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**YUKON LEGISLATIVE ASSEMBLY**

**REPORT**

**of the**

**STANDING COMMITTEE**

**on**

**PUBLIC ACCOUNTS**

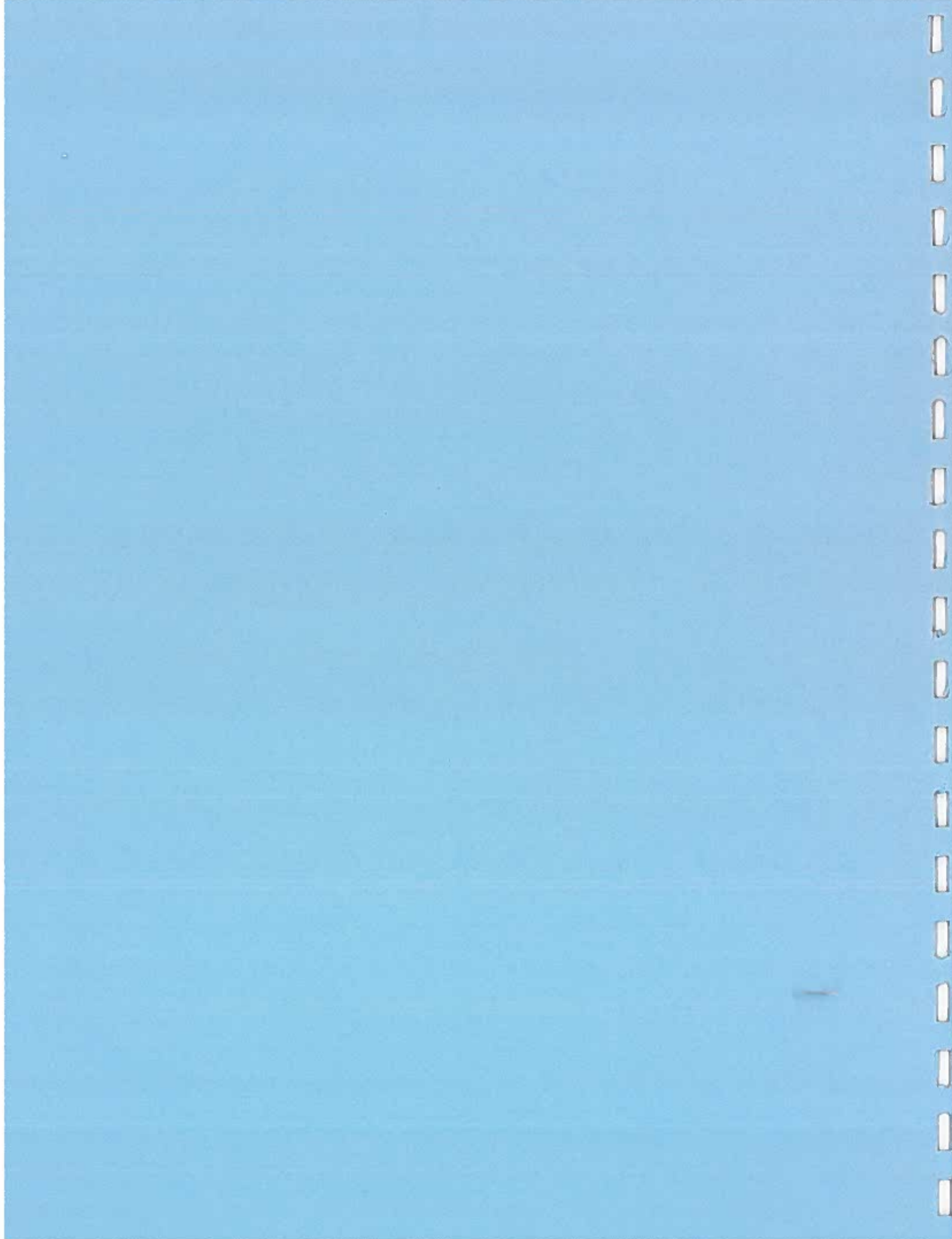
**together with**

**EVIDENCE**

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Legislative Assembly Office

Whitehorse

Drafted by Public Accounts Committee of the 25th Legislature  
Spring, 1985

Adopted by Public Accounts Committee of the 26th Legislature  
Fall, 1985

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Yukon Legislative Assembly  
Fifth Session 25th Legislature

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substituted for Bea Firth throughout  
the Formal Hearings.

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## Preface

The Standing Committee on Public Accounts has held eleven meetings since November, 1984. During the Formal Hearings, February 12-21, 1985, the Committee reviewed the Yukon Liquor Corporation and the Department of Education, Advanced Education and Manpower. In addition, the Committee departed from its usual practice of examining the expenditure side of the ledger and took a look at government revenues. As always, witnesses were called to outline progress on implementation of previous PAC recommendations and undertakings and to discuss the Auditor General's report on "any other matter." This year, witnesses appeared from the Departments of Community and Transportation Services, Finance, Government Services, and Economic Development and Tourism and from the Workers' Compensation Board and the Public Service Commission.

The Public Accounts Committee, which was established in 1979, held its first round of Hearings in January, 1980, and tabled its first Report during the third session of the 24th Legislature. It has now reviewed all of the major departments and agencies of the Yukon government. In its first five Reports, the Committee made some seventy-two recommendations, the majority of which have either been implemented or are under active consideration. Generally the Committee has been very pleased with the overall cooperation of the witnesses who have appeared before the Committee and with the thought given to and action taken on the recommendations. The Committee has made a concerted effort, during its hearings and in its reports, to focus on a future good effect principle rather than on headline-grabbing sensational issues and feels that this has enhanced its effectiveness. Members are convinced that the existence of the PAC has been a positive contribution to financial and managerial accountability in the Yukon government and has, in some measure, advanced legislative control of the public purse.

The Yukon Public Accounts Committee was honoured to host approximately eighty-five delegates and guests who attended the seventh annual meeting of the Canadian Council of Public Accounts Committees and the Canadian Conference of Legislative Auditors held in Whitehorse in July, 1985. Mr. Tony Penikett, who had been elected President of the Canadian Council in 1984 at the sixth annual meeting held in Prince Edward Island, chaired the meetings.

\*\*\*\*\*

Once again, the Committee would like to thank Raymond Dubois, Deputy Auditor General, and Harold Hayes, Principal, of the Office of the Auditor General for their cheerful cooperation and assistance throughout the Formal Hearings.

FORMAL  
HEARINGS

NOTE

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

## YUKON LIQUOR CORPORATION

The Yukon Liquor Corporation, which is currently within the Department of Justice, was the last of the Crown agencies to be reviewed in the cycle of Public Accounts Committee Hearings. The Yukon Housing Corporation was reviewed in 1983 and the Workers' Compensation Board in 1984. Witnesses appearing for the Liquor Corporation were Bill Byers, Deputy Minister; Pat Harvey, Assistant Deputy Minister; Rolly Thibault, General Manager of the Corporation; and Olive Pociwuschek, member of the Board of Directors.

### ANNUAL REPORT

2:8 The Committee noted some inconsistencies in the figures in the Annual Report, for example, the schedule of spirits, wine and beer--gross sales did not reconcile with sales reported in the statement of income. It turns out that one figure included liquor taxes and beer bottle deposits while the other did not. This was not explained in the Annual Report which resulted in the impression that the figures were not accurate. Care should be taken to ensure that the figures contained in the financial statements and the schedule reconcile.

2:8 The Corporation will provide, in future Annual Reports, a breakdown of liquor taxes between spirits, wine and beer and the gross profits of sales for each category.

### REPORTING RELATIONSHIP

#### Background

As a result of the government reorganization in July, 1984, the Yukon Liquor Corporation, an entity established by statute with the mandate to administer and enforce the Liquor Act, has been included within the Department of Justice. According to the Organization Chart submitted by the Department, the General Manager in the year under review (1983/84) reported to the Minister responsible and the Chairman and Board of Directors of the Corporation.

The 1985 Organization Chart shows the General Manager reporting to the Assistant Deputy Minister of Justice and the Chairman and Board of Directors. In his opening statement to the Committee, the Deputy Minister said that the General Manager has the responsibility to advise and recommend policy to the Minister. Subsection 9(1) of the Act states:

9(1) There shall be a General Manager of the Corporation who shall be the chief executive officer and shall be charged with the general direction, supervision and control of the business of the Corporation and shall under the general direction of the Board administer this Act and supervise persons engaged in the administration of this Act and the regulations.

#### Analysis

3:1 The Deputy Minister stated that the "Liquor Corporation continues to function the same way it did prior to the announcement of the reorganization." However, it would appear that the General Manager, at least, has a different reporting relationship. It is not clear to the Committee at this stage just who is responsible for decisions made and implemented. Conceivably this could alter the management accountability of the Corporation.

#### 1. Recommendation

The role, responsibilities and reporting relationship of the General Manager of the Yukon Liquor Corporation should be clarified.

In examining the above recommendation, careful attention should be paid to ensuring that there is compliance with the provisions of the Liquor Corporation Act.

## GOVERNMENT REVENUES

Although the Public Accounts Committee tends to place its emphasis on the expenditure side of the government ledger, it decided this year to look at the revenue side. Witnesses were called from three different departments to examine the question: Frank Fingland, Territorial Treasurer, and Ray Hayes, Director, Taxation and Money Management, from Finance; Bill Klassen, Deputy Minister, and Alan Davidson, Director, Health Services, of Health and Human Resources; and Peter Kent, Deputy Minister, Chris Knight, Director, Lands and Housing, and Mel Smith, Manager, Property Assessments, of Community and Transportation Services.

The Committee limited its review to the more substantial areas of revenue including:

- 3:5/6      Operating and capital grants from Canada
- 3:6/7      Income taxes
- 3:9        Fuel and heating oil taxes
- 3:9        Tobacco taxes
- 4:1        Interest on municipal and housing loans
- 4:1        Bank and investment interest
- 4:1        Insurance premium taxes
- 8:3-7     Yukon health care insurance premiums
- 8:8-10    Property and school taxes

The Committee did not look at the area of recoveries at all.

### DEPARTMENT OF FINANCE

In discussing the question of revenues with officials from Finance, the Committee was of the view that generally there are adequate measures of control in place to ensure that revenue due to the government in those areas administered by the Department of Finance is being levied and collected.

#### Income Tax

- 3:6        As far as income tax goes, the biggest concern is, of course, the fact that revenues accruing to the Government from it have been

- 3:7 on the decline. The other ongoing problem is that of tax leakage due to the December 31st residency stipulation. Yukon loses a considerable amount of tax on income earned in Yukon during the summer months because
- 3:7 many payees move Outside for the winter. An inter-jurisdictional Income Tax Allocation Committee is studying the problem.

#### Departmental Responsibilities

- The Committee enquired about the specific responsibilities for revenue of the Department of Finance as the Yukon Annual Report, 1983/84, states that that Department is responsible for the collection of all taxes and revenues. The Territorial Treasurer stated that specific departments, including Finance, have responsibility for collecting
- 4:2 revenues that flow from the administration of specific legislation. The Treasurer accepted the fact that certain obligations are imposed by the Financial Administration Act, particularly with regard to ensuring that moneys are collected properly and remitted to the Department for deposit. However, he went on to say that the Department has considerable hesitancy about utilizing the extensive powers to intervene provided it by the Act.

#### COMMUNITY AND TRANSPORTATION SERVICES

##### Property Assessment

- 8:8 Property assessment is done by the Property Assessment Branch of Community and Transportation Services but the Department of Finance is responsible for levying and collecting the taxes and for dealing with outstanding taxes. A memorandum to the Committee from Finance dated February 20, 1985, stated that there were property taxes outstanding on March 31, 1984, of \$634,620 including interest. That figure represents 809 property tax accounts which, in turn, comprise 18% of all assessed properties.

Some properties and improvements, particularly certain mining properties that do not fit into the exempt-by-policy class, are not

assessed due to difficulty in locating them. The Branch is in communication with the federal mining inspector but there is no control in place to ensure every assessable property is indeed assessed.

- 8:9 The Branch has adopted, for assessment purposes, the Alberta assessment manual which is generally adequate but which fails to deal with assessment rates for public buildings. The Branch has found, when looking at other manuals that do include rates for public buildings, that it has been under-valuing many of these properties, perhaps by as much as fifty percent. The Branch is currently working on a formula to correct this discrepancy.

#### HEALTH AND HUMAN RESOURCES

##### Premiums Receivable

- 8:4 Generally, it would appear to the Committee that the health care insurance premiums system has been inadequate because it permits a significant number of errors and omissions. That system, however, is being replaced by a new one which should ensure registration of only those bona fide residents of Yukon who are currently eligible for medical services coverage.

- 8:6 One of the biggest problem areas has been premiums receivable--to date, the claims assessment and accounting records for premium collection have been operated totally autonomously on manually-maintained ledger books. At no time does the Department ever really know what the premium liability is, particularly the total receivables as distinct from the year-end receivables. To compound the problem, there has never been a write-off procedure and, as a result, invoices are sent out each year to any person owing any amount going right back to 1972 when the plan was introduced. The Committee is hopeful that the fully-computerized premium system to be implemented by Fall, 1985, will dramatically increase the efficiency of the operation and that the Branch will develop accounts receivable procedures regarding control, collection, and write-offs.

### Net Costs

8:4        The Committee noted that the net costs of the Yukon Health Care Insurance Plan have been rising dramatically. For example, from 1981/82 (\$779,000) to 1983/84 (\$1,519,000) the net costs almost doubled. The Department explained that this is due partially to escalating medical fees and increased utilization of the service. According to the 1983/84 Annual Report (page 32), however, this would not appear to be the case. The Report states that the number of claims from doctors showed a minor increase and that there was a small rise in the average cost of a claim from \$42.13 to \$42.29. The other factor mentioned by the Department is that the nature of the service is becoming more complex and, thereby, more expensive.

          The Committee suggests that the Department monitor the costs closely through such methods as independent checks on medical billings, analytical review, and confirmation of patient visits to ensure that costs are being properly controlled.

## DEPARTMENT OF EDUCATION, ADVANCED EDUCATION AND MANPOWER

The Department of Education, Advanced Education and Manpower was the only large Department that the Public Accounts Committee called for major review this year. The witnesses were Jim Davie, Deputy Minister; Ron Wallace, Assistant Deputy Minister, Elementary and Secondary Schools; Dan Odin, Assistant Deputy Minister, Advanced Education and Manpower; Stan Marinoske, Director, Administrative Services; and Rick Butler, Director, Recreation (the branch is now in Community and Transportation Services and is called Arts, Sports and Recreation). The Committee would like to acknowledge the quality of information that was provided by the Department during the Hearings and the readiness with which it was given.

### 1. FINANCIAL AND STATISTICAL DATA

5:6

It was evident on a number of occasions during the Hearings that Committee members were suffering "from a lack of detailed information," and it was a constant struggle to determine where certain moneys were actually allocated. For example, in Supplementary No. 1 in 1983/84, there is a total of \$1,558,000 in the O&M expenditure and \$1,724,000 in Capital. The only information provided was that these were "Funds required primarily for employment stimulation projects." When the O&M figure was broken down, it was found, among other things, that \$124,000 was allocated for alternate programs and \$124,000 for the gifted program, both of which were new programs but which were not, in any way, identified in the Supplementary Estimates.

#### Analysis

The Department is certainly not lacking data or information rather the problem is one of classification. It is almost impossible to glean meaningful or comparable data from the myriad of numbers, especially when comparing the Main Estimates and the Annual Reports of the Department of Education. It is difficult, in any systematic way, to close the accountability loop.

6:8

The information provided does seem to be accurate as presented but, to make sense of it, more detail is required. The Annual Report for Advanced Education and Manpower, 1983-84, for instance, states that there was an "annual course registration of over 1700 students" (page 24) but it does not break that out into full-time students, part-time students, short course students, and so on. The Department has undertaken to convert the statistical information into "full-time equivalents" so that it will be more useful when attempting to justify the level of funding requested.

The information in the Main and Supplementary Estimates does not allow Committee members to get a handle on the Department. If the Annual Reports included more complete data, the Public Accounts Committee could rely on them as the primary documents during the Hearings. The fact remains, however, that for the House to make sound judgements on the levels of funding requested for any given program, it is necessary either to include meaningful information in the Main and Supplementary Estimates or provide it in some other format to all Members before the Department's Estimates are discussed in the House. The Committee notes, however, that the Department does in fact provide better and more complete information than most departments.

2. Recommendation

The Department should provide in the Estimates and in its Annual Reports information that is complete, comparable, and meaningful.

3. Recommendation

When a new program is introduced through a Supplementary Estimate, that Supplementary should include a narrative describing the program.

2. STAFFING ENTITLEMENT FORMULA

Background

The staffing entitlement formula, which became effective in July, 1984, is used to determine the number of teachers and

5:8

6:2

administrative staff at any given school. Included in the pupil/teacher ratio are administrators, counsellors and all those who are assigned at the school level. The Department stated that it is following the customary practice of most Canadian jurisdictions by including all school level professionals in calculating the pupil/teacher ratio.

#### Analysis

Because all personnel are included in the formula, the pupil/teacher ratio as reflected in public documents is not an accurate representation of the actual average classroom size.

If the Department wants to continue to have comparable data with other jurisdictions but also wants to give a more accurate reading of the pupil/teacher ratio, it should provide two separate sets of calculations to show both the broader pupil/teacher ratio (including all personnel) and the actual ratio.

#### 4. Recommendation

The Department should report the pupil/teacher ratio on an actual as well as an all-inclusive basis.

#### 3. PERSONNEL CATEGORIES

5:5/6

During the year under review, there were many transfers of personnel within the department. The organizational charts provided by the Department gave little assistance in tracing the movement or elimination of positions. Also, it was not possible to relate position numbers to the information provided in the Estimates.

#### Analysis

After plodding through the figures and on being provided with back-up information related to the Supplementary Estimates and an additional explanatory memo, it was possible to reconcile

the organization charts, the scattered information in the Main Estimates, the bulk figure in the Supplementary Estimates, and the Annual Report. To help assure the Legislature and the public that resources are being utilized as intended it is essential that information be consistent between these documents.

5. Recommendation

When the Department effects a reallocation of human or financial resources, it should ensure that this is clearly and properly recorded in all appropriate documents including the Estimates, the Annual Report and the departmental organization chart.

4. YUKON CAMPUS

Background

6:6 In the 1983/84 Main Estimates, Yukon Campus and the Yukon  
6:7 Vocational and Technical Training Centre were two separately  
identified programs. However, in March, 1983, the two were  
amalgamated to become Yukon College. The main purpose of the  
Yukon Campus program was to train native Yukoners to become  
teachers. The program has since been replaced by an offering  
of the first two years of a general degree.

Analysis

6:7 In 1983/84 the true projected cost of Yukon Campus was not  
indicated in the Estimates as the cost of space utilized and the  
attendant overhead were not included. Although the Department  
did submit some very useful statistics during the Hearings regarding  
courses offered and student participation numbers, the  
publicly-available information was very scanty and of little value  
in relating resources requested and allocated to the question  
of whether they were utilized with due regard for economy and  
efficiency.

5. RECREATION

As the Recreation Branch has been transferred out of the Department, the Committee spent very little time dealing with it. The only problems identified were the incompleteness of the supplementary information in the Estimates and the fact that it was not possible to tie the information in "Grants, Contributions and Other Transfer Payments" into the preceding supplementary information. The Director acknowledged the problem and, in a follow-up letter, stated:

It is apparent that details which appear in the estimates must be better explained. The problem is that budget work sheets, which the Branch submits [to Finance], contain much more information than what appears in the final published estimates. For purposes of brevity, the detailed information is summarized. This summarizing process is largely to blame for the lack of clarity. The 1985/86 Estimates will contain clearer information.

The Committee hopes this will be true for all Departments.

## STATUS REPORT

### Auditor General's Report "on any other matter" for the year ended March 31, 1984

The Committee noted that most of the Government's and Corporation's comments were positive and to the point on the observations and recommendations made by the Auditor General in his report (Appendix 1) to the Legislature "on any other matter" arising from his examination of the Government's accounts for the year ended March 31, 1984. The Committee, therefore, decided to review certain matters only at its Formal Hearings. While recognizing the argumentative nature and length of some of the comments, the Committee chose to concentrate on the positive rather than the negative aspects of the Government's comments on the Auditor General's recommendations. The Committee reports as follows:

#### 1. Year-end Closing - Finance

4:2 The Department advised that a number of fruitful discussions had taken place and are continuing with the Auditor General's representatives. These will lead to a clear understanding by the Department of Finance of the Auditor's year-end requirements and scheduling of the work required to meet the reporting deadline of October 31 following year-end.

#### 2. Appropriations Overexpended and Appropriation Acts - Finance

4:3 The Department advised that it was pleased that the Auditor General had raised the issue of transfers between votes as it had been a matter of concern to the Department for some time. The Fifth Appropriation Act 1983-84 was an attempt to overcome some of these difficulties. The real test will be the O&M Main Estimates for 1985-86.

The Department recognizes that a separate contingency vote is a clear option open to the Government, but the preferred option at present is to continue making the provision through specific votes.

3. Signing Authorities - Finance

4. Commitment Control - Finance

4:3/4

The Department advised that the framework for signing authorities had been established by the Signing Authorities Directive (Management Board Directive 6/84). The Department acknowledged that there is a need for a centralized commitment control system. There is some uncertainty about proper communication of internal delegations of authority within departments suggesting that there may be a need for a uniform system to cover this aspect. A feasibility study for a combined commitment control, accounts payable and financial information system has been completed and a detailed project plan is about to be submitted to Management Board through the Priorities Committee for approval. Further comment on the delegation of authority and commitments is made under PAC (1981) recommendation 1, page 17, on delegation of authority.

5. Accounting Policy - Employee Pay and Termination Benefits - Finance

4:5

The Department advised that it does not foresee any problem with the accrual of teachers' salaries at March 31, 1985. However, there may be problems meeting that date for the accrual of employee leave and termination benefits because of the need to capture data.

6. Manuals and Procedures - Finance

4:4

The Department advised that it fully agrees with the need to have proper manuals and to keep them current. Because of involvement in the new financial information system which will replace the existing outdated system, the Department considers that it may be 1986 or 1987 before the work is done.

7. Engineering Services Agreement - Highways and Transportation  
(currently a Branch in Community and Transportation Services)

The Department of Highways and Transportation is now part of the Department of Community and Transportation Services. The latter Department advised that it is presently negotiating a new Engineering Services Agreement with the Department of Indian and

Northern Affairs, which, it is hoped, will be in place in 1986. Meanwhile, the Department is making monthly claims on DIAND because of the lengthy delays involved in getting project authorizations and accountable advances.

8. Road Equipment Replacement Account/Fund

9. Dust Palliatives Revolving Fund

Highways and Transportation - (currently a Branch in  
Community and Transportation Services)

1:2

The issue in both cases was making payments in excess of the limits authorized for these Funds. In the case of the first item, the Department advised that the situation was caused by the slow processing of credits to the Account/Fund which the Department was anticipating would become available by the time of delivery of the equipment. Processing of credits can take up to six weeks. A new accounting system is being developed to overcome this problem, hopefully within the next year.

1:3

In the case of the second item, the order for the calcium chloride was placed with the expectation that the limit of the Fund would be increased by the time the calcium chloride was delivered. For both items, the Department was in effect anticipating funds becoming available to meet the payments. The new Financial Administration Act ought to prevent future occurrences of this kind.

12. Land Sales - Municipal and Community Affairs  
(now Community and Transportation Services)

1:6

1:7/8

The Department advised that finished land inventory has been charged with carrying cost since 1983 and this will be extended to land developments in progress in 1985-86. The Hillcrest Development of \$9 million includes about \$5-6 million for 557 lots in phase one and the balance covers additional common services and legal surveys for phase two. The Committee noted seven lots were sold in phase one for less than \$6,000 each. According to the Department, this price excludes water and sewer lines (part of the infrastructure) which have not yet been activated. The

selling prices will be adjusted for water and sewer costs when an overall sale agreement for phase one is reached with the Federal Government.

16. Porter Creek Junior Secondary School - Education

7:1 This major project involved a significant sharing of responsibilities between the Department of Education, in the initial stages of the project, and Public Works Branch, now with the Department of Government Services, which was responsible for the construction of the project. The Department of Education advised that initial planning prior to 1979, was for an elementary school and then the project was subsequently changed to become a junior high school. This resulted in additional costs for components not included in an elementary school such as work shops, science labs and typing rooms. According to the Public Works Branch, a good percentage of the overrun was caused by changes in the scope of the work. The project escalated from an initial estimate of \$3 million to a final cost of \$8 million. Unfortunately there is no written information documenting the changes. Education 7:2 advised the Committee that it now has procedures in place to review every stage of a project. In addition, Government Services advised that its project management procedures manual was to be submitted for the approval of the Minister and Management Board in the near future. It is hoped it will be distributed to government departments and implemented by April 1985. 7:3

YUKON HOUSING CORPORATION

As a result of the recent government reorganization which placed the Yukon Housing Corporation in the Department of Community and Transportation Services, the Committee reviewed the Corporation's comments on the recommendations included in items 17 to 21 of the Auditor General's report with officers of that Department.

