fields regardless of what it is? Do we have any lawyers on retainer?

Mr. Duncan: No, we do not have —

Mr. Falle: A news release on April 19th, 1982, stated that most of the renovations would be carried out by the building maintenance staff of the Department of Highways and Public Works and by inmate labour, while about 10 percent of the work would be tendered. Are there any direct costs or savings that you can attribute to the inmate labour — the costs that were saved on the construction?

Mr. Durant: You mean a dollar value?

Mr. Falle: Yes.

Mr. Durant: No, I do not have any figures on it, except to say that if you are paying an inmate \$2 a day, and you are paying a semi-skilled worker \$15 an hour and they were working in excess of six months, there is a considerable cost-saving.

Mr. Chairman: We would be surprised if you did not have an educated guess about what you had spent, Mr. Durant.

Mr. Durant: I can give you an overall saving of the renovation, had you built a facility to accommodate the things that we did. Just for the bed space alone: one is looking at \$3,300,000 to put 22 beds in a medium security institution. That is not including the gymnasium, the resource centre, nor the shops.

So, I suspect if you were going to do what we have done with the centre, you would be looking at between \$5,000,000 and \$6,000,000.

Mr. Chairman: To do renovations to the existing centre would cost that?

Mr. Durant: Yes.

Mr. Chairman: And what did it cost you?

Mr. Durant: I said \$185,000 yesterday.

Mr. Duncan: It cost us \$285,000 to accomplish that would cost in the region of \$5,000,000 to \$6,000,000.

Mr. Chairman: So you saved between \$3,000,000 and \$5,000,000.

Mr. Duncan: We saved considerably more than that.

Mr. Chairman: Mr. Durant used a figure of \$3,300,000 to \$5,000,000.

Mr. Durant: That was just for the bed spaces.

Mr. Duncan: That is for the bed spaces.

Mr. Falle: That is exactly what I wanted.

There is one more program that we have heard about and that is where inmates go out on day passes. Has that program had any direct cost benefit to the legal system?

Mr. Durant: There are two programs. One is temporary absence, which is a granting of leave for, usually, humanitarian reasons, maybe for a person to attend a funeral or for a family visit. They are normally restricted towards the end of a sentence to assist in maintaining family ties.

There is another program, which is also a temporary absence, but it is an ongoing one, it would be a daily one. Now, occasionally, an inmate secures work, he has a temporary absence for a day, an eight-hour pass towards the end of his sentence where he does a job search. Occasionally, he is successful and secures employment. When he does that, he then may work for the employer and we would charge room and board at the rate of \$40 a week, so he would be paying \$160 per month back into the system.

Mr. Falle: So there definitely is a direct cost benefit to this system.

Mr. Durant: There is a direct cost benefit, but the amount of dollars is very, very small.

Mr. Falle: They do still take up a place in the system.

Mr. Durant: That is correct.

Mr. Chairman: What does it cost per inmate bed per year? Do you have a calculation of that?

Mr. Durant: I have a number of figures for you. The cost in 1981-82 was \$80.72 per inmate per day, at an annual cost of \$29,465.

Mr. Chairman: It would be only slightly more expensive to put them to work in YTG.

Mr. Falle: There were two programs, I believe. There was one,

an inmate early release system and the other one was where the inmates go out and do community projects, like cut wood or clear brush or something like that.

Mr. Durant: We have two, at the present time, full-time inmate work crews and they undertake various types of work in the community on a daily basis. An example of that would be, I believe the figure was 36,000 man hours, that the institution put into the TEST ski trail. Had we not put in those kinds of hours, I suspect that the World Cup would not have happened.

Mr. Falle: 36,000 hours represents an awful lot of money in today's labour. Are there any plans to try to get more man hours into the labour force? I am just trying to basically think of the saving. Are there any savings to the government, in an overall respect, if you were putting in money for a community? I really do not think it can be attributed as savings to the Justice department, per se, but to that community.

Mr. Durant: To that community, there are savings. For example, take the TEST ski trail, if the government had been approached for a grant to clear the trail and had paid it, as I say, at \$10 an hour for 36,000 hours, it would have cost a fair chunk of money. So, yes, there certainly is a payback into the community in that sense.

Mr. Falle: Thank you very much. Mrs. Joe has some questions, too, on Corrections.

Mrs. Joe: I have a question, under Community Corrections, on page 17 of the Annual Report and page 159 of the Estimates. It states here "days spent in rural field service"; does that include probation officers? It is on page 159.

Mr. Duncan: Yes, that is probation officers.

Mrs. Joe: Does that include both rural probation officers and Whitehorse probation officers who travel out to the communities?

Mr. Duncan: I think it does. I could not be sure, but I think it includes the one in Mayo. The trips to Pelly and Dawson are included in those and they are considered rural trips for that particular field worker.

Mrs. Joe: I understand that some of their travel has been restricted. Is that what is happening right now, because of the shortage of funding?

Mr. Duncan: It has been restricted, to a certain extent, because of the lack of funding. It means that they have to plan more or coincide with other trips. Where the probation officer would normally have made regular trips, perhaps, on their own, they are tying those things in or actually seeing exactly what is needed and try to combine trips.

Mrs. Joe: Is that going to continue?

Mr. Duncan: It will depend, to a large extent, on what funding is available.

Mrs. Joe: I understand that the probation officer in Mayo has left. Is that position going to be filled?

Mr. Duncan: Yes.

Mrs. Joe: Very shortly?

Mr. Duncan: I could not say how quickly we will do it, because it becomes a matter of suitable candidates being available for the position. As you know, that particular position was a local person who was trained on the site there, with supervision from Whitehorse. Whether or not we would be able to recruit a person of similar capabilities in the local area, I do not know.

Mrs. Joe: Are you looking very closely at hiring someone from the community?

Mr. Duncan: Now, we will look at it to see. We have a choice in that particular area of Mayo or Dawson. We would have to look within that general area and we would certainly be looking for a local person, if somebody suitable could be found.

Mrs. Joe: On page 159 of the Estimates and also on pages 17 and 18 of the Annual Report, there are statistics on Community Services. I would like to know whether it would be possible to include cost per case?

Mr. Duncan: It would only be possible, and I think this would, again, be partly estimation, to give an average cost per case. As you know, the time spent on cases can vary from a very short period to quite an extensive period.

Mrs. Joe: So, it can be done?

Mr. Duncan: We could come up —. But then, we would have to estimate how much of the total time that a probation officer does spend on cases, because of doing pre-sentence reports and other things. We would have to come up with an estimation of how much time was spent in case work and then, from the total number of cases, an average time per case.

Mrs. Joe: Do you know the average time it takes to do a pre-sentence report?

Mr. Duncan: Offhand, no, I do not. Again, you get into a very difficult area to quantify in any way because of the various types of cases. One pre-sentence report may be very straightforward; the probation officer can go out and interview the necessary people in five minutes. In other cases, he may be hunting for five days, looking for one particular person. Now, do you count the actual interview time only or do you count the time that he has spent chasing around trying to find the people to get the necessary information?

Mr. Chairman: You must have a track record of people who you regard as good probation officers, for example, knowing in a year how many pre-sentence reports they did over a period of time.

Mr. Duncan: That is available, but the pre-sentence reports are not at the prerogative of the probation officer, they are asked for by the court. What I am explaining is the difficulty in quantifying how long it takes to do a pre-sentence report. In some cases, if the probation officer can go and bang, bang, bang, pick up the people he requires to interview, he may do it in one or two hours.

Mr. Chairman: I understand that but, presumably, if you have two probation officers and there is one who, during the year, only had done ten — I do not know what the numbers would be — but one had done twice as many pre-sentence reports as the other. I do not know what it would look like to you, but it might look like to me that one was more productive than the other. There are other indicators.

Mr. Duncan: There are other indicators. That could be an inference that could be taken from it.

Mrs. Joe: I will go into Institutional Corrections now. On page 17, it mentions the initiation of the fine options program. That is under Community Corrections, but it does mention the fine options program which was later found by the Supreme Court to be illegal. Page 28 mentions that 130 persons were admitted to the institute in default of payment. Since the cost of each inmate is very costly, is the department doing anything to replace the fine option program, as a cost-saving measure?

Mr. Duncan: We have not found the alternative yet which is acceptable. We have certainly been looking for something which would replace the fine option program because, as you say, it does present considerable savings in that they do community work normally, rather than being held in the institution itself.

Mrs. Joe: So we are looking for something then.

On page 22 of the Annual Report, 1980-81, the first paragraph on the subject of standards is quite interesting. Can you tell us how the Yukon territorial system compares to the international standards?

Mr. Durant: This is accreditation standards?

Mrs. Joe: Yes. How does it compare?

Mr. Durant: I do not know. I will know next week how we compare. As I said yesterday, there is a gentleman coming in from Ontario who will give us a review of the system, courtesy of Mr. Yeomans, who is the Commissioner of Corrections for Canada.

Mr. Chairman: They will give you a decision next week?

Mr. Duncan: No, they will give us an assessment.

Mr. Durant: He is coming in as a consultant.

Mr. Duncan: We are looking for an assessment from the federal government before we go for our final inspection.

Mr. Durant: Which would be, maybe, in June, but it depends on what he says to us.

Mrs. Joe: There will be a report on that when it is done, I suppose?

Mr. Durant: I am expecting that he will give us a report, yes.

Mrs. Joe: I would like to ask, again, whether it will be used as a performance measurement base?

Mr. Duncan: I think, in that respect, that there are all sorts of performance measurements available from within the corrections'

records at present, because we can come up with the cost per inmate base, the cost of food, the cost of custodial services and the cost of educational services. Those things can be separated from the accounts and, from the number of prisoner days, we can come up with the cost per day of all those things, which are useful management tools for us. In fact, Mr. Durant has records showing comparative costs of food, for example, which go back over the past five years. Those things are available within our present span.

Mrs. Joe: Would we be able to get a summary of that review?

Mr. Durant: A summary of the review from the federal government?

Mr. Duncan: I would suspect so. I would see no reason why not. We, in fact, have brought our things up to what we consider are the accreditation standards and we hope that we are going to be successful. Mr. Yeomans is going to do a first dummy inspection, if you like, on our behalf to say yes, you need to improve in this area or that area before we go for final inspection by the ACA.

Mr. Chairman: Can we assume, Messrs. Duncan and Durant, that you know what the accreditation standards are, so you are able to sort of, before you ever apply, judge it yourselves, how you stack up.

Mr. Duncan: Yes.

Mr. Durant: Yes. I have a copy of the Adult Lawful Detention Facility Standards, which are the ones that we are applying under. For the committee's information, I will just read some of the things that are in it to give you an idea as to the kind of measurements that one is talking about. It is really an operations thing.

Mr. Chairman: As long as it is not too long a dissertation, otherwise, if there is a copy available, maybe we could see it.

Mr. Durant: No, no, it would be just one or two items and not the whole. There are, in fact, 389 standards contained in this book. Now, of those, 34 are mandatory, 324 are considered to be essential and 31 are important. In order to be accredited, we must accomplish 100 percent of the mandatory, we must be successful in having 90 percent of the essential in place and 80 percent of the important. They cover such areas as administration, organization and management, the kind of things I talked about yesterday: having management processes in place, management meetings, communication between staff and inmates, training and development of staff, standards one must provide and so many hours of training in a year.

Now, certainly there are costs involved in providing training. The dilemma, I think, for a person who has to fund such a program is what is the cost benefit of that. I think there are cost benefits in terms of productivity and efficiency. I think, also, to go from the sublime to the ridiculous, if you have an untrained officer on the floor and he does not know his job, he is possibly in danger of life. An inmate may also be in possible danger of injury or loss of life because he mishandles a situation. So, to say, "Does training produce a cost benefit", it could, but I think it is one of those intangibles.

There are standards on safety and emergency procedures that have to be in place. We witnessed, in recent years, disastrous fires in institutions. One recently, only two or three months ago, I think where 29 inmates were killed because there was a fire and they did not know how to get out of the building. We have those kind of things in place so that we do not have a disaster. They test us for those things.

Mr. Chairman: Could you table a copy of that?

Mr. Durant: For sure.

Mr. Chairman: Let me ask you one more question, Mr. Duncan or Mr. Durant. Presumably, once you have achieved this accreditation, there is some kind of periodic review in order to maintain it.

Mr. Durant: Three years.

Mr. Chairman: I understand that the accreditation system in respect to a hospital, if a hospital loses accreditation, for example, a very, very serious business.

Mr. Durant: Correct.

Mr. Chairman: What practical consequences would fall to you if you lost accreditation?

Mr. Durant: There would be no practical consequence to us, I

suspect, except Yukon would be held up for the rest of North Americans.

Mr. Chairman: And we could also have, presumably, a pretty interesting session in Public Accounts in some year when you lost accreditation.

Mr. Durant: Yes.

Mr. Duncan: It would probably remove some of the assuredness from you, if we were meeting accreditation than if we were not, Mr. Chairman.

Mr. Chairman: Yes, well, I am saying it is useful, once you have achieved it. Then it becomes, presumably, some minimum standards which you henceforth have to continue to meet.

Mr. Durant: Correct.

Mrs. Joe: If I could just get one more piece of information on your accreditation: does that include the new training programs that you have now in effect which are education, recreation and stuff like that?

Mr. Durant: Yes. The Adult Local Detention first. We are over-programmed. We have too much programming in respect of these standards.

Mrs. Joe: On page 23 of the Annual Report, there is mention of program development, which includes a volunteer service program being implemented to encourage citizen involvement wherever possible. Now, is that still happening?

Mr. Durant: Yes.

Mrs. Joe: It is successful?

Mr. Durant: Yes, it is successful. We have two examples of that. There are, I believe, a certain two young ladies who come in each Friday evening to teach volleyball. They teach males and they also then play with the females. In this last two weeks we have had Skookum Jim in — I think they come in bi-weekly — for a course on snowshoe-making which has been very successful. I guess the elder who came for the first week lectured them on their immoral behaviour, having said that he had spent time inside himself and had learned the errors of his ways and I guess they were quite appreciative of his words of wisdom.

Mr. Chairman: You have not picked up Mrs. Joe's offer of a cordon bleu cooking course?

Mr. Durant: No.

Mrs. Joe: On page 24, do the average 62 hours of training per staff include on-the-job training in other correctional institutions? If not, why not and what does it represent in person hours or person days and what is the cost per person?

Mr. Durant: This was the 1980-81 budget. In 1980-81, yes, we were. In fact, part of the on-the-job training was to send a number of staff, usually one supervisor — we only had sufficient funds for supervisors. Each of our shift bosses has visited a southern institution and worked there for a ten-day period, which is a normal shift. We have had to discontinue that because of a lack of funding. So, really, we are looking at, on an average, of sending two maximum per year, so it would be two times ten, which would be 20 man days. That is on-the-job in other institutions.

Mrs. Joe: I ran across some statistics on page 26 that were absolutely flabbergasting. The racial breakdown of sentenced inmates indicates that in the calendar year 1980, there were 247 inmates of Indian origin compared to 197 Caucasian. Since the Indian population of Yukon is only about 25 percent of the total population, it appears that there is a real problem. I was wondering whether or not the government has recognized the problem and if, in fact, they are taking any action to deal with it because the statistics are very, very bad?

Mr. Chairman: If you could answer that in an administrative way, I would welcome an answer.

Mr. Durant: I cannot answer the question. I merely have to accept those people which the court sends to me. I realize that the statistics you are quoting are factual.

Mr. Chairman: In Mr. Duncan's opening statement yesterday, he talked about the desirability of having a police force which ethnically or ethnically represented the population. In respect to the staff at the correctional institute, to what extent do they racially or ethnically represent the inmate population?

Mr. Durant: They do not.

Mr. Chairman: Do you have any Indian staff at all?

Mr. Durant: No.

Mr. Chairman: Have you made any effort to obtain any?

Mr. Durant: Yes.

Mr. Chairman: And what have those efforts produced?

Mr. Durant: I believe, in the past, they have had two — I believe it is two, I could be corrected — officers who served but there is a cultural problem.

Mr. Chairman: You mean the institution is culturally alien?

Mr. Durant: No, no. I think it is a philosophical problem, to come down heavy against your relative. If you were to find a native person from outside the territory, they would have less problem in dealing with the native person who was incarcerated in Yukon.

Mr. Chairman: That assumes a very classically authoritarian relationship, though, does it not, between the inmates and the staff?

Mr. Durant: It underlies the whole program.

Mr. Chairman: Given what you have just said, is it an objective of yours to try and get some Indian staff there, or is it something that you do not intend to pursue for the reasons you have just stated?

Mr. Durant: I will pursue it as vigorously as I can. I guess all I can do is advertise to the world that I have a vacancy.

Mr. Chairman: So, you think it is still desirable, although there are a lot of problems.

Mr. Durant: I think it is very desirable, but whether or not a person can cope —. It is an internal pressure, it is a stress problem, it seems, for the individual.

Mr. Duncan: Mr. Chairman, I do not know if you heard the program on CBC the other day, where the interviewer was interviewing a Special Native Constable and he highlighted this. It was a Mr. Sidney from Dawson. He specifically stated that he would have trouble going back to Dawson to carry out his duties. I think it is peer pressure from their own people that is the cause; it is not within the institution itself.

Mr. Chairman: It still suggests a lot about how culturally relevant the experience of being in prison is. But, I will not get into that.

Mr. Durant: It may be that we may have more success, in future years, as we move more towards the establishment of a minimum security facility or program of residency.

Mr. Chairman: Presumably, if you had a work camp or bush camp kind of experience the Indian staff would be even desirable in some of the cases.

Mr. Durant: For sure. It may be easier to recruit.

Mr. Falle: Is the staff turnover sort of stabilized now in the prison itself?

Mr. Durant: Yes, I would suggest it is. At the moment, it is lower than it was last year. Although I do not have an actual statistic for you, I believe, from the information I have received, that the turnover of correctional officers is lower than you would find in the rest of government. It is more stable.

Mr. Falle: You did state, I think, earlier, that there is an extreme amount of medical stress put on the guards and I would take it that that would be reason enough to change occupations.

Mr. Durant: Yes.

Mr. Falle: In other words, administration must be better to keep them there, I think, or there is less stress and that is good.

Mr. Chairman: I will give one quick question by way of notice because it may be something you want to pursue after coffee break, Mr. Duncan. Your department, which has some revenues and recoveries — many departments of government do not — through the court system, through the fines, through even things like prisoners paying rent — it is ironic, but they are paying if they are working. Who is responsible for administering the collection of those revenues in the department?

Mr. Duncan: The bulk of the revenues, if we can call them revenues, comes from fines, which have to be paid into court within a certain time otherwise appropriate action is taken if they fail to pay their fine.

Mr. Chairman: As a financial administration question, is there one officer in the Department of Justice who is responsible for overseeing, in some general way, the revenue and the recoveries to

the Government of Yukon that are generated from your department's activities, all of them? Or is that broken down by branch?

Mr. Duncan: The courts are responsible for collecting the fines. The claims on Canada, which is another source of recovery rather than revenue, is done from the central administration office. Collection of inmate rents, recoveries from them, is done through the corrections centre itself and, then, all centralized in the administration, under Mrs. Gresley-Jones.

Mr. Chairman: Perhaps we will get back to that. We will take a coffee break now until 10:50. Committee stands recessed until 10:50.

Recess

Mr. Chairman: Committee will come to order. In the absence of Mr. Falle, we will go back to Mrs. Joe.

Mrs. Joe: I have some questions on Court Services which I may, or may not, get an answer to. It mentions, in the Report under Court Services, that in the fall of 1980, Mr. Lyle Hunt was hired to do a study of the justice system. How long did he work and how much, including wages, did the study cost? Was it a cost-saving thing?

Mr. Duncan: Mr. Hunt produced the report that was tabled this morning, Document 26. As I recall, the total cost was in the region of \$36,000, of which \$20,000 was recovered from the federal government. We had the program cost-shared by the Canadian Centre for Justice.

Mrs. Joe: Was the money for Mr. Hunt's salary allotted for that specific purpose?

Mr. Duncan: No. When we found that it was desirable to have this study, we used the court recorder position's salary, which was vacant at the time, to fund our portion of Mr. Hunt's project.

Mrs. Joe: Was the court recorder vacancy being filled?

Mr. Duncan: No. We managed to do without it, and, in the times of restraint, that position died because it had not been filled in that time.

Mrs. Joe: On page 17 of the Institutional Corrections, it mentions, at that time, that one vacant territorial judge position has considerable impact on this small system. During the time of the vacancy, from February 1981 to March 1982, applicants were interviewed by a committee set up by this government and one person's name was recommended to Cabinet. Many months later there was an appointment made. During that time of the vacancy, what was the total cost of bringing deputy judges to the Yukon, including per diems, transportation and accommodation? I would like to get that question answered in terms of the salary that might have been paid to a judge during that time and how much it would have cost to bring in the deputy judges to fill that vacancy whenever it was necessary.

Mr. Duncan: For that period, we had a deputy judge almost permanently here — Deputy Judge Hudson. The costs for a deputy judge are in the region of \$450 per day which, of course, is more than what a judge would cost.

Mrs. Joe: Do you have any idea how much more that would have cost during that period of time?

Mr. Duncan: About \$33,000.

Mrs. Gresley-Jones: It was about \$93,000 for the year, and we had \$60,000 in the budget for a judge.

Mrs. Joe: Would that include the cost of the transportation and accommodation?

Mr. Duncan: Yes.

Mrs. Joe: I have a question regarding the announcement that was made, that the administration of the territorial court system will be controlled by the chief judge. Will there be any added cost to YTG as the result of the transfer of responsibility?

Mr. Duncan: I would not anticipate any extra cost. It is merely a change in line of authority rather than increasing staff in any way.

Mrs. Joe: So there would not be any increase in personnel, or anything, during that transfer. Has the transfer taken place?

Mr. Duncan: No, there has not been any actual transfer yet. There has not been a decision as to what functions are going to be transferred and what would remain as purely administrative.

Mrs. Joe: I have another question with regard to the money that was paid out to justices of the peace, on page 15 of the 1980-81 Annual Report. There was a total of \$4,150 that was paid out to justices of the peace. Did that include the honorariums and the sitting fees?

Mrs. Gresley-Jones: That would have been prior to the increase in fees, I believe, where they were paid signing fees only and that would be honorariums plus signing fees. They were not being paid sitting time at that point.

Mrs. Joe: Will this information be available at the time this new report is coming out?

Mrs. Gresley-Jones: The information is available now, in printouts, as to what is being paid to justices of the peace. It is a separate item.

Mr. Chairman: Will there be a breakdown of this detail, for the year under review, in the Annual Report?

Mrs. Gresley-Jones: Yes, it should have.

Mrs. Joe: There was a report that there was a conference once a year where justices of the peace came in and were trained for three days. I am a little bit concerned about the time they spend training, because of the amount of money that is saved by using them. Do you have any information about how much money is saved by using a justice of the peace, and also about the lack of training because of the importance of the duties?

Mr. Duncan: I cannot give you any dollar figure as to what the saving is using a justice of the peace as opposed to a judge, other than that the difference in salary is the obvious thing. I do not know if we could determine how many times a justice of the peace sat in lieu of a judge.

Mr. Chairman: Is the present level of training sufficient to perform the tasks or to do justice to the people who come before them?

Mr. Duncan: I think it is. The Chief Judge is responsible for that training and he allocates a ranking to the justice of the peace. This is a comparatively recent thing. There are JP-1s, JP-2s and JP-3s. Depending upon their ranking, the judge allocates the duties that they can carry out within that ranking.

Mrs. Joe: The justices of the peace are classified as one, two and three and the JP-3 is the juvenile court judge. Are there any plans in the future to appoint more JP-3s in terms of family court matters out in the communities.

Mr. Duncan: Certainly there is the intention to do that. The problem is training them. There is some extra training required in the *Young Offenders Act* as it will come, and in the *Child Welfare Act*. They will be hearing family matters and that is the main difference, as you know, between a JP-3 and a JP-2. We would like to see that extra training done. It is a matter of arranging it. The Chief Judge has it in hand. The intention is certainly to get a coterie of JP-3s and, hopefully, in the rural communities. You are aware, as I am, of the difficulty in getting sitting JPs in some of the rural communities.

Mrs. Joe: I have some questions on Legal Aid. What are the rates for legal aid lawyers in Yukon and how do they compare with other jurisdictions?

Mr. Duncan: We are certainly higher than other jurisdictions. The rate for a junior solicitor is \$60 per hour, and for a senior solicitor, \$70 per hour.

Mrs. Joe: Are there cases where legal aid recipients cost-share the legal aid fees they incur in defending their cases?

Mr. Duncan: Yes.

Mrs. Joe: Does that happen very often?

Mr. Duncan: I do not know if it is very often. I would say "seldom", rather than "very often". Where people are able to contribute, they have been. One of the factors which makes it difficult, in divorce actions for example, is that the solicitor would be instructed to recover the costs of the action from the disposition. It may take years before that disposition is through if they are disposing of the property from the settlement and when the final settlement takes place.

Certainly the legal aid clerk pursues every applicant for contributions to that even on an installment basis. After the action has occurred, if the person is then released and goes back to work, we

still hope to collect some.

Mrs. Joe: Do you get a lot of reimbursements from the legal aid recipients?

Mr. Duncan: We get quite a few, but not total reimbursements; they are contributions. Where possible, we do try for total reimbursement, but that is not always possible.

Mrs. Joe: What is the average cost per case and how does it compare to other jurisdictions?

Mr. Duncan: In 1980-81, the average cost was \$740 per case. In 1981-82 it was down to \$628 which merely means that we had more cases rather than anything else. I would guess that that is higher than the average cases elsewhere, although it may not be because a lot of it depends on how many serious cases you have.

Mr. Chairman: I understand that there is a national trend toward the increased use of legal aid services?

Mr. Duncan: There certainly is. There was an article in *Maclean's* recently which showed that there is a 20-30 percent increase in all areas. I think that is more a reflection of the economic situation than anything else because people who previously were able to afford their own lawyer, now qualify for legal aid.

Mrs. Joe: What is the amount cost-shared by the federal government?

Mr. Duncan: Yes, I can. At present, we are in the midst of negotiations, or, we are having dialogue with the federal government to have this increased. When the Legal Aid plan started, the federal government cost-shared on the basis of 50-50, up to a maximum of \$50,000. At that time, since our total costs were in the region of \$75,000, it was a pretty good agreement. It then was increased to \$75,000 maximum contribution and it stands at that area at this time.

Now, when we started talking, our costs had increased annually to something like \$160,000 and we said we were going beyond the short end of the stick. We, in common with all the other plans, are pressuring the federal government to revise the cost-sharing arrangements under Legal Aid, because the provinces and territories are now bearing the lion's burden of that program.

Mr. Chairman: Can I just go back to the justice of the peace question a little bit, to clarify an answer you gave? You talked about the chief judge determining whether someone was qualified or able to be a JP-3, JP-2 or JP-1, but it is not the chief judge who appoints these people. Who is it?

Mr. Duncan: There is a recommendation and then there is an order-in-council for the appointment.

Mr. Chairman: A recommendation from whom?

Mr. Duncan: It comes in two ways, of course. The person has to be deemed suitable to be a justice of the peace —

Mr. Chairman: And that is the judge's decision?

Mr. Duncan: — have the background, which is a test of character that is carried out by the executive secretary of the justice of the peace council. Then, the recommendation would come from the judge that they are qualified to do the particular job.

Mr. Chairman: So, you are saying the judge makes a recommendation to the minister?

Mr. Duncan: He merely says that this person is qualified.

Mr. Chairman: Who makes the recommendation that someone become a JP-3, JP-2, JP-1, to the minister? Upon whose advice does the minister make that appointment?

Mr. Duncan: The minister is advised that this person is suitable and qualified to be a JP-3, JP-2 or JP-1.

Mr. Chairman: But they advise that the judge has deemed that or they advise that someone else has deemed that?

Mr. Duncan: It is a two-fold thing because the judge is advising us as to the technical competence of that person.

Mr. Chairman: But who does he advise? Is he advising the minister?

Mr. Duncan: The minister, through myself.

Mr. Chairman: But you are the responsible person making the recommendation to the minister, or is it this council?

Mr. Duncan: The list of people who are suitable are put forward to the minister, who can then appoint them or refuse the appointment — the choice is there. All that is put to the minister is that these people are suitable for the duties of justice of the peace

and are qualified to act within a JP-1, JP-2 or JP-3.

Mr. Chairman: Who draws up the list? Where do the original recommendations come from? They must come from somewhere.

Mr. Duncan: Because of the shortage, if you want, of justices of the peace. They need to keep justices of the peace or a rota of justices of the peace available; there is a continuous search going on and recommendations come in from the communities.

Mr. Chairman: And that search is your responsibility, is it?

Mr. Duncan: Yes. We are looking to the local community to recommend people as potential justices of the peace.

Mr. Chairman: In law, what is the difference between a JP-1, JP-2 and JP-3 in terms of their statutory authority?

Mr. Duncan: The JP-1 does merely signing of documents.

Mr. Chairman: I am not talking about the administrative arrangement. I am talking about in law.

Mr. Duncan: There is nothing in law. They are appointed as justices of the peace, but the judge can allocate the duties to them, based on experience, just as they would a judge.

Mr. Chairman: Once the person is appointed to the court, the judge is the one who assigns them their tasks? Is there a different level of honorarium or pay, based on the levels?

Mr. Chairman: Yes, there is between JP-1 and JP-2.

Mr. Chairman: But not JP-3?

Mr. Duncan: JP-2 and JP-3 are synonymous.

Mrs. Joe: I know what used to happen before, but I understand that there could possibly be justices of the peace being appointed, at this point in time, who have not attended a justice of the peace conference and I wondered whether that was, in fact, happening? If it was happening, was it happening because there was not the money to bring these people in?

Mr. Duncan: Not to my knowledge. There has not been one who has not been at a conference who has been recommended for appointment. The alternative to coming in for training, of course, is to have the judges on circuit carry out a training session with those persons in the community itself. There is no problem about training people in Whitehorse.

Mr. Chairman: You described the situation that was puzzling me a little bit before, about how justices of the peace were recommended. You understand I am totally a layman when it comes to this; the notion that judges would recommend people to ministers bothered me, at least to my knowledge of the Constitution, anyway. Where does the justice of the peace council fit into all that? Do they have any oversight?

Mr. Duncan: They are primarily a disciplinary body for the justices of the peace, if somebody wants to complain about a justice of the peace.

Mr. Chairman: So, once you become a justice of the peace, then you enter that body.