1:8 The Department advised that the Corporation will continue to administer its programs in the area of social and staff housing. The Finance and Administration Branch of the Department will handle the

accounting function for the Corporation and the repair and maintenance function will be handled by Government Services. The Corporation will  
1:10 be billed for these functional services based on actual cost. The  
1:9 Director of Lands, Department of Community and Transportation Services,  
has been appointed by the Board of Directors as General Manager of  
1:10 the Corporation. His work related to the Corporation will be paid  
for by the Corporation and the rest of his salary will be paid by the  
1:9 Department. The Director of Lands advised that, so far, there has  
not been a conflict of interest between his role as Director of Lands  
and his role as General Manager of the Corporation.

## STATUS OF PAC (1981) RECOMMENDATIONS

In the PAC (1984) Report, the Committee reported that three of the fifteen recommendations made by the Committee in 1981 had not been fully implemented. The Committee has been advised in writing by the Department of Finance that co-ordination of the Government's construction program is the responsibility of Management Board and, therefore, considers the intent of the following recommendation to be implemented:

### 9. Construction Program Co-ordination - Public Works (now Government Services)

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

The Committee considers that the following two 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.

The Deputy Minister of Finance advised in writing that Ministers have been given collective responsibility, as Management Board, to delegate signing authorities within the Government in accordance with Sections 24 (Contracts), 30 (Certificates of performance) and 31 (Requisitions for payment). The delegations are dealt with in the Signing Authority Directive which came into effect on June 26, 1984. New contract regulations should be ready for implementation in 1985.

4:6 The Committee was advised that the new contract regulations will spell out procedures for calling tenders and entering into contracts but will not specifically deal with signing authority, or levels of

authority to sign contracts. These are covered in the Signing Authority Directive which establishes Minister and Deputy Minister limits for contracts and other types of expenditures. While dealing with contracting and payment authorities, the Directive does not seem to deal with commitment authority, i.e., the encumbering of funds to meet the payments, as required by Section 25 of the Financial Administration Act. The Department of Finance indicated that it would be prepared to undertake a review of the Directive once the new contract regulations are in place.

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.

The Department of Renewable Resources advised in writing that Peat, Marwick and Partners had completed their study of the Department. A new organization structure has been established and objectives defined. These will be reflected in the 1985-86 Estimates.

## STATUS OF PAC (1982) RECOMMENDATIONS

In the PAC (1984) Report, the Committee reported that four of the thirteen recommendations, including one recommendation revised in 1983, made by the Committee in 1982 had not been fully implemented. The Committee, based on the appropriate Department's comments before the Committee at the 1985 Formal Hearings or in written communication, considers the following recommendation to be implemented:

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

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

The Committee considers the following three recommendations outstanding from the 1982 Report are not yet fully implemented.

### 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.

The Department of Justice advised in writing that the Consumer and Corporate Affairs Branch regarded unit cost performance indicators to be of limited value and a work flow method would be better. Work flow studies have been carried out, systems reviews are underway and Labour Services are compiling a further data base to measure work flow and establish parameters to measure unit performance.

### 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 advised in writing that case load indicators will not be included in the 1985-86 Estimates but the Department did provide the Committee with a summary report entitled "Social Casework Time Allocation Indicators" which, at first glance, would appear to be a very useful and comprehensive document.

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.

Highways and Transportation, which is now part of the Department of Community and Transportation Services, had advised the Committee during the 1982 hearings that, using generally accepted levels and (1:7 standards, "Yukon will require roughly 30 to 35 million dollars a year 1982) in highway capital" over the next twenty years. The annual expenditures on highways have been considerably less than this amount.

2:4 The Department advised that a 20-year skeleton plan has been developed, with estimated expenditures for the first five years only. The Department has a rough idea of the approximate capital requirements for the remaining fifteen years but is reluctant to make them public as there is a weak data base which makes the reliability in the later years uncertain. The Department has engaged a technician to build the data base.

The long-term plan is fashioned around existing roads and does not allow for new road construction in areas not currently served by roads. While it is difficult to project possible future needs, the Committee believes that areas not currently served by roads but which have been identified as potentially resource-rich should be taken into consideration in the plan if the Department is to meet its overall objective. According to the 1984-85 Capital Estimates, this is to maintain and improve Yukon's transportation infrastructure and to facilitate the orderly development of commercial and private motor vehicle transportation.

## STATUS OF PAC (1983) RECOMMENDATIONS

In the PAC (1984) Report, the Committee reported that eight of the eighteen recommendations made by this Committee in 1983 had not been fully implemented. The Committee, based on the appropriate Department's comments before the Committee at the 1985 Formal Hearings or in written communication, believes that the following recommendation may not have been appropriate in the circumstances:

### 9. Yukon Courtworkers - Justice

In the Estimates, the Legal Aid Program should include details on the Yukon Courtworkers service.

## Recommendations Fully Implemented - PAC (1983) Report

The Committee considers the following recommendations to be implemented:

### 1. Revision of objectives - Government Services

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 - Government Services

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

The Committee notes, however, that in its written submission to the Committee the Department stated that its objectives "have not been changed" whereas in fact between 1983-84 and 1984-85 they have changed quite dramatically.

8. Transfer of responsibilities and funds  
- Finance

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

Recommendations Not Fully Implemented - PAC (1983) Report

4. Unit cost data - Public Affairs Bureau

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

The Bureau advised in writing that it will implement a reporting system similar to that used by advertising agencies, accountants and lawyers as a means of billing clients. Unit cost data generated by the system will be available for inclusion in the 1986-87 Estimates.

5. Formalization of procedures - Government Services

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.

The Department advised the Committee, in a joint response with Community and Transportation Services and Finance, that a project management policies and procedures manual has been drafted and should be completed by April, 1985. At the same time, a government-wide directive on the responsibilities of the Department of Government Services and its client departments is to be implemented if approved by Management Board.

12. Production of documents - Justice

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 possible, for each of its programs.

The Department of Justice advised in writing that a report on court case load had been issued and that a workload measures pilot project in three Provinces has been initiated. The results will be available to all other jurisdictions. The project will seek indicators for case loads, staff resources and costs, and courtroom resources.

18. Review of legislation - Consumer and Corporate Affairs

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

The Department of Justice advised in writing that the Corporate Affairs Branch is undertaking a systematic review of more than fifty pieces of legislation under its administration. The review will take from five to seven years and will address enforceability. The Committee is concerned about the length of time it will take to undertake this review.

OUTSTANDING ISSUE - 1983

GOVERNMENT RESERVATION OFFICE - Government Services

Background

During the 1983 Formal Hearings, the Department of Government Services undertook to provide the Committee with a report on the savings achieved by the Reservation Office, or central travel office. In January, 1984, the Committee was provided with some information on

supposed cost savings but neither administrative costs nor other overhead costs were included in the figures. In January, 1985, the Committee was provided with a report which showed net savings of \$29,000 for fiscal year 1983-84 and \$54,000 for the period April 1, 1984, to October 10, 1984.

### Analysis

The net savings reported take into account the direct costs for salary and equipment rentals but no other overhead costs such as floor space required or supplies. The Department agreed that the net savings reported are not accurate in that they are incomplete. As well, it was agreed that personnel within any Department could request and benefit from the same excursion airfares and government hotel rates as are obtained through the Reservation Office. It was confirmed that private travel agencies issue the airline tickets and receive their usual commission.

#### 6. 1985 Recommendation (outstanding from 1983)

The Government should review the economies of continuing operation of the Reservation Office.

## STATUS OF PAC (1984) RECOMMENDATIONS

In the PAC (1984) Report, the Committee made thirteen recommendations as summarized on pages 44-46 of that Report. The status of the implementation of those recommendations is as follows:

Recommendations implemented	3
Not fully implemented	<u>10</u>
	13

### Recommendations Implemented - PAC (1984) Report

The Committee, based on the appropriate Department's comments before the Committee at the 1985 Formal Hearings or in written communication considers the following three recommendations to be implemented:

5. Classes and Assessment Rates - Workers' Compensation Board

The Board should include in its Annual Report a description of the various classes and disclose the specific industries within each class, the assessment rates of each class for that year and for the previous year, and details, by class, of actual assessable payrolls compared to those of the prior year and to those estimated.

8. Doubtful Accounts and Write-offs - Workers' Compensation Board

The Board should disclose in its financial statements the allowance for doubtful accounts and the actual write-offs for the year.

12. Project Management Policies and Procedures - Government Services

1984 Recommendation (arising from 1983)  
The Department should submit its project management policies and procedures to the Auditor General for review and comment once approved by Management Board.

Recommendations Not Fully Implemented - PAC (1984) Report

1. Delegated authority procedures - Public Service Commission

The Commission should establish procedures as soon as possible to monitor the practices and procedure exercised by departments through delegated authority to hire casual employees.

2. Casual appointments - Public Service Commission

The Commission should disclose in public documents the total number of casual hires, the number of casual appointments made by departments through delegated authority, and the number of appointments terminated after six months and then re-engaged.

8:2 The Commission advised the Committee that procedures to monitor casual hires through delegated authority should be implemented by April, 1985. The Commission hopes that the information sought in the recommendation will be available once the computerized human resource information system and the position control system are implemented, possibly by Fall, 1985. Once the information is available, the Commission will include it in the Estimates.

3. Activity performance indicators - Public Service Commission

The Commission should include in its Estimates information, wherever possible, planned activities supported by performance indicators justifying its request for funds in order to create a base for future accountability.

The Commission advised in writing that it is very difficult to develop reliable performance indicators for central agencies but that it would address the question during 1985 as part of the government-wide system of program evaluation. The Committee notes that the Department of Health and Human Resources has been able to develop time allocation

indicators for its social worker activities even though the government-wide system has yet to be developed.

4. Training and Development Program  
Costs - Public Service Commission

The Commission should disclose in public documents the full cost of its Training and Development Program, including the cost of educational leave and the number of employees taking that leave.

The Commission advised that this information will be included in future Main Estimates commencing in 1985/86.

6. Transfer Occupational Health and Safety  
Officer - Workers' Compensation Board

The occupational health and safety officer should be transferred from the Department of Consumer and Corporate Affairs to the Workers' Compensation Board.

The Board advised in writing that the Government is presently reviewing all aspects of Occupational Health and Safety and is drafting new legislation to replace the Accident Prevention regulations under the Workers' Compensation Act. The Committee requests the Board to advise it of the results of the review when completed. The Department of Justice (Consumer and Corporate Affairs Branch) advised in writing that "the Yukon Government has reviewed this legislation and determined that the present location of the occupational health and safety officers with the Consumer and Corporate Affairs Branch is the most appropriate."

7. Performance Measurement System  
- Workers' Compensation Board

The Board should develop a performance measurement system including comparisons with previous years of the time taken to process claims and of changes in the rates of accidents which should be summarized in the Board's Annual Report.

The Board advised that it would be very difficult to develop meaningful performance indicators because of the many variables in

8:1/2 individual treatment. It did, however, agree with the Committee that it has the data base from which performance indicators related to the adjudication of claims could be developed. The Board also agreed that the average time taken to process claims could be used as a standard to provide comparative information.

9. Management of Human Resources -  
Economic Development and Tourism

The Department should immediately take proper measures to develop and implement the necessary management processes in order to control better its resources, to establish performance indicators, and to be accountable for the management of its human resources in the conduct of the various projects for which it is responsible.

7:6 The Department advised that a project management information system would be in place by April 1, 1985, but was not able to provide any specifics as to how it will be used to quantify activities to support resources requested in the Estimates. The Department is hopeful that this will be possible in the 1986-87 Estimates.

10. Activity performance indicators -  
Economic Development and Tourism

The Department should include in its Estimates document, wherever possible, planned activities supported by performance indicators justifying its request for funds in order to create a base for future accountability.

7:7 The Department advised that it has not taken any action on this recommendation as the Department of Finance has established a committee on program evaluation and the Department is waiting for Finance to define "a government-wide process for departments to follow in developing and implementing a program evaluation plan" before the Department initiates the process internally. By April 1, 1986, the Department hopes to have performance indicators for some of its programs in place so that it can evaluate effectiveness during fiscal year 1986-87.

11. Accuracy of Information - Economic  
Development and Tourism

The Department should ensure that all information it includes in public documents is clear, accurate and consistent.

7:8 The Department advised in writing that the information to be included in public documents will receive careful scrutiny for accuracy and clarity. The Committee notes, however, that this did not seem to be the case with the information contained in the Yukon Data Book 84-5 which was assembled by the Department. The Department recognizes that there might be errors and inadequacies in it.

13. Project Management Processes -  
Community and Transportation Services  
(formerly Municipal and Community  
Affairs)

1984 Recommendation (arising from 1983)  
The Department of Municipal and Community Affairs should determine the applicability of the project management processes developed by the Department of Government Services to projects undertaken by the Department of Municipal and Community Affairs and follow them as far as possible.

2:6 The Municipal Affairs Branch has developed project management procedures, based on a draft procedures manual developed by Government Services, for municipal projects and land development. The Department feels it is necessary to develop its own procedures because of the added factor of community involvement. The Department will review the procedures with the Highways and Transportation Branch to see if they are directly applicable or if others should be developed to suit  
8:10 the nature of the projects. The Department has agreed to review their procedures in light of the Government Services' manual which is to be finalized by April 1, 1985.

## SUMMARY OF RECOMMENDATIONS 1985

### Yukon Liquor Corporation

#### 1. General Manager

The role, responsibilities and reporting relationship of the General Manager of the Yukon Liquor Corporation should be clarified.

### Department of Education, Advanced Education and Manpower

#### 2. Meaningful Estimates information

The Department should provide in the Estimates and in its Annual Reports information that is complete, comparable, and meaningful.

#### 3. Description narrative in supplementary estimates

When a new program is introduced through a Supplementary Estimate, that Supplementary should include a narrative describing the program.

#### 4. Reporting pupil/teacher ratio

The Department should report the pupil/teacher ratio on an actual as well as an all-inclusive basis.

#### 5. Reporting reallocation of resources

When the Department effects a reallocation of human or financial resources, it should ensure that this is clearly and properly recorded in all appropriate documents including the Estimates, the Annual Report and the departmental organization chart.

### Government Reservation Office - Government Services

#### 6. Review of Reservation Office

The Government should review the economies of continuing operation of the Reservation Office.

WITNESSES 1985

Department of Community and Transportation Services (Feb. 12, 1985)

Mr. Peter Kent, Deputy Minister  
Mr. Kurt Koken, Director, Administration and Finance  
Mr. Greg Anderson, Manager, Financial Operations  
Ms. Connie Zatorski, Manager, Administration and Special Projects  
Mr. Chris Knight, Director, Lands and Housing; General Manager, Yukon Housing Corporation

Department of Community and Transportation Services (Feb. 13, 1985)

Mr. Peter Kent, Deputy Minister  
Mr. Kurt Koken, Director, Administration and Finance  
Mr. Greg Anderson, Manager, Financial Operations  
Ms. Connie Zatorski, Manager, Administration and Special Projects  
Mr. Chris Knight, Director, Lands and Housing; General Manager, Yukon Housing Corporation  
Mr. John Cormie, Director, Municipal Engineering Branch

Yukon Liquor Corporation (Feb. 13, 1985)

Mr. William Byers, Q.C., Deputy Minister, Justice  
Mrs. Patricia Harvey, Assistant Deputy Minister  
Mr. Rolly Thibault, General Manager, Liquor Corporation  
Mrs. Olive Pociwuschek, Board Member

Yukon Liquor Corporation (Feb. 14, 1985)

Mr. William Byers, Q.C., Deputy Minister, Justice  
Mrs. Patricia Harvey, Assistant Deputy Minister  
Mr. Rolly Thibault, General Manager, Liquor Corporation  
Mrs. Olive Pociwuschek, Board Member

Government Revenues (Feb. 14, 1985)

Mr. Frank Fingland, Territorial Treasurer  
Mr. Ray Hayes, Director, Taxation and Money Management

Government Revenues (Feb. 15, 1985)

Mr. Frank Fingland, Territorial Treasurer  
Mr. Ray Hayes, Director, Taxation and Money Management

Continued ...

Department of Finance (Feb. 15, 1985)

Mr. Frank Fingland, Territorial Treasurer  
Mr. Uday Patankar, Comptroller

Department of Education, Advanced Education and Manpower (Feb. 18, 1985)

Mr. Jim Davie, Deputy Minister  
Mr. Ron Wallace, Assistant Deputy Minister, Elementary  
and Secondary Schools  
Mr. Stan Marinoske, Director, Administrative Services  
Mr. Dan Odin, Assistant Deputy Minister, Advanced  
Education and Manpower

Department of Education, Advanced Education and Manpower (Feb. 19, 1985)

Mr. Jim Davie, Deputy Minister  
Mr. Ron Wallace, Assistant Deputy Minister, Elementary  
and Secondary Schools  
Mr. Stan Marinoske, Director, Administrative Services  
Mr. Dan Odin, Assistant Deputy Minister, Advanced Education  
and Manpower  
Mr. Rick Butler, Director, Recreation (currently in Community  
and Transportation Services)

Department of Government Services and  
Department of Education, Advanced Education and Manpower (Feb. 20, 1985)

Mr. Andy Vantell, Deputy Minister, Government Services  
Mr. Sam Cawley, Director, Supply Services  
Mr. Bill Davies, Director, Public Works  
Mr. Jim Davie, Deputy Minister, Education, Advanced Education  
and Manpower

Department of Economic Development and Tourism (Feb. 20, 1985)

Mr. John Ferbey, Deputy Minister

Workers' Compensation Board (Feb. 21, 1985)

Mr. Brian Booth, Chairman, Workers' Compensation Board

Continued ...

Public Service Commission (Feb. 21, 1985)

Ms. Geri Walshe, Director, Compensation  
Ms. Dorothy Drummond, Manager, Employee Records and Pensions  
Mr. Carey Conway, Manager, Training and Development

Health and Human Resources (Feb. 21, 1985)

Mr. Bill Klassen, Deputy Minister  
Mr. Alan Davidson, Director, Health Services

Community and Transportation Services (Feb. 21, 1985)

Mr. Peter Kent, Deputy Minister  
Mr. Chris Knight, Director, Lands and Housing  
Mr. Mel Smith, Manager, Property Assessments

1985

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Yukon Legislative Assembly

DOCUMENTS TABLED

PAC #	Department	Document Title
1	Finance	Territorial Accounts 1983/84
2 *	Auditor General	Auditor General's report on "any other matter" for year ended March 31, 1984
3	Community & Transportation Services	Request for purchase of 4284 tonnes of calcium chloride in the amount of \$1,725,120
4	Justice	Yukon Liquor Corporation Annual Report 1983/84
5 *	Justice	Yukon Liquor Corporation Organization Chart 1983-84 and 1985
6 *	Justice	Relative revenue by alcohol category and total liquor tax transferred to the Government of Yukon
7	Justice	Final net sales of the Yukon Liquor Corporation for 1983-84
8	Justice	Memorandum of Understanding between the Department of National Revenue and the Yukon Liquor Corp. respecting the selection and control of land border duty free shop operators
9	Education, Advanced Education and Manpower	Opening statement
10	Education, Advanced Education and Manpower	Relationship between organization and programs (a) Organization Chart April, 1984 (b) Organization Chart Feb., 1985
11 *	Education, Advanced Education and Manpower	Staffing Entitlement Formula for Yukon Schools Effective July, 1984
12	Education, Advanced Education & Manpower	Casual person years as related to school clerical staff

\* Appended to the Report

PAC #	Department	Document Title
13	Education, Advanced Education & Manpower	Consulting firm which conducted a study of reading levels of Yukon students
14	Education, Advanced Education & Manpower	Review of departmental objectives
15	Education, Advanced Education & Manpower	Management planning schedule, Advanced Education and Manpower
16	Education, Advanced Education & Manpower	Advanced Education and Manpower - Human Resource Development Directions Paper
17	Education, Advanced Education & Manpower	Annual Plan, 1983-84 - Occupational Training and Continuing Education, Advanced Education, Manpower and Immigration
18 *	Education, Advanced Education & Manpower	Comparison of the school level professional teaching force deployed during the 1982-83 and the 1983-84 school years
19	Education, Advanced Education & Manpower	Cumulative Student Statistics - Yukon College, July/August 1984
19(a) *	Finance	Property Tax Receivable

DOCUMENTS FILED FOLLOWING CONCLUSION OF HEARINGS

20 *	Education, Advanced Education & Manpower	Clarification of 1983/84 Recreation Estimates
21	Finance	Revenue: 1) Municipal Loan Interest; 2) Bank and Other Interest
22 *	Health & Human Resources	Health Care Insurance Premiums
23 *	Economic Development and Tourism	Request denied for reorganization recommendations
24 *	Public Service Commission	Delegated authority procedures for casual hires
25 (a) & (b) *	Education, Advanced Education & Manpower	Response to Committee letter of February 25, 1985
26	Justice	Relative revenue by alcohol category

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Tuesday, February 12, 1985  
9:30 a.m.

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Issue No. 1 (Fourth Sitting)

25th Legislature

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## ORDER OF REFERECE

**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)

## **Standing Committee on Public Accounts**

**Chairman:** Mr Tony Penikett, M.L.A.

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

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

(Mr. Clark Ashley substituted for Mrs. 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 Community and Transportation Services**

Mr. Peter Kent, Deputy Minister

Mr. Kurt Koken, Director, Administration and Finance

Mr. Greg Anderson, Manager, Financial Operations

Ms. Connie Zatorski, Manager, Administration and Special Projects

Mr. Chris Knight, Director, Lands and Housing; General Manager, Yukon Housing Corporation

#### **Department of Municipal and Community Affairs**

Mr. Peter Kent, Deputy Minister

Mr. Leo Chasse, Departmental Administrator

Tuesday, February 1, 1983

9:30 a.m.

## EVIDENCE

Tuesday, February 12, 1985

**Mr. Penikett:** I will now call the meeting to order. This is Meeting Number 1 of the sixth sitting formal hearings.

Let me briefly remind all participants that the issue before us is spending by the administration. We will be looking at the economy, efficiency and effectiveness of the management of the Government of the Yukon Territory. Before we begin, I would like to table for the record the Territorial Accounts and the Auditor General's Report On Any Other Matter, dated January 30th, 1985.

Let me introduce members of the committee first. On my far left: Mr. Brewster, MLA for Kluane; on my immediate left, Mr. Clarke Ashley, MLA for Klondike; on my far right Mr. Maurice Byblow, MLA for Faro; on my immediate right Mr. Al Falle, MLA for Hootalinqua.

This morning we are beginning with the Department of Community and Transportation Services, and we will deal with matters arising from the Auditor General's Report On Any Other Matter, and follow-up from the 1984 Public Accounts Committee Report.

Witnesses this morning are Mr. Peter Kent, Mr. Kurt Koken, Mr. Brian Anderson, Ms. Connie Zatorski and Mr. Chris Knight, who are respectively the Deputy Minister, Director of Administration and Finance, the Manager for Financial Operations, Manager of Administration and Special Projects, and the Director of Lands and Housing, and also the General Manager of the Yukon Housing Corporation. I would like to welcome the witnesses, and also make special mention of the fact that, once again, we are grateful for the services of the Office of the Auditor General, Mr. Raymond Dubois, the Deputy Auditor General, and Mr. Harold Hayes, a Principal from that office.

If I may, I will begin by welcoming you, Mr. Kent, and ask you if you have any opening statements.

**Mr. Kent:** No, sir.

**Mr. Penikett:** Let us move immediately then to the questions. If I could direct your attention to page 12 of the Auditor General of Canada's Report On Any Other Matter, which begins with the Department of Highways and Transportation, I want to ask you a couple of questions about that section there on the Engineering Services Agreement, if I may.

Let me, for the edification of all members, read the comment from the Auditor General's Report On Any Other Matter: "Construction and engineering costs from federal highways projects that were recoverable from DIAND under the Engineering Services Agreement. This agreement provides for accountable advances to be made to the government. Because of the administrative complexity of obtaining individual project approval for each advance, no accountable advances were received during the year. Costs recoverable under the agreement in 1983-84 amounted to \$6,577,000, including an accrual of \$1,171,000 for expenditures incurred February 1st to March 31st, 1984. Two progress claims were submitted to DIAND and paid during the year. The first covered expenditures were \$1,965,000, incurred from April 1st, 1983 to July 20th, 1983, paid to December 2nd, 1983. The second covered expenditures of \$3,441,000, incurred from July 21st, 1983 to January 31st, 1984, and paid to March 21st, 1984.

The expenditures also paid by DIAND were, in effect, being financed by the Yukon Consolidated Revenue Fund for extended periods of time. This has a limiting effect on the government's cash flow and working capital.

The Auditor General's recommendation following from that was:

(1). Accountable advances should be obtained from DIAND, or billing should be made on a monthly basis. The government's response was that it is the department's intention to take advantage of the advance provisions of all agreements.

Could I ask you, Mr. Kent, to expand on that answer. Would you tell us how and when this intention will take effect.

**Mr. Kent:** There has been a slight change since that time. Basically, as I understand it, accountable advances are very difficult and awkward to achieve under the agreement. They must be done on a project-by-project basis, in the required documentation. If you wish, I will ask Mr. Koken to elaborate on that.