Mr. Duncan: You are subject to the discipline of that body, yes.

Mr. Chairman: Okay.

Mrs. Joe: The question that I have on the Yukon Courtworkers, I guess, relates to the lack of accountability to the YTG. I would want to find out why the YTG cost-shared in the program. I think, because they are registered as a society, that they should be accountable to someone. I would like to know if there are any financial statements done and, if there are, would they be available to this committee or included in the Estimates?

Mr. Duncan: I think I said in my statement, that they are required to submit, annually, an audited financial statement with a copy to the federal government. So, we have, then, in turn, to give a copy of that to the federal government so that they will pay the claim.

Mrs. Joe: I see. Do they keep any kind of statistics at all, in terms of the kind of assistance they give to the clients?

Mr. Duncan: We have been talking to them about this to try and determine what would be statistically collectable in this area, because, unlike probation, they do not have a regular caseload, as you know. They are there to give people help. It is a hands-on type of thing where they may be advising them how to act in court; they may be chasing around to bring somebody to make sure they are at court on time and it is very difficult to come up with quantifiable

things.

What we have suggested to them is that the courtworkers keep a log of what they are doing each day so that we can look at that. I do not know if it can produce any quantifiable statistics or not, because of the varied nature of that particular job and the fact that they do not have any one person who is reporting to them on a regular basis. They turn up, as you know, on a Thursday morning at docket court and then proceed to serve all the people who are standing in the hall, exactly the needs of each individual person.

Mrs. Joe: Would it not be easy to keep track of those statistics from the court docket? For instance, on docket day, if they had the docket and they had a list of the people who were on the docket that day, would they not be able to keep statistics from that? I think statistics are very important. I feel that they should be accountable to someone and this committee would certainly like to have some kind of information from them.

Mr. Duncan: As I say, we have been talking to them about this and trying to determine something that would be meaningful. Now, if it is merely a question of how many people were seen in a given day, then I think that could be produced quite easily, but I know from experience that they deal and service legal aid considerably. They are in constant contact with the legal aid clerk, chasing people down, referring them to them, bringing them by the hand. Some of the people concerned require legal aid, but are reluctant to even go and talk to the legal aid clerk and the courtworker takes them by the hand and physically leads them into the office and, perhaps, stays there with them.

Mrs. Joe: I was under the impression, from the Secretary of State, that there was an evaluation of the program done each year. I would like to know if that evaluation has been done by the Secretary of State and if it is available to us.

Mr. Duncan: There, to my knowledge, has only been one evaluation done and that was not just of this one, it was of the whole courtworker program that was done by the federal government.

Mr. Falle: Just pertaining to the courts, how much money has it saved in the court's time by raising the limit to \$1,500?

Mr. Duncan: I do not know if this will answer your question. All I can say is that there has been a noticeable increase in the small debts actions in the territorial court as a result of that increase. Somewhere around 800 are been processed through territorial court now and the majority of those would have had to go through the Supreme Court under the previous one, so it does speed it up from that point of view. I think, rather than saying that it saves us money, it provides a better service to the general public.

Mr. Falle: Is it not fair to say that court time is less than previous?

Mr. Duncan: I think it is fair to say court time is less because it can be processed as a document now and does not have to be disputed, so you do not need court time. The thing can be processed outside the court system itself.

Mr. Falle: The court would be pretty busy to hear 800 cases in one year.

Mr. Duncan: It does save time in that respect and it also provides a better service to the public.

Mr. Brewster: I would like to first go back to the Yukon courtworker. How long does it take, on an average, to process one of these inquiries?

Mr. Duncan: Which inquiries?

Mr. Brewster: When someone comes to them for legal aid, how long does it ordinarily take to process these through?

Mr. Duncan: There is an application form that has to be filled out and it depends on the applicant himself, at times, how long that application takes to be filled out. In the cases I am talking about where the courtworker takes somebody in, we are probably talking about half an hour to an hour to get the information out of that person that somebody else might do in five minutes.

Mr. Chairman: Is there any reason why, considering the Estimates now, the courtworker payment, the contribution to that society, could not be shown as part of the Legal Aid or Legal Services activity in the Estimates, since it is, I suppose, by way of a loose definition, kind of the same or similar function or related

function?

Mr. Duncan: I would not see any reason why it could not. It is separated for financial accounting reasons more than anything else because of agreements with Canada, and to identify them separately, accounting-wise and program-wise, makes it that much easier.

Mr. Chairman: You understand my charitable concern. It arises from yesterday where Finance will not give you any more pages in the Estimates for your statistical information and we want to free up room for your useful statistics.

Mr. Brewster: I would like to ask just one more question on the Compensation for Victims of Crime. These totals, at the end, \$49,000, \$119,090: that is the total cost and we recovered 75 percent of this from the federal government? Is that correct or is this our cost, minus this?

Mr. Duncan: No, that is the total cost.

Mr. Brewster: This is the total cost and we recovered 75 percent.

Mr. Duncan: Yes.

Mr. Falle: I may be touching on policy again, but I am just wondering, hypothetically, when you have a family of four and the court incarcerates the male in the family, the bread winner, we are left with a family that has no money coming in at all. Does that expense come directly on to the legal system, or does it go on to welfare?

Mr. Duncan: It goes on to Health and Human Resources.

Mr. Falle: So, in fact, an incarceration of this kind can be very costly to the society, the government and the family.

Mr. Duncan: That is true, but I think the incarceration depends upon whether the person is guilty or not guilty.

Mr. Falle: I do realize that, but I am just sort of wondering. Okay, that is it.

Mr. Chairman: Let me ask you now, because I know Mrs. Joe has a couple of other questions. Could I ask Mr. Duncan, Mr. Durant and Mrs. Gresley-Jones, having regard to the mandate of this committee, which is concerned about the economy, efficiency and effectiveness of the programs and the spending by your department, if you have any brief comments or observations you would like to make about improvements, according to those standards, that we may not have elicited by way of our questions. Are there some things in which you feel there has been progress made in terms of improved management or efficiency that we may not have had in evidence yet?

Mr. Durant: I harken back again — or harping back — I guess, to accreditation. One of the major spin-offs of accreditation is, in fact, this volume. This volume is a policy manual for the institutional services branch of the Department of Justice. Prior to that we did not have a policy book. It has proven to be a very useful document and made us ask the questions why we are doing what we are doing and how are we doing it. Many times, when we asked a question why, we come back with an answer that says that everybody else does it; it has always been done that way. So, it prompted a lot of change to the way we have done things.

I think that there are a number of other things that are underfoot right now. For example, as part of the renovations, we have managed to move in a building from the Marwell area at the cost of \$1,200. The official tender was for \$12,000 for a contractor to do it; we did it ourselves. That building will be in operation, hopefully, at the end of this month and we will undertake projects for, say, education, repair school furniture for Government Services, and repair and refurbish office furniture that is now being sent to auction because there is nobody in town who can refurbish it. I think there will be a number of items that we will produce for government which will, in fact, save money.

Mr. Chairman: Thank you, Mr. Durant.

Mr. Duncan: There are a few things I would like to touch on in the item, whichever number that is, that we tabled this morning.

Mr. Chairman: Document 26, the Yukon Territorial Department of Justice, Adult Criminal Justice Information Services and Planning document.

Mr. Duncan: Arising out of that, we established within the department, a committee of the program managers involved in this as an ongoing thing to develop this further, where we prioritize the

projects which are to be done. From outside the department, we have the services of the senior program advisor from Government Services to the Systems Manager to sit on the committee and give us technical advice. That is an ongoing thing and we will keep operating. I can never foresee that committee ever dying, because this is an ongoing process forever.

In addition to that, we have a senior policy management committee within the department which consists of the deputy minister and the senior program managers, the RCMP and the Crown Attorney, which is for the ongoing development of programs and things within the department itself. Those are two committees which are actively working towards the improvement of the management of the department and reviewing how the procedures are operating at any given time.

Mr. Chairman: Mrs. Gresley-Jones, have you anything to add?

Mrs. Gresley-Jones: I think Mr. Duncan has just said it all, thank you.

Mr. Chairman: Mrs. Joe has a couple of questions I know she wants to conclude with, but let me ask you one question I feel bound to ask you, Mr. Duncan. You are described to us as acting deputy minister. Is the deputy minister position vacant now?

Mr. Duncan: The deputy minister is sick just now.

Mrs. Joe: During the last session there was indication that that position was going to be filled and that they were looking for applicants. What is happening with that plan?

Mr. Duncan: I cannot really answer that because the Public Service Commission is responsible for the recruitment of any position.

Mrs. Joe: I was just concerned because your workload has doubled.

Mr. Duncan: I agree with you on that.

Mrs. Joe: I had three questions in Legal Aid and I am sorry that I did not ask them before. My first question is: who is eligible for legal aid and what process must the applicants go through before getting it?

Mr. Duncan: There is an application form which determines whether or not the person qualifies for it. It determines the financial standing of the person and their ability to pay for legal aid themselves or whether they have to be assisted.

Mr. Chairman: Could we get a sample form tabled?

Mr. Duncan: Yes.

Mrs. Joe: Is there a means test to determine eligibility? If not, what are the criteria?

Mr. Duncan: In effect, that has been answered.

Mrs. Joe: Are all legal aid recipients channelled through the courts or are there cases where an applicant applies for legal assistance to represent his or her case to other government agencies or private organizations for cases such as civil claims?

Mr. Duncan: Civil legal aid is available, but each application is scrutinized by the committee before legal aid is granted in civil cases.

Mr. Chairman: Are there many granted?

Mr. Duncan: The split is roughly 70 percent criminal, 30 percent civil, but the majority of those civil cases would probably be custody or divorce actions. There are limitations within the legislation itself as to what can or cannot be granted civil legal aid.

Mr. Chairman: Any further closing questions? No further questions from the members of the committee? Are there any closing comments that you would like to make, Mr. Duncan?

Mr. Duncan: No, thank you, Mr. Chairman.

Mr. Chairman: Let me say, on behalf of the committee, thank you for being with us, Mr. Duncan, Mr. Durant and Mrs. Gresley-Jones. I do not, at this point, anticipate any need for us to call you back. However, there may be some inquiries which we may want to pursue with you in writing. In other words, we will send you a letter and, perhaps, we might, hopefully, get a prompt response to some questions in detail, rather than calling witnesses again.

So, on that point, I would just say that the witnesses from the Department of Justice are excused and the committee will now adjourn into executive session.

Witnesses excused

The Committee adjourned at 11:30 a.m.

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Wednesday, February 9, 1983
9:30 a.m.

Issue No. 7 (Fourth Sitting)

25th Legislature

Standing Committee on Public Accounts

Chairman: Tony Penikett, M.L.A.
Vice-Chairman: Bill Brewster, M.L.A.

Members: Hon. Mrs. Firth, M.L.A.
Al Falle, M.L.A.
Maurice Byblow, M.L.A.

Missy Follwell
Clerk to Committee

Expert Advisor from the Office of the Auditor General:

Harold Hayes, Principal

Witnesses:

Department of Highways and Transportation
Mr. Larry Blackman, Deputy Minister

Department of Renewable Resources
Mr. Grant Livingston, Deputy Minister
Mr. Gordon Drummond, Departmental Administrator

Department of Finance
Mr. Frank Fingland, Deputy Minister

Yukon Housing Corporation
Mr. Barrie Robb, General Manager

EVIDENCE

Wednesday, February 9, 1983

Mr. Chairman: Meeting Number 7 of the Standing Committee on Public Accounts, Wednesday, February 9, 1983, will come to order.

This morning we have with us Mr. Larry Blackman, Deputy Minister of the Department of Highways and Transportation. We will be spending a few minutes with you this morning, Mr. Blackman, following up on items from the 1982 Report of the Standing Committee, recommendations in that report, and matters arising from the Auditor General's Report on "any other matter", in his letter to the Council.

For that purpose, I am going to ask you to submit to the withering inquiry of Mr. Byblow.

Mr. Byblow: Good morning, Mr. Blackman. You look very lonely over there. I want to ask a number of questions surrounding, firstly, your response by letter to the clerk of the committee. Do you have the letter of November 5th?

Mr. Blackman: Yes.

Mr. Byblow: Judging from your first response to Recommendation Number 13, from page 24 of the Public Accounts Committee Report, specifically on the subject of data base, it would be safe to assume that there still is some problem in gathering data from which the planning and decisions can be made. You note that information is being gathered. How long would you say this has been taking place?

Mr. Blackman: The two things I think that the committee was referring to are traffic and accidents — the two typical types of data for highway planning. We started a review of accident statistics and the consolidating of statistics in the summer of 1981. The data was pulled out of police reports. In the summer of 1982, that was consolidated and brought into a plan form, if I can use that expression.

"In other words, the numbers of accidents and locations were plotted on maps. So, that is in place now.

Traffic statistics have been collected for many years, but not to the extent that would be desirable, in my opinion. That is going on. We are gradually trying to improve that information base, but we also need staff competence, shall we say, in the analysis and so on of the information.

I referred, I think, to time. What I really intended by that expression is, in traffic statistics particularly, you need information on the same base over a long time period so you can project trends. In other words, even if we had detailed information for 1982, it is not of significant value unless you can relate that back to the last 15 years. So, as our information improves, we have to go forward in time so we have this historical data which can be projected.

Mr. Byblow: I have some difficulty about the data that you are referring to. You are referring to information as relating to plotting accidents and traffic for highways.

Mr. Blackman: Traffic volumes, yes.

Mr. Byblow: The recommendation dealt specifically with the requirement to have information gathered as a base for capital planning.

Mr. Blackman: Yes.

Mr. Chairman: Mr. Blackman, there seems to be confusion here, it seems to me. Mr. Byblow is asking about Recommendation Number 13 and you seem to be responding to Recommendation Number 3.

Mr. Blackman: I was looking at my letter.

Mr. Chairman: I think he was dealing with the first point in the letter, not the accident plotting, which is the second point.

Mr. Blackman: Sorry. There are various things involved in the data base. Two of the most significant are traffic and accidents. In addition to that, we need to upgrade our inventory, that is a road inventory — what is actually out there every given kilometer. How many sign posts, how many guard rails, what slopes, grades, curvatures and so on? Again, that is a very massive job. The two sort of base items are traffic volumes, weights and accidents. I was responding specifically, or more directly, to those two items.

Mr. Byblow: In the general subject of the total data base that you require to assess the needs for improved transportation, accepting that traffic and accidents are part of it — and there is a recommendation that we talked about later on that —, could you tell me how long it will take for you to compile enough data from which useful planning can be done? You said that you were compiling accident statistics over the last two years. I am referring now to the greater data accumulation required for road needs.

Mr. Blackman: In a statistical sense or data base, traffic volumes, tonnage, that is axle loading, are ongoing. I would like to see a minimum of five years of solid information where you can relate one year to another. Just because you get a reading in August of one year that is 20 percent higher at a given point than the previous year does not mean your traffic is varying that much. You have to have trends rather than one year. I think this is very obvious right now: traffic is down in the latter part of 1982 on the Klondike Highway because Cyprus Anvil is closed down, but I do not think a possible one year variation should interrupt the long-term projection.

"**Mr. Byblow:** So, you are saying that you need this compilation of a data base over a period of at least five years before it becomes useful and meaningful.

Mr. Blackman: I have to qualify that again. There are obvious changes that you can relate over one year. If, all of a sudden, Amax was in production in the development at MacPass, there would be a sudden jump in traffic; it would be obvious as to why, and you would need to do something.

Mr. Byblow: So, on the data accumulation, you make reference to a recording system and you say that it is becoming available as promptly as is feasible. What does that mean? I am now referring to the reporting of the data that you are compiling over time to assess your road requirements.

Mr. Blackman: You are referring to 1(b) in my letter now?

Mr. Byblow: Correct.

Mr. Blackman: For the kind of information we need, computer print-outs, et cetera, we require some changes in our system. On the maintenance side, in this current year, 1982, we are beginning to get solid information. These things are never static, they should continually be upgraded, but I think we are at the point now, on maintenance activities that, for the next fiscal year, we have good information.

There are a whole series of other types of computer data that can be made available. The information is in the system. All we have to do is bring it out. What you need are people and time to get that.

Mr. Byblow: I appreciate that. How would you describe, briefly, the type of information that is being gathered?

Mr. Blackman: On the maintenance side, we are now getting, by financial period, reports by cost of activity — I believe there are 60 activities in the maintenance function — by road, by camp or area. So that, if your costs are running over or under, you can trace it back to the fact that it was snowplowing on the Haines Road in Drury Creek. Then you can see, well, did we have to snowplow that much, was there more snow or is the activity inefficient? Information is becoming available. All we need is the time and people to analyze it.

Mr. Byblow: How often are you having this information recorded? On the example that you just gave me, you are talking about an increased frequency of snowplowing. That, in turn, affects road conditions and deterioration of a road. That also must be part of your data base and information gathering. How often is this fed into a centralized coordination from which you can then assess your analysis?

Mr. Blackman: The input is more or less continuous as accounts come through. The printouts are by four-week period.

Mr. Byblow: Also, in 1(b), you refer to training. You said that "training would affect the quality control of the reporting and the information". I understand that to mean that, depending on the competence of the reporting, that will depend the quality of that reporting. How many people require the training to relay this information back to central?

Mr. Blackman: Most of the information that goes into the system is generated in the road camp by the foreman or an acting

foreman. Therefore, you have, in this case, over the year, probably 45 people. In addition to that, you have your clerical staff who monitor the codings of the information. They are reviewed by superintendents so, I suppose, in total, you have 60 people.

Mr. Byblow: You referred specifically to training. Is there some formal training that is taking place, or is it just an enhancement of the job descriptions?

Mr. Blackman: This week we have all our foremen, who are the key generators, in on a week's job review — if you want to call it that — at which they are updated on improved procedures, emphasizing the importance of the reporting system and that type of thing. We have these people in for a full week this week.

Mr. Byblow: That is the kind of training you are talking about in your letter.

Mr. Blackman: It extends beyond that. We have a maintenance administrative officer who monitors this information as it comes off the computer. She is now going back to the foremen each period, and saying, "These look different. Please explain". We are actually going back to the foremen now and saying, "What happened here? Is that an error or was it something unusual?"

Mr. Byblow: You referred to 60 people involved in the process of data accumulation and review and some level of training being given to all of them, I assume. Is that correct?

Mr. Blackman: Yes. As I referred, we have our foremen all in this week for training and problem review. We do not actually bring acting foremen in because the acting foremen, this year, may not be acting foremen next year. The onus is on the foremen to train or instruct anybody who is going to take over when someone goes on holidays or is sick.

Mr. Byblow: So active training takes place, perhaps, only to half of that 60 number, which, in turn, is fed back to that other half — something of that order?

Mr. Blackman: That is right. It is just not feasible to bring everybody in.

Mr. Byblow: You make reference to the lack of funding. You indicate that, without added funding, it will take substantially longer to have the proper and adequate training. Without adequate funding, how long will it take to have your people adequately trained to handle the accumulation of data?

Mr. Blackman: We are jumping now from maintenance to construction and back again, I think. For the accumulation of maintenance data, and this is really reporting systems rather than data base that we are referring to now, the funding is not a factor. These people are in place and it is an ongoing process. As you find aberrations or you require improvements, you put them in the system. That is in place and working, I have no problem with that.

On the engineering side, where you need a hard data base, you should have a more detailed record of what is out there — an inventory, in other words, and also the capacity to analyze it, and so on. This means more technically trained people, not clerical. You can only move very slowly and there is a limit to how far you can move until you increase staff.

Mr. Byblow: Earlier, we talked about the plotting system of accidents and traffic. You described how the information was assembled and how it is essentially portrayed. You indicated, also, that it would take about a five-year period before you could make an active utilization of this. How are you portraying these accident and traffic statistics? How are you doing the plotting?

Mr. Blackman: There is a blown-up map of the Yukon road system. Accidents are classified by groups. For one to four accidents within a given length of roadway, you use a colour code — I do not remember the codes, but let us say yellow. If there are between five and nine accidents on a section of road, it is shown as blue, et cetera. You go through in groups of five. These are then shown on a map, so you can look at the map and, if you see a red spot there, that may mean 11 to 15 accidents in that section of highway. If you see a red mark, then we need to start looking at that section of highway as to why is there a red mark there?

Mr. Chairman: So, you do an immediate utilization of it?

Mr. Blackman: The plotting is in effect now. Again, it takes time to review the whole system, but, in looking at the future program, that is a factor in the decision base.

There is another factor that has to come in, which, shall we say, limits to a certain degree, the value of accident statistics, and that is developing, again, traffic volumes. One has to be very careful how one says this because one fatality is important. So, it is a difficulty. You get into a numbers game here. You have to have sufficient traffic data so that you can say the average accident rate for Yukon is, in random numbers, five per million kilometers per annum.

You then want to look at those places where you are getting higher than average traffic volume and this is where you have to begin to be able to relate volumes back to numbers.

Mr. Byblow: The essential point is that you make immediate utilization of the plotting statistics.

Mr. Blackman: We are making use of it now. We will be able to make more use of it as time goes on.

Mr. Byblow: I want to briefly talk about Recommendation Number 8, on page 25 of our report, on the subject of transfer of funds. I would like a few details about the work order system you refer to as being "partially implemented". How does it work?

Mr. Blackman: I think this is not a governmental procedure, it is a departmental one internal in our department. All capital works, with the exclusion of those which cover straight purchases such as sundry equipment, tools, et cetera, — I am sorry, I do not have the capital budget with me — it does not cover that sort of thing, which is the money spent on the requisition of a piece of equipment.

Mr. Byblow: Mr. Blackman, pardon me for interrupting. The recommendation deals specifically with the transfer of funds and the procedures about moving those limits around within activities.

Mr. Blackman: I was approaching this. I was saying the work order system does not apply to those areas; it does in the other areas. For example, if we have capital funds for the Klondike Highway, which were voted in the last session, there is a lump sum. Any expenditure of that fund has to be approved by a work order, which is a document. Basically, these are engineering, construction items. That lump sum is broken down into specific projects which, for example, may be surface treatment, as we had last year, south of Carmacks. A work order is prepared, which shows expenditures on that section of road or that project in prior years, the estimated expenditure for this year and the estimated expenditure to complete the project.

That is just information which comes to me. I deal, then, with the expenditure for this year. It is then broken down into in-house costs such as engineering design, construction supervision, purchase of materials, which might be asphalt or calcium or whatever you require, contract work. The work order is then approved, assuming we approve the detail, and this then goes to the accounting section. Accounts are not supposed to accept any claims for payment unless there has been a work order authorized. By this system, we can control specific units of work within the total vote.

Mr. Byblow: So, in the case of any moving around of funds between activities, it follows through on that work order system. There is, distinctly, a control on limits.

Mr. Blackman: When the work order control comes through, it is an estimate, of course. If the contract tenders come in higher than anticipated, the decision has to be made whether it is a reasonable price and whether you proceed with a work order or not. If you accept those tenders, then the work order has to be amended at some point, so that you cover the total cost of that.

Mr. Chairman: Who authorizes such amendments to the work orders received?

Mr. Blackman: I do.

Mr. Chairman: Okay. It is you, alone, who can do that?

Mr. Blackman: At this point in time, the way it is set up, I will authorize all work orders and any amendment to a work order. This, in due course, may be handed on down to my director, who we recruited this past year.

Mr. Byblow: Again, in any kind of handing down, specific guidelines are passed on, as well.

Mr. Blackman: There will be limits, financial limits, basically.

Mr. Byblow: Is this work order system fully implemented now?

Mr. Blackman: In the past year, staff and time restraints did not allow us to get it in place for the first of April and it was partially in operation, let us say, during the past year.

Mr. Byblow: I do not understand what partially implemented means. A work order system, if it is applied, is either applied to an entire project or it is not.

Mr. Blackman: We — I am trying to find a polite word — had things somewhat confused by reorganization of the department and departments. This was set up to cover all Public Works, Municipal Engineering and Highways and, as we just nicely got into this system, we started splitting out things. There were so many changes going on that, in fact, we had to let projects proceed without getting work orders.

Mr. Byblow: I suppose it would be safe to assume that, during the transfer, it did participate some loss of control in project —

Mr. Blackman: No, it was not the loss of control. It was better control than we had before, but we did not get to the point we wanted to get to. It was an improvement.

Mr. Byblow: It is relating to that very transfer that I want to briefly talk about now. Recommendation Number 11, on page 27 of our report, deals with the evaluation of project proposals. We seem to have some contradictory information supplied. The deputy minister of Government Services responded to our recommendation by letter on November 30th, saying that "nothing has changed in this area", that is in the area of evaluation of project proposals, "prior to Public Works being transferred to Government Services. Although the recommendation is very desirable, we do not visualize any changes in the immediate future. All major project proposals are analyzed by outside consultants. We simply do not have our own professional resource available".

Subsequent inquiry with the officials of the department indicated that the department has some expertise, in fact, and sometimes they evaluate their own projects and sometimes they bring in outside expertise.

Your response, in this letter of November 5th, indicates that the department has the expertise to evaluate any and all projects. Could you clarify the level of expertise for evaluation of projects?

Mr. Blackman: I think we are in, I was going to say, the happy position now of dealing with highways only. I believe that, within our department, we have the capacity to evaluate any highway project.

Mr. Byblow: Your reference, in the letter, is strictly to expertise necessary to evaluate highways projects, not Public Works projects.

Mr. Blackman: My responsibility now is highways and I believe we can, within the limits of any jurisdiction, evaluate highway work.

Mr. Byblow: As a former deputy of Public Works, would you say that Public Works does have the expertise to evaluate the projects under its jurisdiction or that it does not have that?

Mr. Chairman: Perhaps that would be more appropriately phrased as did it have, during the time Mr. Blackman was deputy minister?

Mr. Blackman: I can respond in that case, yes. No, the Public Works section had no structural, electrical, mechanical, geo-technical engineering and in any public work — by that, I think, generally it is meant to mean buildings — there has to be some expertise in those areas to fully evaluate them. That was the reason consultants were relied on, for this sort of information.

Mr. Chairman: You indicated what skills you did not have in Public Works during the time you were responsible for it. You say you do have the expertise in Highways. Could you identify the specific skills that are present in your department that would enable you to be able evaluate highway projects, including your program.

Mr. Blackman: I should qualify that. The Highway department has not undertaken bridge work. They have relied on Public Works Canada for that and I have sort of separated them from consultants as somewhat different. I would have to qualify my former answer. We do not have structural capacity, but, in the other areas of design, sub-grade, base course, pavements, reasonable limits of geo-technical, et cetera, we do have that capability.

Mr. Chairman: Those skills are embodied in how many people? Yourself and who else?

Mr. Blackman: Four, I would say, in varying degrees and so on.

Mr. Byblow: I want to move to the last item of your letter, the Dawson sewer and water system. You indicate in your response on the subject as no longer having a responsibility to the project. However, in your previous appearances before the committee, you said that a report or a review was being prepared. Now, in the transferred responsibility, Government Services, who have assumed it, neither know anything of such a review nor of its completion, adding that the Dawson City sewer and water project was now the responsibility of Municipal and Community Affairs. Your response makes reference to municipal engineering having no responsibility for the project. This is all very confusing.

Mr. Byblow: Where is the review or what is the status of that review that began under your administration?

Mr. Blackman: My statement that Municipal Engineering is not a responsibility of this department is correct. Municipal Engineering was transferred to the Department of Municipal and Community Affairs, not to Government Services.

Mr. Chairman: Our problem is when we asked the deputy minister of Municipal Affairs about this review, he said he knew of no such review.

Mr. Blackman: I cannot respond to that. At the time of the transfers, the review was proceeding as and when the director of Municipal Engineering had the time available to proceed with it.

Mr. Chairman: It was not complete.

Mr. Blackman: It was not complete.

Mr. Chairman: It was in progress.

Mr. Blackman: As and when —

Mr. Chairman: At the point. Can you remind us of the date of that transfer, and month? Was it last July?

Mr. Blackman: Municipal Engineering and Public Works did not move at the same time. The decision was made, I believe, in August — I am going from memory. The formal transferring of funds and so on, I believe, occurred in late September or early October. There is always some confusion in these changeovers; you cannot just draw a line. So, there was a period there where some things were coming to me because I have the signing authority, but they are referred for comment, shall we say, to the other department because they were becoming responsible. So, it was during the month of September, I would say.

Mr. Chairman: We are very interested in this review. The commitment you gave was if the minister approved, we could be apprised of it or given a summary of the review. The review was still in progress at the time you transferred the thing, last August or September, to Municipal Affairs.

Mr. Blackman: Yes.

Mr. Chairman: Since they say they now know nothing about it, I guess we may have to call them back. We will deal with that question later.

Mr. Byblow: That covers the areas under the letter. There is one more matter I want to draw your attention to and that is from the Auditor General's report, dealing with "any other matter" arising from Territorial Accounts, on the subject of the road replacement account.

On page 3 of the Auditor General's report, in paragraph 2 of the subject, reference is made to information given in the 1982 Public Account Hearings that the entire system of the replacement account was under review. What is the status of that review?

Mr. Blackman: We have been working, again, as time permitted, with Finance and the Internal Auditor, trying to prepare a policy recommendation. We had hoped that we would be farther ahead than we are at the moment. Two things intervened: (a) I was on holidays, and (b) the individual from Finance who was involved in it was on holidays at another period, so we have lost some six to seven weeks there.

At the same time, Internal Audit has been reviewing our whole system. In other words, there is a departmental audit being done this year. There is some advantage in waiting for his report before we move. Not only would we like to clear up the specified problem here but, in addition, improve all our reporting systems, computer systems and so on, relating to this.

Mr. Byblow: Is it fair to say that your review is temporarily stalled while Internal Audit comes up with a report?

Mr. Blackman: I think maybe "was" would be a better term. I came back from holidays on Monday of this week. The preliminary draft report from the auditor is on my desk, which I have not had time to read. We hope that we can bring forward proposals for this spring.

Mr. Byblow: So, it is in full consultation with Finance?

Mr. Blackman: Finance and Internal Audit.

Mr. Byblow: When will it be complete?

Mr. Blackman: I am saying our target now is the spring.

Mr. Byblow: Further to the Auditor General's report, you make a comment, under Government Comments, referring to the "proposed expenditure information in the O&M Estimates of 1981-82, as based on the calendar year, whereas the actual expenditure, as presented in the Territorial Accounts, is based on a fiscal year". How do you explain this variance?