What is new is that the Engineering Services Agreement, which is old and antiquated and has problems such as I just described, will shortly be replaced with a different agreement, which we are presently discussing and negotiating with the federal government now. In those negotiations, we hope to convince the federal government to provide for advances on a very simply administratively forward perspective.

**Mr. Penikett:** I might ask Mr. Koken to elaborate, but to make it clear, are you now telling me that the answer contained here is not operative anymore?

**Mr. Kent:** Let me put it this way: if it appears that we are going to be successful in negotiating this new cost-sharing administrative agreement soon, we will not try to achieve advances under the present agreement, which is awkward. If it looks like those negotiations are going to take a long time and be unsuccessful, then we will take another hard look at the advance positions under the present agreement.

**Mr. Penikett:** I understand what you are saying: you are attempting to negotiate a more acceptable or simpler arrangement with the federal government to get these advances.

**Mr. Kent:** It is not just an advance; it is a whole new agreement. It is not just covering the advances, but all provisions.

**Mr. Penikett:** But it will include, presumably, a new arrangement regarding advances.

From the time this answer was recorded and the current date, what method have you been using to take full advantage of the advance provisions?

**Mr. Kent:** We are making monthly claims — or period claims —, but we have had no success in achieving advances.

**Mr. Penikett:** Because the federal government is not responding to those claims on the basis in which you are making them?

**Mr. Kent:** The advance provisions of the present agreement, as I say, are very awkward. They are very difficult to exercise. They require extensive paper work. Rather than manipulate that, we felt it would be better to attempt to negotiate this whole new agreement, which is administratively simpler.

**Mr. Penikett:** As recorded in the Auditor General's Report On Any Other Matter — the government's comment — you have attempted to obtain the advances according to the existing agreement but failed, and are therefore trying to negotiate a new arrangement, or you have been unable to make application properly?

**Mr. Kent:** The answer is the second one.

**Mr. Penikett:** In essence, whatever your intentions were when this answer was recorded, you were not able to follow through with those intentions because of the difficulties you described.

**Mr. Kent:** That is correct.

**Mr. Penikett:** Would you permit Mr. Koken to elaborate. I see him leaning into the mike.

**Mr. Koken:** Under the Alaska Highway Maintenance Agreement, which is in excess of \$10,000,000, that amount is approved prior to the commencement of the year. Then, automatically, quarterly advances, based on cash flow projections, are made. It is very simple and straightforward.

Under the Engineering Services Agreement, on the other hand, we will only receive money from Ottawa once an approved Project Authorization is in hand. The authorization approval is lengthy and often difficult. In many instances, a project authorization is only in our hands after the work is already in progress and perhaps has been done, so we cannot take advantage of the advances provisions under that agreement because of the fact that an approved project authorization must be in hand.

**Mr. Penikett:** If Mr. Kent will permit me to ask you, Mr. Koken, could you just briefly describe that project authorization process?

**Mr. Koken:** The federal government provides roughly \$11 million for federally financed roadwork in the Yukon Territory. This amount is broken down into many projects. Each project is identified, and a project authorization, which contains the contractor's amount, the engineering cost, the material cost and the total, is then submitted to Ottawa for approval. It is only when these project authorizations are approved that we can start claiming. They

come back very slowly, that is the problem.

**Mr. Penikett:** How slowly?

**Mr. Koken:** That depends. I cannot give you a direct answer to that.

**Mr. Penikett:** Could you give me an approximation. It is not a matter of days: is it a matter of weeks or months?

**Mr. Koken:** It depends. If it is a project that has been planned for some time, and has been cleared prior to April 1st, then we get the project authorizations — I am guessing now — approximately mid-year. However, during the year, new projects pop up. We negotiate with Ottawa, letters go back and forth, telegrams go back and forth, and eventually funding approval is received. We prepare the project authorization. Ottawa approval to proceed is received and then this piece of paper wanders to Ottawa and eventually comes back. It depends on what type of project it is. I cannot give you a definite answer on that.

**Mr. Penikett:** If I heard you correctly, Mr. Kent, you are presently negotiating a new Engineering Services Agreement?

**Mr. Kent:** I would say they are early discussions. We are not in the final stages of negotiation.

**Mr. Penikett:** Are you prepared to venture any kind of guess as to when you might conclude such negotiations?

**Mr. Kent:** I would like to refer that question to Mr. Koken.

**Mr. Koken:** I am sorry, I do not know the answer. We have had preliminary meetings with Ottawa. How long it will take, I would assume is anybody's guess.

**Mr. Penikett:** Let me try and put you on the spot. Do you hope for it in this fiscal year, next fiscal year, or the one beyond that?

**Mr. Koken:** It is hoped that an agreement will be obtained in the next fiscal year.

**Mr. Penikett:** Let me come back to my original question then. In the meantime, in between the point when you get a new agreement and the statement in this document that you intended to take full advantage of the advance provision of the existing agreement, how are you operating in terms of these accountable advances?

**Mr. Kent:** At present we are not using the provisions for the reasons stated. What we are doing is: we are making claims on us timely and quickly a basis as we can, which in this case is on a monthly basis.

**Mr. Penikett:** If I heard you correctly, Mr. Kent, you are not getting satisfaction on most claims, is that right?

**Mr. Kent:** There are no problems with those claims.

**Mr. Penikett:** There is no problem with those claims? Okay. Let me ask is the other members of the committee if they have any questions on this.

**Mr. Kent:** I am sorry if I confused you. It should maybe help if I say the monthly claims are claims made for expenditures already made.

**Mr. Penikett:** Okay. But in effect I guess the problem identified by the Auditor General here could recur until such time as you get a new agreement. Is that correct?

**Mr. Kent:** I do not think so. I would ask Mr. Koken to correct me, but I believe that if I am making claims as quickly as we are doing, on a monthly basis, we will not have those large outstanding balances anymore.

**Mr. Penikett:** Is that correct, Mr. Koken?

**Mr. Koken:** That is correct.

**Mr. Penikett:** Let me move onto item 8 on page 12, which is the road equipment replacement account fund.

Regular guests before this committee, such as Mr. Kent and Mr. Koken, will recall that this topic has been almost a hardy perennial. I do not intend to go over again the old problem of legislative approval of expenditures, which is the key constitutional issue.

Looking at the expenditures with proper authority to the top of page 13 in the Auditor General's letter, "The expenditures charged to the account in two consecutive accounting periods resulted in the account being over-expended in those periods by \$452,000 and \$486,000 respectively. Though corrected in subsequent periods, the department, during the period in question, was approving expenditures for payment, even though funds were not available in the account to meet those expenditures."

The Auditor General recommended that the department should not approve payments in excess of funds available. The government's comment of record is that the department operated prior to April 1, 1984, on the understanding that a deficit in mid-year was allowed: that is, year-end balance was the operating criterion. This practice has been changed under the new *Financial Administration Act*.

In regard to the first sentence — that the department operated prior to April 1, 1984 on the understanding that the deficit in mid-year was allowed — could you explain that a little bit more?

**Mr. Kent:** I guess I have an understanding, but I was not there at the time. I would like to refer the question to Mr. Koken.

**Mr. Koken:** This fund has been in operation for many many years. This is not the first time, to my knowledge, that we have ended up in a minus position in this fund. We were not concerned when the fund went into a minus position in period two and period three in the amounts indicated. These temporary over-expenditures were not illegal, as far as I know, prior to the establishment of the fund in April, 1984.

Of course, we are now very closely monitoring the fund on a monthly basis via the garage operations account and machine account, et cetera, so that this will not happen again. We should realize, though, that we are operating within a very very narrow band, from zero to \$3,000,000. That is a very narrow band, if you look at the equipment costs, and it will take a lot of pre-judging, and it will take a lot of accounting controls to make sure that they stay within the budget, but this is an odd case.

**Mr. Penikett:** Let me ask you a couple of questions, Mr. Koken, and maybe I can state them all at once so you can see where I am going, and maybe ask you to respond. As the fund is now operated, presuming there is somebody who is responsible for the administration of the fund, that person is presumably not the same person who authorizes the purchase of equipment?

**Mr. Koken:** That is basically correct.

**Mr. Penikett:** Given that the fund has recoveries, let me call it that — not revenue —, that are made up of charge-outs to other departments for the use of equipment and a portion for depreciation, could you explain to me how it is the fund can go into a deficit position. Is it simply the timing of purchases of equipment that causes that situation to occur, or what?

**Mr. Koken:** There could be a number of reasons for that. The slow processing of credits, and the purchasing of equipment has to be timed very well. You ordered equipment, and you assume that the equipment is received within a reasonable time, assume three or four months: you are looking at that time period.

**Mr. Kent:** If equipment arrived unusually early, for example, you might have anticipated that it would arrive in four months: if it arrived in two months, the fund may not have replenished itself enough and you could put yourself into a deficit right there.

**Mr. Penikett:** Mr. Kent, Mr. Koken mentioned the slow processing of credits. Is this a problem?

**Mr. Koken:** It has been a problem and we are looking into correcting it right now. We had a number of meetings only lately to see what could be done to speed up that process.

**Mr. Penikett:** Describe the nature of those problems, please.

**Mr. Koken:** Work orders are processed slowly. They are not closed at the end of each month, necessarily. Expenditures go through, and paperwork is not processed as fast as it should be.

**Mr. Penikett:** Is that slowness a problem in your shop, or is it a problem in terms of the client department?

**Mr. Koken:** It is partly in our shop. We are in the midst of reviewing all our garage operations. We have an analyst analyzing the procedures of all garage operations, and hopefully a new accounting system will come out of that.

**Mr. Penikett:** You expect to have the problem, to the extent that it is in your shop, solved by when?

**Mr. Koken:** A year.

**Mr. Penikett:** You said it is partly in your shop. Are there some client departments that are a particular problem in terms of slow payment?

**Mr. Koken:** No.

**Mr. Penikett:** All right. It almost seems to hint that the

problem is not just partly in your shop, but mostly in your shop. You concede that?

**Mr. Kent:** I do not think it is necessary to say it is a problem. Right now, for a grader ploughing the highway, at this very hour, some of the charge-out rates could be used to replenish that fund, but it is a considerable length of time before that depreciation that is being incurred at this very minute passes into the fund because of all the paperwork that has to be gone through.

**Mr. Penikett:** How much time, Mr. Kent?

**Mr. Kent:** I cannot answer that question.

**Mr. Koken:** Approximately six weeks.

**Mr. Penikett:** The second sentence in the government's comment says that this practice has been changed under the new *Financial Administration Act*. Could you briefly explain to me how that will change things?

**Mr. Kent:** It is to the extent that it is extremely clear under the *Financial Administration Act* that you cannot have a deficit at any time during the year. Highways has felt that there was at least some ambiguity and were permitted to have these deficits during the year. Under the new *Financial Administration Act*, it is perfectly clear that this is not permitted at any time during the year.

**Mr. Penikett:** As I understand it, the solution will come because of the new act in terms of tighter controls and speeding up the processing of credits and will solve the problem for you?

**Mr. Kent:** The rules are known under the *Financial Administration Act*, and there was an argument to say that a deficit during the year was permitted prior to that. There is no excuse any more.

**Mr. Penikett:** Does anyone else have any questions on this one?

**Mr. Falle:** Just to follow up on your last statement: in the event that you have a piece of equipment which does arrive earlier than expected, of the money is not in the fund, are you saying that the equipment will sit at the dealers until the fund is replenished?

**Mr. Kent:** No, it will not do that. It will be paid for. You have to be very careful in terms of delivery dates and all these other factors or you will get yourself in trouble. It is a complex, factor which is not a mechanical thing. It depends on the transportation system and how fast a person can deliver something. You have to consider all these factors and be careful about them, some of which are controllable and some which are not controllable.

**Mr. Falle:** I realize that, but you know the rules are such that you cannot exceed the funds that are available so precautions are to be taken.

**Mr. Kent:** Yes, that is correct.

**Mr. Penikett:** Maybe I could move on to item nine in the Auditor General's letter which is the dust palliatives revolving fund — a pretty exciting subject.

We are talking mostly about salt here, I guess. The problem I see here is that the amount charged to the fund is not to exceed an authorized limit of \$1.2 million. That is according to the act which created the dust palliatives revolving fund. In addition, under the new *Financial Administration Act*, which came into effect on April 1, 1984, the value of the inventory is not to exceed the authorized limit. The Auditor General reports that the balance of the expenditure charged to the fund at March 31, 1984 was \$1,442,000. It was represented by inventories of \$1.9 million at year-end. The amount charged to the fund exceeded the authorized limit by \$242,000 at year end.

Now, the Auditor General also notes that at the subsequent year end, the limit of the fund has been increased to \$2 million. Could I just ask you, first of all, on what authority did the department exceed the limit on this fund?

**Mr. Kent:** The decision was primarily due to the closure of the White Pass Railway. The decision was made to have calcium chloride delivered in one big order rather than in two small orders.

**Mr. Penikett:** I understand that. I just want to get back to the technical question. On what authority was the decision made to exceed the limit?

**Mr. Kent:** The answer to that is the department was told that the legislation would be changed to increase the amount to \$2 million. Unfortunately the calcium chloride was delivered prior to increasing the fund to \$2 million.

**Mr. Penikett:** I want to get into that, but I want to ask you: on what authority was the decision made? Was it the deputy minister's decision? Was it below that, or was it a ministerial decision?

**Mr. Kent:** My understanding, and I will refer that to Mr. Koken, was to order the calcium chloride and by the time it arrived the legislation will have been changed. Where that instruction came from, I do not know.

**Mr. Penikett:** Mr. Koken?

**Mr. Koken:** We received approval to proceed on that basis from our superiors.

**Mr. Penikett:** Okay. I am asking you a purely technical question here. In what form did that approval come?

**Mr. Kent:** I cannot answer the question.

**Mr. Koken:** I would have to check. I do not remember.

**Mr. Penikett:** Could you document the authority to exceed the statutory limit there please? I think we would like to have that documented. Let me just briefly explain, lest there be any alarm on the other side, if it is simply a ministerial decision then it ceases to become a problem in the business of this committee. Okay?

Let me read you the recommendation of the Auditor General: "The department should establish maximum and minimum levels for storing and recovering and reordering calcium chloride". The response: "Calcium chloride is not stocked for use as are most stores items and therefore maximum and minimum stocking levels do not apply".

Could you explain that, Mr. Kent, in view of the fact that there was an inventory of \$1.9 million on March 31st, 1984?

**Mr. Kent:** I think what is being suggested here is that we do not order two years, or five years, or seven years of calcium chloride. We order the amount of calcium chloride that is felt will be needed in that particular year, period. We do not see why there should be maximum, or why there should be a minimum. You simply order what you need.

**Mr. Penikett:** So the needs were probably pretty close to \$1.9 million, given that even under the new regime there will be a \$2 million limit. There was \$1 million in inventory, which must have been almost the maximum need for the year. Is that correct?

**Mr. Kent:** The net amount was \$1.4, was it not, sir?

**Mr. Penikett:** I am depending on the Auditor General's numbers here. The inventory is \$1,913,000.

**Mr. Kent:** Less accounts payable of \$471,000.

**Mr. Penikett:** Yes, okay. The year's need could be represented by something a little less than \$2 million, is that correct?

**Mr. Kent:** I think that is fair to say.

**Mr. Penikett:** What, in that case, is the monthly consumption pattern? Is there an average use per month of this material?

**Mr. Kent:** There are generally two applications of calcium chloride during the year. I believe the first one is in June and the second one is in August.

**Mr. Penikett:** How much is the maximum amount that we need on hand at any time?

**Mr. Kent:** I would refer that to Mr. Koken, but I suspect half. At the beginning of June, you would want about half of the total amount required during the year, and the other half you would require in August, assuming there is a uniform application in both phases.

**Mr. Koken:** This is correct. You would need half before June and the other half before July. The purchase this year, by the way, is \$1.3 million. That is the current purchase order.

**Mr. Penikett:** Let me deal with recommendation number two. "The department should establish procedures to ensure that the fund limit is not exceeded at any time". The government's comment was, "The fund has been established at \$2,000,000 in the *Financial Administration Act* to allow change in delivery schedule precipitated by the closure of the White Pass and Yukon Railroad. With the rail closure, the total tonnage required had to move up the highway system. Scheduling was changed to require delivery of the annual tonnage prior to March 31, before the spring break-up, rather than in two movements bracketing the fiscal year-end. Procedures are now in place to ensure that the fund limit will not be exceeded".

Could you briefly elaborate on that?

**Mr. Kent:** I come back to the cause of the initial concern when we went over. We knew that if the change in legislation was not forthcoming at an early date that we would exceed the fund. We have always been able to control and manage the account. We knew where we stood, so I have to refer to the early instance when, because the decision was made to order it in one bulk sum earlier, we knew it would exceed the fund unless legislation was changed. In that context, I have a hard time answering your question.

**Mr. Penikett:** I am sorry. You will understand my hard time. I am reading the government's response to the Auditor General and I am asking you to explain it, that is all. It says, "Procedures are now in place to ensure the fund limit will not be exceeded".

**Mr. Kent:** I guess I should say, "Procedures are now, and have been, in place to ensure that the fund limit will not be exceeded".

**Mr. Penikett:** I will ask other members of the committee if they have any questions on that in a minute.

We are talking about calcium chloride here, which you have described as being used twice in a year, in June and August. I would like to refer you to page 50 of the Yukon *Hansard* for 1984. In Question Period on March 26, 1984, Mr. Tracey, the Minister of Highways at the time, was asked about winter application of salt to Yukon roads. He was asked if he could tell the House when the decision to use sodium chloride for snow and ice control was actually taken. Mr. Tracey said, "Not specifically, but I do know that the decision was made to use sodium chloride over this past winter. Calcium chloride has proven hard on vehicles, whereas sodium chloride has not. Calcium chloride also holds moisture at the surface of the road and sodium chloride does not. So the decision has been made, as in most other areas of Canada, to use sodium chloride mixed with sand in order to remove the ice off the road. I know there has been some concern expressed by certain people in the territory who do not like to see dirty roads..."

This answer seems to indicate that there was some calcium chloride also used, or has historically been used in winter on the roads here, or tried on the roads in winter.

"Can you tell me if that is the case?"

**Mr. Kent:** I am certain that sodium chloride has never been used as a salt control except possibly on an experimental basis, but I will refer that to Mr. Koken.

**Mr. Penikett:** Mr. Koken?

**Mr. Koken:** I am not sure, but I think that calcium chloride is better than the other calcium chloride which is talked about here, and was used in the past.

**Mr. Penikett:** So it has been used, but it is not the same inventory of calcium chloride?

**Mr. Koken:** No. This is somewhat different. It comes in bags.

**Mr. Penikett:** Okay. Let me ask you then if of the sodium chloride referred to here, none of this was included in the inventory referred to by the Auditor General's report?

**Mr. Koken:** No.

**Mr. Penikett:** So any of this sodium chloride or calcium chloride purchased for winter use would have been purchased out of a different account?

**Mr. Koken:** Yes.

**Mr. Penikett:** Does anybody else have any questions on that? Mr. Falle?

**Mr. Falle:** Yes, I have one question I would like to refer to Mr. Koken. Basically what it is is: in your answer you stated that the rules had to be changed because the closure of White Pass Railway, the salt is now being trucked up the highway. I would like to know: have you saved any money by trucking?

**Mr. Koken:** That is very difficult to answer. We are trucking during the slack time of the trucking industry in the Yukon, and we get very competitive prices. To compare it to ships, I would not know. Are you asking how much difference this trucking costs rather than rail?

**Mr. Falle:** I realize you cannot compare with the railroad, because you cannot get any bids presently from the railroad, but it cost a certain amount of dollars to haul it up when it was running versus now. The question is: is the price about the same or are we losing, because we are taking about the same amount of calcium, I would imagine.

**Mr. Koken:** I would assume it would cost more but I have not looked at that.

**Mr. Penikett:** Mr. Koken perhaps you could take a quick look at those numbers, and perhaps you could give us some kind of indication of the global amounts. Does anybody else have any questions on this point? Mr. Byblow?

**Mr. Byblow:** With regard to the sodium chloride, you said earlier that it was not part of the inventory represented in the figures of the Auditor General's report. Have you an idea, by estimate, of the inventory of sodium chloride?

**Mr. Koken:** This is usually purchased for immediate use on roads late in the fall and early in the winter, and I believe it is charged directly to the account where it would be used. It is then used. It does not go by the stores procedures.

**Mr. Byblow:** So you do not know how much is purchased?

**Mr. Koken:** We know how much is purchased. We could look at the purchase order and find out, yes.

**Mr. Byblow:** I was just trying to establish a comparison on inventory of sodium chloride to calcium chloride, or use through the year.

**Mr. Kent:** I can secure that.

**Mr. Byblow:** You indicated that you just purchased \$1.3 million worth of calcium chloride for this year. Inventory in March of last year was \$1.9 million. Why the drop in the amount purchased this year?

**Mr. Kent:** My understanding is that we are finally starting to get some benefits from our extensive BST program.

**Mr. Penikett:** Let me move on to another exciting topic: motor vehicle licensing, on page 14 of the Auditor General's Report On Any Other Matter, item 10. This has to do with internal control deficiencies in the handling of licence plates and decals. The Auditor General noted that "unused decals held by the territorial agents were not being returned to the department at the end of each renewal year; a physical count of the unissued plates and decals held by the department was not being made and together with the unissued plates and decals held by the territorial agents, reconciled with the control records to account for the cash received, and, the employees responsible for preparing the cash blotter has overall control of the licence plates and decals".

As I would understand the problem, you could have had losses there and you have no way of knowing how much, when or by whom. Is that the case?

**Mr. Kent:** Yes, sir.

**Mr. Penikett:** Have you any experience to indicate that you might have had a problem in that area?

**Mr. Koken:** No.

**Mr. Penikett:** The Auditor General's recommendation was that "the territorial agents should return unissued decals to the department at the end of each renewable year". The government's comment was, "The territorial agents now return unused decals to the motor vehicles branch at the end of the renewal year."

Could you confirm the effective date of that new procedure?

**Mr. Koken:** The decals were returned last year. The plates will be returned at the end of this fiscal year. We have had meetings on that particular subject over the last few weeks.

**Mr. Penikett:** Decals were returned last year at the time licences were dealt with, and the plates will be returned this year as the licensing procedure goes through, to what, March 1?

**Mr. Koken:** Yes.

**Mr. Penikett:** The second recommendation was that "the department should undertake a physical count of unissued plates and decals at the end of each year and reconcile the inventory with control records". The government's comment was that a "physical count of unissued plates and decals will be done at the end of the current year and reconciled with the issue records". Can I reconfirm that that will be the situation with you?

**Mr. Koken:** Yes. We have made an agreement with the Yukon Liquor Corporation to check plates in the outlying areas. Whenever they take their liquor inventory, they will also count our plates and decals. We will now require that not only the decals but also the plates be returned to us at year-end, or be counted.

We will accept, though, the inventory of plates held by

government services, because they are there in large quantities.  
 " We would have to accept their count.

**Mr. Penikett:** Just let me go to the third recommendation of the Auditor General: "The department should establish overall control of plates and decals through a person independent of the cash function". The government responded to that by saying that "commencing February 1st, 1985", — I guess that is a few days ago —, "(a new licence year), the decals will be maintained and reconciled by the Finance Administration branch and the cash collection and reconciliation will be performed by the Motor Vehicles branch". Can I reconfirm that with you, Mr. Koken?

**Mr. Koken:** Yes, the decals were indeed transferred to us. They are now under lock and key in this building. They are issued on an as-needed basis. We have not worked out the details yet. We are thinking in terms of issuing perhaps one or two weeks of supplies and then issue each week. We will control the issue of the decals from here. We will make periodic audits of the Motor Vehicles branch as to decals and cash on hand and we will balance it against the issues.

**Mr. Penikett:** Do any other members of the committee have questions on this subject?

The next subject is the question of land development costs inventory and I think we might want to spend some time on this. Can I suggest, therefore, if nobody dissents on the committee, we might take a coffee break right now, and reconvene at 10:30, to begin with that subject. Is there any problem with that in committee? Okay. The committee will recess for fifteen minutes.

#### *Recess*

" **Mr. Penikett:** Before we broke, Mr. Kent, I indicated we were going to go on to the land development cost inventory. But before we do that, a couple of the members of committee have supplementary questions that they want to pursue from one of your items this morning. For that purpose I will recognize first Mr. Ashley.

**Mr. Ashley:** To Mr. Koken, on page 13, item 8, under the road equipment replacement account fund, you mentioned that it was going to take an interval of six weeks accounting to write off depreciation. To me that should be just a journal voucher or internal accounting.

**Mr. Koken:** No, I do not think I said that. I said it takes six weeks for the paper to flow through.

**Mr. Ashley:** The paperwork to go through?

**Mr. Koken:** The paperwork to go through.

**Mr. Ashley:** Internally, within your office? That is what I am saying. So to write off a piece of equipment it takes six weeks within your own internal paperwork?

**Mr. Kent:** No, I think what is being said is that from the time a piece of equipment operates until the fund is credited with the depreciation charge, which permits you to buy more equipment, is approximately six weeks.

**Mr. Ashley:** From the time it has arrived in your hands?

**Mr. Kent:** No. There is a piece of equipment out ploughing your road today, and what Mr. Koken said is that it takes six weeks for the portion of the charge-out rate related to the depreciation to get into the equipment replacement fund.

**Mr. Ashley:** And you are starting that system to try and upgrade it to try and improve it from the six week time length?

**Mr. Koken:** That is correct, yes.

**Mr. Ashley:** Also for the writing off of that equipment, did you also mention that? When a piece of equipment broke down, and is to be written off, does that also take six weeks so that that amount also comes into the fund. Is that how that operates?

**Mr. Koken:** No, when a piece of equipment becomes unserviceable, then it is sidelined. The next thing that happens is it goes before the Board of Survey for write-off. When that is approved then it is sold at the next auction, which may be half a year hence, and the recovery during the auction goes into the equipment replacement fund. That could be many months after the piece of equipment has been declared unserviceable.

**Mr. Ashley:** Just back on to this six week part, it still really

bothers me. Could you tell me what it would normally take in other circumstances to do journal entries like that?

**Mr. Koken:** What we are dealing here with is the central machine account into which flows money derived from equipment rental rates. It is replenished constantly by the use of equipment. From this central machine account money flows out to the garage operations, to operate the garage.

" What is left over, after that is done, in the central machine account, overflows into the equipment replacement account, and that is where we do the purchasing.

**Mr. Ashley:** Currently, that is taking six weeks?

**Mr. Koken:** There are many, many functions within that central machine account. The credits flow into the account; the time money is drawn out of it to garage operations, the fuel oil costs are charged, and the suppliers are paid. All of these are separate accounting functions. There are many involved. In the garage operations, there are accounts within accounts. Only then do you know the balance of the account at any given time.

It depends upon various paper flows, as to how the account stands. One problem we had — perhaps I did not make myself clear — was that we were unable to closely read the account at times. We have greatly improved on that in the last few months. We are now taking monthly readings. At the time under review, we failed to do that. That was one of the problems.

**Mr. Ashley:** You are saying that the system is improved. How long do you think it will take now?

**Mr. Koken:** It has improved. We are steadily pushing the paper work through, but it is the system that has to be changed, and the system will be changed within a year. We are really working on that right now.

**Mr. Kent:** There are limitations to this. Ideally, I guess what would happen, is that at the end of today, that snowplow operator checks how many hours he works today, and then he runs in from Watson Lake and says, "You know, there is \$5 that should be credited to the equipment replacement fund". But you just cannot do that. There is no sense in sending in daily reports of how many hours all the equipment worked. You wait for the end of the month and each garage would send in its report as to how much equipment was used, what type of equipment was used for how many hours and what the depreciation rate on that is, and then you go through your various paper processes.

There is a limit to how much time, effort and resources you want to put into that.

**Mr. Penikett:** We take your point, Mr. Kent. We would still appreciate an answer though, given that it takes six weeks now, and given the hope for improvements in the process as described by Mr. Koken, when those improvements are made: how long will it take?

**Mr. Kent:** I cannot answer that question.

**Mr. Koken:** I would think this depends upon the proposals that will be made by consultants. Will we end up with a direct on-line system? I do not know what the final findings of that will be.

Terms of reference were given to the consultants. This is one major point.

**Mr. Penikett:** Mr. Koken, you are a person who has a reputation of being infinitely knowledgeable about your own department. We find it remarkable how little you are willing to share with us this morning.

" Do you think you might be able to reduce it down to four weeks? Three weeks? Two weeks? What is the scale of the improvement you hope to achieve with these new processes?

**Mr. Koken:** I would say it is more in the one week range.

**Mr. Penikett:** Thank you. Mr. Byblow, you have a question.

**Mr. Byblow:** I have a question related to motor vehicle licensing. Does the Motor Vehicles branch receive new plate issues from their supplier source during the course of the year? Or, what I am asking is, is the full inventory of plates and decals procured prior to the licence year, and there is no additional inventory purchased of licence plates during the course of the year?

**Mr. Koken:** Not to my knowledge, no.

**Mr. Byblow:** Who makes the decision with respect to a changed licence plate style, colour or design?

**Mr. Koken:** I am not too sure. I would assume that that is a

recommendation from the Motor Vehicle branch and that it be approved by the minister, but I am not too sure of that.

**Mr. Penikett:** Could you check on that for us?

**Mr. Koken:** Certainly.

**Mr. Byblow:** I would have had a follow-up question to that if there was an answer.

**Mr. Kent:** I can answer that question. The minister approves the design and the colour of the licence plate.

**Mr. Byblow:** In that there was a change this year, for example, that would have been under ministerial direction?

**Mr. Kent:** I believe, and I will confirm this, that the decision to change the licence plates is a Cabinet or Management Board decision, but the particular design or colour would be a ministerial decision.

**Mr. Penikett:** Let us go to land now. Because this is a complicated matter, Mr. Kent, let me read from page 15 of the Auditor General's Report On Any Other Matter. Item 11, Land Development Costs Inventory: "Our reports to Council for the past three years have 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 government's substantial land inventories. The government's policy is to charge these costs to expenditure when incurred, and to recognize revenue from the sales of land at the time of sale. The department estimated the land development costs inventory at March 31st, 1983, to be \$18 million.

In responding to the recommendations of our 1983 report to Council, the department referred to discrepancies and inconsistencies between the land inventory records and land registry, which had to be investigated. The investigation was extremely time-consuming, and although a considerable amount of work had been done, a more realistic time frame to complete this work would be March 31st, 1985, instead of March 31, 1984, as recommended by us.

"The department is working towards meeting this objective. In the meantime, the government, in 1984, approved the department's land costing policies. Should the department meet its objective of completing the land inventory by March 31, 1985, the department will be in a position to implement the other recommendations made by us. These recommendations relate to disclosure in the financial statements of the development cost of land for sale as an asset of the government, and commencing in the 1985-86 capital estimates, disclosure in the capital estimates of the proper funding requirements for land development cost expenditures and the cost of land development inventory".

The recommendation of the Auditor General was that "the department should take every action to ensure that the development costs of land for sale are determined by March 31, 1985". The government's comment was that "the department is taking every action to ensure that the development costs of land for sale are determined by March 31, 1985. The 1985-86 capital estimates disclosed the recovery component of land developed for sale. The financial statements for the 1984-85 fiscal year will disclose the value of the finished land inventory, and the development inventory as an asset of the Government of Yukon".

Perhaps Mr. Kent or Mr. Knight might want to share with us something about the problems that you had in completing the work by March 31, 1984, described here, and talk to us about the conclusion that a more realistic timeframe to complete this work would be March 31, 1985?

**Mr. Kent:** Other than the statement that we will meet this commitment deadline, and the work will be completed by March 31, 1985, we will fulfill the commitment?

**Mr. Penikett:** I was just curious about the problems you ran into. Could you describe the nature of the problems.

**Ms Zatorski:** Some of the problems encountered were the requirement of staff time in order to actually confirm that those developments were there, and the properties were there, and to do the physical check to the registry. Once all the time was made available and the checks were done, the time component was then eliminated. It was a delay as a result of the resources available to complete the inventory.

**Mr. Penikett:** It turned out to be a bigger job than was originally anticipated?

**Ms Zatorski:** That is correct.

**Mr. Penikett:** The Auditor General notes here, "In the meantime, the government, in 1984, approved the department's land costing policies." Could you indicate something about the broad principles of those policies?

**Mr. Kent:** I would like to refer that question to Mr. Knight.

**Mr. Knight:** The government has adopted a policy to sell residential land at development cost. These development costs include costs involved in preliminary site selection, planning, design, legal survey, geotechnical work and municipal infrastructure where required. Essentially, all the costs that could be associated with that particular development are then appropriated on the basis of a market value establishment.

In other words, market values are taken of each individual lot in a particular development, and that ratio of an individual lot to the total market value of the overall development, times the development costs, will allow us to arrive at a cost per lot.

**Mr. Penikett:** Could you just explain to me briefly the charge that we might, if we were talking about a private developer here, describe to interest costs, or the carrying cost of land that may have been developed some time ago but is now finding its way into the market for, perhaps, a number of years hence? Presumably if there is something relating to an interest charge it would be fairly arbitrary because you are not, in fact, borrowing the money, I assume.

**Mr. Knight:** If I could clarify that for you, Mr. Chairman, we have not, up to date, been charging carrying costs on what we deemed to be developments in progress. Carrying costs since 1983 have been charged on finished land inventory, and they reflect the borrowing experience of the Government of Yukon. However, beginning with the upcoming fiscal year, we will be charging carrying costs as we now do on finished land to those developments which are in progress.

**Mr. Penikett:** I think I understand your answer there. You are saying that cost is only applied to the time of sale — or that charge for interest.

**Mr. Knight:** At the present time.

**Mr. Penikett:** My question was a different one. Can you tell me how that charge was calculated, and on what basis? You said it was based on the borrowing experience of the government at the time — at prime rate plus whatever — whether or not you had to borrow the money to develop the land.

**Mr. Knight:** That is correct. The interest rates that we calculate for carrying charges on finished inventory presently are set semi-annually by the Department of Finance.

**Mr. Penikett:** Just before I move on to the next item, let me ask if any member of the committee has any question about this particular one, about the inventory.

**Mr. Brewster:** As I understand it, on the property, you charge interest each year. Is this correct? In other words, if a person did not buy for five years, he would be paying five years of interest?

**Mr. Knight:** That is correct.

**Mr. Brewster:** When do we get to the point where we stop this interest? Will we not be having this property out of price in a very short term?

**Mr. Knight:** There is a possibility that the application of these finished land carrying costs could drive the price of the property beyond what the market acceptability is. In that case, those particular developments, or that particular inventory, would be referred to Cabinet for decision and approval to either suspend the carrying costs application or reduce it.

**Mr. Penikett:** Let me move on then, if I may, Mr. Knight, to the next question which is land sales.

I am reading from page 16, item 12: "The provision in respect of the determination of the sale price of land requires that it be based on development costs, with each lot bearing an equitable portion of the costs, including such costs as carrying charges."

At the end of that paragraph, there is this concluding pair of sentences: "For example, the main portion of the costs of the Hillcrest development is included in work in process at a total cost

of about \$9,000,000. The costs were primarily incurred between 1979 and 1980."

Before I ask you about the Auditor General's recommendation there, and the response, I wonder if I could just try to walk through a couple of questions I have. Perhaps you would be patient and gentle with me, because I am not as knowledgeable as you in some of these numbers.

**Mr. Knight:** I hate to hear statements like that.

**Mr. Penikett:** I am looking at the \$9,000,000 number here, in fact, about 557 lots, I think it was confirmed yesterday.

**Mr. Knight:** The \$9,000,000 covers essentially two phases of the development. The 557 lots which you referred to were planned as phase one. However, additional common services and legal survey of the second phase is also included in the \$9,000,000 referred to.

**Mr. Penikett:** That would puzzle me, because that would work out to \$16,000 a lot without the interest charges. What portion of that \$9,000,000 would be for the first phase?

**Mr. Knight:** I am estimating now. I would say roughly between five and six million.

Some of that is costs attributed to common services such as the access road and reservoir, which would serve future phases, et cetera.

**Mr. Penikett:** That would still work out to, in terms of the first phase, between \$11,000 and \$12,000 a lot. That relates to my question. I note from the *Yukon Gazette*, Part 2, November 15, 1984, page 507, that seven lots were sold in that area for less than \$6,000 each. In the House, the minister responded to this question: "For the record, is the minister saying that in the case of these lots, interest charges have been included in the sale price, including all development costs, including carrying costs to this date from 1977?" The minister said, "That is what I am saying".

Given that 11 to 12 thousand dollar costs per lot, by these calculations, and given the price of the lots as recorded in the *Yukon Gazette*, and given the minister's statement that this was following the development cost policy, plus an interest charge, can you square those numbers for me?

**Mr. Knight:** I believe I can shed some light on that. The infrastructure is not activated in the Hillcrest-McIntyre subdivision.

**Mr. Knight:** The way it works is, the system as it stands now is essentially a dry system, for which the water lines have not been charged and the sewer lines have not been activated. When those lots were sold to the federal government, there was a recognition made in the price that those services were not actuated, and that for the initial phase until sufficient development was contemplated to activate those services, those costs were taken out of the purchase price. In other words, what the price included was the price for the legal survey, the roads to their present condition, the power and phone, and but did not include any water and sewer charges because, quite frankly, the purchasers did not have access to them at this particular point in time.

**Mr. Penikett:** Okay, I take that explanation, but it still seems to me, Mr. Knight, that it is questionable, then, whether they were in fact sold the full development costs because they are being sold for less than half the development cost. The charges you talked about to upgrade or activate the services surely could not come to \$5,000 or \$6,000 a lot, could they?

**Mr. Knight:** They could. Obviously sewer and water installations are fairly expensive on a front foot basis.

**Mr. Penikett:** The main lines are in there now?

**Mr. Knight:** That is correct. However, the purchasers do not have use of them, so there will be an adjustment to those prices that were charged on the seven lots when and if an overall agreement is concluded with respect to the purchase of the subdivision.

**Mr. Penikett:** Given that these lots were developed some time ago, if they were to go to private sale now, with the sewer and water be hooked up, and given that you are adding interest charges to the \$11,000 or \$12,000 approximate cost — I am just doing rough calculations here — what would the approximate price be, given your knowledge of the interest charges?

**Mr. Knight:** Well, as I mentioned in previous statements, Mr. Chairman, that development is presently considered to be work in

progress, or development in progress. As such, we will not be beginning to appropriate carrying costs to that until the beginning of the 1984-85 fiscal year.

**Mr. Penikett:** So assuming that, let us say that in the next fiscal year some lots go on for private sale, given the way you calculate these things — I am just looking at this as an example —, what would the sale price of those lots be, approximately?

**Mr. Knight:** I would estimate that they are going to be, by the time you add curb, gutter and paving, they would probably be in the \$18,000 to \$22,000 range. But that is just ...

**Mr. Penikett:** That is including interest?

**Mr. Knight:** That would include one year's interest, that is correct.

**Mr. Penikett:** So, the price to the federal government for these seven lots was something like between a quarter and a third of the actual cost to a private purchaser some time down the road?

**Mr. Knight:** Oh, no, as I mentioned before, the present price does not include curb, gutter and paving.

**Mr. Penikett:** But let me understand ...

**Mr. Knight:** It does also not include those costs which are appropriated to the sewer and water installation.

**Mr. Penikett:** As I understand it from what you indicated to me, at the point when you turn on or perhaps hook up the sewer and water, the federal government will be charged for that?

**Mr. Knight:** Yes.

**Mr. Penikett:** So, the price of those lots could suddenly jump to between \$11,000 and \$12,000, which is your actual cost. Will you then be going after then to recover the interest costs on those lots at that point?

**Mr. Knight:** I do not believe so, because until that subdivision is completed, it remains work in progress, and we will only begin to start charging carrying costs on that effective April 1st of this year.

**Mr. Penikett:** The price that has been recorded in the *Yukon Gazette* — a little less than \$6,000 — is, if you like, a conditional price?

**Mr. Knight:** That is correct.

**Mr. Penikett:** These people do not have full and clear title to a standard residential lot because they do not have all the services that they normally get. They have been sold for a little less than \$6,000. There will be a subsequent fee to pay if they get the sewer and water hook-ups that everyone else would get in a normal residential subdivision. They would not, if I understand correctly, be charged the interest which other purchasers will pay somewhere down the road.

**Mr. Knight:** They will not be charged interest. The development is not accruing interest and will not be until April 1, 1985.

**Mr. Penikett:** But, as an accounting policy, you are going to be going to a system where, at any point during a year, you will be able to record the interest charges on the lots to a certain point, will you not?

**Mr. Knight:** Yes.

**Mr. Penikett:** In a year from now, if someone buys them, those interest charges will be applied to the sale price of those lots.

**Mr. Knight:** Once the development is complete, and the curbs, gutter and paving are in place, and all the infrastructure is brought up to standard, and the land development is transferred into finished inventory, as a finished development, the standard semi-annual interest calculations will start to apply.

**Mr. Penikett:** I explained that you have to be patient and gentle with me. As I understand it, the federal government has paid something less than \$6,000 each for these seven lots now. When they get full services — sewer, water and all that stuff — they will pay another charge, perhaps a similar amount, on top of that. Will they also be charged an interest charge at some point when the subdivision is fully in operation?

**Mr. Kent:** Perhaps I could help in that regard. I believe that what we will do is, at April 1, 1985 we will look at exactly how much money we have tied up in that place, in work and progress. We will deduct from that, say, the \$40,000 the feds have paid us. On the balance, we will start applying interest. When we negotiate our agreement with the federal government for all the lots, we will simply say: "This is the outstanding amount you owe us."

**Mr. Penikett:** There is no sense at all in which the price recorded

in the *Yukon Gazette* is the price for those lots? It is almost a down payment?

**Mr. Kent:** If you like, or it reflects what is available for what they bought.

**Mr. Penikett:** But, because they will subsequently be getting more services, or full services, for that subdivision when it is fully developed, you are not going to be charging the other purchasers for those costs for these lots; you are going to be charging the purchaser in this case, the federal government, for these lots?

**Mr. Kent:** It is all the same purchaser.

**Mr. Penikett:** I assume the federal government is not going to be purchasing all 557 lots in the Hillcrest subdivision.

**Mr. Kent:** I believe they are, sir.

**Mr. Penikett:** Oh, are they? This is news to me. All 557 lots?

**Mr. Kent:** Maybe I should explain.

**Mr. Penikett:** That will certainly be a revelation to the people in the area.

**Mr. Kent:** Hillcrest was basically designed for five major nodes, of which one node is this 500 or so lots. Negotiations, to date, are that the federal government, on behalf of the Whitehorse band, will buy the whole node.

**Mr. Penikett:** The federal government is going to buy the whole node. In other words, it is probably not going to be developed in the way it was originally planned. The federal government is going to pick up — and I mean to be clear about this, as it is the final point — by your estimate, Mr. Knight, what portion of the \$9 million?

**Mr. Knight:** They will pick up those costs which are directly attributable to the McIntyre phase I, plus that portion of the common service costs which are applicable, based on the total conceived development of the area. In other words, if 2,000 lots were contemplated and planned and designed, they would roughly pick a quarter of the common service costs.

**Mr. Penikett:** Could you give me an idea of what that might mean in dollars?

**Mr. Knight:** I think roughly somewhere in the \$5 million to \$7 million range.

**Mr. Penikett:** And this is on the assumption that the entire Whitehorse Indian Band will be relocating there?

**Mr. Knight:** I believe that is contemplated.

**Mr. Penikett:** Has anyone else any questions of this particular aspect before I ask some more general questions?

The recommendation of the Auditor General in this respect is that "the department should include the carrying charges in the work-in-process land inventory as development progresses so as to ensure compliance with the regulations". The government's comment was that "the department would include, commencing April 1st, 1985, the carrying charges of the work-in-progress land inventory as the development progresses".

I think you previously explained that, but just to be clear, Mr. Knight, what that means is, unlike today, as of that date, you will be able to account for those things like interest charges at any given point, even on land that is not on the market yet?

**Mr. Knight:** If, for example, a project spans two or more fiscal years between inception and completion, before it is offered for sale or transferred into finished land inventory, the costs incurred in developing a particular project will now bear the carrying costs.

**Mr. Penikett:** Does anybody else have any questions on this particular point?

I suspect that you have given me a couple of things to think about and I may want to get back to this when I have sorted it through in my own mind, because even as someone who allegedly represents this area, some of this is news to me.

Let me then suggest that we might move on to Yukon Housing, which is page 23. I will ask you, for that purpose, to submit to the tender mercies of Mr. Brewster.

**Mr. Brewster:** We will go on to page 24 of the Auditor's Report On Any Other Matters. The first recommendation was: "The Corporation should establish a proper segregation of duties to ensure independent control of the output". The Corporation's comment was "The finance and administrative duties of the Corporation have now been assigned to the Director of Finance and

Administration Department of Community and Transportation Services and his staff".

» What date was this transfer made?

**Ms Zatorski:** Prior to the fiscal year end, 1984.

**Mr. Brewster:** Could you possibly look it up and give us an exact date?

**Ms Zatorski:** Yes, I can.

**Mr. Brewster:** For clarification, I presume that the finance department would look after the financing and the department of community affairs would look after the administration of the actual buildings. Is this correct?

Could you give us an actual breakdown of which department does what?

**Ms Zatorski:** As far as the usage of the computer?

What exactly are you looking for a breakdown of?

**Mr. Brewster:** A breakdown of what the finance department has; what part of the corporation they handle, which I presume would be the financing, and what part the communities and transportation department handles, which presumably would be the actual administration of the buildings and that.

**Ms Zatorski:** The finance department is not involved with the accounting of the Yukon Housing Corporation. The corporation does its own accounting.

The method in which they get involved is through regular reporting requirements of the corporation to the Department of Finance on a regular reporting basis.

Maybe I should ask Mr. Knight to talk about what component the corporation handles as far as the unit is concerned.

**Mr. Knight:** The finance administration branch of the Department of Community and Transportation Services is handling the accounting function for and on behalf of the Yukon Housing Corporation. The Housing Corporation continues to administer all programs in the area of social housing and in the area of staff housing.

The maintenance and repair function is being handled as an administrative unit by the Department of Government Services.

**Mr. Brewster:** Moving onto recommendation number two on page 24: "The Corporation should establish priorities and develop procedures for correcting the above deficiencies as soon as possible". The Corporation's comment was: "Computer systems and procedures are now in the process of being documented in the Financial Administration Manual". When is this likely to be completed?

» **Mr. Kent:** In answer to that question, there are four paragraphs. They are an attempt to answer those five questions above. The first paragraph attempts to answer the concerns in one and two. The next paragraph relates to the third dot, and the next two paragraphs relate to the latter two dots. Having said that, can I direct this question to you, Greg?

**Mr. Penikett:** Ms Zatorski?

**Ms Zatorski:** There is presently a financial administration manual on the computer system. It is nearing completion. There are a few areas that are not completed. They should be completed within the next few months. It is written from a user point of view. It documents the system and how to go about utilizing the system. The computer software is purchased in package form from the vendor, and the Corporation does not do its own customizing in that area. The regular backing up on the computer is performed on a weekly basis. Its data files are stored off site. Those systems are in place as well. The department is formulating contingencies on other back-up plans in the event of a failure of system, or something.

**Mr. Penikett:** I just might have one quick question, if I could. It relates to the re-organization. Mr. Knight, you are also now General Manager of the Yukon Housing Corporation?

**Mr. Knight:** That is correct.

**Mr. Penikett:** Could I ask you who you report to in that capacity?

**Mr. Knight:** The Board of Directors.

**Mr. Penikett:** And it was the Board of Directors that appointed you to that position?

**Mr. Knight:** That is correct.

**Mr. Penikett:** In addition to your other position in the Public

Service of the Yukon Territory?

**Mr. Knight:** Yes, that is correct.

**Mr. Penikett:** Do you receive a salary for that position?

**Mr. Knight:** No, I do not.

**Mr. Penikett:** I am just curious. So, you, in essence, wear two hats. When you are working for the Housing Corporation, you report to the Board, and when you work as Director to Lands, you report to Mr. Kent here?

**Mr. Knight:** Yes, that is correct.

**Mr. Penikett:** Are there ever occasions of conflict there?

**Mr. Knight:** No, it has been a very happy marriage so far.

**Mr. Penikett:** Since you, in essence, represent both partners in the marriage. Mr. Brewster?

**Mr. Brewster:** On to page 26 now, on recommendation one: "Year end planning should commence prior to the year end and standardized procedures and pro-forma working papers should be developed to ensure the timely preparation of complete and reliable financial statements". The Corporation's comments are: "Every attempt will be made to close the year end in a timely and orderly fashion for 1984-85. Implementation of standardized procedures ...".

» Could you explain those last three words?

**Mr. Anderson:** The implementation of standardized procedures would be regular accounting type functions that should occur on a monthly basis. At year-end, it would basically occur for the last period of the year. Standardized procedure, for example, could be a bank reconciliation to ensure that your cash position is accurate; therefore, you would do that standard procedure all during the year. At the end of the year, for the last period, you would do it.

Another procedure would be reconciling your accounts receivable or accounts payable sub-ledgers back to your general ledger control account, and so on and so forth. Is that the type of thing you are looking for?

**Mr. Brewster:** I will go on to page 27, recommendation one: "The Corporation should establish a system to ensure that claims on CMHC are prepared and submitted on a quarterly basis as agreed to by CMHC".

The corporation's comments are: "A system will be established so that claims on CMHC are prepared and submitted on a quarterly basis for the fiscal year 1985-86".

What date would you expect this to come into effect?

**Ms Zatorski:** It would come into effect with the first claim of the 1985-86 year, which will be placed on CMHC the first week of March. We claim on actuals for the first two months, January and February, and we estimate for the month of March. So at the beginning of March, the first claim for 1985-86, will be forwarded.

**Mr. Brewster:** We will go to page 28, recommendation number one: "The signature plate and signature stamp should be kept in the safe in a locked box under the control of a person independent of the cheque issue process".