Mr. Blackman: First of all, may I say that the account itself is not typed fiscal years. That is, there is not a sum of money which must be spent before March 31st or it lapses. It is an ongoing account.

We would argue, I believe, that this account should be operated to provide the most efficient job performance or highway maintenance operation performance, rather than being designed to fit an accounting system. In other words, the accounting system should not dictate operating methods. Equipment is ordered to fit the seasonal requirements, et cetera. The end of the fiscal year is the worst possible time to try to cut it off. The delivery of heavy equipment, principally, can vary from two weeks to nine months.

Mr. Byblow: I do not want to get into the detail of the why of it. I am just referring to the commentary in the Auditor General's report provided by, I assume, your department, that the O&M Estimates were based on a calendar year and the actual Territorial Accounts were based on a fiscal year. Which are the actual expenditure figures?

Mr. Blackman: The Territorial Accounts report on the fiscal year-end. Actually, these dollar figures were, I believe, taken out by Finance, not ourselves.

Mr. Byblow: It is the intention to continue on a fiscal year basis in supplying information relative to the replacement account.

Mr. Blackman: We have not finally addressed that yet in our review. The point that we were trying to make here was the intent of our reporting to the legislature, estimating what our replacement for the work year would be — I prefer to use "fiscal" rather than "calendar year". For the given work year, we listed the equipment which we intended to replace and purchase.

We also reported the equipment which we had actually purchased in the previous year and related one to the other. We say we are going to buy ten trucks; we tell the legislature we, in fact, want ten trucks. Five may have come in on March 30th, five more on April 1st.

Mr. Byblow: We could probably talk about this rotary replacement account *ad infinitum*, but there is just one last question I have on the subject and that relates to actual amounts of the account. In 1982-83, your O&M figures project a \$2,500,000 expense — to purchase, that is — and there is \$500,000 carry-over from the previous year. In the Territorial Accounts, there is a net income from that year of \$1,500,000. It would appear that you have a shortfall of a substantial amount. Where is the money intended to come from?

Mr. Blackman: I had to read this statement again, myself. Exactly the same explanation applies. We schedule purchases for the work year of 1982-83, let us say, and if some of that equipment comes in prior to March 31st, it becomes a charge against the previous year, which reduces the cash on hand, increases the expenditures for that year, lowers the cash on hand for the beginning of the following year and lowers the expenditures for next year.

What I am really trying to say is that I think that those figures are relatively meaningless in the ongoing operation of the account. If the ruling was that we had to fit rigidly within fiscal years, it would mean that we would order equipment on the 25th of March, we would make sure it all came in sometime during that fiscal year, whether we needed it in April or December and everything would

balance very nicely. However, it would not be practical.

Mr. Byblow: In the Territorial Accounts for 1981-82, there is a net income of \$1,500,000 related to 1981-82. You project in 1982-83 to use up \$2,500,000 worth of purchases. Having only a \$500,000 carry-over, you are definitely going to be running into a cash flow deficit, if your explanation is applied.

Mr. Blackman: Not necessarily, because every operating month you are earning more money into the fund.

Mr. Byblow: Through what means?

Mr. Blackman: From the period, roughly, May 1st to October 15th — I do not have any figures, but the major earnings of the account occur then. We could have no money in the fund on the first of April. By the middle of June, we could probably afford to buy two or three pieces of equipment because our rentals are coming in.

Mr. Byblow: In other word, the chargebacks?

Mr. Blackman: Yes.

Mr. Chairman: We understood the government changed the chargeback policy. Is it still the policy to charge out for all the equipment being used and that is accounted for in that fund?

Mr. Blackman: Yes, and always has been. That policy has never been changed.

Mr. Chairman: The chargebacks in terms of rental space and all those things have changed, but not in respect to equipment rentals?

Mr. Blackman: No, this is a self-generating fund. It is a part of the whole management system in highway maintenance.

Mr. Chairman: I feel bound to tell you, since the government has changed its policy in respect to rental chargebacks, that it raises a question about the usefulness as a management tool of doing it with equipment. Anyway, I will not get into that now. Do you have any closing observations you would like to make, Mr. Blackman?

Mr. Blackman: No, sir.

Mr. Chairman: Thank you for being with us this morning. If we have any questions upon reflection or examination of the transcripts that do not seem perfectly clear to us, we may write you a short letter. Thank you for being here.

Witness excused

Mr. Chairman: We will now be calling witnesses from the Department of Renewable Resources, Mr. Grant Livingston and Mr. Gordon Drummond, to follow-up on the 1982 report of the Standing Committee.

We welcome this morning Mr. Grant Livingston and Mr. Gordon Drummond, the deputy minister and the departmental administrator, respectively. I expect, Mr. Livingston, that we will not need to have you with us for a very long time, but we will see about that. Please be seated.

You are basically here to do a follow-up on the items in the 1982 report of the Standing Committee on Public Accounts, which have also been addressed in your letter to the committee of November 17th. For the purpose of this inquiry, we are going to be submitting you to the tender mercies of Mrs. Firth.

Mrs. Firth: There were some questions about objectives on Recommendation Number 12, Mandate Limitation, and Recommendation 13. Could you tell me if the department has revised its objectives?

Mr. Livingston: No, we have not. I am not sure whether they have been really well defined; therefore, I have taken some steps to attempt to refine these objectives and establish them through the political process.

Mrs. Firth: So, then, the department has redefined the objective. In that redefinition, do the objectives now ensure that they are within the mandate of the Renewable Resources department?

Mr. Livingston: They certainly will be, yes.

Mrs. Firth: Could you elaborate on that for me a little?

Mr. Livingston: As I see it, the objectives and the mandate alter from time-to-time. For instance, generally, prior to the last few months, our mandate dealt basically with management of wildlife and parks and outdoor recreation. Subsequent to that, of course, we have passed on a *Land Use Planning Act* and, therefore,

that alters the department's mandate. So, I would suggest, that they are being defined and added to and altered from time-to-time, as decisions are made.

Mr. Chairman: The problem we have in the committee, when your predecessor was here, was the fact that the department seemed to be undertaking activities which were not only beyond the jurisdiction of the department, but, perhaps, beyond the jurisdiction of the territory, or, at least, its objectives' described activities. Some of those activities were not funded, neither were any programs or activities that follow from the objectives. That was the previous problem, if I may put it that way.

Mr. Livingston: I do not believe, at this point, that our objectives exceed our mandate.

Mrs. Firth: Perhaps, Mr. Chairman, we could have copies of the redefined objectives submitted to the committee.

Mr. Chairman: Do you have that? Have they been changed since their appearance before the committee?

Mr. Livingston: No, I do not think they have been changed, but they are being modified and more precisely defined, if you will.

Mrs. Firth: So the process is not completed yet, is it?

Mr. Livingston: That is right.

Mrs. Firth: From the past evidence, in January 28, 1981, I have a list of some 15 objectives of the branch and some additional eight within one other section of the branch and an additional five in the last. I believe the branch is divided into three portions.

Mr. Chairman: I guess what Mr. Livingston is saying is we will not see these new objectives until the 1983-84 Estimates. Is that what you are telling us?

Mr. Livingston: That is correct. In other words, they really have not changed from those that appeared prior. However, we are refining those and modifying and reviewing and that process has not been completed.

Mr. Chairman: But you are prepared to give us an undertaking that the department will not, at the point 1983-84 Estimates, be undertaking any activities which are not beyond its mandate and jurisdiction.

Mr. Livingston: That is correct.

Mrs. Firth: Perhaps, Mr. Livingston, you could clarify for the committee the department's understanding of goals and objectives. How do you feel goals and objectives relate to each other? When you are redefining the objectives, what particular aspects are you keeping in mind? How do activities relate to goals, relate to objectives?

Mr. Livingston: I think the first step, of course, in order to define those objectives, is to determine the political views and directives as to how various resources should be managed. I think that is where it stems from and what those political directives are in relation to Renewable Resources, generally, now and in the future. That mandate has to be established first, I believe, in order to refine those in more detail as how to achieve those objectives. In view of the fact that we are undertaking this process, I think it is pretty premature to attempt to address that.

Mrs. Firth: Could the department give some indication as to how, where possible, the performance could be measured against the objectives? Are you going to be able to measure performance against the objectives that you are redefining?

Mr. Livingston: That will be our goal, yes.

Mrs. Firth: What is the department's goal or objective in utilizing those performance indicators? What will you be using that performance indicator for?

Mr. Livingston: I think it is important for the purpose of the political arm of government determining whether or not they achieve those objectives. That is the purpose.

Mr. Chairman: I guess the only question I would have about objectives is, as they are modified — to use your word, Mr. Livingston — it will be possible in the narrative in the new Estimates to relate not only performance indicators, but also the programs and activities directly to those objectives, will it?

Mr. Livingston: Yes. Whether or not it will be for the 1983-84 budget year, I am not sure.

Mr. Chairman: So the modification may take another year beyond this estimate year?

Mr. Livingston: It may not be April 1st, let me put it that way, but, perhaps, part way through the fiscal year and then alterations could be made in the Estimates to reflect those.

Mrs. Firth: The temporary resource policy and planning group was comprised of three senior departmental officers. Is that group still active? Is that the group that is working on the redefinition?

Mr. Livingston: Yes, it is. Also, I assume, and would suggest, that there would be some kind of a public review process, as well, in determining and refining these objectives.

Mrs. Firth: I would like to move from objectives and mandate limitation, then, to wildlife data base. Recommendation Number 14: "The department should develop a solid wildlife data base". The comment that was made by the department was "The wildlife data base is not a quantifiable entity in that it can be counted or measured". If it can be counted or measured can it not be quantified?

Mr. Livingston: It is not that rigid, I guess, is the point and it can be subjective because population dynamics and various other factors relate to it. Therefore, it is very difficult to precisely quantify it.

Mrs. Firth: Could you expand on your explanation a little further?

Mr. Livingston: As I mention in here, population numbers and locations are constantly changing in response to various dynamics of animal populations; therefore, it cannot be that precise. It is only a general picture and regime that we are talking about and, unfortunately, not that precise.

Mr. Chairman: You explain why it is difficult to achieve this recommendation. I am not clear, though, whether you find it a desirable objective or if it is one that you think is impossible.

Mr. Livingston: Oh, no, it is not impossible at all. In fact, it is essential for the purpose of wildlife management. It is just not that precise. You are talking general scopes and it is an ongoing cyclic thing and it could be annual, it could be various five-year periods or whatever. It is an ongoing process, if you will; it is not constant and finite.

Mr. Falle: Who, in your department, makes the final decision on what species of animals are going to be counted this year, whether it be wolf, sheep, bear, whether it be whatever? The last time the department appeared before us, it was very vague on who made that decision, whether it was the biologist who made it or whether it was the manager of the department who made it. I never did get an answer to that and I am going to ask you a point-blank question. Who makes that decision, you or the biologist?

Mr. Livingston: Obviously, it ends up through the budgetary process that the political arm of government makes all decisions so, ultimately, that is where the responsibility lies. As I say, probably, in the past, it is somewhat hit and miss because it relates back to Recommendation 12 and 13, what are those goals and objectives. That is important in order to establish what the budgetary process and priorities should be.

Mr. Falle: The entire department seemed to hinge and a major problem seemed to be that there was not enough baseline data. We have just run across a recent problem with wolves. Nobody wanted to study them or nobody did. We did not have any data. It all relates back on whether you are going to study sheep, bear, moose or whatever. The point is the final decision on who makes the decision on what animal they are going to study, is just basically that baseline data everybody seems to need in this department to function. So, surely, what I want to know is whether you make that decision.

You are going to study bear this year and that is it, or you are going to study this or whatever. It seems like there is not enough baseline data on what animal or how many there are and we seem to constantly run into this same problem. I realize from your last statement that it is changing and there are many reasons for it to change, but, still, to me there has got to be some kind of direction and it appears that I am not getting an answer.

Mr. Chairman: To put the question another way, are the individual projects on the species inventories projects within your spending authority?

Mr. Livingston: That is right.

established, just in the last two months, that project authority and contracting authority must flow, in the first instance, from the department that has the responsibility for the project. In other words, if the Department of Education, for example, has had money appropriated to it for the construction of a school and they, in turn, ask Public Works to arrange for the preparation of specifications and tender call, there is a project authorization form which is prepared and approved by the Department of Education and given to the Public Works branch of Government Services. That is then their authorization to proceed, on behalf of Education, to carry out the project.

Mr. Chairman: So a change order made as a result of a site review meeting would result in an amendment to that document?

Mr. Fingland: It should. It should have the approval of the initiating department. That is, in this case, the Department of Education.

Mr. Chairman: Are you satisfied that that is now being done?

Mr. Fingland: Yes, I am. At this particular point in time I am satisfied that that is being done.

Mr. Chairman: I wonder, Mr. Fingland, if it would be possible to get a blank one of those?

Mr. Fingland: Yes, it would.

Mr. Chairman: I would ask you to undertake that. During these hearings, we were substantially looking at the question of project co-ordination or project management and the delegation of authority question arose out of that inquiry. We were also told by the deputy minister of Government Services that he felt that he could exceed his spending limit by thousands of dollars, if necessary, by some margin. Anyway, he had some margin of discretion above his limit. I think he used figures of \$5,000, \$10,000, perhaps. He had originally told us his limit was half a million, but then he subsequently amended that statement to be \$300,000. As treasurer, is that statement true?

Mr. Fingland: It would be true, only to the extent that it was verifiable from the regulations.

Mr. Chairman: In other words, if he has a spending limit of \$300,000, he cannot spend \$310,000 on a project?

Mr. Fingland: That is right.

Mr. Chairman: So the deputy minister, in that case, was in error.

Mr. Fingland: He would be if that is correct, yes.

Mr. Chairman: Okay. Earlier, you talked about the relationship between project authority and contract authority. We have been using, amongst ourselves, as lay people here, the problem, if you like, of management responsibility and financial responsibility.

Mr. Fingland: Yes.

Mr. Chairman: In some people's minds those seem to be different things. In other words, someone may have a financial authority for only one amount but may be having substantive authority or management authority on a project greatly exceeding that limit. What, as a matter of fact from your point of view, is the relationship between financial responsibility and management responsibility? Are they identical, in terms of their financial limits?

Mr. Fingland: They may be, but not necessarily so. I would think that a project officer may have the responsibility for managing several projects and, therefore, his management responsibility may be much wider than the actual dollar value of his contract authority.

Mr. Chairman: On an individual project, is it conceivable that his management authority could exceed his financial authority on that?

Mr. Fingland: I suppose it could, depending on how you interpret management authority. I would think that the management authority would be very much open to the nature of the relationship that he had with his immediate superior. As far as I am concerned, that cannot, in any way, alter what his financial authority is, because his financial authority is established by regulation and that has a legal base limit.

Mr. Chairman: Let me deal with the specific question that we had in the case of a project, where something subsequently went wrong or appeared to go wrong — it was a large project, far in excess of the financial authority of the responsible officer — the question of who assigned liability when something went wrong. We

clearly had the impression, in the first round, that it was that officer, the project manager, if you like, who was, in fact, making that decision, even though the financial consequences of that decision were far in excess of that officer's responsibility for financial limits.

Mr. Fingland: You are asking me a question about a project that I know nothing about.

Mr. Chairman: Okay, make it a hypothetical project, rather than a real one.

Mr. Fingland: I would think that if an officer is authorized to carry out certain functions and, as part of those functions, he has the authority to incur commitments on behalf of the government — that is, to incur financial obligations, and he reasonably and honestly feels that he has acted within the limits of those authorities — I do not feel that I would have any grounds for questioning that. If, however, the thing has been done knowingly and deliberately to exceed those authorities, then that becomes an entirely different matter.

Mr. Chairman: I do not think that is the issue here. At the time of the issuance of the project authorities, going back to the beginning, does the client department for whom the project is being undertaken commit the funds in its appropriation?

Mr. Fingland: The client department would be, in my example, the Department of Education. They would be the people who would ask to have the appropriation made and it would be made in their name. Then the Public Works branch would function as an agent of that department to carry out the work on their behalf and they would be accountable to that department.

Now, the exercise of the actual contracting authority would be done by Public Works, within the limits of their authority. They may or they may not, but they would have authority to handle the project and to exercise their contract authority, under the aegis of the original authorization from the principles of the department concerned.

Mr. Chairman: I would take it as axiomatic that good control dictates that the same person should not control both spending and payment. In this case, perhaps, we have a situation where clearly a deputy minister could control all three, commitment, spending and payment.

Mr. Fingland: Yes.

Mr. Chairman: Would you agree with that observation?

Mr. Fingland: Very much so. As a matter of fact, several months ago, we reviewed this situation and it keeps recurring, where dual authority is being exercised by the same person and we have immediately moved to correct that.

Mr. Chairman: By an amendment to this order-in-council?

Mr. Fingland: No, not by an amendment, but by asking the department to change the authorities and to make sure that people are not exercising dual authority.

Mr. Chairman: That is the authority delegated by the deputy minister?

Mr. Fingland: Yes.

Mr. Chairman: That term is something that also raises a question in our minds. I do not ask a political opinion here, but I want to ask an administrative opinion. Ideally, should not the delegation of that authority really be in Cabinet or ministerial hands, within departments? I am concerned about the potential for a deputy minister, in fact, to redelegate all his authority, if he so wished. Perhaps redelegate it beyond the capacity of officers to manager.

Mr. Fingland: I think, you are asking, really, what my opinion is about the existing statutory basis for what we are doing — that is, the existing ordinance and the existing regulations. I find them, myself, quite unsatisfactory. The point you raise is a point with which I completely agree. I am not opposed to a deputy minister having the authority to delegate his authority, but there should be some limits placed on the extent to which he can delegate that authority.

I also have a very serious concern about the terminology of the present legislation. It is very unclear and very poorly understood throughout the public service. That, really, is why I said, the other day when I was here, that we feel that we have to start at the

beginning, which is to somehow clarify the legislative base. That is, to get some proper legislation in place where the initiation of these authorities is clear, where the authority to delegate is clear, where the terminology is clear and completely understood by everybody concerned. Then the hierarchy of authorities and delegation of authorities flows to management board, ministers, deputy ministers and so on, to the various financial officers.

Mr. Chairman: To get back to the construction projects, you have been told by members of this committee that project management is something that we have been concerned about. Inevitably, being politicians, we have looked at specific projects where citizens have expressed concern to us. We remain puzzled or confused about the problem of delegating and communicating the delegation of authority in respect of those projects. We do not want to have the situation where someone could make, literally, progress payments in parcels which add up in excess of their statutory authority in other respects.

It raises a problem in terms of managers, it seems to me, of those projects, in that, at some point, they may be put in a position of assigning blame and responsibility if something goes wrong with the project, which puts them in the position of making, in effect, financial decisions or decisions which have financial consequences to the government way beyond their authority. I want to ask no more than is this a problem, from your point of view, or is it simply a problem of something that we have misunderstood?

Mr. Finland: No, I do not think it is a problem, quite frankly. I am not saying that there is no problem with respect to individual officers understanding their financial authority as I think there is a very serious problem there; it is a problem that concerns me. It is a problem, I may say, with every government. It happens everywhere that people are not always clear about what their financial authorities are.

It should not be a problem, but there is also another facet to this and that is that an officer who does know what his authorities are — and is very clear about what his financial authorities are — may, quite honestly, feel that he is making a decision that is, in fact, confined to the limits of his authority only to find, subsequently, that something happens and it goes much beyond what he had originally anticipated.

Mr. Chairman: In other words, these do not take account of an honest mistake.

Mr. Finland: That is right. I think that you have to make some allowance for that and I think, in the case of an honest mistake, a government has the responsibility to assume responsibility for that because that officer is acting as an agent of the government and if it is, in fact, an honest mistake, then the government is responsible.

Mr. Byblow: I have a couple of questions surrounding the infamous subject — we have spent many hours at debate in the House and in the committee — of the road replacement account.

We learned, this morning, that the system of the account is under a review and is expected for some decision-making by this summer. Can you confirm that and, at the same time, perhaps tell us your version of its present status?

Mr. Finland: Just at this particular point in time, my understanding is that it exists by virtue of two appropriation ordinances, both of which have expired. There is a very real and pressing need for the government to move as quickly as possible to obtain proper legislative base for the road equipment replacement account. That is currently what we are attempting to do: prepare legislation for that purpose.

Mr. Byblow: I am not clear. Presently, the road replacement account does not have a legislative authority for existence?

Mr. Finland: That is my view, yes.

Mr. Byblow: Do you anticipate that the road replacement account, as it now stands, may be eliminated?

Mr. Finland: I do not think it will be eliminated. Its elimination, of course, is a policy question, but anyone I have spoken to, at this particular point, would agree that some kind of revolving account for the replacement of road equipment is necessary. My concern is that, if it is necessary, it must have its terms of reference and its operational framework prescribed in

legislation that is valid and currently in effect.

Mr. Byblow: Presently, it accrues its own operating revenues through a chargeback method. Now chargebacks, as a policy, has been eliminated with Government Services and in Public Works. Is this chargeback policy also going to be applied to the account, that is, its elimination?

Mr. Finland: No. The kind of chargebacks we are attempting to eliminate are chargebacks that do not involve revolving funds. The road equipment replacement account is a revolving fund and we feel that, in a situation like that, it should be established by legislation and that would be outside this other review of chargebacks.

Mr. Byblow: In the establishment of the legislation expected to come out of the completion of the review, is the matter going to be addressed with respect of the account generating revenue without legislative control from the Legislative Assembly?

Mr. Finland: Oh, yes, very definitely. In fact, that is really why we feel that there has to be a proper legislative base, so that the disposition of those revenues is provided for by law.

Mr. Chairman: God forbid that we ever get into the kind of fund accounting that some municipalities do. Any last words, Mr. Finland?

Mr. Finland: No.

Mr. Chairman: Thank you very much, Mr. Finland.

Witness excused

Mr. Chairman: We will now call for a brief encounter with Mr. Barrie Robb, General Manager of the Yukon Housing Corporation. We have before us Mr. Barrie Robb, the General Manager of Yukon Housing Corporation, who will begin a general review of the operations of that Crown Corporation. I understand that you have an opening statement, Mr. Robb. I invite you to begin that and, if we have any time, we will get to some questions leading with Mr. Byblow and then Mr. Brewster.

Mr. Robb: I would have had with me today, two members of our management staff but, time being short, I advised them to stay at the offices. I will be bringing them with me for all future discussions.

At the outset of the discussion it is incumbent upon me to advise you that, of our managerial staff, only Mr. Easton, who is our manager of finance and administration, was on the staff of the Yukon Housing Corporation during the period of your review.

Mr. Easton has been a member of the housing corporation staff since September, 1981, so, collectively, we may be short of direct experience and knowledge of the details surrounding the events of the 1981-82 fiscal year. However, I can assure you that any questions we may have to take under advisement will be researched as expeditiously as possible.

Recently there has been some confusion expressed with regards to the objectives of the Yukon Housing Corporation. The *Housing Corporation Act (1972)* is the legislation which effectively created what is known as the Yukon Housing Corporation. Section 4(2) of that Act addresses the issue of the objective of the corporation as follows:

"4(2) The Corporation may undertake to carry to completion or assist in the provision, development, maintenance and management of housing. (a) Generally; (b) for families and individuals; (c) for employees of the Public Service; (d) for students; (e) for senior citizens, and (f) for families and individuals receiving social allowance or social assistance."

The Auditor General annually inspects the records and accounts of the corporation. The report of the auditor then forms part of the Territorial Accounts, which are presented to the members of the Yukon Legislative Assembly. As noted in that report, the auditor offers his interpretation of the corporation's objectives. I believe you are aware that the auditor's words do not mirror the words as stated in the Act. In a like manner, another paraphrasing of the objectives of the corporation is contained within the Main Estimates book of this government. Although each of these documents employ different words to convey the objectives of the corporation to the reader, I am certain that you will agree that the statements in the

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Thursday, February 10, 1983
9:30 a.m.

Issue No. 8 (Fourth Sitting)

25th Legislature

Standing Committee on Public Accounts

Chairman: Tony Penikett, M.L.A.

Vice-Chairman: Bill Brewster, M.L.A.

Members: Hon. Mrs. Firth, M.L.A.
(Andy Philipsen substituted for the Hon. Mrs. Firth Feb. 10)
Al Falle, M.L.A.
Maurice Byblow, M.L.A.

Missy Follwell
Clerk to Committee

Expert Advisor from the Office of the Auditor General:

Harold Hayes, Principal

Witnesses:

Yukon Housing Corporation
Mr. Barrie Robb, General Manager
Mr. Andy Easton, Manager of Finance and Administration
Mr. Henry Kempf, Manager of Programs

EVIDENCE

Thursday, February 10, 1983

Mr. Chairman: The Standing Committee on Public Accounts, Meeting Number 8, Formal Hearings, will come to order.

This morning, we are continuing with our major review of the Yukon Housing Corporation. I would like to welcome back as a witness, this morning, Mr. Barrie Robb, and welcome, also, Mr. Henry Kamphof and Mr. Andy Easton, who are, respectively, Manager of Programs and Manager of Finance and Administration. I do not know if you gentlemen are all aware of the members of committee, but let me introduce them just in case you are not. On the far end is Mr. Maurice Byblow, member for Faro; Mr. Falle, the member for Hootalinqua, is on my immediate right; to my immediate left, Mr. Bill Brewster, member for Klunegan; and, substituting today for the hon. Mrs. Firth, Mr. Andy Philipsen, Porter Creek West.

We will continue where we left off yesterday. We had heard the opening statement by Mr. Robb. Mr. Byblow and Mr. Brewster had done the first round of questions; I guess it is continuing with you, Mr. Brewster.

Mr. Brewster: I will address my question to you, Mr. Robb, and if you care to pass them on to one of the other gentlemen, that would be fine. I would like to also mention that you say in your opening remarks that you are new at this game; that makes two of us, so we have two rookies going against each other so this should not be so bad.

Does the management have a system to prioritize their programs which would help them decide which program has a priority? In other words, you have eight programs; do you have a system of which one has priority over the other one?

Mr. Robb: We have weekly management meetings and it would be at that kind of a meeting where we would be discussing the priorities of our programs. We do that, of course, in concert with and subject to the direction of the board. In terms of a scientific system or scientific method, at this point in time, no, we do not. We do, on a weekly basis, review them and then periodically review them with the board of directors.

Mr. Brewster: Due to the fact that we are in a pretty scarce time as far as money is concerned, how do you allocate scarce funds to competing programs?

Mr. Robb: As you are aware, we are given budgetary targets that we are expected to meet. With the delivery of the majority of our programs, we have reasonably fixed costs that we have to address first and that leaves us with very little flexibility or discretionary money, if you will. The application of that discretionary money comes primarily under the board's jurisdiction, as opposed to our jurisdiction.

Mr. Brewster: Does the Yukon Housing Corporation look after most of their own maintenance?

Mr. Robb: Yes, we do, but we do have a combination. We use our staff and our staff are becoming more like project managers. They will organize, set up and oversee the maintenance programs and maintenance projects. We have, in every Yukon community, a maintenance person on contract to us and it is he/she who performs the duties.

Mr. Brewster: Does the Corporation in any way deal with Public Works people in these areas? Has it ever been considered that an individual could work for both companies, or do you not work together at all?

Mr. Robb: When we are developing a new or a major project — and I am thinking more of something along the lines of a capital works project, though some of the extraordinary maintenance would fall into the same category — we would use the resources and call upon Public Works for some advice. In terms of our regular daily maintenance, if you will, no, that is performed pretty much independently of Public Works.

Mr. Brewster: On page ten of the Annual Report for 1980-81, we notice that the person-years has decreased from 19.5 to 14.5, which you should be complimented on. However, the salaries and benefits only decreased by \$22,000. What would be the explanation

for that? You got rid of almost five people and yet your salaries only went down by \$22,000?

Mr. Chairman: I guess those five were not getting paid much.

Mr. Robb: I'll let Mr. Easton comment on that.

Mr. Easton: Mr. Brewster, I cannot really comment on the number from the previous year; I do not have any information to that. I think the explanation lies with the fact that some of our employees have been paid as a chargeback to program, and it does not truly impact the Housing Corporation's finance budget. An example would be, a present system with a manager in a community, where, when we do our budget preparation submission on the Operation and Maintenance, we would show a salary for that person in the calculations and reduce it or call it a recovery back to the program and net it from what we ask in our budget line for salaries.

Mr. Brewster: Why did the operation expenses increase at the same time between those two years, from \$68,689 up to \$82,917? In that year, again, you decrease by five people.

Mr. Easton: That, again, could be a function of an increased lease on premises; it could be material and supplies for that year. I know there was a point in time when there was a changeover in stationery.

Mr. Brewster: On page 9, what is the amount of doubtful accounts for rentals? You have rentals, less allowance for doubtful accounts. What would these doubtful accounts be?

Mr. Robb: They would be accounts of former tenants who, when they vacated, owed us money. That is an allowance that suggests that we probably do not think we can collect the money from those tenants. It might be shown as bad debt, or something of that nature, but it is money that we do not think we can collect.

Mr. Brewster: Have you any idea how much that would have been in 1981?

Mr. Robb: I am sorry, we do not have that kind of detail with us.

Mr. Chairman: Can you bring it back to us?

Mr. Robb: You would like the doubtful account allowance for 1981?

Mr. Chairman: Yes. I guess we want to know the doubtful account actual — whatever you failed to collect that year.

Mr. Brewster: Is any effort made to collect these accounts?

Mr. Robb: Oh, yes. There is an ongoing attempt to collect them and, if I could add to that, we use not only the services of our staff, but we use the services of some collection people, as well.

Mr. Brewster: What would be the percentage of your being successful?

Mr. Robb: We did not bring that and I do not have that off the top of my head; I am sorry.

Mr. Chairman: Mr. Easton, do you know it off the top of your's?

Mr. Easton: Just a guess of 60 to 70 percent?

Mr. Brewster: On page 16 of your Annual Report for 1980-81, the cost of rentals in 1980 were \$806,375 and the cost of rentals in 1981 were \$1,134,417. Why was the rate increased?

Mr. Robb: The major change there, in the year of 1981, was construction of Greenwood Place. Greenwood Place is a senior citizens' complex in Whitehorse and the majority of the costs for the construction of that building occurred in the year ending 1981.

Mr. Chairman: You previously indicated that, from time to time, you may have reason to consult with the Public Works part of Government Services in respect to building maintenance. We were also told by Government Services, earlier last week, that the Public Works branch has the capacity or the expertise to manage modest building projects of \$250,000 or less — I think that was the figure. Have you consulted them for that purpose, in other words, to make full utilization of the skills available in this government? Or has the Corporation consulted with them for that purpose?

Mr. Robb: As a practice, we would consult with them, but I cannot say specifically that we have on Greenwood Place.

Mr. Chairman: So, you cannot tell me if it is or has been a practice of the Yukon Housing Corporation, as a Crown agency, to consult or to avail itself of the expertise in Public Works on building construction projects?

Mr. Byblow: You are confirming that the board of directors makes the ultimate decision with respect to any project or program that is new in any community?

Mr. Robb: Yes. Any new program or project that we want to initiate has to have the approval of the board of directors, clearly.

Mr. Byblow: I have a couple of questions relating to maintenance. You indicated that your Corporation provides some maintenance internally, that is, through some complement of staff.

Mr. Robb: Yes.

Mr. Byblow: I assume a crew. Just so I am clear, how many people are we talking about?

Mr. Robb: Our maintenance section has three permanent, full-time employees and they do maintenance and construction.

Mr. Byblow: With respect to their maintenance, who establishes their working pattern? How do you identify the priority needs for maintenance throughout your programs and throughout the territory?

Mr. Robb: We have a person called the construction administrator and he establishes the maintenance schedule on an annual basis. We know, for example, that exterior painting has to be done on our units every, hypothetically, four years. He will know that there are 500 units or 400 units, for example, and that every four years all 400 units must be painted; therefore, we paint 100 units every year. He then schedules whether it is unit number one, two or number three. He establishes the detailed schedule in that respect. Am I answering you?

Mr. Byblow: Yes, to a degree. You are saying that there is a maintenance supervisor who establishes the priority and job orders, the work to be done. You also indicated that you contract some of your work out through Public Works, obviously, in cases where you cannot handle it.

Mr. Robb: We do not contract through Public Works; we use the resources of Public Works.

Mr. Byblow: Wrong term.

Mr. Robb: Okay.

Mr. Byblow: I want you to respond briefly to the very apparent problem respecting maintenance in Yukon Housing units. It is an ongoing, reoccurring what? You may not agree that it is inadequate but we, as legislators, receive constant complaints respecting the quality of maintenance in Yukon Housing units and, certainly, any newspaper will testify to that. Why are we so badly maintained in our Yukon Housing units?

Mr. Robb: I am not sure I can answer the question of why we are so badly maintained.

Mr. Chairman: Do you agree with the question?

Mr. Robb: I do not agree that the units are that badly maintained. I do not think the issue is as big as we might read about in the newspapers. Maintenance, obviously, is a function of the resources that are available and, if resources are not available, then the maintenance schedules have to be adjusted accordingly.

Mr. Chairman: You said that bad tenants can be a cause of maintenance problems?

Mr. Robb: Yes.

Mr. Chairman: Bad tenants both in the staff housing and in the community housing?

Mr. Robb: Yes. We have bad tenants in both staff housing and community housing.

Mr. Chairman: Interesting answer.

Mr. Robb: What happens, too, with our maintenance budget, is that there are times when we have an extraordinary situation where we have to go in and spend a very large number of dollars, \$5,000 or \$10,000, renovating the unit so that we can put it back into service. Or, we will have occasions where we have to spend \$40,000 on frozen water and sewer lines when the whole block, for example, freezes up. Those kinds of major expenses have a very negative impact on our ordinary maintenance budget. It is that kind of a situation that we work in.

Mr. Byblow: Recognizing that ongoing and necessary regular maintenance and contingencies are something you budget for, there would appear to be a need for budgeting a different kind of funding for the extraordinary items. However, you do say that your problem in maintenance stems from lack of funding.

Mr. Robb: Well, lack of funding is part of the problem but, unfortunately, we do not know how many units are going to be badly damaged in a given year. We, historically, can see some patterns and we budget that amount, as well, as an extraordinary maintenance item separate from our normal, ongoing preventative maintenance number. If we had to contract our maintenance dollars, we would take it out of the extraordinary maintenance. There have been years, in the past, when we have had extremely large amounts of money having to be spent on extraordinary maintenance.

Mr. Chairman: You say you look at historical tracks. Is there a point in the lifetime of a house when the maintenance cost starts to escalate?

Mr. Robb: Yes, there is.

Mr. Chairman: Have you established those patterns to the point that you could project when you start to anticipate those costs increasing?

Mr. Robb: Our stock is still relatively new and we have not yet crossed that threshold.

Mr. Byblow: In that you maintain a crew for maintenance purposes, do you maintain a stock of supplies and equipment on hand?

Mr. Robb: Yes, we have a small inventory of materials and equipment.

Mr. Byblow: What kind of supplies do you keep on hand?

Mr. Robb: Furnace parts come to mind, appliances, washers, dryers, that kind of thing. We will have some dimensional lumber, some sheets of gyproc. It is quite small — in the \$25,000 range — but, obviously, it fluctuates depending on what time of the year we measure it.

Mr. Byblow: You estimate the value of an inventory, on hand, in the order of \$25,000. Is that what you are saying?

Mr. Robb: At about year-end, it would be.

Mr. Easton: Truly, the inventories we carry, when we do carry them, are parts or equipment for a specific purpose to be utilized within that financial year; that is the intention. I recall at March 31st, 1981, there might have been \$5,000.

Mr. Byblow: Where is it accounted for in the financial statements, if anywhere?

Mr. Easton: It is accounted for, going by memory, within the figure for the Corporation's investment.

Mr. Byblow: It is included in another lump figure, is that what I am to conclude?

Mr. Easton: Yes, it is within a roll-up figure for total investments.

Mr. Byblow: Where do you keep most of these supplies and inventory?

Mr. Easton: When we have inventory or supplies on hand, generally, at the warehouse here in Whitehorse.

Mr. Byblow: In the storage warehouse in the Marwell area? What is in that facility, at this point?

Mr. Easton: I would suggest that there is probably one refrigerator, perhaps three stoves, I do not believe there are any washers or dryers, some old records, information that we keep and thermal blankets to be applied to water heaters throughout the territory.

Mr. Chairman: What is the value of the inventory today? You say it was \$5,000 in 1981?

Mr. Easton: I would suggest that it might be \$4,000 or \$5,000, at this stage.

Mr. Chairman: \$4,000 or \$5,000. What is the cost of the building?

Mr. Easton: The building does not cost us anything.

Mr. Chairman: Do you mean you own it?

Mr. Easton: No, we share an area in the Marwell area.

Mr. Byblow: Who controls the inventory that is kept in this storage?

Mr. Easton: Our housing officer.

Mr. Byblow: Does he oversee the procurement of any supplies or inventory? Does he authorize that?

Mr. Easton: He would not authorize them unless it is within a specific spending limit that he has, otherwise, it would have to go up the line to the person with the spending authority.

Mr. Byblow: Who has the spending authority in the maintenance area?

Mr. Easton: The construction administrator and the maintenance foreman or maintenance supervisor.

Mr. Chairman: Who is that now?

Mr. Robb: The construction administrator is a gentleman by the name of Mr. Cozzetto, and of the two positions of maintenance supervisor, one of them is vacant and the other is occupied by Mr. Schraeder.

Mr. Chairman: Who were in those positions in the year under review, 1982?

Mr. Robb: Mr. Schraeder was still a foreman. Mr. Thompson was a foreman and I think at the year-end, Mr. Cozzetto had just been hired in the middle of March of 1982.

Mr. Chairman: To replace whom?

Mr. Robb: Mr. Wilkinson.

Mr. Byblow: When did Mr. Wilkinson leave the Corporation?

Mr. Kamphof: I believe January 15th, 1982.

Mr. Chairman: You have a good head for dates, Mr. Kamphof.

Mr. Byblow: What would be the spending authority limit for acquisition of supplies of these two individuals whom you cite?

Mr. Robb: Mr. Cozzetto's limit is \$2,000; the others are \$1,500.

Mr. Chairman: Mr. Easton, when you told us what was in the inventory right now, you indicated some parts, some blankets for heaters and one or two other items. Is there anything else in inventory right now, besides those items, of substantial value?

Mr. Easton: Nothing that I am aware of. There are some parts that have become obsolete.

Mr. Chairman: Where do you maintain your cleaning products and things like that?

Mr. Easton: Generally, that becomes a contracted situation — if you are thinking about cleaning units and that type of thing. That is generally done within the community.

Mr. Chairman: Even in Whitehorse?

Mr. Easton: Yes.

Mr. Chairman: So, you have no inventory of that kind of thing at all.

Mr. Easton: Nothing.

Mr. Chairman: Perhaps we will take a coffee break now and return at 10:50. Would that be agreeable?

Recess

Mr. Chairman: Committee will come to order.

I have just one quick follow-up question before we go back to Mr. Byblow. In the organization charts that Mr. Brewster was discussing earlier, even the more detailed one would seem to have room to include the costs and person-years for each activity on the chart. I would be curious as to whether you would be interested in having that added to the information such as it is now in the Estimates?

Mr. Robb: No, I have no problem adding that to the information; I think that can be done reasonably easily.

Mr. Byblow: I shall not torment the witnesses much longer. In a very, very straightforward fashion: has the Corporation had, in any of its inventory in the past three years, any furnace cleaning chemical in storage?

Mr. Robb: Yes, we have had.

Mr. Byblow: Can you identify how much of it?

Mr. Robb: No, I do not have that kind of —

Mr. Chairman: Less than \$100 worth?

Mr. Easton: You are referring to cleaning chemicals? I would suggest \$100, maybe \$200. We really do not carry cleaning inventories, per se.

Mr. Byblow: You are referring to furnace cleaning chemicals.

Mr. Easton: Yes, we have had furnace treatment or boiler treatment chemicals.

Mr. Chairman: Do you have any now?

Mr. Easton: We are trying to dispose of some.

Mr. Chairman: How much?

Mr. Easton: I think the value is probably \$20,000-odd, I would think.

Mr. Chairman: So, you have something else in your inventory, other than what you identified earlier.

Mr. Easton: Where the problems lie is in the defining of inventory. What happens, in most cases, is that if it is a purchase relative to a project or maintenance that we are doing, we charge it out to the community level as an expenditure.

Mr. Chairman: What possible need could you have for \$20,000 worth of furnace cleaning chemical?

Mr. Easton: Some of the areas that were involved was to use that chemical as a water heater treatment. Our water heaters are in the ten-year range, and the intention was to try to revamp the water heaters by virtue of cleaning all the — I am not sure of the term — crust that grows around the element and that type of thing.

Mr. Chairman: You previously told us that you did not have more than \$5,000 in inventory; you now identify something which is worth \$20,000 that you have in inventory. When was this acquired?

Mr. Easton: The chemicals were acquired in fiscal 1982.

Mr. Chairman: By whom? On whose authority?

Mr. Robb: The construction administrator's position.

Mr. Chairman: This \$20,000 was acquired by the person who had the spending authority of \$2,000? Is that correct?

Mr. Robb: It was prior to Mr. Cozzetto's arrival, as I understand it.

Mr. Chairman: Without regard to who it was, the \$20,000 worth was acquired by someone who had a \$2,000 spending authority. Is that correct?

Mr. Easton: I believe it was acquired in several lots, in several purchases, as the program was being instituted.

Mr. Chairman: You have \$20,000 worth. How much has been used. You, presumably, do not need to carry — you talk about a normal inventory of \$5,000 for everything; \$20,000 for a single item seems like an extraordinary quantity. Is that not the case?

Mr. Easton: To my mind, it is a lot, but we do have a lot of hot water heating systems or hot water heaters that it could be applied to.

Mr. Byblow: From a management point of view, are you saying that the quantity of \$20,000 worth of this particular chemical is a justified inventory?

Mr. Easton: It would appear that what is left of this chemical is in excess to use, anyway. Our position right now is to try to dispose of it and recover the funds.

Mr. Chairman: You say "what is left". That implies that some of it has been used. What was the total inventory at one point? Was it higher than \$20,000?

Mr. Easton: It was higher, but I do not have a figure to that?

Mr. Chairman: How much higher?

Mr. Easton: I am not sure.

Mr. Chairman: Approximately \$25,000, approximately \$30,000?

Mr. Easton: No, I would suggest it was probably in double that area, because —

Mr. Chairman: \$40,000 worth?

Mr. Easton: Oh, yes.

Mr. Chairman: And you have used \$20,000 worth or sold \$20,000 worth?

Mr. Easton: We are in the process of trying to sell—

Mr. Chairman: Of the \$40,000 you had had, you now have \$20,000. You have disposed of \$20,000; have you used it or sold it?

Mr. Easton: The disposal level? It would have been used.

Mr. Chairman: The \$20,000 worth has been used in what period, what timeframe?

Mr. Easton: That would have been during the fiscal year 1981-82.

Mr. Chairman: In 1981-82, \$20,000 worth of this material was used.

Mr. Byblow: Given that this is an unqualified or an unjustified amount of inventory of this particular type of goods to carry, how would you prevent that from reoccurring? How would you prevent

that from happening again?

Mr. Easton: That would be part of a program design. If we get into a preventative maintenance program at this stage of the game, it would be designed to require a certain amount of material to be disposed of within the current fiscal year.

Mr. Byblow: In a very quick recapping of the subject, you have identified \$40,000 worth of this chemical as procured in the fiscal year under review? Is that correct?

Mr. Easton: Yes.

Mr. Byblow: You have identified half of it as having been used in the normal course of operations. Is that correct?

Mr. Easton: That is correct.

Mr. Byblow: You have this \$20,000 worth of stock left now. You are trying to dispose of it because the need by Yukon Housing is no longer there.

Mr. Easton: That is correct.

Mr. Byblow: Given that that \$20,000 of existing stock, in excess by four times of your standard stock, which is \$5,000, certainly implies that some management control was not exercised. How will you ensure that that control does not get out of hand again?

Mr. Easton: That control is in place with the existing signing authorities.

Mr. Chairman: You have admitted, then, that the employee who purchased this thing, in excess of his own signing authority, did so. What corrective action was taken as a result of that?

Mr. Easton: What was done was the chemicals that were not used were brought back in and we have attempted to dispose of them to recover our money.

Mr. Robb: One of the things that we are presently reviewing, that may be of help to you here on this issue, is the area of signing authorities for each of our staff members. I am not sure that you are aware, but there is a signing authority bylaw, passed by our board of directors, that specifies who can sign what under what kinds of conditions.

Mr. Chairman: Can we get a copy of that, please, Mr. Robb?

Mr. Robb: Okay. That is under review at the present time. I cannot tell you yet that we have resolved the problem, but it is under review.

Mr. Chairman: You bought \$40,000 worth. Could I ask you again, Mr. Easton, when that was purchased?

Mr. Easton: I would have to say that the purchases occurred before I joined the Corporation, so it would be completed, probably, prior to August 31st.

Mr. Chairman: August 31st of what year?

Mr. Easton: Of 1981.

Mr. Chairman: Prior to August 31st, 1981. Now, in one year you say \$20,000 was used, but you have \$20,000 left which you cannot use and you are trying to sell. How were you able to use \$20,000 in one year but you have no need for it this year?

Mr. Easton: The major boiler systems that we have in our housing units, is where the use was applied originally, as far as the used chemicals. An example would be the Crossroads building which has a hot water heating system in it and in several of the hot water tanks in various areas throughout the territory.

Mr. Chairman: So, \$40,000 was bought, \$20,000 was used in one year; \$20,000 is left that you are trying to sell, that you have no use for. You used \$20,000 in one year but have no use for it this year.

Mr. Easton: It is not to say "no use". We could conceivably use it by re-treating the hot water systems, the heating systems and tanks throughout Yukon. I think the direction has gone in the budget to replace tanks, though.

Mr. Chairman: Is the employee who conducted this purchase still with you?

Mr. Easton: No, Mr. Wilkinson is not with us.

Mr. Chairman: It was Mr. Wilkinson, who left on January 15th, according to Mr. Kamphof, and is no longer with you.

Let me ask you, Mr. Robb, how do you, as a manager, — and you might want to refer this to one of your other officials — control inventories? We heard earlier that we had a \$5,000 limit, which seemed very modest, and we had a list of things that were in

inventory — that was until we heard reference to a \$20,000 item. Let me ask you if there are any other major items which are in inventory but are not in the \$5,000, and also ask you a general question of how you control these things?

Mr. Robb: The specific details of how we can control the inventory, I will have to refer to Mr. Easton.

Mr. Chairman: Do you have a procedure?

Mr. Easton: Yes. When we purchase an item that will result in an inventory, the purchase is recorded and a card is made up for the item of inventory. When it is dispersed, the bookkeeping entry, we call it inventory, — that is a cost centre when we buy — is reversed through to other cost centres when we apply. An example would be, say, a washing machine purchase. We might purchase it at this stage of the game and find that it is needed in a public housing unit in Watson Lake. At the time we transfer the unit to Watson Lake, we would charge the funding or change the cost centre over to that unit in Watson Lake.

Mr. Chairman: You have minimum and maximum levels for each item in inventory, do you?

Mr. Easton: In the sense of amounts carried?

Mr. Chairman: Yes, by item.

Mr. Easton: The problem is we do not normally tend to carry an inventory, per se, as a back-up or year end reality. If we are entering into a purchase, the intent is that we enter into the purchase with the consideration of applying that purchase, or that cost, to a cost centre within that fiscal year.

Mr. Chairman: But you have admitted now that you have an inventory of approximately \$25,000 and you are the officer who controls that, is that right?

Mr. Easton: No, what has happened with that chemical situation is that the charge-out at the time the units were brought in and the chemicals sent out to the areas, were charged to specific cost centres within the cost of operation.

Mr. Chairman: You have it, but you are not responsible for it?

Mr. Easton: What has happened now is that we have transferred that inventory, using another department in the government who we hope will have more success in selling it.

Mr. Chairman: Who is holding it now? Government Services?

Mr. Easton: Government Services.

Mr. Chairman: When did they get it?

Mr. Easton: It would be this fiscal year, I think in May.

Mr. Phillipsen: When you purchase for your homes, do you purchase locally or do you purchase from outside? Do you put it out on contract or when, say, you buy a washer and dryer, do you go by the consumer's guide to find out which is the best or do you buy the cheapest? How do you do that?

Mr. Easton: Let me answer that. We generally look at the local market. There are at least a few suppliers that can be isolated in town, and we look for the lowest price for the model that we consider a minimum requirement for what we are doing and take the lowest position on it. Generally, we buy in small lots. We do not get involved in major 50 or 100 unit purchases at any specific time.

Mr. Phillipsen: Are the people from whom you buy aware of the fact that the signing authority is in existence and that, if somebody comes in with something like a \$40,000 order on a cleaner, they should not order it until they check with one of the managers, yourself or Mr. Robb, and find out that they just do not go out and start ordering large quantities before they know that it is all right?

Mr. Easton: Yes, I would expect so. Generally, they expect some purchase order number; they have to have that, generally, before they go ahead and make an order.

Mr. Phillipsen: The person who ordered this cleaner, would they have not thought it was a little odd that Mr. Wilkinson was able to place a \$40,000 order of one type of material for that branch?

Mr. Easton: I am not sure of that; I do not know. I assume so.

Mr. Chairman: Was it done under one purchase order or a whole bunch of purchase orders?

Mr. Easton: As I recall it, several purchase orders, as the program was being instituted.

Mr. Chairman: Was this a one-time cost for extraordinary

maintenance, in your view?

Mr. Easton: Yes.

Mr. Chairman: You did not answer the question, Mr. Easton, nor Mr. Robb, put by Mr. Byblow, which is: what control do you have in place to prevent this from happening again? I know you talked about the authority bylaw; I want to know what management system you have.

Mr. Robb: We are looking to the signing authority bylaw as probably the major change that will have the biggest impact, in terms of preventing this kind of circumstance from reoccurring. I think that as that is revamped, rewritten and the signing authorities re-established, the people from whom we normally buy things, our normal suppliers, would be advised accordingly.

Mr. Chairman: Yesterday, we had Mr. Fingland before the committee talking about the delegation of authority question as it applies to the rest of the government. Mr. Fingland pointed out that, in his view, the present order-in-council, 1980/184, is not well understood by officials in this government. Perhaps it does not apply to you; perhaps you are under the bylaw from your director. When the new bylaw is established, what steps will you take to ensure that it is communicated to all your employees and understood by them?

Mr. Robb: It would be my intention that, as soon as the new bylaw is through, we will sit down with each of our groups of people who will sit down with our program section and our maintenance section people, financial people, and explain to them what it means and what authorities they do have and, obviously, what changes have been made to their present positions.

Mr. Falle: Through the questions today, your department seems to be looking forward to insulating homes, more or less, as a priority. This must have been proven to be quite a cost-saving, in your department's opinion. With the insulation and upgrading of the homes that you people have under your control, why is there not more emphasis put on off-oil, like maybe going into wood or something like that? As a savings, strictly a saving.

Mr. Robb: We have encouraged off-oil or wood, primarily wood, with our staff. We have not encouraged it in the public housing field. One of the more significant reasons why we have not encouraged it is because it is our feeling that it will have a higher maintenance cost in that we will then have to have crews cleaning chimneys and there is a greater danger with wood-burning chimneys causing fires than there is with oil-burning chimneys and furnaces causing fires. It is our opinion, at this point in time, that putting wood stoves and wood heaters into community housing or public housing, if you will, would not be beneficial in the long run.

Mr. Falle: One of the programs that the government is on right now — I know both the Government of Canada and the Government of Yukon have been trying to get off an oil program and on to alternative energy, whether it be wood, electrical or whatever. There are alternate energies other than wood. Have you people experimented in any of it, such as maybe propane or electrical and seen if there was any difference in the cost?

Mr. Robb: We have not gone into the area of propane at all. We have tried to take advantage of waste heat from the Dawson City NCPC plant, for example; we are tying that into some of our units. We are doing that kind of thing, trying to get off-oil in individual instances where we think that we can benefit our housing stock and our housing costs. There has not been an extensive study or any extensive research done at all in terms of looking at the cost of converting our houses to something other than fuel oil.

Mr. Falle: You said that your priorities would be insulation, right now. I believe, this year, you people had a large upgrading in insulation in your homes. You have three permanent maintenance staff and approximately 400 units?

Mr. Robb: In the year under study, it is just over 500; 526, I think is the number.

Mr. Falle: General maintenance on those alone would be — I am just going back to what you said earlier, you would have to paint a 100 of these units a year; you have three men.

Mr. Robb: Yes.

Mr. Falle: So, obviously, just on the painting, never mind general maintenance, you have to have an awful lot of small

sub-contractors or contractors doing the work. Have you ever made a cost comparison between using contractors and your permanent staff? You have three permanent staff and I imagine that may take care of the oil burners or maybe cleaning a flue, but that would keep them pretty busy in 400 units. So, I suggest to you that most of your maintenance must be done by contract.

Mr. Robb: Undoubtedly, it is. The people in our office who we employ full-time are there to schedule the maintenance, to supervise and to inspect the work that has been done. In all Yukon communities, we now have a person on contract to us who will perform work that is scheduled by the Housing Corporation staff. Major jobs, like painting, for example if we were painting 100 units in a given year, would be tendered, as is the annual maintenance on our furnaces and much of the insulation work. So, we try to tender as much of the work out as we can.

Mr. Falle: With the housing that you have upgraded and the insulation program, how long does it take to pay back, in fuel savings, the expenditure per unit?

Mr. Robb: The rule of thumb of that program is that if you do not have, I think, a 20-year pay back, then it is not economical to do it. We are participating in the Canadian Home Insulation Program and the other one is the Off-Oil Substitute Program and those prescribe that, for you to qualify for the federal grant that is part of reinsulating your house, you have to have a pay-back within, I believe, 20 years. So, it could take us up to that long to pay back the cost.

Mr. Falle: In other words, by upgrading one of your standard homes to the new insulation value, it will take 20 years to have the cost recovered. Is that what you are saying?

Mr. Robb: The cost has to be recovered within 20 years. With some of the work that we are doing on some of the houses, we would recover it much more quickly than we would with the work we are doing with some of the other houses.

Mr. Falle: A lot of your houses are standard and I am just wondering what the cost per unit is to upgrade the insulation in that home and how long it takes to save the money you spent on the off-oil energy? If you are going to take 20 years to return the money on that expenditure and your house is just about shot...

Mr. Robb: We have those kinds of calculations. The people who schedule the houses to be re-insulated —

Mr. Chairman: Could you get back to us with that?

Mr. Robb: Yes. That would be by sort of major types of housing.

Mr. Chairman: If you have the unit costs or average costs.

Mr. Philipsen: Excuse me for returning to this \$40,000 purchase, but it is fairly intriguing to me and leaves a serious question in my mind. The first question is: was the gentleman who made this purchase aware of his limits under which he was able to purchase? And, if he was aware of those limits, what were the repercussions when the top management found out that he had, in fact, purchased this much? Would you please tell me what was done or said to the gentleman as a consequence of his actions on this purchase?

Mr. Easton: Before we dig into this one and discuss anything about any particular person, I think you had better give us an opportunity to go back and look through the files. I feel, I am not sure, that this was an agreed upon program. The thing about the signing authority may come under the ability to sign under contract, to contract specific considerations.

Mr. Chairman: Would you give us this undertaking, then? Mr. Philipsen may give you notice of some other questions. I think we could accept this undertaking, committee, could we not? We will ask you, Mr. Robb, to come back to us tomorrow morning with a written statement, describing the procedure by which you acquired this stuff; how you got rid of the \$20,000 you got rid of; how you are getting rid of the \$20,000 you now have; where this amount is indicated in the financial statements of the Corporation, if anywhere, and with answers to any other questions Mr. Philipsen might have.

Mr. Byblow: I would just ask for, in the information to be supplied, some details surrounding how the \$20,000 worth of chemical was, in fact, used — to which contractors, if possible, or

was it distributed internally in the process of a cleaning?

Mr. Chairman: It is a question of the authority and the reason for the original purchase, too. You say it was extraordinary maintenance. We need to know when the inventory was acquired; did management establish a limit on the quantity and the cost of what would be bought and was there a periodic reporting, to the senior officer, on the amount bought and used?

Mr. Robb: I will endeavour to bring that to you tomorrow.

Mr. Chairman: You may want to review, in your own minds, your earlier answers to questions in case you felt the need to correct anything you previously said in terms of going by memory.

Mr. Robb: We will try to bring in an exhaustive blow-by-blow.

Mr. Chairman: Does that cover your ground, Mr. Philipsen?

Mr. Philipsen: Yes, thank you.

Mr. Brewster: I would like to go back on to this City of Whitehorse Housing Authority. This rather intrigues me. On page three, I notice they pay 12½ percent towards the annual operating deficit. Is this a special agreement just with Whitehorse, or do the other municipalities pay?

Mr. Robb: That is a special agreement with the City of Whitehorse for that one specific program — just for the low rent family housing program.

Mr. Brewster: The reason that I am bringing this up is that there are several new municipalities coming into force. In other words, they do not have to come in under this where they will have to pay. This would particularly involve Haines Junction, with all the homes they have there. Will they be hooked with the 12½ percent?

Mr. Robb: No, they will not be "hooked" with it. This program that Whitehorse became involved in was back in 1972-73. This is an older program. It was under section 40 of the federal government act and that kind of funding program. That has generally been replaced with new funding arrangements. In essence, we are not using that section of CMHC's funding any further.

Mr. Brewster: The Whitehorse Housing Authority has more control over theirs than the smaller communities, is that correct?

Mr. Robb: Yes.

Mr. Brewster: Exactly how is this Whitehorse Housing Authority funded?

Mr. Robb: Their function is the delivery of community housing programs. They incur all of the expenses, like painting and maintenance. They collect all of the rents from the person who lives in the unit. The net deficit between what they collect as revenues and what they incur as expenses in the community housing program, is provided in a grant to the Whitehorse Housing Authority from the Yukon Housing Corporation. They get a net deficit grant, if you will, from the Yukon Housing Corporation.

Mr. Falle: What percentage of funding in the Whitehorse Housing Corporation comes from CMHC?

Mr. Robb: Technically, none of it comes from CMHC. The Whitehorse Housing Authority does not deal with CMHC; they are our agent. They do not enter into relationships themselves with CMHC.

Mr. Falle: Well, the Yukon Housing Corporation then.

Mr. Chairman: Perhaps that is a very broad question.

Mr. Robb: As a ballpark figure: around 40 percent.

Mr. Philipsen: Earlier you stated that you spend a lot of time fixing up a damaged unit. When someone knows that they are going to be evicted, they willfully destroy as much as they possibly can. I suppose?

Mr. Robb: Yes.

Mr. Philipsen: Do you take those people to court for the damage that they have placed on those units and, if you take them to court — you are evicting them probably for non-payment — and they have no money, what is the outcome?

Mr. Robb: That is a problem for us. Yes, we do try to take them to court. We try all of the collection avenues that are available to us; the ultimate one being, of course, going to court. When we get into court, we have had cases where the judge will say, "Yes, you do have a case; you do have a claim against that individual" and the court may prescribe how that individual will pay us back.

Many of the people who fall into that category do not have the money and, in essence, pay us back in very small amounts over very long periods of time, do not pay us back or disappear. That is what that situation is.

Mr. Philipsen: Is it possible to have it put into your lease agreement that whoever does the damage will be taken back there to do the repairs themselves, physically; even if we have to supply the materials, that they will be supervised and they will repair whatever they have broken, and actually have them fix what they have broken?

Mr. Chairman: Lock them up in the house until they have fixed it?

Mr. Philipsen: Right on. Chain them right to the stove.

Mr. Robb: No, it is not written into our lease agreement in quite that way. In the lease agreement that they do sign, they are personally liable for any of the damages done to the unit just as they are liable for non-payment of rent. We have not, unfortunately, found a foolproof way of collecting that money.

Mr. Philipsen: Do you have any type of regular inspection of the units that you have people in so you have an idea if things are being damaged? I realize nobody wants somebody walking through their house every month.

Mr. Robb: In our lease agreements, we have the provision for annual inspections in all of the units. I am sure you can appreciate the problem of violating somebody's human rights; that is their home, that is their castle, that style of an argument. They are done at least annually.

Of course, there is an inspection done when a person moves in, just as there is when a person moves out. Anything that is damaged between move-in and move-out, anything beyond normal wear and tear, is charged to the vacating tenant.

Mr. Philipsen: It seems to me, in a lot of instances, when something is being damaged from within, there is also a direct type of damage going on without, possibly in the form of siding being torn off, curtains are torn down or windows are broken. When you see that kind of damage on the outside of the building, is there a way that you can go and check the inside of the building or do you still have to wait a year?