The corporation's comments are: "Signature plates and stamps are now being stored in a safe under the control of the director of finance and administration Department of Community and Transportation Services who is independent of the cheque issue process". What date did this come into effect?

**Mr. Anderson:** This would have occurred approximately the last week of January.

**Mr. Brewster:** Recommendation number three: "Cancelled cheques should be voided but not destroyed".

Corporation's comments: "All cancelled cheques will now be voided but not destroyed".

Does this mean that the corporation will account for all cheques issued now?

**Mr. Anderson:** Yes, sir.

**Mr. Penikett:** Could I just ask if anyone knows yet what happened to cheques HA17925 to 7 and HA17960?

**Mr. Anderson:** No.

**Mr. Penikett:** Is there any prospect of finding out?

**Mr. Anderson:** I can certainly investigate it, yes.

**Mr. Penikett:** It is noted by the Auditor General. I assume there has been some curiosity about it before now.

» **Mr. Anderson:** Depending on the series that these are within,

in which time they would have gone missing — ie. if it was the beginning of last year — if they have not subsequently turned up any place, if they have not come through the bank, if they have not been found somewhere, then they are presumed to be currently lost.

**Mr. Brewster:** On recommendation number four: "A commitment control system should be established and maintained to control expenditures". The Corporation's comments were: "The Corporation agrees that a commitment control system is worthwhile and every attempt will be made to implement a commitment system in the future". Has this been done to date, and if so, what date?

**Mr. Anderson:** No, sir. It has not been done and it will be some time before it is in place.

**Mr. Brewster:** When you mean some time, is that six months, years, or ...?

**Mr. Koken:** The computerized system is about one year away. A manual commitment control can be implemented shortly after April 1 of this year.

**Mr. Brewster:** Recommendation number five: "Procedure should be established to ensure compliance with the contract bylaw". The Corporation's comments are: "Procedures are now being developed to ensure compliance with the contract bylaw". Could you indicate what date in 1985-86, or when this will be completed?

**Mr. Koken:** We will commence complying with the bylaw almost immediately. With the appointment of the General Manager in place, contracts and commitments will now go through the financial section of the department, so we will have some control there.

**Mr. Penikett:** Will you permit me a supplementary, Mr. Brewster?

**Mr. Brewster:** Yes.

**Mr. Penikett:** In reference to the final sentence in the paragraph, describing purchasing function deficiencies, "a contract exceeding \$18,000 was executed without public tender, contrary to section 13(4), which requires contracts over \$10,000 to be the subject of public tender". To whom was that contract issued, for what and on whose authority?

**Mr. Kent:** I do not have that information but perhaps someone else has it.

**Mr. Penikett:** Can it be obtained readily? We have a commitment that that information will be obtained.

**Mr. Brewster:** On page 29, recommendation six: "The program administrator should ensure that rental revenues collected by housing associations are remitted on a timely basis and reconciled with their remittance". The Corporation's comments were: "Procedures are being developed to ensure that rental revenues collected by the local associations are remitted on a timely basis for subsequent reconciliation on a scheduled basis". Has this been done, and developed yet, and if so, what date?

**Mr. Anderson:** We are in the process of doing this. What we have done in terms of procedures, is to put in place a one-write system for each of the local housing managers in Mayo and Dawson, et cetera, to use. This system has already been put in place. This is a new system, and this will help ensure the timely remittance of funds, and also enable us to more easily go back and reconcile receipt of funds. In addition to this, we are also receiving from the various associations a copy of their monthly bank statement, to enable us to go back and reconcile what they are putting into the bank with what they are reporting to us.

» In terms of further development, there is perhaps some further refinement to the one-write system to make it more easy for these various people to use, and we also are looking at a procedure whereby we can have direct access to the bank accounts, which we do not have now, and also these bank accounts would be set up as straight transfer accounts, ie. any money that is put in these accounts is directly transferred to the Corporation's account in Whitehorse, as opposed to cheques being written on the accounts.

**Mr. Brewster:** Do you feel comfortable with the system as it is progressing along?

**Mr. Anderson:** Yes.

**Mr. Penikett:** Mr. Ashley, supplementary?

**Mr. Ashley:** Due to a problem that has cropped up in Yukon

Housing, which happened in Dawson — I read about it in the newspaper — it looked like controls were not in place in Yukon Housing to find out when something is going wrong in that manager's control. Have there been audits since then put in place, or a system of auditing, to find out how many people are living in units, as compared to what will also fit in with this one-write system, to check that out? Do you do any audits of that type?

**Mr. Knight:** The situation that Mr. Ashley refers to is a situation which is under criminal investigation now, I believe, is that correct?

**Mr. Ashley:** The sentence has already been handed out.

**Mr. Knight:** The investigation did not indicate that there was really anything that the Corporation could have done to prevent what happened.

**Mr. Ashley:** Actually what I am asking is, is there a system of auditing the number of the people that are in the houses, or is only that manager the person who knows how many houses are filled?

**Mr. Knight:** The Corporation in Whitehorse has that information.

**Mr. Ashley:** So you do audits. Your person goes around and does a check to see how many people are in the units, compared to how many are being written down in your one-write system? That system sounds much improved from what it was. I am happy about that. But I still want to make sure that for the people that are in the units, that there is a control basis there as well.

**Mr. Knight:** That particular question I will have to take under advisement and check with the program administrator. I could do that for you, if you wish.

**Mr. Penikett:** Mr. Anderson, did you have anything to add about the particular audit part of the question Mr. Ashley asked?

**Mr. Anderson:** There is not currently in place a financial audit of the various housing associations. That would be something that could potentially be done.

**Mr. Brewster:** We will go now to page 30, recommendation one: "The Corporation should review the existing draft manual to see that it deals adequately with all policies and procedures". The Corporation's comments are: "It is the intention of the Corporation to review the existing draft manual with a view to identifying any inadequacies with respect to policy and procedure". What date will this review be completed?

**Mr. Penikett:** Ms Zatorski?

**Ms Zatorski:** 1985.

**Mr. Brewster:** Recommendation three was: "The development of the missing policies and procedures should be closely monitored". The Corporation comments: "This will be monitored by the Director of Finance and Administration, Department of Community and Transportation Services". Does the Corporation expect to have this policy and procedure in 1985-86?

**Ms Zatorski:** Yes.

**Mr. Penikett:** Just going back, Mr. Knight, to your two hats, as General Manager of the Housing Corporation, I note that the Housing Corporation Ordinance section 6 says the Board of the Corporation shall employ such employees as it considers necessary, and fix salaries or remuneration of employees, et cetera. Could I ask you: is your salary expenditure split between the department and the Housing Corporation?

**Mr. Knight:** That is correct?

**Mr. Penikett:** How about the services provided by Government Services? Does Government Services bill for maintenance services provided to the Corporation?

**Mr. Knight:** That is correct.

**Mr. Penikett:** How about accounting services provided by Community and Transportation Services?

**Mr. Knight:** That is also an administrative charge to the Corporation.

**Mr. Penikett:** Could you give me some idea as to what the cost of these services is?

**Mr. Knight:** I really could not. I do not have any idea at this point in time.

**Mr. Penikett:** Would it be possible to report to us on that, in simple terms, not in great detail?

**Mr. Kent:** These will be based on actual cost, with respect to

maintenance, or of housing units, or of construction of housing units, depending on how extensive the housing maintenance program is or how many units we construct. It will vary.

**Mr. Penikett:** So the Corporation is being billed for these services by the other agencies then?

**Mr. Kent:** That is correct.

**Mr. Penikett:** Does that also happen in terms of the salary item on some of those things, or is that just split right now, as a budget item?

**Mr. Kent:** No, it is based on an actual cost.

**Mr. Penikett:** Based on an actual cost?

**Mr. Kent:** Yes.

**Mr. Penikett:** On the time you devote to the Corporation? Does anybody else have any questions on that?

**Mr. Falle:** Does the Yukon Housing Corporation have to have the maintenance done by Government Services, or are they at large to be able to hire contractors to do the work?

**Mr. Kent:** The work will be undertaken by the Department of Government Services, but whether they choose to do that work with their own forces, or through contracts with the private sector, that is their concern.

**Mr. Falle:** I am referring to general maintenance of the house, like cutting the lawns, and making sure they are painted, and whatever. This is through Government Services, is that what I understand?

**Mr. Kent:** That is correct.

**Mr. Ashley:** Just to get at the Auditor's comments here dealing with this mini-computer, I would just like to find out, if that is still being used, or has that been totally taken out of the system now, or what has happened?

**Mr. Anderson:** It is still in use.

**Mr. Ashley:** It is being used and a major asset to the Corporation, because of the programs involved in it?

**Mr. Anderson:** Mr. Knight may have the numbers, but if we use the manual system as opposed to the computer system, we would need four, five or six additional man years. So it is efficient in that sense.

**Mr. Penikett:** It is a major asset, or a mini asset?

**Mr. Kent:** There may have been some growing pains that have been outlined in the Auditor's report, but I think in terms of its overall effectiveness it is a good tool.

**Mr. Brewster:** We will go on to the letter from the Department of Community and Transportation Services, file number 2842-31, page four, clause number 10.

**Mr. Penikett:** In view of the time, Mr. Brewster, I think we would be better to continue this tomorrow morning. We have only one minute to go. We would love to hear you read and I think we will do that first thing tomorrow morning.

**Mr. Byblow:** On the last subject regarding maintenance of Yukon Housing units, if I understood Mr. Knight correctly, he said the government services had to, or could be, used for the maintenance contracts?

**Mr. Knight:** That is their function at the present time.

As Mr. Kent pointed out, they are charged with the responsibility for selecting the most effective vehicle to deliver that maintenance service.

**Mr. Byblow:** Can the Yukon Housing Corporation, through its own personnel and staff, assign contracts for maintenance of Yukon Housing units, or do they have to go through government services?

**Mr. Kent:** At the present time, by policy, it has to go through government services.

**Mr. Penikett:** Mr. Kent, can you and your officials perhaps spare us an hour tomorrow morning?

**Mr. Kent:** Yes.

**Mr. Penikett:** We will look forward to seeing you back again in the morning at 9:30 a.m.

The Committee stands adjourned into executive session now.

*The Committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Wednesday, February 13, 1985  
9:30 a.m.

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Issue No. 2 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

**Members:** Mr. Maurice Byblow, M.L.A.

Mr. Al Falle, M.L.A.

Mrs. Bea Firth, M.L.A.

(Mr. Clarke Ashley substituted for Mrs. 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 Community and Transportation Services**

Mr. Peter Kent, Deputy Minister

Mr. Kurt Koken, Director, Administration and Finance

Mr. Greg Anderson, Manager, Financial Operations

Ms. Connie Zatorski, Manager, Administration and Special Projects

Mr. Chris Knight, Director, Lands and Housing; General Manager, Yukon Housing Corporation

Mr. John Cormie, Director, Municipal Engineering Branch

#### **Yukon Liquor Corporation**

Mr. William Byers, Q.C., Deputy Minister, Justice

Mrs. Patricia Harvey, Assistant Deputy Minister

Mr. Rolly Thibault, General Manager, Liquor Corporation

Mrs. Olive Pociwuscheck, Board Member

**Mr. Penikett:** I would like to welcome back, this morning, this marvellous collection of people from Community and Transportation Services. I see we have Mr. Cormie with us this morning, and not Mr. Kent.

**Mr. Kent** will be here.

Let me briefly review what we hope to be doing. I will explain it to the witnesses who will be pursuing each of these lines of enquiry. You might, at the outset, if there is some additional information that you have to volunteer, or maybe in document form, indicate that to us.

We have a number of items we have flagged from the testimony yesterday. We have some questions about the Yukon Housing Corporation and the role of the board, board policy versus government policy and the nature of some of the contracting out, which Mr. Falle will be pursuing.

We have a couple of questions about the dust palliatives revolving fund, both of which we indicated to you yesterday. One was about the authority of the over-expenditure. We asked that that be documented. The other question was about the quantity of sodium chloride. I think that was a question on which we gave notice.

Mr. Byblow has a couple of quick questions about the licence plates inventory. I have a couple of questions about the land sales question that we were talking about yesterday: the land development inventory costs and the interest calculations.

Mr. Ashley has one more question about the charge-backs. Because we do not have much time, I hope that will indicate the kinds of things we want to cover.

**Mr. Kent:** I would like to start off by answering those questions referred to.

**Mr. Penikett:** The authority for the expenditure on calcium chloride was authorized by the minister of the day.

**Mr. Penikett:** And you will table that document then?

**Mr. Kent:** Do you want to do that right now?

**Mr. Penikett:** Yes. Could we table that document now, please.

**Mr. Kent:** The expenditures on sodium chloride in 1983 was \$149,625.

On the question with respect to who approves the design and colour et cetera of licence plates, that is a ministerial decision.

A question was asked as to what precise date the finance and administrative duties of the Housing Corporation were transferred to the centralized administrative unit of the new department. The date was December 12th, 1984.

There was a question as to what happened to the two missing cheques of the Housing Corporation. They were inadvertently destroyed by an employee of the Housing Corporation.

Another question that was asked was about a contract for \$18,000 that was placed without tendering by the Housing Corporation, and you inquired as to what that was. You may recall that 18 months ago, or so, there was a contamination of the well in Beaver Creek on account of calcium chloride contamination from highways. The contract was for the drilling of a new well, and there was some urgency involved in dealing with this contamination problem, especially as it occurred around September and winter was coming. The contract was awarded. That was the contract.

**Mr. Penikett:** Mr. Brewster may have a question or two about that, but we will wait for that.

**Mr. Kent:** That is all I recall.

**Mr. Penikett:** Let me go immediately to the follow-up questions that Mr. Falle has concerning the Yukon Housing Corporation.

**Mr. Falle:** Does the corporation have its own maintenance staff? I am more concerned about the year we are dealing with. I want to know, at that particular time, did the corporation have a staff changing light bulbs, painting, or whatever they have to do to maintain the buildings. I wanted to know if they had their own people to do it, or did they have the people from Government Services do it?

**Mr. Kent:** At that time, the majority of the maintenance work, say 95 percent, was contracted out to the private sector.

**Mr. Falle:** At that time?

**Mr. Kent:** Yes, sir.

**Mr. Falle:** Of course, the obvious question is: what is

happening now?

**Mr. Kent:** To my understanding that is still the case. Basically, what happens is, the maintenance contracts —

**Mr. Falle:** If 90 percent of the jobs now are being contracted out to the private sector, does the board have any authority to give contracts out, or is it the manager?

**Mr. Kent:** At that time?

**Mr. Falle:** Yes.

**Mr. Kent:** At that time, the maintenance contracts were awarded by the Housing Corporation.

**Mr. Penikett:** But such contracts are awarded by Government Services now?

**Mr. Kent:** That is correct.

**Mr. Falle:** That is due to the reorganization?

**Mr. Kent:** Yes.

**Mr. Byblow:** Does that apply to routine maintenance as well as the special projects?

**Mr. Kent:** It applies to construction, so called scheduled maintenance, and emergency repairs, which are the three categories. The answer is yes.

**Mr. Byblow:** With respect to emergency maintenance, where you have to act either within the hour or within the day, what is the policy?

**Mr. Kent:** The policy is that the local housing manager in any community phones up the maintenance contractor and says "Get over there right now and fix that leak".

**Mr. Byblow:** So then, within communities contracts are established in somewhat of an open-ended fashion for a year?

**Mr. Kent:** That was always the case, sir. It is impossible to anticipate the amount and quantity of emergency repairs that will occur in any place or any year. Basically, you have a local contractor under retainer with a ceiling and charge-out rates for various services.

**Mr. Penikett:** There is a ceiling, so there is a budgeted amount in order to maintain some control?

**Mr. Kent:** That is correct, sir.

**Mr. Falle:** Does the Corporation have any authority for buying local?

**Mr. Kent:** What type of buying?

**Mr. Falle:** For instance, if a furnace goes out in one of these houses, can the local manager buy the furnace locally? If there is one available in Dawson City at that time, do they have the authority to do that?

**Mr. Kent:** No, sir, that is a Government Services function now. They make these purchases and acquisitions in terms of the department's policies.

**Mr. Ashley:** Could you tell me what role the board is actually playing now with the Corporation being integrated with the government much more than what it was?

**Mr. Kent:** The role of the Corporation ...

**Mr. Ashley:** The Board of Directors, I mean.

**Mr. Kent:** The role of the Board of Directors is absolutely identical to what it has been for the last number of years, with two exceptions: maintenance and administrative finance services are performed by the Department of Community and Transportation Services, with respect to administration, and Government Services, with respect to maintenance.

**Mr. Ashley:** And the Board has given those powers to them?

**Mr. Kent:** That is correct.

**Mr. Ashley:** I believe that in legislation the Board has the control of that.

**Mr. Kent:** That is correct.

**Mr. Ashley:** Unless they delegate it out.

**Mr. Kent:** That is right.

**Mr. Penikett:** Presumably, though, the government is making certain policies in respect to the Housing Corporation. Are those transmitted to the Board so they can be transmitted to the General Manager, or how is the government policy conveyed?

**Mr. Kent:** In exactly the same manner as it has been conveyed for the last number of years, sir. What we are saying is that there is no change. But you may want to know how this situation works.

**Mr. Penikett:** Whenever, even an extremely competent public

servant like Mr. Knight has two masters, there can be occasional difficulties if they occasionally have different ideas about which direction one should move. That is even possible, presumably, in a marriage, with two closely allied masters. You have the Corporation and you have the government policy. It is at least conceivable in my imagination that they might have a different view of things from time to time. One is curious as to which would prevail, or whether there is in fact a line of command, if you like: minister, board, general manager.

**Mr. Kent:** I would be interested in Mr. Knight's reply to that question.

**Mr. Penikett:** So would I.

**Mr. Knight:** The board of directors of the Housing Corporation are the policy initiators with respect to housing in the territory. Any policy initiatives that are departmentally initiated, or, I would assume, initiated from the minister, would be subject to review by the board of directors of the Housing Corporation before any implementation measures were taken.

**Mr. Penikett:** You are saying that they are not policy makers anymore; the minister is the policy maker? They are performing a review function?

**Mr. Knight:** No. Obviously, they still have a major role to play, the same role they have played historically with respect to policy initiatives that originated with the board of directors, i.e. the Housing Corporation.

We have some good talent on the board of directors, and they are very involved in terms of the new policy initiatives and policy renovations, et cetera.

**Mr. Penikett:** Has there, in your experience as general manager, been a case where the minister's policy has conflicted with the board's policy?

**Mr. Knight:** No.

**Mr. Penikett:** Do you, as manager, have any idea how you would perform in the situation of such a conflict, perhaps, in being the fulcrum of it?

**Mr. Knight:** If that sort of situation should occur, I would think that negotiations and some compromise would effectively give us an answer.

**Mr. Penikett:** The key question, to me, is whether the minister would be communicating with the board in that case, or whether you would be the person who would be the mediator, or the arbitrator?

**Mr. Knight:** I would think that I would apply whatever talent I have to its extent, and then, if I was unsuccessful in resolving any conflict, there may be some direct dialogue.

**Mr. Penikett:** It is an interesting subject, but perhaps we should not pursue it this morning.

**Mr. Brewster:** I would like to go to your letter, file 2822-31.

**Mr. Penikett:** Mr. Brewster, could we just finish up the flagged items, then we will get on to the that one.

**Mr. Brewster:** I will be able to bring Beaver Creek up in my own programs.

**Mr. Penikett:** Yes. I just want to finish up these flagged items.

**Mr. Byblow:** What is the current status of the infamous chemicals inventory?

**Mr. Kent:** I cannot answer that question.

Does anyone here have any information on that?

**Mr. Byblow:** Could you provide to the committee what amount of the inventory has been disposed of, and what is currently in storage?

**Mr. Kent:** Yes.

**Mr. Penikett:** While we are on that subject, it might be interesting to know, given the relationship with Government Services, if there has been a charge for warehousing that material from Government Services to the corporation?

**Mr. Penikett:** While we are finding out the other information, it might be interesting to document that.

**Mr. Kent:** The first question was how much calcium is in storage right now?

**Mr. Penikett:** No, furnace cleaning chemicals. The question is, I understand, that it was being warehoused in a Government Services facility. The question is whether there was a charge-out to

the Housing Corporation for that warehousing.

**Mr. Falle:** I just wanted to have a few things clarified in my mind, Mr. Kent. The question that I asked was: did the Corporation have its own maintenance staff? You said 99 percent of the work was being contracted out. But the question is, do they have their own staff, i.e. to change a light bulb, to do this or that, small minor maintenance? Do they have their own staff to do that?

**Mr. Kent:** Mr. Knight.

**Mr. Knight:** At the present time the Housing Corporation has a staff employee who designs the schedules for maintenance, and who provides liaison with Government Services to ensure that the work is done in a timely and expeditious fashion. As for specific maintenance employees of the Housing Corporation, at the present time there are none.

**Mr. Falle:** Were there any before the re-organization?

**Mr. Knight:** Yes.

**Mr. Falle:** There was a maintenance person assigned to the Yukon Housing Corporation before the re-organization?

**Mr. Knight:** That is correct.

**Mr. Kent:** Maybe I can clarify that a little. There were two employees of the Housing Corporation whose jobs were not to change the light bulb so much, but to coordinate and oversee all the contractors, to make sure they did their work properly. To the extent the guy is up at the site, he might help out or lend a hand or something. Or have I confused you further, sir?

**Mr. Falle:** No, you have not confused me. I am still looking for the person that actually does the physical work on the homes. My answer was that 99 percent of it was contracted out, but still there is a certain amount of work that has to be done, or should be done, and I want to know whether or not that work is being done by Government Services or an employee of the Housing Corporation, and I am getting skirted around on this.

**Mr. Kent:** It is being done by Government Services.

**Mr. Falle:** It is. Do you think there is any chance in the future that the Housing Corporation would be given a person to do this work, or is it more economical to go through Government Services?

**Mr. Kent:** Under the present policy, it is extremely unlikely. I cannot see it, because the policy is that all maintenance work shall be contracted to the Department of Government Services, and I believe the bulk of that work is tendered out to the private sector by Government Services.

**Mr. Falle:** Does this apply to a Crown corporation like the Yukon Housing Corporation?

**Mr. Falle:** I understand that if it is community and public service, or any other department where there is highways, that that rule does apply, that all maintenance work has to go through Government Services. This is an independent housing corporation board. I am wondering if the same rules apply?

**Mr. Kent:** I think the Housing Corporation is unique in that regard with the transition to Government Services. I believe education, for example, has some of its own maintenance staff; I am not sure.

Maybe I should clarify that. The Housing Corporation does none of its maintenance work.

**Mr. Falle:** I would like to know if the corporation could be given authority to do its own local contracting?

**Mr. Kent:** Only if there was a change in policy direction from the government.

**Mr. Ashley:** Unless there is a different policy direction given by the board?

**Mr. Kent:** No, by the government.

**Mr. Ashley:** The board has to delegate that responsibility, according to legislation. So it would actually be a policy direction given by the board to the general manager and the general manager would have to negotiate that with the government, would he not?

**Mr. Kent:** I think it would be negotiations, regardless of what the legislation says, directly between the minister and the board of directors.

**Mr. Penikett:** Perhaps it would be a strongly worded suggestion from the minister to the board, or something like that.

**Mr. Kent:** Yes.

**Mr. Penikett:** Let me move on to the question of dust again.

Mr. Kent, you talked about \$149,000 as the quantity of sodium chloride used. We are still in the early stages of use of that salt for winter purposes. There is a different control method being used for the calcium chloride. I assume that part of the reason for having a revolving fund on the calcium chloride is not only the question of inventory control but the fact that its use is spread over the year end so you want to be able to not have to vote new money in order to keep the inventory.

What kind of quantities of sodium chloride do you anticipate? Do you see an increased use of that salt, and do you see any problems in terms of control of the inventory down the line?

Mr. Koken: The quantities you are talking about are roughly 600 tonnes. At this time, we do not foresee an increase in the use of sodium chloride.

Mr. Penikett: So you do not anticipate any necessary new measures in terms of the control of the inventories?

Mr. Koken: No, they would be very difficult to control in any case, because the stocks are used up in emergencies.

Mr. Penikett: And you do not have the same kind of supply or transportation problems you do with the calcium chloride?

Mr. Koken: That is correct.

Mr. Penikett: Let me move then immediately to motor vehicle licensing. Mr. Byblow has a couple of quick questions here.

Mr. Byblow: We established yesterday, through the recommendations of the Auditor General under item 10 on page 14 of the report, that a tighter control will exist now on the unissued plates and decals. We also noted and confirmed this morning that a complete new issue of the plates was authorized under ministerial direction, and these are now going into circulation. What number of old plates are left over, and what is happening to them?

Mr. Kent: The old plates are still available for sale and valid until the end of March. So I do not think we have a precise inventory of what is left over yet. In 1981, the surplus plates were turned over to the MacBride Museum. I imagine we would do something similar to that again.

Mr. Byblow: Was there any recovery on the old plates when they were turned over to the museum?

Mr. Kent: Did we sell them to MacBride Museum?

Mr. Byblow: Yes.