Mr. Robb: We can inspect a building with 48 hours' notice to the tenants to enter their premises. When we see something extreme, picture windows being broken, siding being torn off, or if our local people hear of very extreme stories of thing going on in the house, they can and do enter them just to do an inspection. I might add, we have started the process of eviction as a result of that kind of thing.

Mr. Philipsen: Sounds like a pretty tough proposition to me.

Mr. Chairman: We have reached our time of adjournment. We will excuse the witnesses now. We look forward to seeing you again tomorrow morning at 9:30 a.m., when we will continue with the departmental review. Thank you, Mr. Robb, Mr. Kamphof and Mr. Easton. Committee now stands adjourned into executive session.

Witnesses excused

Committee adjourned at 11:30 a.m.

Yukon Legislative Assembly

PUBLIC ACCOUNTS COMMITTEE

Friday, February 11, 1983
9:30 a.m.

Issue No. 9 (Fourth Sitting)

25th Legislature

ie Mr. Turner who built the houses in
 r. Turner.
 ed us with a bylaw, Number 5, and
 the general manager to negotiate a
 cost is less than \$10,000 and there is
 apply. Was there only one source of
 h of chemical?
 I do not know the answer to that
 it all the products labelled Kem would
 n fact, come from one source?
 s, I believe, is the name of the firm.
 know whether or not the general
 / of 4(2), would have negotiated a
 have a record of that but, if the
 was identified in the beginning, the
 to tender with something like that,
 suggesting it ought to have gone to
 it, yes.
 bylaw you provided us with, Section
 rager, again, to provide a summary of
 of \$500 executed on behalf of the
 directors at every meeting. Do you
 nt was fulfilled? Were the board of
 advised of any part or total of this
 not the word because we do not know
 isted.
 chase orders in excess of \$500,
 orders in excess of \$500 would not
 of directors.
 / would be reported, as required by
 et the bylaw, it would only be a
 order a contract? I do not know the
 know that the acting general manager,
 or with the chairman of the board and
 of directors was reasonably aware,
 as the chairman at the time?
 i at that time was a gentleman by the
 irman of the board of directors was
 cumulating?
 : if he was aware of it accumulating,
 as raised. It was actually raised by Mr.
 i went to Mr. Ilich and that is when, I
 brought in.
 you became aware or recognized this
 ll of 1981, this being late winter of
 to unload any of that chemical?
 I am aware of.
 ; been in storage since it has been
 ton, what is the life expectancy of this
 had an assessment done?
 not have the technical data on, but I
 nably lengthy shelf life, in that it can
 ars.
 ber of years.
 of years.
 small number of years, a reasonable
 ;gest that, probably, within a range of
 sb, you say you are doing an investiga-
 : able to give an undertaking to report
 the investigation?
 that, yes.

Mr. Chairman: Thank you. Let me ask you if you have, in your capacity, made some tentative conclusions as to why the Corporation came to buy \$67,000 of one chemical, from one supplier, of one type, when your normal inventory is only of a maximum of \$5,000?

Mr. Robb: Right now, it would only be conjecture again — we just have not had time. I have not gone through the thing, personally, in enough detail, yet, to —

Mr. Chairman: So you have not a tentative conclusion that you have reported to your board, or anything like that?

Mr. Robb: No, we have not. In fact, I have not even taken this issue to our board, at this point.

Mr. Chairman: I do not want to seem impolite about this, but I feel bound to ask: yesterday morning, before coffee break, we did pursue at some length the nature and the size and the quantity of your inventories and we were given repeated assurances of their small quantity. It was only when we asked a specific question about the product during the inquiry that we were able to get the answer that your inventory is considerably in excess of that. Can you explain that oversight?

Mr. Robb: I can attempt to. When we acquire maintenance kinds of materials, we assign a portion of the cost of the material to a specific cost centre or a specific housing unit. So, when we buy \$1,000 worth of product "x" and it is to be divided equally among ten units, we take one-tenth of "x" price and assign that to each of the ten units. I think, in strict accounting principles, we do not carry an inventory in that technical sense. Now, I stand to be corrected by people more knowledgeable in finance and accounting than I.

Mr. Chairman: But, is it not correct that all three of the witnesses present here were aware of the considerable inventory in this one product?

Mr. Robb: I do not know, frankly, that we were aware of the extent of that inventory.

Mr. Chairman: You were aware that it was considerable, though?

Mr. Robb: I was not aware that it was considerable. I was aware that we had some, but we were not aware of the extent of that, no.

Mr. Brewster: Just before I go back to the programs, on Number 36, which you tabled, I would like to ask a couple more questions on the contract given to Mr. Turner. He resigned on April 30th and he accepted a bid on August 21st. Is this not correct?

Mr. Robb: He resigned on April 30th, yes, and the contract was awarded.

Mr. Brewster: This contract, then, I suppose would probably have been put up to bid in July, roughly?

Mr. Robb: Yes.

Mr. Brewster: He ended up with a bid of \$196,800, and you had allotted \$200,000. I do not know, in most businesses and things like that, when you step down from a position like this, you are usually required to sign some kind of a document whereby you cannot participate in that for a year. Do you not think maybe the board should consider something like this? You have clause 3(2), which provides quite a good deal of protection against these contract bids, but it does not involve this. I think you can understand that our position is the same as the people on the street when they see a thing like that, as well as other contractors.

Mr. Chairman: Are you aware of the federal practice where a senior official leaving the employ of the department cannot do business with that department for two years?

Mr. Robb: No, I was not aware of that.

Mr. Chairman: Perhaps I could consult the table, but I believe that is either, if not a matter of law, certainly a matter of regulation. It is by regulation. It is under federal conflict of interest. Would you at least give us an undertaking, as general manager, to examine that question of regulations in that respect?

Mr. Robb: I can do that, yes.

Mr. Brewster: We will go on to the different programs and some of this is much the same material I think we have been going through with you and I think you understand the situation.

The Incomes and Expenditures just do not seem to be broken out

where we can pick them up in the different programs. I was wondering if, maybe, some of this could be corrected a little in future ones? It is very hard for us, over on this side, to be able to break any of this down.

Mr. Robb: I am sorry, you are looking now at the Financial Report, the way it is presented?

Mr. Brewster: Yes, on page 15 and 16. In your Rental Income, you have Rental Purchase, Senior Citizen Housing and Low Rental Apartments all combined into one and then, when you get over on the other side, you break these into Low Rental Apartments, Low Rental Family Housing and there just seems to be confusion on the headings of these things. It makes it very, very difficult for an individual, such as myself, to really understand where some of these charges are going to.

Mr. Chairman: It is really the same issue we identified yesterday.

Mr. Brewster: Yes, it continually crops up with each program.

Mr. Robb: I concur with your position on this.

Mr. Brewster: In the Rental Purchase program, since 1972, 22 percent of the units have been purchased. Could you tell me, roughly, where these units were purchased and in what locations?

Mr. Kamphof: Most of those units would have been sold in the community of Whitehorse.

Mr. Brewster: Considering that the program started in 1972 and you have had a 22 percent sale, do you think this is a successful operation?

Mr. Kamphof: From going through the original intent of the program, that being a rental-purchase, the original 145 units that were built and the remaining we have left, all I can say is that some more units could have been sold, yes.

Mr. Brewster: On page 262 of the Estimates, there is a recovery from the Department of Indian Affairs and Northern Development of \$156,000. What grant would that be for? Where does this go into the organization?

Mr. Robb: We have an arrangement with Indian Affairs that all status Indian persons who live in rental-purchase housing programs, they, DIAND, will pay 50 percent of the operating costs; the deficit of that program.

Mr. Byblow: I have a couple of questions in the Low Rental program. Not attempting to be overly repetitious but, again, it is the information that I wanted to draw attention to. It would be much more meaningful if we had some break-out of apartment unit costs and information that we could, in some way, assess the efficiency of the program and make some intelligent judgment about what is happening in the program. Is it your intention to provide this type of information in future estimates?

Mr. Robb: Yes, to the degree that we are able to provide it.

Mr. Byblow: As described in the 1980-81 Annual Report, does the occupancy of the available 42 units consist only of single person and single parent families?

Mr. Kamphof: To which 42 units are you referring?

Mr. Byblow: On page 4 of the 1980-81 Annual Report, you identify, in the third paragraph, 18 suites in one apartment, 24 apartment complex of a second unit. Those 42 units are what I am referring to.

Mr. Kamphof: The 18-suite apartment's address is 6056-6th Avenue in Whitehorse and the 24-unit apartment complex is situated on Alexander Street and Fifth, I believe — in that area. These units were constructed to house single persons or small families, two persons or less. There are a large number of bachelor units within those complexes.

Mr. Byblow: To answer my question, the purpose of the program, in terms of the present occupancy, is still being followed?

Mr. Kamphof: Yes.

Mr. Byblow: On the subsequent program, Rent Supplement Program, on page 16 of the Annual Report, in the schedule identified as Cost of Rental Operations, is it possible to supply information related to the cost of units broken down into localities as we were talking, again, yesterday. I think this was, in fact, brought up.

Mr. Kamphof: Cost per unit?

Mr. Byblow: Yes.

Mr. Kamphof: Yes, that could be provided, I believe.

Mr. Byblow: Of course, you said it would be under the Rent Supplement program. I would like, very briefly, to understand exactly what rent supplements are, as you identify them, in the program.

Mr. Kamphof: In that section, there are two rent supplement programs referred to: there is section 44.1(a) of the *National Housing Act*. That is where a corporation such as ours would go to a private landlord, contract with them to provide units for low income families, seniors, disabled, whatever. Under section 44.1(b), the province or territory would contract with a non-profit housing corporation in the provision of subsidy units for their low income clients.

Now, to break it out, the Old Crow housing project referred to there is five units, rather than four units; that would come under the section 44.1(b) program. In projects in Whitehorse, we have contracted with private landlords to house approximately 37 low income families.

Mr. Byblow: So the Rent Supplement program, essentially, means that YHC and CMHC collectively pick up the capital costs and operational costs of the unit and then, based on the income level of the tenant, they would pick up the difference beyond what the tenant could not pay.

Mr. Kamphof: Correct.

Mr. Byblow: How do you identify which program to use in a community? For example, in one community you may have constructed housing under several different mandates. How do you set priorities of utilizing those units?

Mr. Kamphof: We would look at about five or six different variables: the client who we are trying to house; the cost of operating the 44.1(a) program within a community; are there units available from private landlords? We would look at the various costs, both by using the 44.1(a) program and by, possibly, building a new project and what would the net cost to us be then by the various funding arrangements.

Mr. Byblow: I can understand what you are saying about identifying the need for a program and putting it in place. Suppose you have five units constructed in Mayo under the Rent Supplement program. However, the need for those units is no longer there three years down the road. Can you identify a different program for utilizing those units? Do you understand my question?

Mr. Kamphof: If we were to build a five-unit project, you are saying, and over a number of years we develop, say, three or four vacant units within that project, what would we do with them?

Mr. Byblow: Yes.

Mr. Kamphof: First off, from a program perspective, there are no other programs available to have those units utilized. What we would do is rent or lease the units to the private market. If we do our further studies, indicating clearly that we do not require those units in the future, we would be in a position to market that project to the private market.

Mr. Byblow: I think you have answered my question. Of the approximate 400 units that you have in the territory, how many are vacant?

Mr. Kamphof: I believe in one of the exhibits that have been presented to you — I am not aware of the number, I believe it would be one of the latter exhibits — we have given you the tenant turnover and unit vacancy rates.

Mr. Chairman: It is, I think, a widely held public impression that the Corporation overbuilt in Ross River. Is that your observation? This is based on the large number of vacancies that seem to have existed there for some time. It has been suggested that it is the same in Carmacks, too.

Mr. Kamphof: The vacancy rate is being reduced considerably in both of those communities. It is my feeling that, yes, I would not say "overbuilt", but the houses, for a number of reasons, are not being utilized.

Mr. Chairman: Without getting into a lot of reasons, you are saying it was not a planning problem or a failure in the planning process that caused you to build too many units; there was some other reason why people are not using them, that you might have identified as clients at the time they were planned.

Mr. Kamphof: Yes. There are a number of other reasons why they are not being utilized and we have been taking a look at that over the last couple of months.

Mr. Chairman: Could you briefly indicate what they might be? The kinds of reasons?

Mr. Kamphof: For example, if a tenant were residing in the house, it is quite common in the north region to have a high turnover, as one of our exhibits will show. If a tenant were to vacate the unit in those communities, the tenants are not replaced in a very quick fashion. The unit has to be cleaned up first; they have to contract with the maintenance person to clean up and repair any of the damage in order to house the next prospective tenant. I understand it is a lengthier process in some of those communities than elsewhere and that will reflect in the vacancy rate, substantially.

Mr. Brewster: I will start on the senior citizen housing program. The investments are shown separately; why are income and expenditures combined — we will just leave that the way it is. Does the Corporation have a long- or short-term project by which to determine the needs and the impact of the increasing number of senior citizens in this particular program? There seem to be more and more senior citizens remaining in Yukon and I just wondered if you have ever taken this into account in your program?

Mr. Robb: Your observation about senior citizens is confirmed by what we found out, too. It looks like the senior citizens are the only sector in the community that are continuing to increase in terms of demand in their need for housing. We have been getting representation from a couple of our local housing associations requesting senior citizen housing. In our conduct of need and demand studies, we are looking at that in a couple of different communities.

Mr. Brewster: Under Rural and Remote Housing, we come back to this thing in number 15, "Other". Now, we have Rural Housing in there, Crossroads is in there, and Staff Housing. Is there anything else in this Other that is on 15?

Mr. Chairman: Furnace chemicals, for example?

Mr. Easton: I am sorry?

Mr. Chairman: Low blow.

Mr. Easton: Some of the expenditures, you know, for sure. Other housing includes some homes or residences that were, at one point, carried by the Department of Human Resources — or, at least, I believe it was through them. They were transferred to us and we operate these two or three in Whitehorse and in some other areas of Yukon on the same sort of basis as the cost-shared programs, but we do not include cost-sharing with them. In other words, they are full cost to the Corporation.

Mr. Brewster: Going on to Staff Housing, the Cabinet decision in 1977 stated that all government staff housing, where Yukon Housing provides housing, should, in addition to paying rent, be responsible for paying all utility costs associated with their unit. This is from a news release of September 30th, 1982 and this decision was made in 1977. Why has it taken so long to get this Cabinet order through?

Mr. Robb: The last grouping, I guess, if I can use that phrase, of staff that had not been affected by that original decision in 1977 were those people who were living in a multi-unit dwelling — so it was a duplex, a threeplex or something bigger than that — that had either a common electrical meter or had a common fuel tank. In other words, the individual units were not individually metered and, therefore, that policy, for whatever reasons, was not passed on to those persons. The news release you refer to indicates that we are not passing on electric and fuel oil costs to those persons.

Mr. Brewster: It seems quite a while from 1977 to 1983.

Mr. Chairman: Perhaps it was a clerk of Cabinet who was responsible.

Mr. Brewster: In 1980-81, Yukon Housing began implementing a decision to withdraw from staff accommodations in Whitehorse.

Mr. Robb: Yes.

Mr. Brewster: Has this been completed?

Mr. Robb: The last staff housing unit was vacated — I should remember the date — in the summer of 1982.

Mr. Brewster: Has this program ever been considered for outlying areas where there is a surplus of private houses for sale or rent?

Mr. Robb: I do not believe it has been considered or discussed at the board level.

Mr. Brewster: Is there an argument for supplying staff housing if there is a healthy level of available housing in a particular market?

Mr. Robb: I guess it depends on which side of the fence you would like to be on, in that argument.

Mr. Chairman: I guess if it is a contracted condition of employment, you would have to.

Mr. Robb: If it is a determined condition of employment that the government supplies housing, then I guess they would be compelled to do that, yes.

Mr. Brewster: Even when there are private houses available, they could make arrangements to rent or purchase for this staff?

Mr. Robb: Again, it depends on a variety of circumstances. If government employees have it contained in their collective agreement that they shall be given staff housing, — as they presently do if they live anywhere other than in Whitehorse — it is incumbent upon the government to live up to the terms and conditions of that collective agreement.

Mr. Brewster: But if there were private houses there that you could rent and make your own arrangement with the staff in that house, would this not be considered in your thinking?

Mr. Robb: We have, in fact, on occasion done that, yes.

Mr. Brewster: But you do not ordinarily look at that before you start building in there?

Mr. Robb: Before we do any building, we try to look at it from as many angles as possible, which is part of the need and demand kind of work that we do. We look at cost effectiveness and best utilization of government dollars or public dollars. If it is cheaper in the long run to rent privately, we would do that.

Mr. Brewster: On page 15 and 16 of your annual report, under Other, the question is: what is the loss in the Government Employees Housing Plan of \$17,091?

Mr. Robb: That would be caused by one of two things, or a combination of both things, I guess. One possibility is the acquiring of a house and the reselling of that house at a lower price than it was acquired for. The other and more significant problem that we have is the acquiring of a house and then the maintaining and operating of that house until it can be sold.

I think I alluded to this the other day, that we do not, in the truest, strictest sense, have a revolving fund for the *Government Employee Housing Buy-Back Act*, because we do not have the legal ability to charge those operation and maintenance costs back to the fund or anywhere else; we have to find them within the budget of the YHC.

Mr. Brewster: I note that this is another program that is in that Other which seems to have a lot of things in it. What has the cost per unit been to the Yukon government because of this buy-back program?

Mr. Easton: I do not know off the top of my head, but I think it would not take us long to develop it on a year-end basis, cost per unit.

Mr. Brewster: Could we have that tabled for the committee?

Mr. Chairman: Is that an undertaking, Mr. Easton?

Mr. Easton: Yes.

Mr. Chairman: There was an announced government policy, early this spring, of a municipal buy-back program. Is this in place? Have you been funding it and carrying it out?

Mr. Robb: No, that municipal part of the buy-back program was never passed through the House.

Mr. Chairman: So it was just announced as a policy but, because it has never been legislated, it is not in place?

Mr. Robb: I am not even sure whether the announcement was a policy or whatever. I do recall, though, reading it in *The Star* that I think the Association of Yukon Communities was pushing for it, but our legislation restricts the buy-back program to Government of Yukon employees.

Mr. Chairman: It is not normal practice for you to read about

government policy concerning your department in *The Star*?

Mr. Robb: No, but I do find interesting reading about our department in *The Star*.

Mr. Byblow: I have a couple of questions about the buy-back program but, first, I want to ask a question or two on the staff accommodations. You seem to have had some running battle with the teachers recently over rents. I gather, firstly, that your Corporation is not governed by six-and-five legislation in relation to rent?

Mr. Robb: No. The restraint legislation did not restrict the Housing Corporation to six-and-five percent.

Mr. Byblow: Why did the corporation raise their rents from as much as 20 to 60 percent in some instances?

Mr. Robb: The amount the rent can be increased, per month, is restricted, or constrained, by the negotiated agreement between YTA and the government, as well as between YTPSA and the government. Therefore, the rents can only go up, in the teachers' case, \$60 per month. Percentages are something you always have to watch when you start talking percentages. You have to say 60 percent of what? Obviously, a \$1 increase on \$10 is a significantly higher percentage than a \$1 increase on \$100, though I am afraid to use dollar figures anymore as examples.

Mr. Byblow: The principle of establishing rent under the program is governed by comparative market rent and I do not need any explanation of that. You relate the justification for an increase in rent to factors other than CMR. In other words, you have introduced the available increase open to you under contracts. I am having difficulty relating these two.

Mr. Robb: Tenants are expected to be paying CMRs on their units. All staff tenants are expected to be paying CMRs. Those CMRs are reviewed and adjusted annually. If a tenant is not paying the CMR, the tenant's rent would be increased to CMR, except as it is constrained by the collective agreement. If, in the teachers' case, they are paying more than \$60 less than CMR, then the rent would only go up \$60. If there is less than \$60 difference between CMR and the rent they are paying, they only go up to CMR. So, in some cases, and in many cases, teachers' rents this year did not go up \$60 to a number of individual teacher tenants.

Mr. Byblow: But which you are saying they ought to have if they were paying CMR?

Mr. Robb: No. If they were paying CMR, the principle is that they would only pay what the new CMR is, because the CMR is adjusted annually. The CMR is the top that they will pay. How they get there is constrained by the collective agreement in terms of the size of the increase.

Mr. Byblow: On the employee buy-back program, we established earlier that there is a revolving fund out of which you draw funds to purchase the units. You indicate, in your Annual Report, that you have an inventory of 11 homes. Is that still current?

Mr. Robb: No. This report, of course, ended with the fiscal year-end 1981. Did you want to know how many we have today?

Mr. Byblow: Yes.

Mr. Kamphof: I believe we have six units in our portfolio today; three in the community of Whitehorse, two in the community of Watson Lake and one in the community of Ross River.

Mr. Byblow: You say you have these in your portfolio; what does that mean?

Mr. Kamphof: We have them in hand and they are for sale, but are not sold as yet. We are actively selling them.

Mr. Byblow: In total, how many units have you bought under the program that you have, in turn, resold? Can you give me an estimation?

Mr. Chairman: Mr. Kamphof, do you happen to know what it is this year.

Mr. Kamphof: We have picked up an additional three units this year; I believe we sold two.

Mr. Robb: We may have that information with us. It will just take a couple of minutes to dig it out if you would like to go on to ask another question.

Mr. Byblow: Could I have some understanding of how much of the revolving fund is currently tied up in this inventory acquisition and revolving nature? I recognize what was said earlier, when Mr.

Brewster was questioning, that there is a constant loss on the acquisition and subsequent resale.

Mr. Easton: I do not think it is a constant loss. It is a function of each individual unit.

Mr. Chairman: But there is a cost associated?

Mr. Easton: There is a cost and, in some cases, there is a reasonable recovery in relation to cost. It depends a lot upon the market, as you are well aware. At present, we could look at an approximate position of \$350,000 within that fund.

Mr. Chairman: That is what it is now?

Mr. Easton: Again, approximately. We would have to look it up. I could give you figures for two year-ends, if you would like?

Mr. Chairman: How many houses do you have in inventory, again?

Mr. Kamphof: Six.

Mr. Chairman: Six, right now. How many obligations to purchase do you have?

Mr. Robb: That is a question that is very difficult to answer because every government employee who lives in his house for two years is eligible for the program.

Mr. Chairman: Occasionally we get calls from people who say, "Look, I cannot sell my house and I am having trouble getting the buy-back obligation in effect".

Mr. Robb: Yes, we do get a number of inquiries about that program particularly. Until we get the land, in essence, transferred into our name, we don't..

Mr. Chairman: Is the program adequately funded right now given the kind of demand for it?

Mr. Robb: At this point in time, yes.

Mr. Byblow: However, given a run on employees who wish to sell their units to Yukon Housing, which you are obligated to deal with under your legislation, you could, conceivably, be short of funds very quickly?

Mr. Robb: It could exceed the \$500,000 figure, yes.

Mr. Byblow: In the process by which you negotiate a purchase of a unit from an employee — I understand the details of the program, under the ordinance, where individual appraisals are procured and a mean is established; that becomes the sale value?

Mr. Robb: Yes, that is correct.

Mr. Byblow: Given that it varies beyond 15 percent, the legislation requires a second appraisal to be taken?

Mr. Robb: Yes, that is correct.

Mr. Byblow: Are you familiar with the case of Frank Reiner?

Mr. Robb: I am familiar, in a general sense, with it.

Mr. Byblow: Why is he having difficulty selling his house to Yukon Housing?

Mr. Robb: In Mr. Reiner's case, we have gone to that second set of appraisals and we have made an offer to Mr. Reiner. This offer would have officially been in the mail to him some three weeks ago. From what I am aware of, his case has taken the longest period of time because, when the appraisals were done in the first instance, they were more than 15 percent in variance; they had to be redone and, again, they are very close to the 15 percent variance. This has compounded because Mr. Reiner is now living in a rural Saskatchewan community. We have the communication problems of dealing with this.

Mr. Byblow: I could give you his phone number.

Mr. Robb: We have it; both of them.

Mr. Byblow: It took seven months because you had to go through two sets of appraisals, in his case. You have now made a final offer from the second appraisal. His second appraisal was \$52,000. Your second appraisal was \$44,000. Your offer was \$46,000. That does not fall into the qualification of a mean appraisal between two independent ones.

Mr. Robb: I do not have the details of the appraisals with me.

Mr. Chairman: The fundamental problem I have is, when we had the program originally explained to us and when it was amended, we never contemplated that it would take seven months to complete an arrangement like this. It seems to me that it would put the employee in financial jeopardy.

Mr. Robb: This particular case has been plagued with problems from the start. There was also some concern as to even when the

employee terminated the government, because that is a start date.

Mr. Byblow: Who does the Yukon Housing appraisals?

Mr. Robb: We contract one of the few licensed appraisers in town. We do not have a specific person who does them.

Mr. Byblow: It is not a staff person who does your appraisals?

Mr. Robb: It is not a staff person who does our appraisals.

Mr. Byblow: Do you have any explanation why the appraisals, in the Reiner case, were at such extremities?

Mr. Robb: The appraisal that we had done was done by a licensed appraiser. There is a provision in the Act, and it is set up for cases like Mr. Reiner's, where he lives in some place other than Whitehorse and there is no licensed appraiser available. He, the person selling the house to us, may contract a person from that community who has done one or two appraisals before for one of the banks; the person who did his appraisal had very limited experience in making appraisals. That is about the only reason I can offer you as to why Mr. Reiner's appraiser offered \$66,000 or \$68,000 as his appraised value and our appraiser offered \$50,000.

Mr. Chairman: Perhaps, Mr. Byblow, we are getting into too much detail on this one case.

Mr. Brewster: There is just one more program to go through and that is the Energy Conservation program. The accounting data for this five-year program is incomplete under this heading. For instance, we do not know how much your cost-sharing is between CHMC and the territorial government, therefore, we do not know what the net cost of this program is to the territorial government.

Mr. Robb: Generally, this program is an effort just to upgrade the insulation in all types of housing that we have. There is really an energy conservation component to each of the other programs that we have already discussed here. I think it was highlighted in the Annual Report here only to show, in fact, that we are concerned about energy conservation and energy consumption.

Mr. Brewster: Do you have any way of knowing if you have enough information to get data or whether you have achieved a great savings on this program?

Mr. Robb: At this point in time, it is only a year and a half after the insulation has been done, so the figures are very, very preliminary.

Mr. Brewster: You do have some figures, though.

Mr. Robb: We do have all of the figures on consumption on all of our units.

Mr. Byblow: I have one last question on that Reiner case. I understand that there is some conflict surrounding obligations of Yukon Housing to repair the unit from original acquisition. Are you familiar with that?

Mr. Robb: No, I am not.

Mr. Byblow: Perhaps we can deal with that by letter.

Mr. Robb: Okay, sure.

Mr. Byblow: I have a couple of questions on another case, but it brings up the whole question of programs. Your Corporation, I understand, leases a particular unit from Public Works Canada.

Mr. Robb: Yes. In Whitehorse, here?

Mr. Byblow: Yes. In turn, the unit is occupied by the Yukon Women's Transition Home.

Mr. Robb: Yes.

Mr. Byblow: Presently, your Corporation is seeking some \$5,000 rent arrears from the Transition Home. Again, trying to avoid a lot of details, I would like to ask under what program this unit is supplied to the Home? Or is it a special case?

Mr. Robb: I almost hate, with Mr. Brewster being present, to say that it comes under Other.

Mr. Kamphof: The cost-sharing does not come under any national housing act program, I believe.

Mr. Byblow: I do not understand.

Mr. Kamphof: My understanding of this arrangement is that we have taken a position to allow for a leasing of a federal housing premise to someone other than a government agency and have entered into a lease with Public Works Canada, totally off-set to an agreement with the Transition Home, acting as middlemen on a total break-even position.

As a condition of the lease with Public Works Canada we, of course, have to ensure that the fuel bill, and so on, is paid. So, we are paying those and charging them back and that is the position we are at.

Mr. Byblow: So the arrangement is a cost-recovery arrangement. It does not relate to CMR, it does not relate to markets — it is a special case where you are supplying a unit to a service organization and back-charging them for the recovery or the actual costs of operating the unit.

Mr. Easton: That is right, because we are acting as a vehicle to allow that lease.

Mr. Byblow: In that you are seeking the \$5,000 rent arrears, do you have any legislative mandate whereby that can be forgiven?

Mr. Easton: The only position I could see there would be, if we took a loss on it, the position of writing off a bad account.

Mr. Chairman: In which case, you would probably evict the tenant, is that correct?

Mr. Easton: Most definitely.

Mr. Chairman: We have no further questions here. Nice timing, committee. Let me ask if there are any final comments or statements, confessions or otherwise from the witnesses?

Mr. Easton: I think there is some confusion on the inventory amounts that we were getting at.

Mr. Chairman: I think that is correct.

Mr. Easton: My comment on the amount of \$5,000 was relative to a recollection of a year-end position, March 31st, 1981. Truly, the situation with the chemicals is a position of not identifying inventory on the premise that we were purchasing to apply to cost objects to complete the work or to use the materials; the intention being that. After, certainly, our discussion and certainly from our own thoughts and investigation, this year-end, unless they are used up before the year-end, it would become an inventory reality.

Mr. Chairman: Our only concern is that to have \$67,000 worth of this weird stuff somehow in your possession but not accounted for, would raise management concerns.

Mr. Easton: Yes.

Mr. Robb: I think that the point is that it is accounted for in that it is charged to the unit.

Mr. Chairman: But some people might say that, in terms of accountability, that is not accounted for; it is hidden. The question of accountability is still an open one, Mr. Robb, with respect.

Mr. Easton: There is a non-financial record, in the sense of "x" amount of units with "x" amount of dollars.

Mr. Chairman: Mr. Kamphof, Mr. Robb, any last words?

Mr. Robb: No, just to thank you gentlemen and lady.

Mr. Chairman: Thank you, gentlemen. Unless the committee sees otherwise, the witnesses from the Yukon Housing Corporation are excused. Thank you, Mr. Robb, Mr. Kamphof and Mr. Easton.

The committee will recess until 10:50.

Recess

Mr. Chairman: Committee will come to order.

I would like to welcome back this morning Mr. Vantell, the deputy minister, and Mr. Sam Cawley, from the Department of Government Services. We are here to follow-up a couple of matters. We seem to be spending a lot of time with you the last couple of weeks, but, it has been a pleasure. I guess the first issue is what Mr. Brewster would call the government travel agency.