Mr. Kent: I believe they were donated.

Mr. Byblow: Do you have any way of estimating the number of old plates that will be left over?

Mr. Koken: We could find out fairly fast, but we do not know at this moment.

Mr. Byblow: Given that an agency, such as YVA and various tourist establishments who now sell the souvenir issue of plates, would it be reasonable to dispose of them and recover some revenue in such a fashion?

Mr. Kent: I think the decision as to how to dispose of any surplus plates, if there are any, I would leave with the minister.

Mr. Penikett: If I can, I go back to the question we were talking about yesterday, Mr. Knight, on the land inventory development costs. Before I get to that though, just to try and improve slightly my understanding of the Hillcrest sale, can I re-confirm that you talked about there being negotiations, or an agreement, with Indian Affairs to purchase 557 McIntyre-Hillcrest lots for the 90 some families in the Kwanlin Dun Band. That is a correct understanding?

Mr. Knight: That is correct.

Mr. Penikett: So, given what we were talking about yesterday about the prices of those lots, Indian Affairs has a contingent liability for something in excess of \$5 million, perhaps something up around \$7 million, in respect to that agreement?

Mr. Knight: That is correct.

Mr. Penikett: In which case the YTG has a contingent receivable of a similar amount, and that will be stated in the accounts?

Mr. Knight: Once the agreement is concluded. The final details with respect to a schedule of payments or schedule of recoveries to the government has not been firmed up yet. Of course, it will be shown as recoveries.

Mr. Penikett: Let me get back to the administrative question,

which is a little tougher for me to understand. When we were talking yesterday, I believe you explained quite well the interest charges we talked about, would only be applied April 1st, 1985, to finished land.

Mr. Knight: No, that is not correct, Mr. Chairman. We began applying interest costs to finished inventory, effective April 1st, 1983, and those carrying costs have been applied to finished land inventory semi-annually since then.

Mr. Penikett: Let me try to explain my confusion. Perhaps you can help me out. The land we are talking about in Hillcrest, for example, has been in the bank since what, 1977 or 1978. I understand that an interest charge will only be applied to it at the point it becomes finished.

Mr. Knight: That is correct.

Mr. Kent: It is not applied to land, even though it is in fact sold, such as the seven lots we talked about now; not even a portion of interest is applied?

Mr. Knight: The one point I want to make is that we will be applying carrying costs to developments in progress, such as the Hillcrest-McIntyre subdivision, and any other developments we have that are not completed and ready for public sale beginning April 1, 1985. If the negotiations are not concluded and the sale not completed prior to that, interest carrying costs on that particular development will begin to accrue April 1, 1985.

Mr. Penikett: And you will be collecting, even in respect to those seven lots, if you do not have a final agreement?

Mr. Knight: I would say that, certainly, the policy direction is to begin to apply carrying costs to work in progress. If the deal cannot be concluded prior to that date, that is something that we are going to have negotiate with the federal government.

Mr. Penikett: Let us not talk about those seven lots, because that is a particular case. Let us talk about April 1 of this year, at any point from now on, you could, from a bookkeeping point of view, do a calculation of the interest on any one of those particular lots, or group of lots, and know what that charge would be?

Mr. Knight: That is right.

Mr. Penikett: So that would be shown as part of the asset?

Mr. Knight: Yes.

Mr. Penikett: I think I understand that a little better now. Anyone else still confused? I seem to be the slowest member of the committee on this subject.

Let us move to a question that Mr. Ashley has about the charge-backs. I think it is a clarification to an answer Mr. Koken gave yesterday.

Mr. Ashley: Yes, it is on the road equipment replacement fund account. I would like you to clarify whether you meant one week would do the job under the new system that you hope to put in, or whether it would take five weeks to do the internal journal entries?

Mr. Koken: There are no internal journal entries. The period of time would be greatly reduced under the new system we are proposing.

Mr. Ashley: I will read the answer back to you to get some clarification on it. You stated, on page 1.5 of February 12 *Public Accounts Committee* record, "I would think this depends upon the proposals that will be made by the consultant". Mr. Penikett had asked the question here: "Do you think you might be able to reduce it down to four weeks, three weeks, two weeks. What is the scale of improvement you hope to achieve with these new processes?"

You advised us, "I would like to say it is more in the one week range."

Were you meaning that it is going to take one week to do the job now, or five weeks to do the job?

Mr. Koken: That is correct. That is what I meant, yes.

Mr. Ashley: Which?

Mr. Koken: It would be less time under the new system.

Mr. Ashley: One week less.

Mr. Koken: That is approximate.

Mr. Penikett: One week less or five weeks less?

Mr. Koken: No, it would take place within one week.

Mr. Penikett: We will move immediately to Mr. Brewster, who is going to go back to the Housing Corporation.

Mr. Brewster: I have just a few questions and they all concern

my favourite little community of Beaver Creek, which always seems to be picked on. I do not know why this is, but everyone picks on it.

In Beaver Creek right now, you have four houses that you are heating, maintaining and have done major repairs in, yet they are completely unoccupied. What is your intention for these buildings?

**Mr. Knight:** We are actively trying to market them, for one thing. We do not have much of a clientele these days in Beaver Creek for any of the Housing Corporation's programs. One of the problems that has arisen, one of the things that the community has said, is that the rents we have tagged on those units are high, and they do not reflect what the market conditions are. We have undertaken to review the market rents that we have established on those four units, to bring them into line with what the community experience is, and what the market experience is in the community. Unfortunately we have had some problems getting independent appraisal people into the community, in the last little while, because there are not that many qualified appraisers in Whitehorse. Once that is done, we are (a) reviewing the rent structure presently being charged, and (b) actively trying to market the units.

**Mr. Brewster:** On this contract that was not tendered out for \$18,000, does this include the cost of re-installing hot water heaters? As I understand it, each water heater had to go because of calcium chloride in them, so you would be approximately buying five or six new hot water heaters, et cetera?

**Mr. Knight:** I am not exactly sure, Mr. Brewster, but I assume that it was probably covered. It is hard to say. It may not be because it is two different types of activity. The contract for re-drilling the well was to one particular company.

**Mr. Penikett:** Could you find out for us?

**Mr. Brewster:** Could you find out the actual total cost, because you have a well drilled, you have a complete new water line that was dug in frozen ground, and I believe all the hot water heaters and a few other things had to be replaced because of calcium chloride.

Now we come down to the interesting thing. The Department of Public Highways, which was responsible for the pollution, there is no doubt about that, the calcium chloride went there. Did the Yukon Housing Corporation recover any money from the Department of Public Highways for the damage that they did to the town?

**Mr. Knight:** I am not aware of any recoveries, Mr. Brewster, but we can look into it if you like. Do you know anything on that, Kurt?

**Mr. Anderson:** An invoice has been raised by the Corporation to the Department of Highways for recovery of costs in regards to some of the damage within the homes, i.e., water heaters, but they have not received payment yet.

**Mr. Penikett:** What is the size of that invoice? Can you tell us, Mr. Anderson?

**Mr. Anderson:** No, I do not have that information, sir.

**Mr. Penikett:** Approximately?

**Mr. Anderson:** I am not certain I can find out.

**Mr. Penikett:** Please do.

**Mr. Penikett:** Okay, before we go to Mr. Byblow, who wants to do some follow-up on project management procedures, can I ask you, just to clarify an answer you gave just a moment ago, Mr. Knight, in respect to marketing houses. We are aware of some changes going on with Yukon Housing Corporation. Are you trying to sell much of your housing stock?

**Mr. Knight:** Any units which are deemed to be surplus to the requirements of the Corporation, or inappropriate with respect to the type of clientele that we have in the various communities, yes.

**Mr. Penikett:** That is, surplus to the staff and the social housing needs?

**Mr. Knight:** That is correct. Or inappropriate for social housing needs. We are attempting to market to the private sector, and have been successful over the last year in marketing somewhere in the neighbourhood of a hundred units.

**Mr. Penikett:** How many?

**Mr. Knight:** A hundred.

**Mr. Penikett:** Out of a total of?

**Mr. Knight:** Over five hundred.

**Mr. Penikett:** So, 20 per cent of your stock.

**Mr. Byblow:** Mr. Chairman, I want to ask a couple of follow-up questions from our public accounts report on long-term planning before project management.

I want to draw reference to a letter from the Department of Community and Transportation Services to the clerk of the committee dated January 21st, 1985, file number 2842-31. It is a letter in response to the clerk regarding a number of concerns that the committee had in previous hearings when highways appeared before the committee. Do you have that letter, Mr. Kent?

**Mr. Kent:** Yes, sir.

**Mr. Byblow:** This is the letter of January 21 to Missy from me. Is that what you are referring to?

**Mr. Byblow:** Yes.

**Mr. Kent:** And that is in response to a letter of March 13, 1984 to Larry Blackman from Missy.

**Mr. Byblow:** From the clerk.

Given that you state in the first main paragraph of the response that your department has established a 20 year program of capital works and roads, my first question is to ask: in what form does that program exist? Is it in writing? Is it in a chart form, such as a spread sheet? Does it contain today's projections of costs, for example, fifteen years from now? Could you elaborate on the form and the detail of the 20 year program?

**Mr. Koken:** It is in the form of a spread sheet. It shows proposed works from engineering to final paving or dust control measures for various sections of the numbered highway system. It does not give dollar amounts.

What we have here is the skeleton of a 20 year plan. We looked at a number of criteria. The highways are built to geometric design standards, and structural standards, of course — geometric meaning the widths, the shoulders, et cetera — and, of course, the surface type. That is what the roads are built to: mainly geometric and structural standards.

What triggers the road to be reconstructed is the degree of non-conformity to these geometric standards, which are established based on amended RTAC, or Roads and Transportation Association of Canada, standards for the three classes of roads we have in the Yukon Territory. What triggers the reconstruction is the degree of non-conformity to geometric standards, the short-fall in structural standards, the non-conformity to the surface type; the projected traffic density on the road; the accident frequency; maintenance costs; estimated capital costs, and the capacity. The last item, capacity, is just thrown in there because we do not think this will apply to the Yukon for a long time to come, except perhaps the Two Mile Hill. Those are what trigger reconstruction.

Now we will look at the program. What I first described when I talked about geometric and structural standards of highways, was design standards. Perhaps a better word is "desirable" standards, because the design standards may not necessarily always be met, i.e., if you go around a sharp corner where there is a lot of rock, the costs to come up to the design standard would be prohibitive, but you are always aiming at your design standard.

Below the design standard, which is the highest, is a so-called "tolerable standard", i.e., if a road falls below the tolerable standard, then, eventually, I presume, it has to be closed. All roads in Yukon should be between the tolerable standard and the design standard, in a fashion. We are looking a re-building program of 20 years, which is general in Canada. So, we are looking at a road, when it is completed at design standard, slowly over 20 years going down to a tolerable standard and to be rebuilt back up. So there is a constant degrading of roads and upgrading of roads.

The tolerable standard is judgmental. If funds are not available, the tolerable standard can be reduced. Mind you, there is one point at which it becomes so intolerable that you either have to close the road or it becomes dangerous.

This is basically what we are talking about: the roads being between those two lines. Keeping that in mind, we went into our numbered highway system, and section by section of this system was then evaluated.

<sup>12</sup> There were a number of headings, and we established spread sheets for that, too.

**Mr. Byblow:** I think I understand what you are trying to say, though it is an interesting way to put it, as an explanation. Now, you indicate in the letter in question that the entire 20 year program is built around existing roads, and there is no contingency or there is no portion of that program that permits or allows for new road construction in areas that are not currently served by roads. I want to understand what your program would do if there was an identified need or demand for the creation of a new road. Let us assume, for an example, that there is a new road desirable between Carmacks and Haines Junction. What do you do? How does that fit into the 20 year plan?

**Mr. Koken:** We cannot plan for something we do not know, and I think that when it comes up we will have to deal with it. When it comes up we will have to ask for extra funding. We have not planned for that sort of thing.

**Mr. Penikett:** Could I ask you a quick question, Mr. Koken? If the estimated cost is significantly different from the allocated funds, does that mean the roads will eventually decline to the point where they are unacceptable?

**Mr. Koken:** I would like to take that question under advisement, Mr. Chairman.

**Mr. Byblow:** I have no further questions on highways, Mr. Chairman.

**Mr. Penikett:** Why do you not move immediately then to, in view of the short time, into the question of the public management procedures, Mr. Byblow?

**Mr. Byblow:** Okay. Yes. I will direct these to Mr. Kent.

**Mr. Penikett:** Just before we do that, Mr. Koken, was it your intention to table a copy of that spreadsheet with us?

**Mr. Kent:** It is the minister's dispensation to provide that to you.

**Mr. Penikett:** I do not know how much it would mean to us but it might be interesting.

**Mr. Byblow:** I am drawing reference to a letter to the deputy minister of the Legislative Assembly Office, marked to the attention of Missy Follwell. It is a response to the Public Accounts Committee presented by Mr. Fingland. To put my question in perspective, the Municipal Affairs branch of your department has developed a manual for project management procedures. That is intended for all the municipal and lands projects, from what I understand. It is attached to the letter I drew reference to and it appears to be a fairly useful and worthwhile document.

At the same time, the Auditor General's office has undertaken a review of the project management procedures of Government Services. A manual is to be completed on those procedures by April 1 of this year, I believe. What coordination has taken place to dovetail those procedures that are taking place through Government Services with the ones that your community affairs branch has prepared?

**Mr. Kent:** In preparing this document, we used preliminary drafts of procedures that Government Services is considering using, so we used that preliminary information which, I guess, has not been finalized, as an input and a reference and a check in terms of the kinds of procedures we adopted.

**Mr. Byblow:** To your knowledge, is the manual being prepared by the Government Services branch identical or similar to your manual? What will happen if the Government Services manual has identified some different procedures under project management?

**Mr. Kent:** Because of the nature of the work that Government Services does, which is primarily in building construction, and the nature of land development, water and sewer, I anticipate that there will be differences.

**Mr. Byblow:** Could you perhaps express an opinion. Should not project management procedures be the same for all branches of government in all project undertakings?

**Mr. Kent:** I might refer that question to Mr. Cormie.

**Mr. Cormie:** In the broad characterization of project management, yes, they are the same. The manual that I have referred to in the preparation of procedures for our department, the Government Services manual, is similar to our manual. The basic break down of what we are trying to do — the planning stages, the preliminary design stages, the design stages, the construction stages — are all

very similar. The actual detail in our manual is directed more to the kind of projects we are looking at in land development, water and sewer projects, whereas theirs is directed in much greater detail to a building project.

**Mr. Kent:** I might give you an example. Many of our projects require a great deal of community involvement, such as water and sewer systems for a community, so in these procedures you will notice a fair level of consultation and input at the community level. I do not think you would find as great an emphasis on that in Government Services as you would in these guidelines.

**Mr. Byblow:** Are you saying that your manual will stand even though Government Services may change?

**Mr. Kent:** That is our intention, sir, yes.

**Mr. Byblow:** Why does yours not apply to road construction then, Mr. Kent, given that you have the managing authority in both areas?

**Mr. Kent:** I guess it does not at the moment, sir. That is a good question, and my intention will be to review these standards and criteria with the Department of Highways to see if they should not adopt them, or if there is another need for them to be unique or different because of the nature of the work they do.

**Mr. Byblow:** You indicated earlier that your project management procedures are clearly different in process than those for Government Services, because they do projects of buildings, and you do things with communities. One of your criteria in your manual is a needs assessment, which involves the community. How do you maintain accountability in that portion of the project management procedures, in the sense of financial control?

**Mr. Kent:** You mean who ultimately determines whether there is a need sufficient to do something?

**Mr. Byblow:** That question, plus how do you maintain control over a community-initiated exercise?

**Mr. Kent:** The final assessment of need is determined by who pays the bill. That is just the reality of life. In terms of a community, if a community wishes to initiate a project and fund it itself, that is entirely their business, and has nothing to do with us whatsoever.

**Mr. Byblow:** Your needs assessment calls for the community participation in identifying a project. Your department is peripherally involved. You are involved in the project management. You are authorizing money that the community may be spending. What is your measure of control?

**Mr. Kent:** In some instances, where in the community which does not have great expertise and resources, the project is actually implemented by the department. In another instance, where the community has some skill and expertise and can manage a project, and it is decided that the project should proceed, an agreement is entered into between the community and the department which specifies the terms and conditions under which funding is made available.

**Mr. Byblow:** I will examine that. One last question, Mr. Chairman. You have established an agreement with municipal entities for capital projects, and regulations affecting them that went into effect in April of 1984. An Order-in-Council was passed establishing that agreement. An Order-in-Council was passed in April of 1984 governing regulations for those agreements. Has that been renewed?

**Mr. Kent:** I am not sure that is the case, sir.

**For what date?**

**Mr. Byblow:** April 13.

**Mr. Kent:** That is entirely different. These are regulations governing conditional and unconditional O&M grants. It has nothing to do with capital. They are regulations pertaining to subsidizing water and sewer systems, dwelling unit grants, that kind of stuff. It has nothing to do with capital construction projects.

**Mr. Byblow:** So, they are applicable on a one-time basis.

**Mr. Penikett:** This is in terms of operating grants for municipalities; it has nothing to do with capital projects at all.

**Mr. Kent:** That is correct.

**Mr. Penikett:** I think, Mr. Kent, that is all of your time that we need to take. There may a couple of clarifying questions which we may want to communicate by phone. There may be a couple of

We looked at current traffic and projected traffic. I believe the figure we used for projecting traffic into the future was two and a half percent. That is what we used. Now, it is questionable.

As a matter of fact, at this point, perhaps I should interject and say that a lot of the data upon which we built this 20 year plan is very, very weak. We engaged, as we said on the second page of the letter you have there, a technician whose job it is to build up the data base. He is building up the data base.

We now have electronic counters and mechanical counters — we are getting out of those, and are getting more and more into electronic counters. We are getting into machines which will read the results of the electronic counters — not only in which direction the traffic goes, but what traffic it is, i.e., is it truck traffic, et cetera. He is building up an excellent data base. He is monitoring the type of traffic, the origination and destination. He is monitoring traffic vehicle configurations, in conjunction with the weigh scales.

We are slowly building up a data base, but the plan we have right now is built on a very weak data base. Nevertheless, we set up the planning. We look at section after section of each highway. The Klondike Highway was broken down into 10 sections, and then each section was evaluated to current traffic, and to traffic loads to 1993 and 2003. Then we looked at the percentage of trucks that has an impact of the existing surface type, and then we get into the geometrics of the road, i.e., the width, the horizontal and vertical curvature, the slopes, et cetera; how much are these sections conforming to the geometrics. We then look to the maintenance costs which is another criterion. Of course, last but not least, the accident frequency per 100,000 vehicle-kilometers.

We used an evaluation system here where we subjectively rated highways from zero to 10, zero being totally unacceptable, and 10 where the road has just been constructed to geometric, structural and surface standards. The degree of non-conformity is then expressed in these. So, using these various formulae, and doing this in this spread sheet fashion, we then arrived at which section of road had to be reconstructed.

We are fairly close, I think, to what we proposed for the next five years. From five to 20 years, the information becomes less and less accurate, but there is, indeed, a 20 year plan in effect right now and the data base is still being added to. This is improved. We have the skeleton; we have some meat on it, but it needs a lot of improvement to be really useful.

**Mr. Byblow:** I appreciate that thorough answer, Mr. Koken. Indeed, you do share your infinite knowledge with us.

If I understand what you have just described, it is a reconstruction program for existing highways in the territory.

**Mr. Koken:** That is right.

**Mr. Byblow:** In that 20 year plan, you do not have the financial requirements it would take to maintain that reconstruction program. Is it not a logical extension of any program or plan to have the financial requirements built into the program?

**Mr. Koken:** We ran through an exercise like that. I do not have it with me right now, but we went through a pricing exercise. We assigned prices for common excavation, paving, excavation work et cetera.

**Mr. Byblow:** My question was more general, because I did not understand from your explanation that a financial requirement or a budgeting process was built into it, and I recognize that it is very difficult to predict costs six years from now, or 12 years from now. But certainly in any program, if it is a planning process, you must have some rudimentary form of costs. Perhaps you could break the answer down in the zero to five, and six to 20. What financial estimates does your program have? What costs are also built into this reconstruction program? I ask that with the intent to understand what information the government may have to make decisions.

**Mr. Koken:** When we prepare our five year forecast, we go into these spread sheets. We look at the sections of work that need to be reconstructed. First there is engineering and then reconstruction and then surfacing. We come up with these figures for year one, year two, three, four and five, based on what we project has to be done over five years. Needless to say, we never get what we think we should be getting, because it is quite a large program. This is what we aim for but do not necessarily get.

**Mr. Byblow:** So you have financial estimates for the first five years?

**Mr. Koken:** That is correct.

**Mr. Byblow:** But not the remaining 15?

**Mr. Koken:** No. I must hasten to say that there is one exercise that perhaps will make you understand much better. One exercise we did go through was, when all this was finished the way I described it, section by section, there were great variations. If everything fell exactly into place you would have years with \$50 million, other years say with \$10 million, for the sake of argument. We then rearranged the 20 year program, evened the 20 year program out, to arrive at the steady flow of financial requirements, if I should put it that way. So if you know what we want in year one, two, three, four, five, you can almost project further.

**Mr. Byblow:** What you are saying is that is a cyclical thing, and there should not be any great demands for financial requirements in any given year. It is process where the financial requirements should remain constant.

**Mr. Koken:** Not exactly, but we cut off the hills and fill in the valleys, so to speak.

**Mr. Penikett:** So you can even now approximate your capital needs for each of the next 20 years roughly?

**Mr. Koken:** Roughly, yes, Mr. Chairman.

**Mr. Penikett:** Give us a ball park figure, Mr. Koken?

**Mr. Kent:** Mr. Penikett, I am reluctant to provide the committee with those kind of specifics without the approval of the minister.

**Mr. Penikett:** Why, Mr. Kent, I do not understand?

**Mr. Kent:** As Mr. Koken has stated, these numbers are rough, there is a poor data base, the reliability in the last years are uncertain, and it may become sort of magic number. It becomes a benchmark against everything else, where, after this guy is collecting the data and doing more work, it may change by 30 per cent a year.

**Mr. Penikett:** I do not accept your explanation Mr. Kent, but continue, Mr. Byblow.

**Mr. Byblow:** You described in your explanation that the 20 year program is intended to bring all roads that are now maintained by the department to a standard at the time of construction, and that begs some meaning, because the inference can be drawn that the roads are not up to standard at the time of construction. Now, you are working towards bringing them to a standard that they ought to have been or should have been. Could you just clarify what you mean by that statement of bringing roads up to the standards at time of construction?

**Mr. Koken:** If our assumption that the road needs to be reconstructed every 20 years. Only in the year it is constructed is it at 100 percent of the standard. After 20 years it is not up to standards and has to be re-built, i.e., in year one, year two, or year three, the road is no longer up to standard. If you want straight line projections, it is roughly five percent per year until it comes to a point where there is reconstruction. So it is only at that point in time, at the reconstruction, when it is up to standard, and then slowly goes down. It does not stay there, because otherwise it would not have to be reconstructed 20 years later.

**Mr. Byblow:** So the principle that you are working under is that the road deteriorates each year after construction, and the level of maintenance on it does not keep it to that level of original construction?

**Mr. Koken:** I am not sure how you term maintenance.

**Mr. Byblow:** I am having difficulty understanding what you mean; that your program is an effort to restore roads to their state of original construction.

**Mr. Koken:** Of approved standards. Not all roads. At the outset, I said that we have now established geometric road design guidelines for the Yukon, based on RTAC standards. I believe I mentioned that we have three classes of roads. Some sections of the Alaska Highway are not built to these standards. There is a lot of restoring to the standards, because these roads are not up to the standards we have established.

outstanding questions regarding which you have indicated that you want to get the consent of your minister in order to answer. I do not think there was any matter of great urgency there, if I recall. Let me, for our purposes, thank you Mr. Kent, and excuse the witness, Mr. Kirk Koken, Mr. Greg Anderson, Ms. Connie Zatorski, Mr. Chris Knight and Mr. John Cormie. Thank you for being patient witnesses and providing us with the information we needed.

The witnesses are excused.

The committee stands in recess for 10 minutes. We will be hearing witnesses from the Yukon Liquor Corporation.

#### *Recess*

**Mr. Penikett:** We have witnesses here from the Liquor Corporation: Mr. William Byers, Mrs. Patricia Harvey, Mr. Rollie Thibault and Mrs. Olive Pociwuschek.

We are going to ask you to surrender to the attentions of Mr. Falle this morning for most of the questions. He will do the lead off questioning. You have provided us, Mr. Byers, with an opening statement. In order for us to save time, if it is agreeable to you, since it has been made available to all members of the committee and they have had a chance to read it, I am going to ask that it be deemed to have been read into the record.

**Mr. Byers:** That is fine.

*(Opening statement by Mr. Byers deemed to have been read into the record as follows.)*

**Mr. Byers:** I welcome the opportunity to appear before the Public Accounts Committee today, and to provide you with information concerning the operations of the Yukon Liquor Corporation. The officials I have accompanying me are: Mrs. Pat Harvey, Assistant Deputy Minister of Justice, and Mr. Rollie Thibault, General Manager of the Liquor Corporation. Also here is Mrs. Olive Pociwuschek, who is a member of the Board of Directors.

We will do our best to answer your questions and to provide the follow up material that you require for your deliberations.

The Yukon Liquor Corporation is a Crown corporation. Its accountability differs from that of a department's because the tasks are directly assigned to the Corporation and not to a minister of the Crown. However, the minister responsible for a Crown corporation must still account to the Legislature for the results.

The Corporation derives its legal mandate from the Yukon Liquor Act. The Act established the Corporation and the Board of Directors which governs its operation in 1976. Its main objective is to provide for the importing, transporting, storing and selling of all alcoholic beverages in Yukon within the requirements of the Act and its attendant regulations. This means it serves the dual role of wholesaler and retailer in the distribution of liquor. It is also responsible for the issuance, suspension or cancellation of all liquor licences, and the enforcement and regulation of the sale of liquor through licences.

The Corporation is comprised of a Board of Directors, five people appointed by Cabinet, who represent the various areas of Yukon. They serve on a part-time basis, and in 1983-84 held ten meetings. They also hold public hearings to examine applications for new licences and transfers or alteration in licences. In 1983-84 twenty-five hearings of this type were held. They also approve the annual operation and maintenance budget of the Corporation which is then forwarded to the minister and the Department of Finance. The Board's members are reimbursed on a per diem basis.

The General Manager of the Corporation is its chief executive officer. He is charged with the general direction, control of the day-to-day business, and supervision of employees engaged in the administration of the Act and its regulations.

In addition the manager has two other major areas of responsibility. The first involves responsibility to his minister. In this role he advises and recommends policy:

- for ensuring that the needs of the public sector are reflected to the government

- for foreseeing potential political needs and problems related to the Corporation

- for control of the purchase and sale of beer, spirits and wine in Yukon

- for changes to the Liquor Act and pertinent regulations

- for programs to assist in the alleviation of liquor abuse

- for amounts of revenue and percentage mark-up generated by the Corporation

- for coordination of Yukon liquor legislation and regulations with federal and provincial agencies involved in similar related activities in the purchase, distribution and sale of beer, wine and spirits, while still maintaining awareness of unique Yukon requirements.

In addition he directs the financial control of the Corporation, the provision of territorial agent service on behalf of the Yukon Government in corporate stores outside Whitehorse and acts as a liaison between the minister and the Board of Directors.

The second other major area involves responsibility to the Board of Directors of the Corporation. In this role he advises the Board on all corporate matters including policy, he interprets the legislation and regulations governing the Corporation's powers, he determines the nature and extent of the resources required to operate the Corporation, he approves the strategic program functions required:

- to license and control the operation of liquor sales outlets

- to review, select, acquire, transport, store and distribute beer, wine and spirits

- to operate a network of corporate sales stores, a licensed outlet store, a major central warehouse and empty bottle depot

- to identify and respond to public expectations in the operations of the Corporation and the operation of licensed premises.

Under the Act the General Manager has the signing authority for all expenditures, orders, contracts, written notices, directions on behalf of the Board, setting liquor prices, increasing and decreasing prices due to changes in landed costs, or delisting products due to insufficient sales remain under his jurisdiction.

The General Manager is responsible for the negotiation of liquor and beer prices for Yukon. A bidding procedure is used on all beer products which reduces the rate of mark-up on the lowest tender's product. The process encourages more competitive bidding. Proof of the success and benefit to Yukon of this procedure is that the price of beer is lower in Yukon than in British Columbia.

The General Manager is a member of the Canadian Association of Liquor Commissioners which meets semi-annually to identify and implement common strategies in all aspects of liquor pricing, distribution, transportation, new products, stores operation, safety, federal regulations, and new provincial policies and procedures in the licensing area. He and his colleagues in the provinces also participate in the negotiations with ocean carriers in order to obtain advantageous freight rates for all liquor boards.

The General Manager also negotiates with recycling firms for the best available price on the sale of aluminum from crushed cans and also for the best price possible for the empty beer bottle returns to Pacific Brewers Distributors.

In comparing the organizational charts for 1983-84 and 1985 you will note that we have amalgamated the duties of the manager, corporate planning and personnel branch with the manager of financial control and systems development. This new branch will be headed by the manager of finance and administration. This new position will be responsible for the identification, development and management of comprehensive financial, personnel and data processing, and structures and processes for the Corporation under the general direction of the General Manager.

The manager will develop, organize and manage the accounting and financial functions of the Corporation in order to control and minimize operation costs. The manager will be responsible for providing advice on acceptable standards of service from a financial management point of view. The manager will develop and implement procedures for internal audits of inventory and cash, and liaise with the office of the Auditor General on the conduct of the Corporation's audit, and ensure that all accounting systems comply with the Yukon Government's and Auditor General's requirements.

The manager of the licensing and enforcement branch carries out

the Corporation's program in the areas of licensing and enforcement of licensed establishments under the Liquor Act and regulations. He assists new applicants and processes applications for liquor licences, permits, I.D. cards, renewal of licences, and inspects liquor establishments for any violations of the Act and regulations. He also issues warnings or suspensions resulting from violations, assists operators to overcome difficulties in the enforcement of the Liquor Act and regulations, and works closely with other agencies in areas of building standards, fire and health requirements, and the R.C.M. Police who also are appointed as liquor inspectors and who carry out an inspection program in licensed establishments.

Specific concerns in the enforcement area are to restrict alcoholic beverages to under-age and intoxicated persons, and to discourage advertising that encourages the use and abuse of liquor.

The manager of store and warehouse operations oversees the management of Yukon's six liquor stores and the Corporation's warehouse operations to ensure satisfactory standards of service to the public and licensees in liquor as well as in territorial agent services in outlying areas. A new development to aid in providing better service is the installation of inventory control cash registers in all stores. This is the first stage of a computerization program for the Corporation.

The manager is responsible for the ordering and transporting and distribution of liquor, the security of stock, buildings, capital assets and monies, and provides for sufficient insurance coverage of products in transport and those stored on Corporation premises.

Not only are store managers responsible for the operation of the Yukon Government liquor stores, but in the rural areas they also act as the territorial agent for the government. This involves providing territory agency service to local residents and tourists in order to meet the needs of persons who are without ready access to information and assistance provided by all Yukon Government departments and agencies. This alleviates confusion and difficulties that could arise for those persons because of their geographical distance from Whitehorse. Duties involve such things as the selling of licences, collection of health care premiums, etc.

In Mayo this service was extended by having the territorial agent also provide a banking service in the Mayo liquor store. He cashes cheques for the residents. This service will continue until arrangements can be made by the Yukon Government to again establish a bank in the community.

The Yukon Liquor Corporation's approach is based primarily on financial considerations so that an appropriate level of service is provided as economically as possible. Another consideration is the moral responsibility that is attached to the selling of alcoholic beverages. The primary analytical tool used is the life cycle casing technique program. This program has been developed to accommodate its requirements in capital funds to provide the facilities and equipment required to support the Yukon Liquor Corporation's operations. The Corporation has developed four liquor store concepts to accommodate the varying service requirements of Yukon communities. Each concept is designed to satisfy a different range of requirements based on community size, through-put of the facility, and permanence of the community. Program standards on stores and equipment are available.

I hope that this review of the Yukon Liquor Corporation's mandate, objectives and the roles and responsibilities of its senior personnel has provided you with a useful overview of its operations. As I said initially, my officials and I will provide all the other information you require, either verbally today or in writing as soon as possible.

**Mr. Penikett:** With that, maybe I can ask Mr. Falle to begin.

**Mr. Byers:** If I might beg the chair's indulgence for one moment prior to responding to questions, there is one thing that I would like to bring to the committee's attention. The annual report of the Yukon Liquor Corporation was tendered in the House on the last day of the sitting of the House. There are errors in that report that occurred. I will give the committee an explanation of what they are. We have brought up a number of revised copies of the report. The clerk's office was notified of the errors as soon as they were discovered by Mr. Thibault and a corrected annual report will be

filed when the House next sits.

It might be to the committee's benefit if they marked the copies that we are handing out now as the new ones, and then I will point out where the errors are.

**Mr. Penikett:** I think that is agreeable. Let us table, for our purposes, both the original and the revised copy of the annual report, and, at the same time, the material that Mr. Byers has presented. The covering page is called "Yukon Liquor Corporation Organizational Chart" and it has a number of attachments to it as well.

**Mr. Byers:** Briefly, as I indicated, the report was tendered to the House on the last day of sitting. It was received by the corporation from the printer the day prior to that. Probably because of the time constraints, the errors were not immediately noticed by Mr. Thibault. These really are not typographical errors, but these are corrections in the corporation's financial statements, which result from the review of the corporation's statements by the Auditor General.

If you would turn to page three of the report, the figures are incorrect. Under the paragraph headed "Sales", in the first line, "financial operations net and profit", you will note that there is a difference in that net profit figure. In the original report filed, it is \$4,527,566. In the revised version it is \$4,512,578.

The next error is in the next line. This sentence represents a decrease. You will note that the figure there is different, as is the percentage decrease. The percentage decrease is 6.9 percent, not 6.5 percent.

The other error that occurs on that page is in the last line of that first paragraph. The first figures in that line, in the original version showed \$5,814,970 or 5.27 percent. The correct figures are \$5,799,982 or 5.52 percent. Those are the only corrections on page three.

The next place where any errors arise is on page 17.

The heading is "Schedule of Operating Expenses". The adjustments all occur under the topic of salary and wages and run right across that top line through to 1984. You will note that there are differences in each of the salary and wage figures from each of the liquor outlets all the way across. That has the effect, of course, of changing the 1984 totals, only because of those salary and wage differences, and again, straight across the chart from Whitehorse through to the column 1984. Those are the only corrections in that annual report.

**Mr. Penikett:** Okay, Mr. Byers. Your opening statement having deemed to be read, Mr. Falle, first question?

**Mr. Falle:** On page 16, I hope we are talking about the new report. We are. Okay. Sales inventory on a percentage forecast. How does the Corporation control sales and inventory of its liquor stores?

**Mr. Thibault:** On page 16?

**Mr. Falle:** Yes, I am just referring to a page in the report where I am getting information from, that is all.

**Mr. Thibault:** And your question is how ...

**Mr. Falle:** How does the Corporation control sales and inventory of liquor stores?

**Mr. Thibault:** The inventory is controlled in accordance with the sales in each one of those stores. If the sales are decreasing, the inventory naturally will decrease also, depending on the purchase made at each one of those locations.

**Mr. Falle:** How does it deal with slow moving inventory?

**Mr. Thibault:** Slow moving inventory I review twice annually. We keep records of all the sales of each bottle by locations and also a total for the Yukon Territory. As a brand decreases by a certain amount in sales, we class it as a low sale item, then we, in order to decrease the loss by losing the bottle, especially if it is a bottle of wine, for example, after a two year period, we may decide to decrease the price of that product, and therefore, gain as much as we can from the sale at the decreased price.

**Mr. Falle:** So therefore you have sales.

**Mr. Thibault:** We have sales, yes. In the area of sales, those brands are not relisted again. A new brand will be listed in its place.

**Mr. Falle:** Does the corporation establish maximum and

minimum levels for each of its inventory stock items?

**Mr. Thibault:** Yes, we do. In the operation of the department, we do keep an inventory control of all the stock. The main control is in our central warehouse. We have, through an inventory cash register control, from day-to-day exact totals by bottle on each brand that we have on hand. As the sale is processed daily, at the end of the day, if we so wish, we can get from the cash register the exact inventory of each of those brands. From those reports, the operation branch then proceeds to order items that are required for future sale.

**Mr. Falle:** What is the current percentage markup of liquor, wines and beers?

**Mr. Thibault:** The markup on liquor is a cabinet decision, given to us. I do not feel that it would be proper for me to divulge the markup on liquor, spirits, beer and wine.

**Mr. Penikett:** What is the administrative reason for wanting to make that a confidential decision?

**Mr. Thibault:** We do — for example, on beer — negotiate the price with the four major breweries and allow the brewery that gives us the lowest price a preferential markup according to the quotation to us. We do this also, from time to time, on wine and liquor. If we give a preferential markup to a brand that has been reduced in price to us, then the other breweries, in that case, will be able to obtain the exact costs quoted to us. In other words, if we do not keep them confidential there is no reason any longer to negotiate for the price of beer. We felt that the negotiations that have been going on for the past three years have been very very successful for the Yukon Territory.

At the present time, the price of beer in the Yukon is cheaper than BC, both in bottled beer and draft beer.

**Mr. Falle:** You said that the minister authorizes the markup.

**Mr. Thibault:** The markup is proposed to the government for approval.

**Mr. Falle:** It does not come from the board?

**Mr. Thibault:** Yes, that is right. It goes from the Corporation and the board to the government.

**Mr. Falle:** Then it is a board decision, not a ministerial decision?

**Mr. Thibault:** Yes, but it is finally approved by cabinet.

**Mr. Falle:** How often are they revised, or are they?

**Mr. Thibault:** The last general markup on our liquor was in 1979. Later, in 1980, or 1981, we had a change which was approved by cabinet, leaving the corporation the power to negotiate the prices on beer. I believe it was in 1981, roughly.

**Mr. Falle:** On page 16 of the corporation's annual report, a schedule of gross sales of spirits, wines and beers is included. Those sales, as shown in this schedule, are \$14,914,000, which does not agree with the sales of \$12,854,000 shown on the statement of income on page 8. What accounts for the difference?

**Mr. Thibault:** I believe that the difference here is the liquor tax. One is gross sales and the other one is net sales.

**Mrs. Harvey:** Page 8 shows the net sales which excludes the tax, which then shows up on page 10, item 5. You add the net sales and that item 5 to reach the real sales.

**Mr. Falle:** Would it be possible to show the liquor tax components separately for each category: spirits, wines or beer?

**Mrs. Harvey:** Yes, that is readily reached.

**Mr. Falle:** Would it also be possible to show the gross profit of sales for each of these items and categories?

**Mrs. Harvey:** I would say yes, it would. It might require a lot of man hours; however, it is certainly there.

**Mr. Falle:** It is probably just a suggestion that I am trying to make on this. If it could be done, and it is not too many man hours, could the additional information be provided on that?

**Mrs. Harvey:** Yes, we are able, and we would, if you so wish.

**Mr. Falle:** Page three of the annual report indicates that about 60 percent of the corporation's sales are to licenced premises. Is the percentage markup of sales to licencees the same as the percentage on sales through the liquor store?

**Mr. Thibault:** Yes, it is.

**Mr. Falle:** Does the corporation control the markup of sales by licencees? Do you control the price of the liquor sold in the bars

and taverns?

**Mr. Thibault:** Yes, we do.

**Mrs. Harvey:** We had, through the years, regulated that; however, that is now removed. We do not regulate in that area.

**Mr. Falle:** So you would not know the markup in these cases where it was regulated, at this time?

**Mrs. Harvey:** That is right.

**Mr. Falle:** What was the markup in 1983-84?

**Mrs. Harvey:** I think I am right when I say that it was not regulated then. We sell to licencees. They resell and set their own margin or markup, unless you are referring to the off-sales. Are you referring to the off-sales?

**Mr. Thibault:** Are you confused with the off-sales premises with those of licenced establishments?

**Mr. Falle:** Yes, as well as the bottles sold in the taverns.

**Mr. Thibault:** Yes, it is under regulation. We control the off-sales. For example, a bottle of liquor sold from a licenced establishment to the public can only be marked up \$1.35 above the liquor store price. Beer is \$2.00 above the liquor store price. So, we do regulate this under the regulations.

**Mr. Penikett:** Going back to the explanation that Mrs. Harvey gave regarding the difference between the numbers on page 16 and page 8, and explaining that by the item on page 5, referred to as taxation. I have done a quick calculation here and I still find there is \$773,143 difference between those numbers. If I may walk through those numbers, could we just check them? On page 14, gross sales is \$14,914,143. The tax Mrs. Harvey referred to on page 10 is \$1,287,000, which comes to a total of \$13,627,143. The page 8 sales figure, again, is \$12,854,000. There is a discrepancy there of \$773,143, by my calculations.

**Mrs. Harvey:** May we review this? We will make sure we have the answers you need when we meet next.

**Mr. Penikett:** We will just flag that question then.

Let us go back to one other question that we might also flag. You may want to consult with other people about this. Even taking into account, Mr. Thibault, your explanation for the reasons for not wanting to disclose specific markups, is it not possible, without regard to the agreements you may have with the particular companies, to indicate in some global terms what the markups are for some of those categories. I am not asking you to respond to the specific question now, but I wonder if you would take that question under advisement.

**Mr. Thibault:** Yes.

**Mr. Falle:** The follow-up question I wanted to ask on the markup: what is the markup in a percentage, if a case of beer is sold in Whitehorse off-sales, from the liquor store to the private vendor? You said \$1.35 a case, I believe, so it is roughly about a 10 percent markup.

**Mr. Thibault:** I think I said it was a \$1.90 or \$2.00 for a case of beer. I think that is roughly about 19.5 percent of profit for the licencee.

**Mr. Falle:** In the case of the private sales, if that person happened to be in Dawson City, would he or she have to pay the transportation from Whitehorse, or is the markup the same?

**Mr. Thibault:** No, the transportation of liquor from Whitehorse to Dawson is paid by the Yukon Liquor Corporation to all the stores and also to all licencees in the territory, as long as the licencee is within a 25 mile radius of a store or a warehouse.

**Mr. Falle:** People in Beaver Creek, then, would have to pay the freight difference from Whitehorse to Beaver Creek. That would not be borne by the Liquor Corporation, that would have to be borne by the licencee?

**Mr. Thibault:** I am sorry. If you are referring to a licencee in Beaver Creek, we do pay the freight, because it is more than 25 miles from Haines Junction, where he could purchase.

**Mr. Falle:** On page 5 of the corporation's annual report, you indicate that licenced premises were subject to regular inspections throughout the year. How often are these inspections carried out?

**Mr. Thibault:** They are carried out pretty well on a weekly or semi-weekly basis. An inspector will visit the licenced establishment. They do about four general inspections all over the territory. Within Whitehorse, the inspections are done on a weekly or

bi-weekly basis. Some of them are done during the day and some of them are done during the evening.

**Mr. Falle:** The figures in your annual report show that there are 267 licences out, and you have done 712 inspections, so that is roughly two a day. You must have a fairly busy inspector.

**Mr. Thibault:** I must say that they are busy, but I am not sure that that represents two inspections a day. We could inspect a licensed establishment once or twice a day, depending on the work that has to be done there. It could be measuring a licensed establishment, or it could be talking to the management, or it could be several reasons. I believe the figure of 712 inspections may also include everything, inspections and all.

**Mr. Byers:** The number of licences is somewhat misleading. I have forgotten the total he quoted. That does not represent the number of physical establishments. There may be, in rough figures, about a hundred licensed establishments. Each establishment would have a variety of licences — dining room licences, cocktail licences, whatever — so there may only a hundred premises in the territory that the inspectors have to visit. They may check half a dozen licences in any one particular place.

**Mr. Penikett:** Even given that information, which would change the frequency factor which Mr. Falle was after, that would seem that you are talking about inspections bi-weekly, or weekly, or perhaps even more frequently. How does it compare with what is done in the provinces? Are you aware of that? Or is it a question of how you define inspections, which Mr. Thibault was beginning to describe.

**Mrs. Harvey:** Through meetings, which are annual, we meet with those outside. I would say, number one, that we meet well the needs they have laid out in their areas. The hang ups we have, vis a vis the miles involved, are very real and even at that, I think we do. You reach a level through the fact that naturally each outlet must be rated on merit, and where the need arises, they are inspected maybe quite often over a few hours or a week or over a month, which may result in resolving whatever was seen as the headache there. In other areas, where it is fairly certain that the owner-manager upholds the law and has the aim of upholding that law, you would make your usual three or four annual inspections, and you would make those soundly and rest with that unless you heard otherwise. It would sound very neat if we were saying, yes we make all those rounds each year. That would not be so. They are reviewed on merit, vis a vis queries we may have had, and the needs that are read.

**Mr. Falle:** I want to know, basically, if the 712 inspections that have been done, have been done solely by the inspector, or does this figure include inspections by the R.C.M.P. or other type of inspectors? For one man to do 712 inspections a year, he is a pretty good employee.

**Mr. Thibault:** Mr. Chairman, it does not include the inspections by the R.C.M.P. By the way, we have two liquor inspectors, one doing the inspections.

**Mrs. Harvey:** We would not like it left that there is an inference of harassment here, when you see what may seem like a high volume of reviews. I think that we all may exaggerate that in our own minds when, unless we realize that in one night in Whitehorse, they may reach 12 or more outlets in a very few hours, and many will end up purely routine, as a walk-through.

**Mr. Falle:** Yes, I realize that. Like Mr. Byers said, it could be more than one licence in the establishment, and that would account for the inspections I would imagine.

**Mr. Thibault:** If I may add, Mr. Chairman, the inspection visit includes special occasion reception permits. As you probably know we issue about 588 and 122 reception permits, so we do visit those functions taking place also as part of the 712. During Rendezvous, for example, or during the Discovery Days in Dawson, an inspector may make three or four or five visits to each licensed establishment during those two or three days. So each one of them is counted every time. The time is marked and compiled and if they go two or three times, it is three or four inspections, in other words.

**Mr. Falle:** I gather from your answers that they are systematic inspections to cover all the licensed premises annually throughout the Yukon?

**Mr. Thibault:** Yes.

**Mr. Falle:** In addition, are surprise inspections carried out?

**Mr. Thibault:** Yes. I do not know the percentage that would be, but an awful lot of them are done — at midnight and after one o'clock or even two o'clock, or even after the closing time at two o'clock. Those inspections are done fairly often by our inspectors when we have received complaints, specially when licensed establishments are not closing at the proper time, or are carrying on a party after the closing time. Also, our inspectors, from time to time, join the R.C.M.P., the undercover people, in conducting inspections.

**Mr. Falle:** Again, referring to the annual report on page 4, for the purchases of liquor, wine and beer from various suppliers, does the Corporation negotiate firm prices for a fixed period?

**Mr. Thibault:** It depends. We are talking about a wine supplier?

**Mr. Falle:** Wine or spirits.

**Mr. Thibault:** Usually, the suppliers of spirits have prices they submit yearly or semi-yearly. Often, you will see a general price increase. If one company, for example, set the price increase in April, you will see pretty well all the other producers also coming up with a price increase. You will realize three or four months after some of the companies have reduced their price because they want to achieve a lower retail price. Also they may come back to me and they say "I would like to make an agreement with you. I will give you a price rebate on transportation of liquor, and I want my retail price to be lower by 20 cents or 30 cents". We do that all the time.

**Mr. Falle:** Do these prices include the freight charges to Whitehorse? Some do and some do not, is that what you are saying?

**Mr. Thibault:** The price of the Canadian product that we have is FOB Vancouver. This is why all Canadian suppliers have to give us a price FOB Vancouver. If we have a supplier from Ontario, for example, it is their responsibility to find the cheapest transportation. We give them the authority to do so, and they transport the liquor to a firm in Vancouver with whom we have an annual contract for transportation.

**Mr. Falle:** The Liquor Corporation then pays the freight from Vancouver to Whitehorse?

**Mr. Thibault:** That is correct.

**Mr. Falle:** That is not negotiated in the price of wine or beer?

**Mr. Thibault:** It is not.

**Mr. Falle:** A new liquor store built in Faro was recently constructed. Is the building in Faro fully occupied by the corporation?

**Mr. Thibault:** No. Roughly about 1,000 square feet of the building is occupied by the Department of Health and Welfare. I believe they have some social workers there.

**Mrs. Harvey:** They have a three year lease, I believe, on that.

**Mr. Falle:** Is it being fully utilized by the government, by the Liquor Corporation or other departments? Are there any empty spaces?

**Mr. Thibault:** I believe that during the time the mine was going under normal production, the Faro Liquor Store was well-used. Today, I think the situation is different, due to the fact that we have quite a reduction in sales, something in the neighbourhood of sales being down by 20 percent.

**Mr. Falle:** I realize what you are saying regarding the liquor commission, but is there any spare room in the building in Faro, or is it completely being utilized?

**Mr. Thibault:** It is completely in use.

**Mr. Falle:** On page 19 of the annual report for the year ending March 31, 1984, showing contents of schedule of tonnes of liquor sold by location, what is the purpose of this schedule?

**Mr. Thibault:** We calculate the tonnage of liquor. We are using that information as a guide. The sales, the number of bottles sold at each one of the stores, the tonnage of liquor handled by the staff, assist us in establishing how many staff we will have at each one of those stores, so we have a scale that helps us to determine the number of staff. The number of bottles, which is the tonnage, helps classify each store according to the volume of work they do, and also assists us in establishing if there should be one, two or three staff in the store.

**Mr. Penikett:** Also your trucking contracts, presumably.

**Mr. Falle:** I was looking to see if it had anything to do with freight, really.

**Mr. Thibault:** Yes, it does.

**Mr. Falle:** The Corporation collects liquor tax under the Liquor Tax Act for the Government of Yukon. How does the Corporation ensure that the correct amount of liquor tax is collected?