Mr. Brewster: Have you ever done a cost analysis of whether it is cheaper to have our own or whether this should be out to private travel agencies?

Mr. Chairman: A cost benefit study of having this service.

Mr. Vantell: As far as the reservation officer is concerned.

Mr. Chairman: Yes. What demonstrable savings are there? That is the question?

Mr. Vantell: It is very difficult to determine that, at this point in time, because we have not been operating for a year yet. We opened the reservations office in February of last year. There are a few things I can identify for you. In 1981, for instance, we never utilized excursion fares. During 1982, we purchased 70 excursion

fares and, if we take an average of a \$300/\$350 saving per ticket, we will save \$24,000.

There are other areas where there definitely is a saving to be identified. There are the hotel reservations which are also being done by their computer. We are now able to insist on government rates. We also have a system in place with a rental agency for car rentals, whereby we get substantial discounts on a daily rate basis, as well as a rebate at the end of the year for the total purchases by the government. So, I will be in a better position next year to make a comparison as to what we have saved over the year.

Mrs. Firth: Mr. Vantell, I appreciate that you have not done any follow-up cost benefits or cost analysis, however, you must have had some rationale for initiating this program to begin with. Could you tell the committee what the rationale was?

Mr. Vantell: This government really did not have a system in place before the reservations office. Travel warrants were issued by five different departments: Finance, Highways, Justice, Workers' Compensation Board and Health and Human Resources.

These travel warrants authorize a travel agency to issue a ticket to the person who is travelling and authorizes the travel agency to invoice a certain department for the cost. The amount, however, on the travel warrant was always left blank and that is like issuing a blank cheque to anybody. The travel agent completed the amount and billed the department for the travel; there was no control and no way for us or for this government to check if we really did get the best deal, as far as travel was concerned.

That is the reason why we started to look into this. We have several examples documented. For instance, I recall there was a full fare for a trip from Whitehorse to St. John's, Newfoundland which was, at that time, I believe \$1,265. The best price that we could obtain through travel agencies came to approximately \$950. I stand to be corrected as far as the exact figure is concerned. We went to a computer and we obtained a ticket for \$200 less than that. So, that is a result of having a centralized control of travel, rather than having it spread out over the various departments.

Mrs. Firth: How long has this centralized control for travel then been in effect?

Mr. Vantell: Since February, 1982.

Mrs. Firth: So it has been in for a year.

When is the department planning to do an analysis as to whether it is actually saving the government money and how much?

Mr. Vantell: If we had the resources available, as I have discussed with Supply Services, we could take the total number of tickets or the total number of warrants that we have issued to travel agencies, multiply that by the total number of dollars of a full price fare and then determine what we have paid for it. The difference, of course, is an immediate saving to this government.

« Real statistics will be more sensible to us after another year of operation.

Mrs. Firth: What you are saying, then, is that the department will be doing an analysis after the second year, February 1984?

Mr. Vantell: Yes.

Mr. Falle: What is the total cost to the taxpayer when it comes to travel warrants? How many dollars are we talking about for the total travel of YTG?

Mr. Vantell: For the reservations office?

Mr. Falle: That is right.

Mr. Vantell: We have one person who does all the work.

Mr. Falle: I guess I am not making myself clear. How many dollars do we pay out to the airlines for travel for YTG employees?

Mr. Vantell: During 1982, from the first of February until the end of December: \$929,000.

Mr. Chairman: A million bucks.

Mr. Falle: \$1,000,000.

Mr. Vantell: Close to it.

Mr. Falle: Close to it. So, is it fair to say that if there are three travel agencies in town, their share of \$1,000,000 would be roughly \$30,000 for their percentage that they get from the airlines and they do not have to do a lick of work for it?

Mr. Vantell: I do not know what the rates of commissions are. I believe if it is a trip from Whitehorse to Vancouver, the rates are different as compared to a trip from Whitehorse to Halifax, for

instance.

Mr. Falle: Am I in the ballpark?

Mr. Vantell: Perhaps you are, but I could not confirm it.

Mr. Falle: I believe it is 10 or 15 percent. If it is 15, it is more, it is going to be \$45,000. If it is 10, it will be \$30,000 and they do not have to do anything for it. We do the work.

Mr. Chairman: If it is 10, it is \$100,000.

Mr. Falle: Excuse me, my figures may be wrong. What I am really wanting to know is: is there an actual cost benefit to the government, that you can see, in spending these kinds of dollars?

Mr. Vantell: Yes, I think so. It only costs us roughly \$25,000 to \$30,000 to operate this reservations office. I think that — and this is just a rough estimate — we can reasonably assume that we are saving \$100, at least, per trip. If you take that we are making at least 2,000 reservations per year, it would make a difference of an additional income, or less expenses to this government, of \$200,000.

Mr. Chairman: Do you have any reason why the government did not insist with travel agents before, because they have been major clients of the travel agents here, that they use the excursion rates and government rates in hotels? I would have thought, as a major client, we could have demanded that from a travel agency.

Mr. Vantell: First of all, because it was done by the various departments, it was very difficult to insist on this. Not only that we, at this point, do not insist on it. If there are only 20 excursion seats available, say, on a trip from Whitehorse to Toronto and there are taxpayers who want to use these excursion fares, we will back down and buy a full price trip and not use the excursion fare.

Mr. Chairman: Mr. Cawley would probably know whether the commission range for travel agents is three percent, five percent, ten percent, 15 percent.

Mr. Cawley: The range goes from, I believe, eight percent to 15 percent and it is dependent upon the type of ticket that is being written.

Mr. Chairman: At the top end, 15 percent; eight to 15 percent. We are not talking about \$30,000 to \$40,000; we are talking about commissions to travel agents to a value in excess of \$100,000.

Mr. Vantell: It could very well be.

Mr. Cawley: We are talking about the total travel agencies in Yukon, not just three that are resident in Whitehorse.

Mr. Chairman: If it is true, then, and I am not making a policy statement here, that if you had constituted yourselves as a travel agency, you would also be able to obtain those commissions. Is that not correct?

Mr. Vantell: I do not think the government would be entitled to the commission unless we would form a Crown corporation.

Mr. Chairman: That is what I meant. I am not proposing you do that; I am just asking if that would be the case, though.

Mr. Vantell: That is correct.

Mr. Chairman: I understand that this may well have been a matter of highest policy, but since we are still paying the travel agency a considerable amount of money for work that they — okay, we are not; the carriers are still paying this — no longer do, has the travel agent industry had any discussions with you about that or have you had reasons to have discussions with the industry?

Mr. Vantell: The travel agencies were very concerned when we set up our travel reservations office, because they were afraid that we would take over all the responsibilities — which we could very well do — and issue the tickets, as well. We have no intention of doing this and I think this government would take a very dim view of a suggestion of this nature, to take away the business from a local community.

« **Mr. Chairman:** To the extent that you are able to do a report on the savings achieved by this system, would you be able to give some kind of undertaking to this committee to provide such a report when it is available?

Mr. Vantell: Yes.

Mr. Chairman: Thank you, Mr. Vantell.

Mr. Byblow: I have a couple of questions on the same subject. As I understand what you are saying, you are justifying the existence of a travel agency component within Travel Services in the government, on the basis that you are saving money on the type

of fares. That is, you are able to take advantage of excursion fares that you were unable to when industry was doing that for you.

Mr. Vantell: Not only excursion fares. We took an example when we started our travel agency and, if I remember correctly, at that time, there were, for instance, 29 different prices available for a return ticket from Whitehorse to Toronto. The price varied from \$430, if I remember correctly, to something like \$950. We are now able to take the price which is most beneficial to this government and try to pick the dates or the time that the travel takes place in the most cost effective way.

Before the travel agency was in existence, of course, this government had no control over this, whatsoever. As I explained before, a blanket travel warrant was issued to a travel agency. I am not saying that it happened in most cases but, in the case of return tickets to Whitehorse from Toronto, during the previous year, 1981, I believe we paid an average of between \$800 and \$900 for a return ticket, while there were the possibilities of getting the ticket for \$400 or \$500.

Mr. Byblow: Indirectly, are you saying that you were not able to take advantage of excursion rates prior to your travel agency coming into existence?

Mr. Vantell: That is correct.

Mr. Byblow: That is, industry was not supplying you with the best rates available?

Mr. Vantell: I do not think anybody ever asked for it.

Mr. Chairman: It is also true they had no incentive to do so.

Mr. Vantell: That is correct.

Mr. Byblow: Is it also correct that to take advantage of an excursion rate you have to book in advance?

Mr. Vantell: That is true.

Mr. Byblow: Is it possible that government was not doing the adequate booking in advance or providing that information to travel agencies in order to be able to take advantage of the lower rates?

Mr. Vantell: That could be the case, also.

Mr. Byblow: So that the coordinating exercise of your travel agency, by allowing to book earlier, is a large part of any cost savings that you may find.

Mr. Vantell: That is true.

Mrs. Firth: I am still confused as to why this program was set up. Perhaps you could tell the committee if the direction came from Cabinet? Was it a Cabinet decision to pursue this avenue or, because it is within your spending authority — the \$25,000 to \$30,000 — it was a decision of the deputy minister to pursue this avenue?

Mr. Vantell: I think we just stumbled over this when we did our transportation study in general. The previous year, I believe it was 1980, — and I stand to be corrected on that — we did a complete study of the whole transportation problem in government, if it was a problem. When we set up our transportation office, we transferred all the automobiles and trucks that were assigned to certain departments all over the government, to this transportation section. We then started to look into the reservations aspect of travel in general. It was not necessarily a direction from Cabinet, I believe.

Mrs. Firth: I am still unclear; you have not answered by question. If Cabinet did not make the decision then did you, as the deputy minister, therefore, make the decision? Who made the final decision?

Mr. Vantell: We made a proposal to Cabinet; this went to the Internal Management Committee, through the regular process of a request for a decision. There is a record of decision of Cabinet that the reservations office will be established and will operate under certain policies and procedures.

Mr. Chairman: We were talking about excursion rates before and Mr. Byblow asked you about lead time and coordination. Prior to the transportation study, was there any policy in effect regarding excursion fares? I mean, the government would use them or would not use them?

Mr. Vantell: Not to my knowledge, no, there was not.

Mr. Falle: I just sort of want to summarize. The major reason, I take it, for setting up your own travel agency seems to be to enable you to have a control on the cost and the travel throughout

the government. You know where everybody is going and what they can do.

Just touching on the outside, you stated that there would probably be a saving, you think, of \$200,000. The cost of operation is about \$25,000, so, from your perspective, there is about a \$75,000 saving, but you are not sure. When you do make your report, could you make it available to the committee?

Mr. Vantell: In a year's time we will be able to provide you with the check figures on that.

Mr. Chairman: We have six or seven questions which we want to pursue with you for clarification, mainly, of previous testimony.

Mr. Byblow: My first couple of questions would best be answered by Mr. Cawley, because they relate to Central Purchasing. I draw attention to Schedule 8 of the Territorial Accounts, page 44, where it is cited that the closing inventory in each of the years of 1981 and 1982 is in the order of \$420,000. In the information statistics provided in the Estimates, Inventory on Hand, again for each of those years, is listed out at \$600,000. Can we have some explanation of that variance? The Territorial Accounts, \$180,000 less than the figures supplied in the information to the Estimates.

Mr. Cawley: I would like to be able to come back with an answer to that: I do not have those figures in front of me, at the moment.

Mr. Chairman: Before we take your undertaking to get back by way of a letter, Mr. Cawley, could I ask, Mr. Byblow, if there are any supplementary questions for clarification on that same subject.

Mr. Byblow: Not on the same specific question, but related. Perhaps I will just get an undertaking later. In reference to the information statistics provided in the Estimates, again for 1981-82, where earlier I said an inventory on hand was listed out at \$600,000. I am referring now to page 257 of the Estimates. The amount of purchasing activity is listed out as \$25,000,000; in other words, you intended to purchase \$25,000,000. When you broke that out as to how that was compiled, in terms of purchase orders, in terms of standing offers and service contracts, the totals amount to only \$14,000,000. There is a variance there of something like \$11,000,000. I raised that question last Friday and we could not seem to connect on exactly what was being referred to. Do you have any answer now?

Mr. Cawley: I understand your question now. There is an error in the calculations and in the presentation of this document. I am at a loss to explain how the error occurred.

The figures that represent the forecast for 1981-82, which relate to the \$25,000,000, show up in the 1982-83 statistics that were presented in the House in March of 1981. They were then subsequently re-presented in the fall of 1982, when the 1982-83 budget was being passed. I am referring to those different years to try and clarify and throw some light on the subject because, in the 1982-83 documents, we maintained the \$25,000,000 forecast for 1981-82, and our figures do balance back to that. The 1981-82 Estimates that you are referring to and are seeking clarification on, when I checked back through the records of Supply Services to try and determine how these figures were developed, I had great difficulty; as much difficulty as you do in trying to understand how come they do not balance.

I think, if we were to look at our 1982-83 Main Estimates as they were originally presented to the House, we would see that the year you are talking about shows the amounts certainly different from this document, but it does balance back to our estimated \$25,000,000 figure. All I can say is that, yes, indeed, there is an error. I am certainly pleased that you have pointed it out to us, even if it is of that age, but I am at a loss to understand how it occurred.

Mr. Byblow: So, then, in trying to understand the break-out of the purchase activity, I ought to be following the 1982-83 Estimates as originally presented for a more accurate break-out of what took place.

Mr. Cawley: That is correct. You would see the estimated for 1981-82 exactly, at least for the total figure, as it shows in the 1981-82 Estimates. If you go to the revised 1982-83 Estimates, as were finally approved, then you will find some confusion. By that time, the figures were actuals and not estimated.

Mr. Byblow: Another question on another subject relates to the Queen's Printer. We talked about its move to the Marwell area last Friday. We talked about whether or not volumes were affected and you assured us they were not. My question is two-fold: what has happened in terms of time required for service now and, secondly, how has it noticeably affected the volumes of photocopying service in this building?

Mr. Cawley: I do not believe that there has been any significant change to the time factor. The print room operation is an instant print situation, if one would want to call it that, but it is incorrect to assume that printing operations are instant, even when they have that type of a title. It depends on what they are asked to do as to the length of time it will take to have it done.

We have always had a system of first-in/first-out, last-in/last-out, unless there were some specific requirements for expediency and then those types of jobs were put in the system and done. We do have twice-daily courier service to Supply Services, internally with the government.

Mr. Byblow: Regarding the time, I raise the question because, as a member of the Legislature, I have had occasion to wait much longer now for documents to be printed than I previously had to when the facility was in the building. To me, as a physical observation, there is some lengthening of the time, by as much as three and four days. Other staff in the building have made this same observation. Is it now taking noticeably longer to get documents printed?

Mr. Cawley: I think, to help explain that, our volumes are increasing and, when your volumes increase and your staff is stationary —

Mr. Byblow: A backlog builds up.

Mr. Cawley: Yes.

Mr. Byblow: The second part of the question related to whether there was any increase in taxing of the existing photocopying services in the building, to take the place of what would normally be sent over to the printers?

Mr. Cawley: That was a concern that we had and, in fact, it was suggested that that might happen. But, when we look at our statistics — and we do, we did a specific review of that to see if that was occurring — our volumes in the convenience copier areas are increasing, yes, but at the same ratio that our volumes in the print room are increasing. So, it is very difficult for us to say, "Well, they are no longer using our service; they are going to convenience copiers", because both areas are increasing in volumes.

Mr. Byblow: It will be interesting to monitor that increase as time goes on, so that you have a period of time to compare with.

Mr. Cawley: I would like to just point out that we do monitor it every month and we do an in-depth monitoring on a quarterly basis because we are very concerned about that. We are not only concerned because of the change in direction of our clients, but because the convenience copiers that we have in this building are provided on the basis of need and what they are capable of producing. If clients start to utilize them beyond their capabilities, our problems will increase in direct relationship to maintenance and the suppliers then become frustrated because their equipment cannot be maintained to the level that the clients demand it.

Mr. Byblow: I have a question for Mr. Vantell, but, before I do, could I have the undertaking from Mr. Cawley to provide the information relative to the first question that I asked regarding the inventory variance? Could we have that in writing?

Mr. Cawley: Yes.

Mr. Byblow: I draw attention to the Annual Report of the government. On page nine, a financial statement is provided for Government Services. When I look at the Territorial Accounts of the financial statement for Government Services, I find quite a number of differences in the reporting of the figures. In particular, in the Territorial Accounts, there is no administrative figure cited and, in the financial statement provided in the Annual Report, there is no property management figure cited. As well as that, there is about a \$500,000 difference in the total cost of that department. Putting it very simply, why is there such a difference between the actual and the figures provided to the public through the Annual

Report of the government?

Mr. Vantell: It is very unfortunate that it, indeed, happened. This is the first time, I believe, that the Annual Report shows financial figures that are broken down by each department. The figures, at least for Government Services, represent estimates after Period 9 and do not represent actual figures for the completed year. That is why they really do not make any sense, if you are comparing them to the actual figures in the Territorial Accounts.

Mr. Byblow: The only question that comes to mind on that explanation is that Property Management transferred before Period 9, so it ought to have been in the Annual Report.

Mr. Vantell: It should have been, yes. I do not have an explanation for it. I have researched that and I could not find an answer as to why it happened, but the figures are definitely incorrect.

Mr. Byblow: So it would be fair to say that this is something you will address in any future issuing of figures for the Annual Report — a document that the public receives and draws some conclusions from but which, as indicated here, is quite inaccurate.

Mr. Vantell: There is no excuse for it.

Mr. Chairman: Does the department not verify those figures at all? Do you not have any verification process for something like the Annual Report?

Mr. Vantell: It was not verified, no. I have discussed that with Andy Hume of the Public Affairs Bureau and, should it be decided that these figures will be published again in the next Annual Report, that will be done.

Mr. Byblow: Can you advise how the former Wolf Creek Detention Centre is now being utilized?

Mr. Vantell: It is vacant; it is not being utilized at all.

Mr. Byblow: Is it being maintained, as in the sense of heat and electricity?

Mr. Vantell: No, it is not.

Mr. Byblow: Has it been offered for sale?

Mr. Vantell: No. We are in negotiations with the Department of National Defense, who are interested in leasing the property from us for the Armed Forces.

Mr. Byblow: Do you have any security provided on the building?

Mr. Vantell: Yes. There is a trailer parked on the property and somebody is living there and taking care of the building.

Mr. Byblow: So, aside from that, there are no other operating costs in regard to that facility.

Mr. Vantell: That is, I might add, at no cost to this government. We are providing the trailer free of charge.

Mr. Byblow: My last question relates to the departmental objectives. In last Friday's discussion, I pointed out to you the departmental objectives in 1981-82 as being substantially different from the departmental objectives of 1982-83, during which time some services transferred into your department. You, in 1982-83, indicated in your objectives that you were more of a coordinating service agency for government whereas, in 1981-82, you indicated that you were supplying services to government. Are you assessing those objectives and which is really the accurate assessment of your department's objectives?

Mr. Vantell: Each fiscal year, I sit down with the directors of each branch and we determine the goals and objectives for that particular branch for the coming year. They provide me with status reports, on a monthly basis, on each individual goal and objective and what has been accomplished during the past month and what the status of the project is. I intend to do exactly the same thing with Public Works.

Mr. Byblow: In 1983-84, will we be seeing the objectives of the department articulated as they were in 1982-83 or 1981-82, because they are different.

Mr. Vantell: They will probably be different again.

Mr. Chairman: But accurate?

Mr. Vantell: Absolutely.

Mr. Chairman: Thank you, Mr. Vantell and Mr. Cawley. You have been very generous with your time. Thank you for being here and I am sure you will look forward to our report. There may be one or two scraps of information we have to get back to you for, but

we will do that by phone, or in writing in the case of the one specific.

Before we leave, though, for the record, I want to say a fond farewell, once again this year, to Mr. Harold Hayes, our tireless, selfless, expert advisor who will eventually be returning to Ottawa by way of Vancouver, Edmonton, Yellowknife and other fun and sun spots. We hope that he has not been too exhausted and hope that he will be willing to come back and see us again next year. Thank you, Mr. Hayes.

Committee will now adjourn into executive session.

Witnesses excused

Committee adjourned at 11:30 a.m.

APPENDICES

1983

PUBLIC ACCOUNTS COMMITTEE

DOCUMENTS TABLED

PAC #	Department	Document Title
1	Finance	Territorial Accounts 1981/82
* 2	Auditor General	Auditor General of Canada report on "any other matter"
2(a)	Government Services	Organization Chart 81/82
2(b)	Government Services	Organization Chart 82/83
3	Government Services	Standard Form of Agreement Between Client and Architect
4	Government Services	Agreement (Engineering Agreement)
* 5	Government Services	Memo, Fuller to Vantell Re: EDP Policy Manual
6	Government Services	Memo of Understanding re: Public Works Transfer to Government Services
7	Government Services	Memo to PAC re: Supplementary Estimate #1 - \$196,000
8	Government Services	Memo to PAC re: Porter Creek Junior Secondary School
9	Government Services	Memo to PAC re: Exhaust/ Ventilation Systems
10	Government Services	Notes Regarding Property Management and Building Maintenance
11	Justice	Organization Chart
12	Finance	Accounts Receivable Comparison 82 versus 83
13	Justice	Annual Report 1980-1981
14	Government Services	Memo to PAC re: Chargebacks (Bldg. Maint.)
* 15	Government Services	Memo to PAC re: Property Management - Additional Requirements

DOCUMENTS TABLED (Continued)

<u>PAC #</u>	<u>Department</u>	<u>Document Title</u>
16	Government Services	Memo to PAC re: Building Maintenance - Additional Requirements
* 17	Government Services	Memo to PAC re: Chargebacks (Property Management)
* 18	Government Services	Memo to PAC re: Public Affairs Bureau
19	Yukon Housing Corporation	Organization Chart, 1982-83
20	Yukon Housing Corporation	Organization Chart, 1981-82
21	Yukon Housing Corporation	Schedule of Housing Units by Program as at March 31, 1982
22	Yukon Housing Corporation	Office Consolidation of Government Employee Housing Plan Ordinance
23	Justice	Compensation, Victims of Crime
24	Justice	Territorial Court: Court Time Summary - 1982
25	Justice	Territorial Court Registry, Operating Statistics - Report # 1/82, Period: Jan 4-29/82
26	Justice	Adult Criminal Justice, Information Systems Planning, April 1981
27	Justice	Correctional Service Delivery in Canada 1978-1981

DOCUMENTS TABLED (Continued)

PAC #	Department	Document Title
28	Justice	Application for Legal Aid - Civil
29	Justice	Application for Legal Aid - Criminal
30	Yukon Housing Corporation	Yukon Housing Corporation: 80-81 Annual Report
31	Yukon Housing Corporation	Contract By-Law (By-Law No. 5)
32	Yukon Housing Corporation	Signing Authorities (By-Law No. 6)
* 33	Finance	Regulations Respecting Financial Signing Authorities
34	Government Services	Work Order (form)
35	Yukon Housing Corporation	Cost incurred during fiscal 81/82 for reinsulating YHC units
36	Yukon Housing Corp.	Staff housing units in Haines Junction
37	Yukon Housing Corp.	Tenant turnover and vacancy rates
38	Yukon Housing Corp.	Heat loss/Payback calculations
39	Yukon Housing Corp.	Actual doubtful accounts at fiscal year end 1981, 1982
* 40	Yukon Housing Corp.	Purchase of chemicals
41	Yukon Housing Corp.	Tenant turnover - staff and public housing
42	Justice	Criminal Code Crime Rates

DOCUMENTS TABLED FOLLOWING CONCLUSION OF HEARINGS

<u>PAC #</u>	<u>Department</u>	<u>Document Title</u>
43	Justice	Justice of the Peace Conference May 6-8, 1982, Course Schedule
44	Justice	Letter re Selection - Justices of the Peace
45	Justice	Letter of Authorization - Justices of the Peace
46	Government Services	Territorial Accounts - Central Stores Revolving Fund
* 47	Yukon Housing Corp.	Haines Junction housing contract
* 48	Consumer and Corporate Affairs	Letter re: Departmental Objectives
49	Yukon Housing Corp.	Cost per unit of buy-back program
* 50	Federal Government	Post-employment guidelines

* Appended to the Report

APPENDIX 1



Department of Consumer
and Corporate Affairs

Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-B-260

APPENDIX 1

Our File: 3200-1
Your File:

1982 12 17

Memorandum

TO: Missy Follwell
Clerk to Standing Committee on Public Accounts
Yukon Legislative Assembly

FROM: Don Ilich
Deputy Minister

RE: 1982 Recommendations

The Public Accounts Committee reviewed operations of this department in January of this year. Following is a report of our reaction to Committee recommendations, and activities initiated in respect to those recommendations.

1. Recommendation

The Department should redefine its objective so as to state the role of the Department more clearly and to indicate how its mandate is to be achieved.

Response

We are in the process of redefining department objectives so that activities and objectives are more closely correlated. New objectives will appear in the 1983-84 Main Estimates, reflecting some reorganization and change of direction in the department. Conceptionally, however, we do not see licensing and registration services as part of departmental objectives. These are important activities but should evolve from broader objectives; they have no value in themselves other than to assist in consumer protection, standardization, etc.

2. Recommendation

The Department should ensure that all legislation under its authority is enforceable.

Response

To the extent the government wishes enforcement to be included in our legislation, we will ensure that adequate provisions

are provided; ultimate control over this problem of course rests with the Assembly, as does the decision to allocate responsibilities for enforcement within the department, with outside enforcement agencies, or with the individuals or parties involved. We do recognize that a number of our statutes are both old and inadequate; during any future review, we will be giving specific attention to enforcement philosophies and provisions.

3. Recommendation

The Department should implement a follow-up system for all cases that it refers to other departments or enforcement agencies.

Response

As indicated to some extent in testimony to the Committee, for a number of reasons we do not consider it practical to adopt this recommendation. Complainants who are referred to other departments or agencies are normally referred because their particular problem is beyond our jurisdiction; it follows that we therefore have no authority to request case information from the competent agency.

Enforcement agencies, etc., may not have the resources and, more frequently, may not be at liberty to discuss or advise us regarding those cases within their jurisdiction unless we are involved in some way with the case. We cannot require in any way compliance with any follow-up requests and we do not consider it advisable to institute a direct follow-up system to contact individuals and inquire further into their complaints; there are both public relations concerns and a concern for personal privacy.

With respect to both individuals and other agencies, time may prevent any effective follow-up. Many complaints may take several months or even years to reach final solutions, particularly if Court action is involved. We simply do not have the resources to maintain a continuous follow-up system.

We do however understand the concern expressed by the Committee and we will continue to request feed back from complainants, recognizing that feedback is essential to evaluation of our services and our relationship with other agencies.

4. Recommendation

The Department should provide in documents, such as the Yukon Annual Report, summary statistical information of its major activities for the preceding five years. Any changes in the method of reporting statistics should be explained.

Response

Statistics gathering systems have been reviewed and changes implemented in all sections of the department. We are attempting to standardize our method of presentation and to move to a 5-year reporting period. Due to the inadequacy of older statistics and to departmental reorganization and new program development we are currently able to provide figures for only two to three years for some activities; we should reach a 5-year reporting base in most areas by 1984.

5. Recommendation

The Department should establish unit cost performance indicators for those activities where statistical information is available.

Response

We are looking at ways of implementing performance indicators where possible. We have, however, serious reservations about the applicability of such measurement systems due to the relatively low numbers of complaints, inquiries, licenses, inspections, etc., that are handled and the minimal number of staff appointed to handle them. Unit indicators are a useful management tool only to the extent that situations and responses are consistent and volumes are sufficiently large to establish statistical reliability. As this government operates on a very personal basis with its public, our approach to specific problems is extremely varied. For example, in Corporate Affairs, we will, where time permits, provide considerable advice and assistance to business people

or society members in dealing with their problems. At other times we may not be able to offer such assistance, the individuals involved may not request or desire it, or for legal reasons it may be necessary to refrain from anything beyond minimal involvement. Although statistics are kept on inquiries, incorporations, etc., volumes are not large enough within each type to establish any reliable cost indicators.

The staffing levels within each section also reduce the usefulness and validity of any unit indicators. The diversity of legislation administered requires considerable functional specialization within the department. In some areas, we have only one or two persons qualified to deal with particular problems; in other areas, the same staff are used as time permits to perform a number of unrelated duties. We must maintain a certain minimal level of staffing to provide expertise and service in each area of our responsibility. We cannot however increase our staff by increments less than $\frac{1}{2}$ or 1 person-year. Thus, whether we have 100, 125, 150, 175 or 200 safety complaints and investigations, we are effectively limited to either 1 or 2 inspectors. Unit costs are consequently easily and frequently distorted, and of limited practical value.

6. Recommendation

The Department should establish performance standards for inspections and investigations, depending on their complexity, and measure the performance of the Occupational Health and Safety Officer against them.

Response

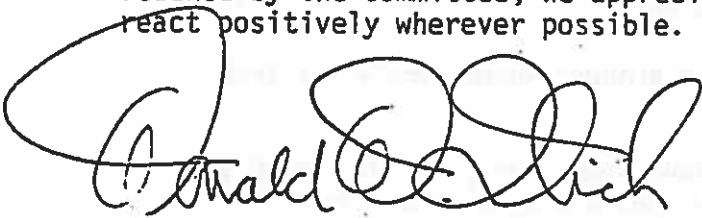
We will be attempting to establish performance standards in two ways. We will be contacting other jurisdictions to obtain their experience and statistics in this area where available and the Labour Services Administrator will be accompanying the Officer on a number of inspection trips to become more familiar with the work performed and the time required for various types of inspection. These initiatives, combined with the monthly reports currently submitted by the Officer, should provide us with sufficient information to adequately measure performances.

5

Missy Follwell
1982 12 17

To some extent the limitations discussed with respect to recommendation #5 are also applicable here. We do not feel that performance can be accurately measured by quantitative methods; a large component of the Officer's position is to educate and develop cooperative attitudes among employers, employees and government. This is a subjective activity requiring subjective evaluation; the same lower levels of activity and staffing which preclude valid quantitative measurement, facilitate personal observation and communications between supervisor and officer.

A complete response to the recommendations and the concerns embodied in them is difficult to provide via memoranda. If it is the wish of the Committee to discuss either the recommendations or our responses to them, we would be pleased to do so. Although expressing reservation about some conclusions reached by the Committee, we appreciate the underlying concerns and wish to react positively wherever possible.

A handwritten signature in black ink, appearing to read "Donald O. Lich". The signature is stylized with large, flowing loops and is positioned below the main body of text.

2) Revenue and Recoveries Collection Procedures

To date, the Systems Priorities Committee has not actioned this request.

In light of this, we have made efforts to streamline the existing manual system. This has resulted in increased collection activity and collection of overdue accounts.

We still recognize the need for an automated Accounts Receivable system, which would reduce the clerical effort involved and increase the efficiency.

3) Internal Chargebacks

The Internal Management Committee had requested that the Executive Council Office co-ordinate a report, recommending changes to chargeback systems currently in use. This report is still in preparation.

Chargebacks for rental of office space by Government departments has been eliminated.

For the 83-84 Budget, all departments have been requested to identify chargebacks so they can be reviewed and eliminated if they are redundant.

4) Commitment Accounting

The report by the Comptroller General of Canada on this topic still has not been released. When received, we will review its recommendations, and where feasible incorporate their suggestions into our system.

7) New Payroll System

The target date of April 1, 1982 was not met due to unanticipated conversion problems and personnel turnovers.

The project has now been slated for a January 1st/83 conversion date with parallel testing until Feb. 2/83.

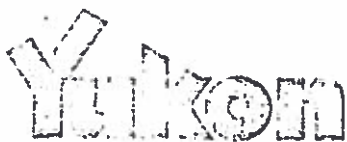
During this time work has continued to rectify the conversion and interface problems.

Delegation of Authority pages 24 - 25, 81/82 P.A.C. Report.

A Management Board of Cabinet has been created. One of their first tasks will be to determine the level of authorities within the Government and establish an authorities tree.

In this process, there will be a requirement to address authorities as they exist in legislation and regulation.

We are also in the process of reviewing the existing Financial Administration Act and Regulations. If changes to the Act and Regulations were decided upon, these would incorporate clarification of levels of authority, and delegation of those authorities.



Department of Government Services
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

Our File: 7000-1
Your File:

OFFICE OF THE DEPUTY MINISTER

1982 11 30

TO: T. Penikett
Chairman
Standing Committee on Public Accounts
Legislative Assembly

RE: Recommendations - 1982 PAC Report

In response to your request to comment with regard to action taken or planned in respect to recommendations 9, 10 and 11 on pages 26 and 27, I would like to make the following statements.

Number 9 "Construction Program Co-ordination"

Considering the departmental changes made during 1982, I respectfully submit that the statement should read as follows:

"The Department of Government Services should be responsible for the co-ordination and implementation of the government's building construction and maintenance program."

The descriptive term "building construction", is used to clearly differentiate between other types of construction such as highway construction, airport construction and municipal services, which are the responsibility of other departments.

Number 10 "Facility Construction"

As under number 9, "Highways and Public Works" should be changed to the "Department of Government Services".

In respect to both recommendations, no action had been taken or planned when Government Services assumed the responsibilities of Public Works in August, 1982.

It is the intention of this department to review the Public Works Branch in detail during the coming fiscal year. We will then be in a better position to recommend in detail what changes should be made, if any, in respect to the co-ordination, planning, development, implementation, construction and maintenance of all Yukon Government buildings.

T. Penikett
Recommendations - 1982 PAC Report
1982 11 30
Page 2

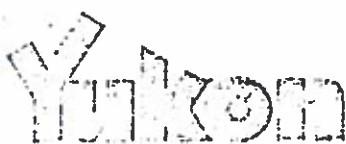
Number 11 "Evaluation of Project Proposals"

Nothing had changed in this area prior to Public Works being transferred to Government Services. Although the recommendation is very desirable, we don't visualize any changes in the immediate future. All major project proposals are analyzed by outside consultants as we simply don't have our own professional resources available.

Should any additional information be required, please feel free to contact me at your convenience.



A. Vantell
Deputy Minister



Department of Highways
and Transportation

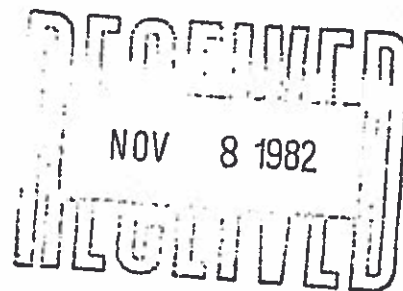
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

2035-10

Our File:

Your File:

1982 11 05



Missy Folwell
Clerk, Standing Committee
on Public Accounts
Yukon Legislative Assembly
P.O. Box 2703
Whitehorse, Yukon
Y1A 2C6

Dear Ms. Folwell:

The following is submitted in response to your letter of 82 11 02.

1. Recommendation 13, Page 24

- a) Data Base: Information is being gathered as a base for capital program planning. This is ongoing and will take years. Some elements could be accelerated with additional staff and funding, others simply take time to develop long term trends. Some of the data would be of use for maintenance but to a relatively minor extent.
- b) Control of Maintenance & Construction Activities: Control of these activities requires two main inputs, expenditure and activity reporting systems and quality control.

The reporting system has been improved so that management feedback is becoming available as promptly as is feasible. Quality control is dependent on the number of staff members available and training. The Department is working at the training of inspectors etc., to improve this aspect however increasing the number of people for this work is not possible without added funding.

2. Recommendation #3, Page 25

The Department now has a plot of accident location/frequency.

3. Recommendation #8, Page 25

A work order system has been partially implemented this year. It will be in full operation in 1983/4. All capital works will be covered as well as special projects (non routine) in maintenance.

4. Recommendation #11, Page 27

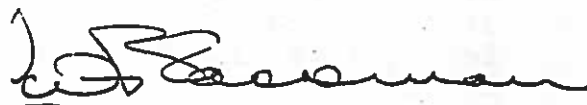
We believe the Department of Highways & Transportation has the expertise to evaluate any project within its jurisdiction.

5. Dawson Sewer and Water System

Municipal Engineering is no longer a responsibility of this Department.

I trust the foregoing provides sufficient detail in response to the questions you raise.

Yours truly,

A handwritten signature in black ink, appearing to read 'L.W. Blackman', with a stylized flourish at the end.

L.W. Blackman, P.Eng.
Deputy Minister
Department of Highways
and Transportation



Department of Health and
Human Resources

Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

Our File:
Your File:

1982 11 22

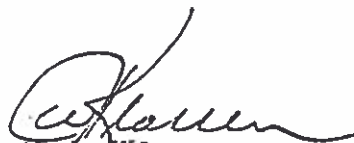
Ms. Missy Follwell
Clerk to Committee
Standing Committee on Public Accounts
Legislative Assembly Office
Box 2703
Whitehorse, Yukon Y1A 2C6

Dear Ms. Follwell,

I am responding to your letter of November 2, 1982 requesting a report on action to date by the Dept. of Health and Human Resources in implementing the recommendations made at the Public Accounts Hearings on April 7, 1982.

If any of the recommendations and subsequent actions taken by this department require further explanation please let me know.

Sincerely,


W.J. Klassen
Deputy Minister

/lah

PUBLIC ACCOUNTS COMMITTEE

7. Recommendation

The Department should establish the objectives of each program in specific and measurable terms.

Departmental Response

The Department expects to have rewritten its program's objectives by the end of 1982. This will be the first phase of a two phase approach in developing clear departmental goals and program objectives. The second phase is to examine program goals and objectives in a program evaluation format which will assess program objectives in relation to program operations.

8. Recommendation

The Department should report all statistical information on a fiscal year basis in the Yukon Annual Report.

Departmental Response

The 1981/82 Yukon Annual Report was provided with statistical information on a fiscal year basis only and this includes vital statistics.

9. Recommendation

The Department should include information on the Yukon Hospital Insurance Plan and Medicare in the Yukon Annual Report.

Departmental Response

Information on the Yukon Hospital Insurance Plan and Medicare was provided for inclusion in the 1981/82 Yukon Annual Report. Information on Yukon Health Care Insurance Plan expenditures, claims processed and paid and the Yukon Hospital Insurance services, information on cost of insured services, separations and days of care have been provided. Selection of this material for actual publication is the responsibility of the Dept. of Public Affairs.

10. Recommendation

The Department should ensure the accuracy of statistical and financial information included in its Estimates and it should provide explanations in the Estimates of significant variances from information provided the previous year.

Departmental Response

Narratives are being reviewed to ensure that programs of the department can be better understood. Revisions resulting from the above review will be implemented for the 1983/84 estimates year.

Children in Care statistics will be revised for the 1983/84 estimates year to better reflect total number of children actually in care during the year.

The cost per resident day of all group homes and facilities will be provided for the 1983/84 main estimates. The nature of all facilities will also be better described.

The perceived shortfall in funding with regards to the Yukon Health Care Insurance Plan is derived through working back the average cost per claim. Unfortunately the figures provided for the average cost per claim were inaccurate and therefore the perceived shortfall period. Every effort will be made in the future to ensure these figures are presented accurately. The Department regrets the arithmetical error in the Y.H.C.I.P. cost-per-claim presented in the 1981/82 estimates. The Department is taking steps to ensure that information supplied in the context of the Main Estimates is more complete and accurate.

11. Recommendation

The Department should establish performance indicators for social workers and disclose them in the Estimates.

Departmental Response

After considerable discussion and study within the Department, a two phase approach has been taken with the development of performance indicators for social workers. Recognizing that complexity and diversity of human service work and the subsequent difficulties in attaching numbers to such activities the Department will for the 1983/84 estimates provide case to worker ratios for each departmental program. As well, an explanation of the variance between the program ratios will also be given. In the long term the Department will research alternatives and options for providing the type of information sought on worker activities in human services.

Medical Services - Relationship With Federal Government

The Department is presently involved in a budget review of all Yukon hospitals.

By Order-in-Council, payments to Federal hospitals in excess of the budgets established in the Yukon Main Estimates have been defined.

The Department is negotiating with the Federal hospital authorities mechanisms to improve program planning, budgeting and financial administration.

Progress on mutual planning has been limited due to the constraints imposed on that process by the Federal Central Agencies.



Department of Renewable Resources
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

Our File:
Your File:

82 11 17

Missy Follwell
Clerk to Public Accounts
Committee

With reference to your November 2, 1982 request, I have attached a summary of actions taken or planned by the Department in response to the four outstanding recommendations.

I would be pleased to meet with any or all of Committee members to elaborate upon the summary.

A handwritten signature in dark ink, appearing to read "Grant".

Grant Livingston
Deputy Minister

Attachment

Recommendation 12. Mandate Limitation - Renewable Resources

The Department should undertake only those activities which clearly fall within its mandate and should state goals only to the extent of its mandate.

Recommendation 13. Performance Measurement - Renewable Resources

The Department should define its objectives in terms of the activities for which funding is being requested so that, wherever possible, performance can be measured against these objectives.

A temporary Resource Policy and Planning Group comprised of 3 senior Departmental officers was established in September 1982 to review and refine a Departmental perspective and statement of purpose with respect to the management of renewable resources now and in the future. Specifically the Group is to: develop general and specific policies and programs for management of resources over which Yukon Government has control; develop transfer and management strategies for specific resources not yet under Yukon jurisdiction and; to develop strategies, positions, policies and programs respecting general and area specific land-use planning by Yukon Government.

Recommendation 14. Wildlife Data Base

The Department should develop a solid wildlife data base.

A wildlife data base is not a quantifiable entity in that it can be counted or measured. Rather the data (i.e. population numbers and locations) are constantly changing in response to the dynamic nature of animal populations, hunting pressure, predation, etc. Thus a solid wildlife data base required for management purposes consists of the most current and constantly updated population information.

The continued funding and capability to conduct periodic (most often annual) surveys of all species and their known populations is therefore necessary for effective wildlife management. The Department annually allocates funding available according to the survey or inventory priorities of the day. These are determined based on population information (data) collected the previous year, analyses of hunter harvest statistics and estimated impacts of the previous years winter on animal populations.

Recommendation 15. Hunting Licence Fees - Renewable Resources

The Department should review its hunting licence fees with a view to ensuring a reasonable economic return to the public purse.

A review of all Departmental permit fees is undertaken annually to determine how they relate to similar fees across the country and to determine the annual fee/operating cost ratios. A review during the past year resulted in increasing the five year Outfitters Concession Fee from \$50.00 to \$700.00 and the yearly Outfitters Certificate Fee from \$25.00 to \$75.00.

APPENDIX 2



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

Mr. Don Taylor
Speaker of the Yukon Legislative Assembly
Box 2703
Whitehorse, Y.T.

Dear Mr. Speaker:

I herewith transmit a report to be laid before the Council in accordance with the provisions of section 26(4) of the Yukon Act, R.S. 1979, c. Y-2.

The report deals with "any other matter" arising from my examination of the accounts of the Territory for the year ended March 31, 1982 that, in my opinion, should be brought to the attention of the Council.

Cordially yours,

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Ontario
December 2, 1982

**REPORT ON "ANY OTHER MATTER"
FOR THE YEAR ENDED MARCH 31, 1982**

I have completed the audit of the accounts and financial statements of the Government of the Yukon Territory for the year ended March 31, 1982. The purpose of my examination was to allow me to express an opinion on the financial statements and to report to the Council of the Yukon Territory in accordance with the Yukon Act.

I have also examined the financial statements of the Yukon Housing Corporation and the Yukon Liquor Corporation for the year ended March 31, 1982 and the Compensation Fund (Yukon Territory) for the year ended December 31, 1981, and have reported thereon to the Commissioner of the Yukon Territory as required by their respective Ordinances. Copies of these financial statements and reports thereon will be included in the Territorial Accounts.

My examinations included reviews of certain of the operating, legislative and financial control systems and such tests as were considered necessary in the circumstances. We also continued our review of revisions to the Main Estimates and the Capital Estimates and discussed with the Territorial Treasurer the possibility of making similar revisions to the Territorial Accounts. Also, as requested by the Public Accounts Committee in its Third Report, we reviewed the revised accounting system for asset control.

The staff of the Audit Office was given full access to all vouchers, records and files relating to the accounts of all departments and agencies of the Government and was provided with all the information and explanations required. I would like to express my appreciation to the Territorial Treasurer and staff of the Government departments and agencies for the excellent co-operation extended to my officers during the audit.

During the year the Public Accounts Committee of the Yukon Legislative Assembly held its third series of formal meetings during the period from January 19 to 29, 1982. In accordance with procedures adopted by the Committee senior officers of my Office attended these meetings to provide assistance to the Committee. The Third Report of the Committee was tabled in the Assembly on March 31, 1982. The Third Report contained 13 recommendations and included a follow-up on the status of implementation of prior years' recommendations and of the Financial Management System Projects.

The Yukon Act further provides for the Auditor General to call attention to any other matter falling within the scope of his examination that, in his opinion, should be brought to the attention of Council. Accordingly, I would like to bring your attention to the following matters which we have discussed with the Government Leader and have incorporated the Government's comment against the related recommendations below.

1. Land Development

Our 1981 Report to Council referred to inadequacies in the Department of Municipal and Community Affairs land inventory records and the lack of disclosure in the Territorial Accounts of the development cost of the substantial land inventories. The Department had estimated the cost to be in excess of \$14 million. The Government's policy is to charge these costs to expenditure when incurred and to recognize revenue from sales of land at the time of sale. We had recommended the establishment of a current inventory of land development costs and related control accounts, development of a reporting system on land development activities, and a review of the appropriateness of the accounting policy.

This matter was considered by the Public Accounts Committee in January 1982. The Department advised the Committee that it was implementing our recommendations and that the inventory of land under development would be reconciled by March 31, 1982. The intention was to disclose these costs by way of note to the financial statements pending completion of the accounting policy review. However, the Department was unable to identify and reconcile the land development costs at March 31, 1982 so as to disclose this information. In our opinion, sufficient attention has not been given to this matter to date. Because of the difficulties in establishing the current inventory of land development costs and reconciling them with the records, action on the recommendations made in our 1981 Report has been delayed.

Land development costs are largely financed by loans from Canada repayable over a five-year term. The outstanding loans for land development at March 31, 1982 amount to \$11 million and bear interest at an average rate of 12%. The balance of land development costs is financed by working capital of the Government.

In May 1981, the Government adopted the policy of taking interest costs into account in determining the selling price of developed land. The selling price was to be revised half yearly based on prevailing interest rates. Any exceptions to this policy were to be reported to the Government. This policy, however, was not implemented by the Department during the year and selling prices continue to be based on cost excluding carrying charges.

Recommendations

The inventory of land development costs should be established by March 31, 1983, and reconciled with the supporting records.

Government's Comments

Municipal and Community Affairs commenced this project in December 1981. The difficulties in reconciling land inventories were not anticipated at that time and a number of outstanding issues remained at March 31, 1982. These outstanding issues are now being resolved, and Municipal and Community Affairs has made a commitment that the information required will be completed and therefore can be reported upon in the 1982-83 Territorial Accounts.

Recommendations

On reconciliation, control accounts should be established and an adequate system developed to report on land development activities.

The Department should implement the Government's policy of including interest costs in the selling price of land, and report exceptions to the Government for approval.

Government's Comments

Control accounts will be established on reconciliation, and a system will be developed to report on land development activities.

On reconciliation of the inventory costs of land development, action will be taken to implement the Government's policy of including interest costs in the selling price of land.

2. Road Equipment Replacement Account

In our 1979 Report to Council, we brought to attention the lack of legislative control over this special reserve account which is not subject to annual appropriation, thereby enabling significant capital expenditures to be made without legislative approval. The Government's intended use of the Road Equipment Replacement Account is now disclosed in the Main Estimates for information purposes only. We had recommended that consideration should be given to closing this Account.

The Public Accounts Committee in its 1980 Report, recommended that if ways can be found to replace the cost control and funding function previously served by this accounting mechanism, then this type of account should be closed in order to bring expenditures under legislative control. During the Public Accounts Committee meetings in January 1982, it was reported that the Account and the current system was under review. This review has not been formally completed.

The Main Estimates for 1981-82 indicated estimated capital expenditures of \$1.9 million for the Road Equipment Replacement Account. Actual capital expenditures, charged to the Account during the year, totalled \$3 million. No legislative approval was required for the increased level of expenditure. The balance in the Account at March 31, 1982 was \$527,000 as compared with \$2,201,000 at the previous year-end.

Recommendations

The review of the Road Equipment Replacement Account should be completed as soon as possible.

Government's Comments

The amounts of proposed expenditures reflected in the O & M Estimates were based on the 1981 calendar year. The actual expenditures, as presented in the Territorial Accounts, are based on a fiscal year and therefore include purchases for 1982. This variance is noted in the "Schedule of Replacement Vehicles", included in the Territorial Accounts. We are presently reviewing this Account with a view to strengthening legislative control.

Recommendations

Government's Comments

In the meantime, road equipment replacement expenditures should be provided for by a specific appropriation, authorizing the estimated expenditures to be charged to the Road Equipment Replacement Account.

This recommendation will be addressed as part of the review.

3. Capital Assets Control

The 1982 Report of the Public Accounts Committee included a status report on financial management system projects. In respect of the asset control project, the Department of Government Services advised the Committee that a new accounting system was in place for the control and recording of capital assets. The Committee requested us to review the new system and report on its effectiveness. The recorded value of capital assets, according to the Territorial Accounts at March 31, 1982, was \$91 million. These comprise land, buildings, public works, motor vehicles, furniture and equipment.

We have reviewed the new system and noted that a number of improvements have been effected. There is, however, a continuing lack of periodic physical verification of the Government's substantial capital assets. This leads to less than satisfactory control. Periodic physical verification of capital assets with the control records is an important internal control element. It serves to confirm the validity of the book records and, more importantly, the continuing existence and custody of the recorded assets.

Recommendations

Government's Comments

Procedures should be established and implemented for the physical verification of capital assets with the accounting records on a cyclical basis.

The Department has already begun to implement the recommendations, starting with the larger departments. This physical verification will be extended to include a physical verification of all government assets.

The results of these verifications should be regularly reported to the Government.

A procedure will be developed for reporting these verifications to the Government.

4. Data Processing

In our 1981 Report to Council, we identified a number of significant weaknesses in the control of computer program libraries, program testing and program maintenance activities and included relevant recommendations. We followed up on these matters with the Department of Government Services during our 1982 audit.

While the Department had made some improvements, progress on implementation of a number of planned improvements has been delayed due to difficulties in the recruitment of qualified computer personnel. As of July 1982, the data processing system still required substantial enhancement to provide accurate and timely reports, and to minimize opportunities for fraud and abuse.

Recommendations

Government's Comments

The Department should establish priorities and develop an action plan for correcting system deficiencies.

A timetable has been established for implementing the recommendations. Resources in Data Services are in the process of being strengthened which should significantly influence the speed with which corrective action is taken.

The Department should monitor the action plans and regularly report to the Government on the status of the plans.

The Government is currently in the process of reviewing the role and mandate of the System Priorities Committee. This will establish systematic procedures for determining EDP Systems requirements, implementation and maintenance, as well as monitoring and reporting on the status of implementation.

5. Internal Audit Committee

The 1982 Report of the Public Accounts Committee considered its 1980 Report recommendation on the Internal Audit Committee not to be fully implemented because it had not been activated. The Internal Audit Committee has now met and held its first meeting in September 1982. Terms of reference are in the process of being finalized. One of the first matters on future agendas is a review of the mandate of the internal auditor.

6. Revisions to Main Estimates and Capital Estimates

In our 1981 Report to Council, we referred to the assistance given to the Department of Finance in developing a revised format for the 1981-82 Main Estimates. Emphasis was placed on departmental objectives, organization and program responsibilities, with details by program providing explanations of changes and, where appropriate, performance indicators and statistical data. We suggested further improvements could be made to these Estimates. We also provided the Department of Finance with a number of recommendations for revising of the 1981-82 Capital Estimates for their consideration. This matter was deferred until 1982-83 because of staff and time constraints.

While considerable progress had been made in developing the revised Main Estimates, despite time and staff constraints, opportunities for improvement should not be overlooked. These include:

- an introductory statement of the Government's overall spending strategy, key objectives and any changes therein; the introductory statement should also describe sources of funding and any changes therein;
- identification of procedures used in developing the Main Estimates;
- improved statements of program objectives so as to establish accountability; also appropriate references should be made to pertinent legislation and any changes therein;
- indication of relationship between changes in funding being requested and their effect on related changes in indicators of performance;
- continued improvement in summary narrative information to provide rationale for programs and activities and to highlight key changes therein;
- more performance indicators related to effectiveness, efficiency and level of service to the public;
- provision of historical summaries covering a five-year period, i.e., previous year actual, current year forecast, the Estimates year and projections of the Estimates for the next two years.

During the Public Accounts Committee meetings in January 1982, the Department of Finance advised the Committee that these improvements would be reflected in future Main Estimates documents to make them more informative. Progress by the Government in implementing these refinements did not, however, proceed as quickly as intended and the Main Estimates for 1982-83 were presented with little further revision. We therefore, repeat the recommendation made in the 1981 Report to Council.

Recommendation

Consideration should be given to developing an action plan to effect these improvements to further enhance the accountability base being established through the Revised Estimates.

Government's Comments

Limited action has been taken on a number of recommendations due to the requirement to prepare two O & M Estimates for 1982-83. The Government concurs, however, with the suggestion that key objectives and spending strategies should be part of the budgeting process. Some revisions to departmental goals and objectives have been made in the 1982-83 O & M Estimates, and it is intended to carry this further in the 1983-84 O & M Estimates.

Recommendation

Government's Comments

It is also agreed that the properly developed process of performance evaluation requires identification of indicators. A Program Analysis Division has been established in the Department of Finance, and it is the Government's intention that the further development and refinement of goals and objectives and performance indicators will make it possible to make a start on evaluation over the course of the coming year.

With respect to the Capital Estimates, time and resource constraints have also inhibited the Government's capacity to respond fully. A beginning has been made, however, on the development of a capital plan which should, when completed, identify long-term spending strategies in relation to prescribed program and technical standards and a life-cycle costing policy.

Steps have already been taken to establish more effective management and control of capital projects by requiring that major capital projects be reviewed in detail by the Cabinet Committee on Finance or such subcommittees as the Systems Priorities Committee and the Board of Survey. Procedures have also been introduced to clarify the roles and responsibilities of the program departments vis-à-vis Government Services for purposes of budgeting and project management.

Our 1981 Report also contained the following suggested recommendations for improving the presentation of the Capital Estimates.

- an introductory statement of Government long-term capital spending strategy and basis of funding;
- a statement of procedures for management and control of capital projects;
- financial summaries in the same format as for the current Main Estimates;

- identification of new and continuing programs including current an future year cost estimates and expected completion dates; and
- narrative commentary in support of new projects and provision of explanation for any major changes in scope or cost of projects included in prior years' Estimates.

These were considered by the Public Accounts Committee in January 1982 at which time the Department of Finance indicated that they were attempting to develop an overall capital plan in order to meet a commitment to have this in place for 1983-84. Implementation of the above recommendation would be a natural consequence following development of this plan. Development of the overall capital plan is currently in progress and it is envisaged that improvements in the presentation of the Capital Estimates will now be in place for 1984-85.

We will continue to follow up and report on this matter.

7. Revisions to Territorial Accounts

The Main and Capital Estimates in effect present the expenditure plans of the Government. They establish the base for accountability. The Territorial Accounts provide the accounting for the funds expended. The format of the Territorial Accounts would therefore be considerably improved, if, they were similarly revised to follow the format of the Estimates, to permit reporting on results achieved against the Estimates.

On the basis of the improvements effected to date in the Main Estimates, we have provided the Department of Finance with suggested revised formats for presenting information in the Territorial Accounts for certain departments. We are suggesting that the Territorial Accounts include a section for each Department that would follow the structure of the revised Main Estimates and report on actual performance against that estimated. The Department of Finance is considering our suggestions.

Recommendation

The Territorial Accounts should be revised to provide for accountability consistent with the Estimates format.

Government's Comments

We will be reviewing the revised format, suggested by the Auditor General, with a view to including this information in the 1982-83 Territorial Accounts. We concur with the concept of making the format of the Estimates and Territorial Accounts compatible for accountability purposes. As indicated, in item 6 above, it is the Government's intention to move as quickly as possible to establish a systematic process of identifying goals and objectives against which actual performance can be measured and reported upon.

8. Appropriations Over-expended

During the year the following appropriations were over-expended:

<u>Operation and Maintenance</u>		
Vote 2	Executive Council Office	\$ 29,524
Vote 3	Education	217,085
Vote 6	Municipal & Community Affairs	131,731
Vote 8	Justice	411,122
Vote 9	Highways	567,249
Vote 11	Inter-governmental Affairs	18,513
Vote 12	Finance	371,006
Vote 16	Government Services	346,747
Vote 20	Interest Expense	51,708

<u>Capital Expenditures</u>		
Vote 16	Government Services	46,173

<u>Grant - Yukon Housing Corporation</u>		
Vote 18	Operating and Capital	134,020

These items have been identified within the Territorial Accounts in the Schedule of Appropriations, Expenditures and Unexpended Balances. In accordance with the Financial Administration Ordinance, the over-expenditures are deemed to be an interim appropriation which will be submitted as a supplementary appropriation for approval by Council during the year ended March 31, 1983.

* * * * *

94-000

Page 1

100-100

100-100

100-100

100-100

100-100

100-100

100-100

APPENDIX 3

APPENDIX 4



Department of Government Services
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

APPENDIX 4
PAC #15

Our File: 7000-1
Your File:

OFFICE OF THE DEPUTY MINISTER

1983 02 07

TO: Public Accounts Committee

RE: PROPERTY MANAGEMENT - ADDITIONAL REQUIREMENTS

As requested by Mr. Brewster during Friday, February 4th's session, I have prepared the following brief statement on the additional \$1,540,000 required in 1982/83 for Property Management.

This program was transferred from Highways and Transportation in 1981/82 and was previously 100% cost-recoverable. The 1982/83 Main Estimates reflected this program under our jurisdiction for the first time and indicated operational requirements of \$1,665,000, less internal charge backs of \$117,000, leaving an outstanding amount of \$1,548,000.

This increase is due to the program transfer and the decision not to chargeback user departments for rental costs. The direct increase in our funding is fully off-set by decreases in all other departments O&M Estimates. All departments prepared their 1982/83 Main Estimates, including rental charges. These amounts were removed by the Department of Finance and transferred to Government Services.


A. Vantell
Deputy Minister
Government Services

APPENDIX 5



Department of Government Services
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

APPENDIX 5
PAC #17

Our File: 7000-1
Your File:

OFFICE OF THE DEPUTY MINISTER

1983 02 07

TO: Public Accounts Committee

RE: CHARGEBACKS

As requested by Mr. Brewster during Friday, February 4th's session, I have prepared the following brief statement on the question of chargebacks for Property Management in the amount of \$1,550,900.

Once again, this figure was prepared by the Department of Highways and Transportation and this amount represents the total internal recoveries from departments for space rental. A breakdown by department is attached.


A. Vantell
Deputy Minister
Government Services

Attach.

Government of Yukon

BOX 2703, WHITEHORSE, YUKON Y1A 2C6

TELEPHONE 403-667-5811

TELEX 036-8-260



OUR FILE
YOUR FILE

1980 12 08

Distribution

All Department/Branch Administrators

Office Accommodation Charges April 1, 1981 - March 31, 1982

Attached for your information and retention is a listing of rental recoveries by Department/Branch for the period commencing April 1, 1981 and ending March 31, 1982.

L. W. Blackman, P. Eng.,
Deputy Minister
Department of Highways
and Public Works.

attach.

Copies to:

A8, A9, B1, E1, F1, G1, H1,
J3, K1, L1, M1, N1, P1, R1,
S1, T1, X1, Y1, Z1, WCB

OFFICE ACCOMMODATION CHARGES

(April 1, 1981 - March 31, 1982)

<u>AGENCY</u>	<u>SQ.M.</u>	<u>RATE</u>	<u>VARIANCE PERIOD CHARGE</u>	<u>TOTAL CHARGE YEAR END</u>
A-1 - A-8 Admin. Bldg. Whitehorse (Off)	700	\$ 98.83	\$ 5,322.00	\$ 69,186.00
A-9 Admin. Bldg. Whitehorse (Off)	932	\$ 98.83	\$ 7,085.00	\$ 92,105.00
B-1 Admin. Bldg. Whitehorse (Off)	467	\$ 98.83	\$ 3,550.00	\$ 46,150.00
E-1 Admin. Bldg. Whitehorse (Off)	423	\$ 98.83	\$ 3,216.00	\$ 41,808.00
F-1 Admin. Bldg. Whitehorse (Off)	78	\$ 98.83	\$ 593.00	\$ 7,709.00
F-2 Admin. Bldg. Whitehorse (Off)	38	\$ 98.83	\$ 289.00	\$ 3,757.00
G-2 Admin Bldg. Whitehorse (Off)	365	\$ 98.83	\$ 2,775.00	\$ 36,075.00
G-3 Admin. Bldg. Whitehorse (Off)	140	\$ 98.83	\$ 1,064.00	\$ 13,832.00
G-1, G-3 & G-4 Admin. Bldg. Whitehorse (Off)	250	\$ 98.83	\$ 1,901.00	\$ 24,713.00
G-4A Admin. Bldg. Whitehorse (Off)	32	\$ 98.83	\$ 243.00	\$ 3,159.00
H-1 Admin. Bldg. Whitehorse (Off)	237	\$ 98.83	\$ 1,802.00	\$ 23,426.00
J-1 & J-2 Admin. Bldg. Whitehorse (Off)	68	\$ 98.83	\$ 517.00	\$ 6,721.00
J-1 & J-2 Admin. Bldg. Watson Lake (Off)	91	\$ 59.18	\$ 414.00	\$ 5,382.00
Liquor Bldg. Dawson (Off)	54	\$ 36.70	\$ 152.00	\$ 1,976.00
J-2A Admin. Bldg. Whitehorse (Off)	114	\$ 98.83	\$ 867.00	\$ 11,271.00
J-3 & J-3B Mainsteele Bldg. Whitehorse (Off)	98	\$154.00	\$ 1,161.00	\$ 15,093.00
J-3A & J-3C Federal Bldg. Whitehorse (Off)	1091	\$186.60	\$15,661.00	\$ 203,593.00
Federal Bldg. Whitehorse (Stor)	19.1	\$ 21.96	\$ 32.00	\$ 416.00

AGENCY	SO.M.	RATE	VARIANCE PERIOD CHARGE	TOTAL CHARGE YEAR END
J-2B & J-4				
Mainsteele Bldg.				
Whitehorse (Off)	309	\$154.00	\$ 3,660.00	\$ 47,580.00
Admin. Bldg. Watson Lake (Off)	29	\$ 54.18	\$ 132.00	\$ 1,716.00
K-1				
Admin Bldg. Whitehorse (Off)	664	\$ 98.83	\$ 5,048.00	\$ 65,624.00
Admin. Bldg. Watson Lake (Off)	64	\$ 59.18	\$ 291.00	\$ 3,783.00
Admin. Bldg. Haines Jct. (Off)	24	\$ 50.30	\$ 93.00	\$ 1,209.00
Liquor Bldg. Dawson (Off)	57	\$ 36.70	\$ 161.00	\$ 2,093.00
Trailer Mayo (Off)	--	--	\$ 349.00	\$ 4,537.00
Solar Bldg. Faro (Off)	54	\$190.32	\$ 791.00	\$ 10,283.00
Teslin (Off)	25	\$154.88	\$ 298.00	\$ 3,874.00
L-1				
Admin. Bldg. Whitehorse (Rec.)	873	\$ 98.83	\$ 6,637.00	\$ 86,281.00
Admin. Bldg. Whitehorse (Lib. & Archives)	1305	\$ 98.83	\$ 9,921.00	\$ 128,973.00
Admin. Bldg. Watson Lake (Lib)	137	\$ 59.18	\$ 624.00	\$ 8,112.00
Admin. Bldg. Haines Jct. (Lib)	117	\$ 50.30	\$ 452.00	\$ 5,876.00
Liquor Bldg. Dawson (Lib)	123	\$ 36.70	\$ 347.00	\$ 4,511.00
M-1				
Admin. Bldg. Whitehorse (Off)	538	\$ 98.83	\$ 4,090.00	\$ 53,170.00
N-1				
Admin. Bldg. Whitehorse (Off)	495	\$ 98.83	\$ 3,763.00	\$ 48,919.00
P-1				
Pulse North Bldg. Whitehorse (Off)	171	\$148.52	\$ 1,954.00	\$ 25,402.00
R-1 to R-4				
Keith Plumbing Bldg. Whitehorse (Off)	1057	\$125.60	\$10,212.00	\$ 132,756.00
Keith Plumbing Bldg. Whitehorse (Lab)	278	\$109.21	\$ 2,335.00	\$ 30,355.00
Admin Bldg. Watson Lake (Off)	29	\$ 59.18	\$ 132.00	\$ 1,716.00
Admin Bldg. Haines Jct. (Off)	24	\$ 50.30	\$ 93.00	\$ 1,209.00
Liquor Bldg. Dawson (Off)	36	\$ 36.70	\$ 102.00	\$ 1,326.00
Mackenzie Bldg. Ross River (Off)	46	\$143.07	\$ 506.00	\$ 6,578.00
Eagle Plains Complex (Off)	61	\$226.13	\$ 1,061.00	\$ 13,793.00
Eagle Plains Complex (Stor)	37	\$188.44	\$ 536.00	\$ 6,968.00
Mayo (Off)	--	--	\$ 553.00	\$ 7,189.00
S-1				
Admin Bldg. Whitehorse (Off)	685	\$ 98.83	\$ 5,208.00	\$ 67,704.00
T-1				
Admin Bldg. Whitehorse (Off)	385	\$ 98.83	\$ 2,927.00	\$ 38,051.00

AGENCY	SQ.M.	RATE	VARIANCE PERIOD CHARGE	TOTAL CHARGE YEAR END
WCB				
Yukon Centre Whitehorse (Off)	276	\$156.72	\$ 3,327.00	\$ 43,251.00
X-1				
Liquor Store Whitehorse	743	\$150.00	\$ 8,573.00	\$ 111,499.00
Admin. Bldg. Watson Lake (Store)	127	\$ 59.18	\$ 578.00	\$ 7,514.00
Admin. Bldg. Watson Lake (Stor.)	234	\$ 24.86	\$ 447.00	\$ 5,811.00
Admin. Bldg. Haines Jct. (Store)	195	\$ 50.30	\$ 775.00	\$ 9,815.00
Admin. Bldg. Haines Jct. (Stor.)	202	\$ 23.67	\$ 368.00	\$ 4,784.00
Liquor Bldg. Dawson (Store)	360	\$ 36.70	\$ 1,016.00	\$ 13,208.00
Solar Bldg. Faro (Store)	273	\$ 57.56	\$ 1,209.00	\$ 15,717.00
Y-1				
Admin. Bldg. Watson Lake (Off)	37	\$ 59.18	\$ 168.00	\$ 2,184.00
Admin. Bldg. Haines Jct. (Off)	9	\$ 50.30	\$ 35.00	\$ 455.00
Liquor Bldg. Dawson (Off)	15	\$ 36.70	\$ 42.00	\$ 546.00
Z-1				
Admin. Bldg. Whitehorse (Off)	271	\$ 98.83	\$ 2,060.00	\$ 26,780.00
Total Recoveries 1981/82				\$1,662,404.00
Liquor Store Whitehorse Not under Property Management's Control				- 111,499.00
				\$1,550,905.00

APPENDIX 6



Executive Council Office
Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

Our File: 7023-1
Your File:

February 7, 1983

MEMO TO: Public Accounts Committee

FROM: A-8
Andrew Hume

RE: PUBLIC AFFAIRS BUREAU

As a witness before the Public Accounts Committee on Friday, Feb. 4, 1983, during the review of the Department of Government Services, I wish to submit the following written report in response to specific questions asked by the Committee.

Average Cost Of Producing A Government News Release

Costs, in terms of man hours, can vary substantially depending on several factors. These include: complexity of the subject or program; availability of individuals represented by the announcement for interviewing and clearance purposes; availability of material and information for research purposes; and nature of the announcement (i.e. joint inter-departmental or inter-governmental or for individual department/program).

Assuming that an Information Officer spends an average of five per cent of his/her time on the preparation of news releases, the following cost break-down would apply:

- Average salary (fiscal 1981/82) \$28,000 per annum;
- Five per cent = \$1,400 toward news release preparation;
- Three Information Officers prepare an average of 300 press releases, or approximately 100 each per year;
- This = an average of \$14 per news release;
- Add one man hour for a CT III for final preparation, copying and distribution at approximately \$10 per hour.
- Total Average Cost: \$24
- Total Distribution per news release: 200

Average Cost For Feature Article Production

Preparation time for feature articles also varies depending on the length and detail required. However, on average, five days would seem reasonable for the preparation of such articles. This would include: two days for research; two days for writing and editing; and one day for final preparation, proof reading, copying and distribution.

Feb. 7, 1983

Based on an average hourly salary for an Information Officer II at \$14 (for fiscal 1981/82) and an average hourly salary of \$10 for a CT III, cost of production for a feature article would be approximately \$495.


Because of time commitments in other areas, this practice is being substantially reduced.

Percentage Break-down Of Work Commitments Of Information Officers

Following is the average percentage break-down for the various responsibilities of Information Officers.

- Advertising (consultation/placement/production) - 25%
- Publications (writing/publication co-ordination) - 25%
- Departmental consultation (public awareness programming) - 20%
- Audio/Visuals (research/writing/production co-ordination) - 15%
- Media Relations - 10%
- News Releases (preparation/distribution) - 5%

The above noted duties also include such services as: signage design and wording; development and design of public displays; assistance in writing contract specifications for art, literary, photographic and printing services; assistance in the preparation of Cabinet submissions (i.e. communications and public/media relations concerns).


Andrew Hume,
Manager,
Public Affairs Bureau

APPENDIX 7

Regulations Respecting Financial Signing Authorities

- 1) These Regulations are made pursuant to the Financial Administration Ordinance.
- 2) In these Regulations "Deputy Head" means persons occupying positions allocated to the following list:

Clerk of the Legislative Assembly
Secretary, Executive Council
Superintendent of Education
Director of Consumer and Corporate Affairs
Director of Health and Human Resources
Director of Municipal and Community Affairs
Director of Tourism and Economic Development
Director of Justice
Director of Highways and Public Works
Public Service Commissioner
Director of Pipeline
Territorial Treasurer
Director of Information Resources
Director of Renewable Resources
Director of Government Services
Manager, Yukon Housing Corporation
General Manager, Yukon Liquor Corporation
Executive Secretary, Workers' Compensation Board
- 3) The Commissioner hereby delegates the authority to make requisitions and give certificates required by sections 18, 20 and 19 of the Financial Administration Ordinance but limited to the extent that no requisition or certificate shall cause expenditures to exceed total approved appropriations to the following positions:
 - a) Cabinet Ministers - full authority to give certificates under sections 18 and 20 and make requisitions under section 19 of the Ordinance for those departments for which they act as minister.
 - b) Deputy Heads - full authority to give certificates under section 18 of the Ordinance for their department or appropriation.
 - c) Director of Highways and Public Works - full authority to give certificates under sections 18 and 20 and make requisitions under section 19 of the Ordinance for:
 - i) the Garage Operations Revolving Fund
 - ii) the Dust Control Palliatives Revolving Fund
 - iii) the Road Equipment Replacement Account
 - iv) property leases for all government departments to a maximum amount per lease of \$100,000.00.
Full authority to give certificates under section 20 and make requisitions under section 19 of the Ordinance for construction contracts for all government departments to a maximum amount per progress payment of \$300,000.00.
 - d) Director of Government Services - full authority to give certificates under sections 18 and 20 and make requisitions under section 19 of the Ordinance for the Central Purchasing and Stores Revolving Fund.

...cont/

Regulations Respecting Financial Signing Authorities - Cont'd.

- 4) Notwithstanding the authority under section 3, no single certificate or requisition may exceed the following limits (except where specifically stated):

Position/Officer	Limit	
Clerk of the Legislative Assembly	\$	20,000
Secretary, Executive Council	\$	20,000
Superintendent of Education	\$	45,000
Director of Consumer & Corporate Affairs	\$	20,000
Director of Health & Human Resources	\$	300,000 Hospital payments & advances
	\$	35,000 Other
Director of Municipal & Community Affairs	\$	250,000 Transfer payments to local governments
	\$	40,000 Other
Director of Tourism & Economic Development	\$	20,000
Director of Justice	\$	20,000
Director of Highways & Public Works	\$1,200,000	Dust Control Palliatives Revolving Fund
	\$	650,000 Garage Operation Revolving Fund
	\$3,000,000	Road Equipment Replacement Account
	\$	110,000 Other
Public Service Commissioner	\$	20,000
Director of Pipelines	\$	20,000
Territorial Treasurer	\$	20,000
Director of Library and Information Resources	\$	20,000
Director of Renewable Resources	\$.	20,000

...cont/

- 3 -

Regulations Respecting Financial Signing Authorities - Cont'd.

- 4) Position/Officer Limit
- | | | |
|----------------------------------------------------------------|------------|---------------------------------------------------------------------|
| Director of Government Services | \$ 600,000 | Central Purchasing and Stores Revolving Fund |
| | \$ 50,000 | Other |
| General Manager, Yukon Housing Corporation | \$ 100,000 | = |
| Chairman of the Board of Directors - Yukon Housing Corporation | | |
| | | All approved expenditures in excess of the General Manager's limit. |
| General Manager - Yukon Liquor Corporation | Total | Liquor purchases |
| | \$ 20,000 | Other |
| Executive Secretary - Workers' Compensation Board | \$ 20,000 | |
- 5) A Deputy Head may redelegate the authority under section 18 delegated to him under section 3(b) of these regulations and may delegate the authority bestowed on him by sections 19 and 20 of the Financial Administration Ordinance by completion of the appropriate delegation of authority form but must ensure proper segregation of financial authorities is maintained. All delegations must be by Deputy Heads in writing and cannot be redelegated.

APPENDIX 8

QUESTION: The Corporation purchases significant quantities of chemicals. for treatment of boilers and hot water systems. What specific chemicals were purchased, in what quantity and on which dates were purchase orders issued. What were the totals of each individual purchase order and the accumulative total of all purchase orders? Of the quantity purchased how much has been consumed and where was it used? What quantity is presently on hand?

Under whose authority were each of the purchase orders issued? What action has been taken by management to ensure this situation does not re-occur?

ANSWER: The attached schedule reflects (a) purchase order date and number; (b) the dollar cost for each specific type of chemical; (c) the total of each purchase order; (d) the accumulative totals:

The quantity of each chemical purchased is as follows:

a. SX-11 (domestic de-scaler)

Total amount purchased	114	25 liter pails
------------------------	-----	----------------

b. Kemstreet 240 (treatment agent)

Total amount purchased	60	25 liter pails
------------------------	----	----------------

c. Kemstreet 404 (neutralizer)

Total amount purchased	11	90 liter drums
------------------------	----	----------------

	66	25 liter pails
--	----	----------------

d. Kemstreet 1100 (boiler descaler)

Total Amount Purchased	87	25 liter pails
------------------------	----	----------------

e. Misc. charges

RX 150	5	25 liter pails
--------	---	----------------

Soot Sweep

Kemstreet 1200

The chemicals have been consumed as follows:

Type	Purchase	Consumed	Balance on Hand
a. SX-11	114	South 50 Whtse 8 Damaged 1	55
b. 240	60	South 2	58
c. 404	11	South 2	9
	66	South 26 Whtse 7 Damaged 1	32
d. 1100	87	0	87

*South means southern region which includes the Beaver Creek to Watson Lake area, excluding communities from Whitehorse.

Schedule B attached indicated under whose authority the purchase order was issued.

The established practice has been to charge maintenance materials to the specific cost center (ie. housing unit) at the time of the receipt of the goods. The cost of these chemicals was distributed in this manner.

The actions which have been taken by management are as follows:

1. verbal direction was given by the acting General Manager to the staff involved reinforcing the position that budget object limits could not be exceeded without prior authority of the General Manager.
2. this verbal direction was followed by written instructions to the Construction Administrator.

3. copies of the attached signing authority table was distributed to all staff.
4. the commitment accounting system was monitored much more closely. In addition the maintenance staff independantly maintain a commitment accounts ledger.
5. the accounting staff were encouraged to immediately report any unusual expenditures or commitment and to report all commitments that exceed established contract limits.

1981/82 MAINTENANCE

SCHEDULE "A"

BOILER AND HOT WATER SYSTEMS TREATMENT

SCHEDULE OF PURCHASES

PRODUCT	PURCHASE DATE							
	<u>Dec 12/80</u>	<u>Mar 31/81</u>	<u>Apr 6/81</u>	<u>May 5/81</u>	<u>June 3/81</u>	<u>July 8/81</u>	<u>July 8/81</u>	<u>Aug 25/81</u>
KEM SXII	1290.00	3425.00	2568.75			4593.75	1147.50	1837.50
" Soot Sweep	315.00							
KEM STREET 1200		417.60	270.40					
KEM STREET 240				3550.00				5325.00
KEM STREET 404				1800.00			1125.00	7128.00
KEM STREET 1100				2756.25	11025.00	5400.00		
MISC.	<u>144.45</u>		<u>126.25</u>				<u>956.25</u>	
	1749.45	3842.60	2965.40	8106.25	11025.00	9993.75	3228.75	14290.50
PO#	2046	2347	2348	2433	2466	245	245	132
	<u>Sept. 10/81</u>	<u>Sept. 16/81</u>	<u>Oct. 8/81</u>	<u>TOTAL</u>				
KEM SXII		3675.00	1837.50		20375.00			
" Soot Sweep					315.00			
KEM STREET 1200					688.00			
KEM STREET 240		1775.00			10650.00			
KEM STREET 404		1800.00	1800.00		13653.00			
KEM STREET 1100					19181.25			
MISC.	<u>997.84</u>				<u>2224.79</u>			
	997.84	7250.00	3637.50		67087.04			
PO#	62	55	16					

SCHEDULE "B"

P.O. #	General Manager	Manager, Finance	Construction Administrator	Maintenance Supervisor	Signing Authority
2046			\$1,749.45		10,000.00
2347				3,842.60	2,000.00
2348			2,965.40		10,000.00
2433			8,106.25		10,000.00
2466	11,025.00				24,999.99
245			13,222.50		10,000.00
132	14,290.50				24,999.99
62				997.84	2,000.00
55				7,250.00	2,000.00
16				3,637.50	2,000.00

NOTES: At the time the P.O. was issued the following positions were vacant within YHC staff.

- 2433 - General Manager
- 2466 - Manager, Program (General Manager filled on an acting basis)
- 245 - Manager, Finance, Manager Programs
- 132 - Manager, Finance, Manager Programs, A/General Manager on leave, Construction Administrator on leave
- 62 - Manager Programs, Construction Administrator on leave
- 55 - Manager Programs
- 16 - Manager Programs, Construction Administrator

YUKON HOUSING CORPORATION - 1982/03/31

SIGNING AUTHORITIES

POSITION	SECTION 19	SECTION 20
<hr/>		
General Manager		
Purchase Orders \$24,999.99	To contract limit. All travel and over- time claims. All Payments to other Governments	To contract limit. All travel and over- time claims. Progress and final payment on contracts.
<hr/>		
Manager, Programs		
Purchase Orders \$15,000.00	\$200.00	Contracts to \$25,000. Invoices to \$10,000.00. Travel and Overtime claims of subordinates.
<hr/>		
Manager, Finance & Administration		
Purchase Orders \$1,000.00	Contracts to \$25,000. Other to \$10,000.00. All travel and over- time claims.	Travel and overtime claims of subordinates.
<hr/>		
Construction Administrator		
Purchase Orders \$10,000.00	\$200.00	Contracts to \$10,000.00. Invoices to \$5,000.00.
<hr/>		

POSITION

SECTION 19

SECTION 20

Maintenance Supervisor

Purchase Orders \$2,000.00 \$100.00

Contracts to \$2,000.00

Invoices to \$500.00.

Program Administrators

Purchase Orders \$200.00 \$100.00

Contracts to \$1,000.00

Invoices to \$200.00.

Housing Officer

Purchase Orders \$1,000.00 Nil

Contracts to \$1,000.00.

Over \$200 supported by signed

Invoices to \$200.00.

memo from YHC Officer

ordering subject to own limit.

APPENDIX 9



Suite 205
303 Jarvis Street
Whitehorse, Yukon
Y1A 2H3

February 24, 1983

Our File
Your File

M E M O

TO: Missy Follwell
Clerk to Public Accounts Committee
A-9

FROM: Barrie Robb
General Manager
Y-1

Dear Ms. Follwell:

In response to the four questions raised in your letter of Feb. 15/83, I can provide the following information:

1. The submission to the Department of Finance of the YHC projects to be included in the 1981/82 Capital Estimates was dated Aug. 28, 1980.
2. The project in question was handled as a "proposal call" whereby each bidder submitted his/her proposal for the construction of two energy efficient homes in Haines Junction. Each proposal as a condition of acceptance had to conform to the specifications prepared by the Housing Corporation in June, 1981.
3. Three proposals were received from Homes Unlimited, Canaco Construction Ltd. and Turner Development Corporation.
4. At the Board of Directors meeting of Aug. 21, 1981 the Directors were advised that proposals had been received from three firms. The Board of Directors were not, however, advised as to which submission was prepared by which firm. Once the proposals had been reviewed and the decision to accept a specific proposal was made, the Directors were then informed that the proposal they had selected had been submitted by Turner Development Corporation.

I trust the foregoing adequately answers the questions of the Committee.

Yours truly,



Barrie Robb
General Manager

BR/ck

APPENDIX 10



Department of Consumer
and Corporate Affairs

Box 2703, Whitehorse, Yukon Y1A 2C6
(403) 667-5811 Telex 036-8-260

APPENDIX 10

PAC #48

Our File: 3200-1

Your File:

1983 03 07

Hon. Tony Penikett, NDP
Chairman, Public Accounts Committee
Yukon Legislative Assembly
Box 2703
Whitehorse, Yukon

Dear Mr. Penikett:

Re: Departmental Objectives - Yukon Department of Consumer & Corporate Affairs

Further to my undertaking to provide the Public Accounts Committee with a copy of our new Departmental Objectives, please be advised that these have now been reviewed and agreed to by Hon. Mr. Ashley and are as follows:

- develop and promote consumer competency in the exchange of goods and services.
- promote the functioning of an equitable and safe work environment in Yukon.
- develop and promote orderly and responsible business activities, fair trade standards and professional practices.
- develop and promote safety in commercial and private motor vehicle transportation.

Should any clarification be required we would be pleased to provide this to the Committee.

Yours truly,

A handwritten signature in dark ink, appearing to read "Don Ilich", written over the words "Yours truly,".

Don Ilich
Deputy Minister

APPENDIX 11

APPENDIX I

FEDERAL

Principles regarding the activities of
holders of public office

APPENDIX 11
PAC #50

- 1) Current and former holders of public office must ensure by their actions that the objectivity and impartiality of government service are not cast in doubt and that the people of Canada are given no cause to believe that preferential treatment is being or will be unduly accorded to any person or organization.
- 2) Current and former holders of public office must ensure by their actions that there is no reasonable ground for belief that it is possible to have privileged access to government personnel or services.
- 3) Current and former holders of public office must exercise care in the management of their private affairs so as not to benefit, or to appear to benefit, from the use or communication of confidential information acquired in the course of their official duties.

APPENDIX II

Guidelines for holders of public office
during their employment with the government

- 1) No Minister, Parliamentary Secretary, Governor-in-Council appointee, public servant or exempt staff member ("office holder") should allow himself to be influenced in his pursuit of his official duties by plans or offers of outside employment:
 - a) the office holder should disclose to his superior all serious offers of positions outside government service which in his judgement put him in a position of a real or apparent conflict of interest;
 - b) the office holder should disclose to his superior any job offer under serious consideration that has been received from an individual, organization or interest group with a commercial orientation in the private sector and with which the office holder has official dealings;
 - c) the office holder should within a reasonable time disclose all offers of employment outside government service that have been accepted;
 - d) the office holder should, in seeking employment outside government service or in preparing himself for commercial activities after he has left the employ of the government, take great care to ensure that these endeavours do not lead to real or apparent conflicts of interest or in any way interfere with his official duties, and do not in the absence of the permission of his superior involve commercial negotiations with other government employees.

2) Office holders have a duty in any official dealings they have with former office holders to ensure that they do not provide grounds or the appearance of grounds for allegations of improper influence, privileged access or preferential treatment.

NOTE: "Governor-in-Council appointees" denotes persons appointed by or with the approval of the Governor-in-Council or a Minister, or in receipt of remuneration fixed by the Governor-in-Council who are in full-time positions with government departments, Crown corporations and autonomous agencies, but not those persons who are members of bodies with primarily judicial or quasi-judicial functions.

APPENDIX III

Guidelines applying to employment and commercial activities of former holders of public office

The following guidelines are provided to give content to the principles in Appendix I, and are to be applied in accordance with those principles and with the aim of protecting the individual liberty of each public servant and former public servant to the fullest extent possible.

The guidelines apply to arrangements made before and after office holders leave government service. Former ministers, deputy ministers, heads of agencies and exempt staff at the equivalent level of deputy head are requested not to engage in the activities described in category A for a period of two years, and to delay for one year any participation in activities in category B. The corresponding delay period for parliamentary secretaries, other full-time Governor-in-Council appointees and public servants and exempt staff at the SX-1 equivalent level or above is one year for category A and six months for category B. The guidelines do not apply to persons hired under Interchange Canada. The policy gives individual ministers the right to designate other public servants, Governor-in-Council appointees and exempt staff, including those whose principal, though not exclusive, employment is with the government or one of its agencies, as being subject to these guidelines. The advisory committees may, upon request from a Minister or Deputy Minister and with the approval of the Prime Minister (in the case of deputy heads); of the responsible Minister (in the case of other full-time Governor-in-Council appointees and of exempt staff) and of Treasury Board (in the case of public servants) exempt any position or set of positions from the application of the guidelines in any case where the Committees believe that such an exemption is in the public interest.

Category A

1. An office holder must not, within the relevant time period, accept appointment to a board of directors of a commercial corporation which was, as a matter of course, in a special relationship with the department or agency with which he was last employed, where "special relationship", means regulation of the corporation by the department or agency, receipt by the corporation of subsidies, loans or other capital assistance from the department or agency, and contractual relationships between the corporation and the department or agency.
2. An office holder must not, within the relevant time period, change sides to act for or on behalf of any person or commercial corporation in connection with any specific proceeding, transaction, case or other matter to which the Government of Canada is a party and in which he had a personal and substantial involvement on behalf of a department or agency of the government.
3. A former office holder, must not, within the relevant time period, lobby for or on behalf of any person or commercial corporation before any department or agency with which he was employed or with which he had a direct and substantial official relationship during the period of two years prior to the termination of his employment.

Category B

1. An office holder must not, within the relevant time period, accept employment with a commercial corporation with which he had significant direct official dealings during the last year of his employment.
2. An office holder must not, during the relevant time period, change sides to act for or on behalf of any person or commercial corporation in connection with any specific proceeding, cause, transaction or other matter which fell under his authority as an employee of the government during the period of one year prior to the termination of his employment.
3. A former office holder must not, within the relevant time period, give counsel for commercial purposes concerning the programs or policies of the department or agency with which he was employed or with which he had a direct and substantial relationship during the period of one year prior to the termination of his employment.

Where, pursuant to disclosure of an offer of employment under guidelines 1 (a) or 1 (b) of Appendix II, the advice of an advisory committee is sought with respect to the application of guidelines A1 and B1 the committee may advise that the time period for the purposes of these guidelines begins on the date the disclosure was made or on any date subsequent to the date of disclosure, that is before the date on which the office holder leaves government service.

NOTE: "Office holder" includes former "office holders", as defined by Appendix II, and "Governor-in-Council appointee" has the same meaning as in Appendix II.

APPENDIX IV

Administrative Arrangements

Advisory committees have been established to determine the application of the guidelines in specific instances and to help Ministers, Parliamentary Secretaries, appointees, public servants and exempt staff understand how the guidelines apply to their particular cases. The committees also advise on the operation of the guidelines and recommend changes where necessary. The committees are authorized to recommend exemptions from the guidelines in any case where fairness to individuals or the public interest requires. Such recommendations will be made to the Prime Minister (in the case of Ministers, Parliamentary Secretaries, and deputy heads) to the responsible Minister (in the case of other full-time Governor-in-Council appointees and of exempt staff) and to the Treasury Board (in the case of Public Servants).

An Advisory Committee chaired by the President of the Treasury Board and composed of selected Ministers has been established to advise all Ministers and Parliamentary Secretaries who require assistance in interpreting the application of the guidelines to specific circumstances.

An Advisory Committee made up of the Clerk of the Privy Council and the Secretary to the Cabinet, the Secretary for Federal-Provincial Relations, the Secretary to the Treasury Board, the Chairman of the Public Service Commission and the Deputy Minister of Justice has also been established to advise all appointees of the Governor in Council and exempt staff who require assistance in interpreting the application of the guidelines to specific circumstances. The Committee will report its advice to the Prime Minister and to the individual involved. The Prime Minister will in turn report to the House any known failure of former Governor-in-Council appointees or exempt staff to abide by advice given by the Committee.

Appropriate arrangements have been made similarly to advise public servants appointed under the Public Service Employment Act. In addition, all Crown Corporations and autonomous agencies are urged to adopt similar guidelines and mechanisms for those of their senior employees who are neither public servants nor appointees of the Governor-in-Council. A special request has been made to ensure that members of the Armed Forces and the Royal Canadian Mounted Police will also be covered.

The policy will apply to all persons appointed to new positions within the government and its agencies, who will be expected to conform to it as a matter of honour and of personal choice. Before being sworn in, individuals will be asked to read the guidelines and to govern themselves accordingly. While the policy does not officially apply to present incumbents until such time as they accept new appointments in the public service, it is expected that they will continue to abide by it.

APPENDIX V

Rules of Practice for hiring of former public servants by the government

1) In order to reduce the possibility of any conflict of interest, a former Governor-in-Council appointee or public servant who has entered into the practice of lobbying on behalf of clients or of giving counsel for commercial purposes about government activities, will not, while so engaged, be considered to be eligible for appointment to the Board of Directors of a Crown corporation or of any agency in which the government of Canada has a majority interest.

2) Individual Ministers and the Treasury Board, as may be appropriate, will approve all personal service contracts involving payments by the government of \$2,000 or more to former Governor-in-Council appointees or public servants who are in receipt of a government pension and in so doing will consider carefully the total annual benefits to accrue to the individual as a result of his pension entitlement and of personal service contracts with the Government or its agencies.