**Mr. Thibault:** It is quite simple, Mr. Chairman. If you want to take a month as an example, and we have sold let us say \$1 million in one month, at retail price, the tax is 10 per cent of the retail price, so we just take one-tenth of the sales. That is your tax.

**Mr. Falle:** That is what we wanted to find out before. Has the Corporation considered the cost and benefits of establishing a bonded warehouse in the territory? If so, what is the conclusion?

**Mr. Thibault:** A bonded warehouse, did I hear?

**Mr. Falle:** Yes. What is your conclusion, if you have considered it?

**Mr. Thibault:** We considered a bonded warehouse several years ago. After we studied it, we came to a conclusion that we were farther ahead not having an in-bound warehouse, as we would restrict the movement from the in-bound warehouse to the main warehouse to serve the public. We realize that having a bonded warehouse would save the duty and excise, and federal sales tax would not be paid, however, in order to separate the warehouse as a separate entity as a bonded warehouse, every shipment coming in would have to go into the bonded warehouse, and then there is a process of ex-warehousing the liquor from the bonded warehouse and then pay to the federal government the duty, excise and federal sales taxes. This would involve extra clerical people and also every time we wanted to open the warehouse we have to have an officer from customs and excise on site. After we studied it, we concluded that it would be just as cheap to carry on the way we are and pay the duty and excise on liquor as the shipment comes in.

**Mr. Penikett:** Thank you, Mr. Thibault. Let me get in, if I can, before we have to break, a couple of quick questions to Mr. Byers, which arise out of the opening statement, if I can.

I gather the re-organization of the Liquor Corporation, as it relates to the total government organization, is a result of the famous study about which there has been much public mention. Let me give you this question of notice. Would it be possible for us to get the relevant or pertinent portions of that study as it relates to the economy, efficiency and effectiveness of the Corporation moving into this new arrangement? I will file that question with you as notice and ask you not to respond now.

Let me ask you a direct question, though. We understand that the General Manager now reports to the deputy minister of Justice.

**Mr. Byers:** In point of fact, it is to the assistant deputy minister.

**Mr. Penikett:** Could I just ask you to elaborate a little bit on that reporting relationship, Mr. Byers?

**Mr. Byers:** I am not sure I fully understand what you mean, Mr. Penikett, by that.

**Mr. Penikett:** It is a rare treat for us to have a lawyer here. Let me put it to you in these terms. How does it comply with section 9(1) of the Liquor Act, which states that the General Manager is "the chief executive officer charged with the general direction, supervision and control of the Corporation under the general direction of the Board of Directors"?

**Mr. Byers:** I do not think the reporting relationship that now exists infringes, in any way, upon the act. The board is still autonomous; it is still a Crown corporation. If you are asking me if the reporting relationship has changed as a result of the reorganization, it really has not, particularly. Mr. Thibault reports at a different level than he did before, but those relationships are not any different now than they were before.

**Mr. Penikett:** What are your responsibilities in connection with the corporation, as deputy minister of Justice?

**Mr. Byers:** Just liaison, primarily. I do not have any direct role to play with the Liquor Corporation in the sense of establishing any policy; that is the board's prerogative.

**Mr. Penikett:** You use the word "liaison". Your opening statement refers to Mr. Thibault, as the general manager, being

responsible for liaison between the minister and the board.

You both have liaison functions, do you?

**Mr. Byers:** Yes, I would say that is correct.

**Mr. Penikett:** What is the role of the board of directors under the reorganization? Has it changed?

**Mr. Byers:** No.

**Mr. Penikett:** To whom are they accountable, since under section 3(1) of the *Liquor Act*, they are the corporation, and under 3(10), they are responsible for the conduct and management of the corporation.

**Mr. Byers:** Since it is a Crown corporation, they are, in one sense, responsible to themselves. The minister responsible for the Liquor Corporation is first responsible to this House. In that sense, they have a responsibility to that particular minister.

The board itself is independent, in the sense that it is a board of a Crown corporation; they are not in line directly, responsible, or responsive to anyone.

**Mr. Penikett:** I know the reorganization was recommended by experts and people who know more about management arrangements than I do, but if I could draw your attention to the organization chart that you presented us, the first thing that concerns me about that is that I would be worried about any organization where you have someone, in essence, reporting to two masters. You have the general manager reporting to the minister and to the chairman of the board of directors. You have, just a moment ago, described the general manager as reporting to the assistant deputy minister of Justice.

**Mr. Byers:** You are looking at the first page. This is the organization that existed prior to the reorganization. There is now another chart — the pages are not numbered, unfortunately — headed "1985", and it shows the new reporting relationship.

All of the Crown corporations do have that type of reporting relationship prior to reorganization — the Housing Corporation, Workers' Compensation, whatever — and the general manager was responsible to the chairman of his board and to the minister who was responsible to the House.

**Mr. Penikett:** Can I just flag this as something that I do want to pursue further with you? Let me explain briefly why. You refer to the other Crown corporations, but the act for this corporation is much more specific as to the powers and duties of the board than are the acts of the other two that you referred to. I wonder if I can flag that as something that we might pursue when we come back tomorrow.

**Mr. Byers:** The Housing Corporation is not within my responsibility, and I cannot answer for it.

**Mr. Penikett:** No, but you used the other Crown corporations as an example, and this one, I think has a much tighter act in respect to the reporting relationships. I would like to pursue that from the administrative point of view.

Let us ask now that the witnesses be excused and ask if they could rejoin us tomorrow morning at 9:30.

We will now adjourn into executive session.

The witnesses are excused.

*The Committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Thursday, February 14, 1985  
9:30 a.m.

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Issue No. 3 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

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

(Mr. Clarke Ashley substituted for Mrs. Firth)

Missy Follwell  
Clerk to Committee

### **Expert Advisors from the Office of the Auditor General:**

Raymond Dubois, Deputy Auditor General

Harold Hayes, Principal

### **Witnesses:**

#### **Yukon Liquor Corporation**

Mr. William Byers, Q.C., Deputy Minister, Justice

Mrs. Patricia Harvey, Assistant Deputy Minister

Mr. Rolly Thibault, General Manager, Liquor Corporation

Mrs. Olive Pociwuschek, Board Member

#### **Government Revenues**

Mr. Frank Fingland, Territorial Treasurer

Mr. Ray Hayes, Director, Taxation and Money Management

**EVIDENCE**

Thursday, February 14, 1985

**Mr. Penikett:** Meeting number three, sixth sitting. We are continuing where we left off yesterday with a review of the operations of the Yukon Liquor Corporation. I would like to welcome back, this morning, Mr. Byers, Mrs. Harvey, Mr. Thibault and Mrs. Pociwuschek in their capacities as Deputy Minister of Justice, Assistant Deputy Minister, General Manager of the Liquor Corporation and a member of the board of the Liquor Corporation, respectively.

Mr. Byers has kindly responded to a couple of questions which we asked yesterday with written responses. I think I would ask the clerk to receive on the table those answers now. We will have them tabled and then we can deal with them in executive session.

I believe all members of the committee have seen them and they have substantially answered the questions we were asking, so there will be no further follow-up on that.

Let me move immediately, Mr. Byers, to the organization question. You will recall that yesterday I asked you a couple of general questions about the act under which you are operating and the extent to which the reorganization is in harmony with the specifics of that act. I wonder if you have had a chance to look at the act and could respond in a general way to that question.

**Mr. Byers:** Yes, I have. The Liquor Corporation is obviously a creature of the statutes, so called a Crown Corporation. By statute, there is a board which is responsible for the operation of that corporation.

The reorganization has not changed the legislative mandate of the liquor board. It still operates under that piece of legislation. It will quite possibly continue to operate under that piece of legislation without any alteration. If the reorganization is to have any major impact on the methodology of the board's operations — in other words, to change its historical role — then of course this House would have to deal with any amendments to that legislation.

At the moment, no amendments are contemplated by the Department of Justice. The Liquor Corporation continues to function the same way it did prior to the announcement of the reorganization. There has been no alteration to that.

We have no way of altering that, because, as I said, the governing legislation sets out the powers and duties of the board and the general manager and they will continue to function in that fashion. I have no legal right, no legislative right or no mandate to, in any way, interfere with, or alter, those roles or relationships. So, it continues to function as a corporation as it always did.

**Mr. Penikett:** Permit me just a couple of questions on that point about the roles and relationships and the mandate as it is laid down in law. Referring to your opening statement yesterday, on page 3, you outline the duties of the general manager. The second paragraph says, "In addition, the manager has two major areas of responsibility. The first involves responsibility to his minister. In this role he advises and recommends policy". There are a number of things detailed there. There are two I would like particularly to direct your attention to. One of these roles is to advise and recommend policy for the control of the purchase and sale of beer, spirits and wine in Yukon, and the last one, for amounts of revenue and percentage mark-up generated by the Corporation.

Now I grant that I am a layman, but my reading of the act seems to suggest that under the act the general manager is directly responsible to the board for those specific things, rather than through the minister through the new chain of command, the assistant deputy minister and the deputy minister. Would you have any comments that would illuminate that apparent contradiction for me?

**Mr. Byers:** Yes, Mr. Chairman, I am not so sure that it really is a contradiction. The board has delegated that authority, really, to the general manager, so that he is the party with that relationship with the minister and/or deputy minister. Under section 13 of the act, there is a requirement that the corporation, through the particular executive council member or minister responsible for the Board, table an annual report to the House. The minister is responsible to the House, therefore, for the general operation of the

corporation and, as such, has to be advised and informed by the corporation. He receives that advice and information through the general management. The re-organization, as such, has not really changed that, except that the reporting is now done through the assistant deputy minister. Again, that information has to flow to the minister who must respond to this House for what happens within that corporation.

**Mr. Penikett:** Let me ask you one final question on that subject. You said that the board had delegated these responsibilities to the general manager. Did you mean that the board had delegated those responsibilities to the general manager since the reorganization? If you did mean that, I was wondering if that delegation is limited in any way?

**Mr. Byers:** No. That has always been the situation. The chairman of the board, historically, has reported — maybe that is not even the right word, because "report" has connotations to it of a responsibility of receiving direction, those sorts of things. It is more of a liaison role. The chairman of the board has, from time to time, had meetings with the minister responsible and there has been a relationship, historically, between those two individuals. Again, it is really to keep the minister informed so that he can respond appropriately to the House when asked questions.

The board has always given the major responsibility of that information role to the general manager. The reorganization has not, in any way, changed that.

**Mr. Penikett:** Before we move on, do any other members of the committee have any questions about the separate reporting relationship of the general manager to the board and to the assistant deputy minister?

**Mr. Falle:** I am completely confused now. I would like you to explain to me exactly what the power of the board is.

**Mr. Byers:** The power of the board, basically, is to run the Liquor Corporation. By legislation, it has the sole responsibility and authority to do that. That is its mandate by the *Liquor Act*, which sets regulations and policy for the day-to-day operations of the liquor corporation.

**Mr. Falle:** Please explain to me, very clearly, why the general manager reports to the minister instead of the board.

**Mr. Byers:** He does report to the board. I hope I have not raised any confusion on that point. His prime responsibility is to his board. He takes direction from the board, as well as advising the board. In order to keep the minister informed, he liaises with the minister. Let me use that word, rather than "report". There is no obligation in the act upon the board or the general manager to "report", in that sense, to an assistant deputy minister or deputy minister or to the minister responsible.

That has always been a cooperative thing; it has always been an historical liaison role, where the board chairman and the general manager have kept the minister informed so that he can, as I said before, be responsive to the House when he is queried on any issues involving the corporation.

By legislation, there is no direction or mandate in the act that says, "You shall, as the general manager, report here or there". His responsibility under the act is to his board. The act also places a responsibility on an executive council member to the House, so that in order for him to be able to respond to whatever questions are put to him, he has to be informed, and he gets that information through two vehicles: his relationship with the board chairman, and his relationship with the general manager.

**Mr. Falle:** On your flow chart, it is your general manager who liaises between the minister and the chairman of the board. Is there any vehicle in place where the chairman of the board can have a direct link to the minister, or does the board have to go through the general manager?

**Mr. Byers:** No, the board can respond directly to the minister, or may reach the minister as it sees fit. The Chairman does, and he does not have to seek anybody's permission or consent to do that.

**Mr. Falle:** I just got this from the flow chart here.

**Mr. Penikett:** Could I just ask you a question on the organizational chart, Mr. Byers; the 1985 chart as opposed to the 1984. Following up on Mr. Falle's question, this organization chart describes certain line relationships. From your answers I assume

that in addition to these relationships described here, there are also functional relationships, as I heard you describe them, between the general manager and the minister, and the board and the minister, which are not described on this chart.

**Mr. Byers:** There should, in fact, be a line as you have indicated on the chart you are showing to me, Mr. Chairman, between the chairman of the board of directors and the minister, so that there is a relationship between those two. The general manager does not deal directly with the minister, as he did before. As he did in the year we are looking at, 1983-84, the general manager was in fact a deputy minister, or had that status, and therefore had the normal role of the deputy minister in relation to his minister. That is, he had a direct line responsibility to the minister and was answerable to the minister. That is no longer the case.

**Mr. Penikett:** Could I just ask you: have you had a chance to consider our request for the relevant recommendations from the re-organization study as it affects the department?

**Mr. Byers:** Yes, sir. I do not have it within my power to give to this committee or anyone else that actual document. I do not have it, and it is not mine, and you would have to seek that from the government leader. I can give you what my understanding is of the reasoning.

**Mr. Penikett:** Yes, if you want to do that briefly.

**Mr. Byers:** I think the recommendation was basically to examine whether or not any economies of administration could be achieved by having the Crown corporations, in essence, having some role with a line department, in this particular case, the liquor corporation and the Department of Justice. That simply means that there may well be within this government certain services we could offer to that corporation which would effect cost savings to the corporation. They might be in the area of computer services, for example, personnel management, or whatever. We are in the process of examining that now, as is the board, to see whether or not, in fact, it can be achieved.

**Mr. Penikett:** Just a further question, Mr. Byers. Yesterday you were first describing the changing relationship of the Crown corporations with the Government of Yukon, and you referred to the housing corporation, the liquor corporation and the Workers' Compensation Board.

Let me just ask you about the Workers' Compensation Board, which, for those of us who have dealt with that board have always understood there has been a special kind of statutory and even constitutional independence of an agency like that, because it is running an insurance game, and so forth.

As to the independence of the board, as it may be illustrative of this relationship, does the actual independence of that agency change because of this reorganization, in your view?

**Mr. Byers:** No. I think the short answer to that is no. The two that I have some relationship with now, because of the reorganization, are both creatures of statute. As I indicated earlier, any change would have to be by an amendment to legislation which would be brought before the House. No, they are both created by statute, are creatures of statute, therefore, and the reorganization simply cannot make an effect on their independence of the way they function without the major revisions to their legislation.

**Mr. Penikett:** I think that may be a side issue so I do not want to pursue that too far.

We will move on to Mr. Brewster who has a question he wanted to ask you.

**Mr. Brewster:** This has something to do with reorganization. As I understand it, the directors actually run and make most of the decisions for the liquor corporation, is this correct?

I get conflicting reports on this Beaver Creek situation of a duty free shop. I have been told that there has been no agreement signed. I have been told that an agreement has been signed. Who made the decision? Did the directors make the decision?

**Mrs. Pociwuschek:** The decision was made by the chairman and the general manager of the corporation. This was only a decision, insofar as they signed a memorandum of understanding in November. This occurred after the board had met and before the board was likely to meet again.

They were well within the scope of the act. They are authorized

to make agreements for the corporation. This was later brought to the attention of the board at the first meeting after that letter was signed.

However, I would like to state that the question of there being a duty free shop is something that has come up over the years a number of times, both from Mr. Thibault at his meetings of the Association of Liquor Board Administrators, which meets in Canada at least once a year, and also from Mrs. Harvey, who appeared, as you know, as the administrator for the liquor board, when she went out to the Association of Liquor Board Administrators meeting.

Over a period of years, this was discussed many many times. It is usually a very slow process and I think everybody was caught off base. In fact, having signed this memorandum, suddenly within a matter of two or three weeks, they received copies of federal advertising. There was no correspondence. This advertising just suddenly appeared, much to everybody's amazement. At that time, Mr. Thibault was away, and therefore, the government was not contacted, as it should have been. We would at this time, like to apologize to you, because we do not normally operate in this fashion. We do expect to keep you informed at all times of things of this type that may come forward.

**Mr. Brewster:** As I am to understand it now, the memorandum is all you have. You do not have a complete, signed legal agreement?

**Mr. Thibault:** The next step for the duty free shop is an agreement between the powers of the Yukon Liquor Corporation and the successful applicant. The process is, of course, that the federal government, as the only body that licenses duty free shops, has gone ahead and advertised for applicants to apply to run the duty free shop. The selection of the applicant will be done in connection with the Yukon Liquor Corporation, and then, thereafter, an agreement would have to be signed between the applicant — if there is a decision that we go ahead with a duty free shop in Beaver Creek, which is the case — and the corporation, to make sure that the liquor is purchased from the liquor corporation, for example, and establish the mark-up that we are going to apply on the liquor. As you know we have to sell the liquor to the applicant, less duty and federal sales tax. The way the duty free shop would be run, the conditions and the employees would be a decision between the federal government and the Yukon Liquor Corporation. There are many, many steps, if I have your question right here, Mr. Chairman. There is a long process before a duty free shop is established, and there are many areas that have to be studied to decide on it.

**Mr. Byers:** If I could just add one point to clarify this, the duty free shop, if I understand it correctly, would be established under federal legislation, the Excise Act. The selling of liquor in that duty free shop is only one component of what would be allowed and that is really the only reason we have an involvement. The involvement would be because, in their total operation, they might want to sell duty free liquor, so it would have to be purchased through this corporation. But aside from that, I would not think there would be anything that would prohibit the federal government from setting up a duty free shop on any border they so chose without necessarily consulting with the territory or province, and could sell any watches, cameras, or whatever goods they might impose duty on now, at some lesser rate. I guess it is really only because they want to include liquor in their items for sale that we have had any involvement with the process at all.

**Mr. Brewster:** I agree with that, and have no problem. I will just read part of what is in the communique from Ottawa, and I presume that this is not quite correct: "In addition, the minister announced an agreement for the sale of liquor in duty free shops has been reached with the Government of Yukon". Now you tell me it is an agreement memorandum. Now, somebody is not on line here.

**Mr. Thibault:** It is a memorandum of understanding that we have signed.

**Mr. Byers:** It is called a memorandum of understanding. The preamble starts off recognizing that the federal government controls the licensing of duty free shops, and recognizing that the Yukon government controls the sale and distribution of liquor within the

Yukon. It then goes on to set out what the federal department will do, which includes inviting application by national advertisement for the establishment and operation of the shops, and advertising and consulting with the Yukon with respect to anyone it might issue the licence to to operate the shop.

The responsibilities that the Yukon Liquor Corporation has agreed to are basically that they will provide the federal department with whatever terms and conditions they deem necessary to establish the sale of liquor in that shop.

**Mr. Penikett:** You are the lawyer, Mr. Byers. Is there a contradiction between what the federal government has agreed to and the agreement we signed?

**Mr. Byers:** There are several things, I think. This document is signed only by the liquor corporation, not by the Government of Yukon, so it is not binding on the government at that point.

I have always held that there is a substantial difference between a memorandum, or an agreement of understanding, and an actual contractual relationship.

**Mr. Penikett:** Mr. Brewster, would you be interested in having a look at that document?

**Mr. Brewster:** Could that document be filed with us?

**Mr. Byers:** Yes, we can make a copy available.

**Mr. Brewster:** Could I also get the date of the meeting when the decision was made by the board members, and what board members were there at that meeting?

**Mr. Byers:** Yes.

**Mr. Penikett:** Mr. Byblow, you have a question about preferential mark-up in negotiating with suppliers.

**Mr. Byblow:** I have a couple of questions stemming from yesterday's discussion. I will direct these to Mr. Thibault.

You stated yesterday that during negotiations with suppliers you gave a preferential mark-up to the lowest bidder on stocks procured. Could you explain, perhaps by use of a hypothetical example, just what that means and how it is applied?

**Mr. Thibault:** When we negotiate, for example, the price of beer with the breweries, we receive quotations from each one of them. After we have received the first submission from them, they are told where they stand, that they are the lowest, second lowest or the highest in their submission of quotes. In the second round, they are able to resubmit another quotation to us, and the latest, of course, is the final. From that, we decide which one is the lowest and therefore give the lowest tender preferential mark-up.

The preferential markup is in relation to the price submitted to us. For example, the second lowest submission is five percent higher than the lowest, then, therefore, the mark-up would be in accordance with that. If the third highest is 15 percent higher, then the markup would be in accordance with that.

**Mr. Byblow:** Then preferential mark-up in essence means that the lowest bidder gets less of a mark-up on the shelf than in the second, third and fourth, or whatever?

**Mr. Thibault:** Yes, it is strictly according to their quotation.

**Mr. Byblow:** And that is an established practice and policy of the corporation since 1981?

**Mr. Thibault:** Since 1981, that is right.

**Mr. Byblow:** Do you negotiate with your suppliers a number of times through the year, or on an annual basis?

**Mr. Thibault:** On beer, we negotiate once a year. It is usually done in March, and the prices of beer are set on April 1st, and will carry through all through the year up to March 31st the following year, with the exception that if there is a change in the excise tax by the federal government on beer. Last year, for example, we had an increase in the excise tax on beer, and we also had an increase in the federal sales tax, which includes beer, so the increase that we applied is strictly in relation to the increase from the federal government. They are able to increase their price to us in accordance with the increase of the federal government.

**Mr. Byblow:** Does this also apply to liquor stock?

**Mr. Thibault:** Liquor is a little different. The mark-up on liquor could come in two different ways. Their prices are quoted to us usually on April 1st, and they are able to change their prices, as long as they give us at least notice of two months, in order for us to re-calculate the liquor and re-establish retail price. What may

happened is that some of the suppliers may like to have their retail price lower than others, so therefore they are ready to give to us what they call a freight rebate, a certain amount of money per case. In some other cases, we may have an abundance of a certain brand in stock, and they may be ready to reduce that price by 10 or 15 percent. They ask that if we want to go ahead with this, of course, they should give us a preferential mark-up so we can clear the product. Our aim is to provide the liquor at the cheapest price as possible to the Yukon Territory. We take advantage of that, and we may sometimes alter the mark-up on that brand.

**Mr. Byblow:** I have a question on that. Just going back to the preferential mark-up affecting increases throughout the year, why do we have so many changes? To answer that, I assume it is because of these efforts by suppliers to change their price through the year, which in turn is a negotiation through the freight rebate? Is the freight rebate in direct proportion to the cost reduction of the stock you have, either on the shelf, or in the warehouse?

**Mr. Thibault:** Yes, it usually is.

**Mr. Byblow:** What my question is leading to is: when you accept a transportation rebate in exchange for a reduction of a price of a stock, is there a direct relationship there, or are you marking up the stock perhaps less or more than the transportation rebate?

**Mrs. Harvey:** May I help on this? I think, number one, we are exaggerating this through the fact that we may have let you think that this happens frequently, or regularly, or as a matter of course. When it happens, it is in an area where you have an item on the shelf that should not remain more than a year, or whatever. That is all laid out when you have these items on hand. You rate their shelf life when you receive them, vis-a-vis, the roll-over required, so that you are not losing money through the amount of money you have lying on those shelves.

The more frequently you are able to roll those over, the more your net revenue, the less your losses are on shelf life. So, when a firm reaches you, it is not only the fact that you want to move these items. The item, in their eyes, is not moving like it should, through whose ever fault. They want it moved so that it is not seen in your eyes as an item that is not raising money, but may be lowering your net revenue, which means that you are much less likely to order a new item from that firm.

They say, "I am not asking for a lower markup". They do not infer that, nor do we. The net result is that. What happens is that they offer us a freight allowance through the fact that we live so far away and the freight from outside to Whitehorse is unusual in relation to freight in other areas. When they are squeezed, they will offer this, and we squeeze them very well, without qualm. They will offer a rebate on freight, but when we do these things, we always have in mind the overall net revenue which we have said we will achieve that year, realizing that when you lower freight it looks like you are lowering markup. It is net result, but not in fact, although it is closely related.

You might reach a lower net revenue than you said you will reach, so the net result on liquors and wines is that when you set a markup rate, you do not offer a lower markup on any item. You realize the net revenue you must reach and you run it like any firm, wherein you set your selling rates so that you hopefully achieve the net that you said you will.

**Mr. Byblow:** That explains it.

Are you committed by policy or by law to mark up, or down, stocks according to cost?

**Mrs. Harvey:** No.

**Mr. Byblow:** I am sure you have observed monthly mark-ups or reductions.

**Mr. Penikett:** Many.

**Mrs. Harvey:** Yes, one of the major reasons is — and this is set by not by law, it is set by the board — that when you receive an item in, say you receive an order that has one hundred items in it, you review the FOB Whitehorse price on each and every item, ensuring that you achieve and reach the net revenue, which means mark-up, on each and every item. When you have used the old items of that same brand on hand, the net result, and the need is, that you raise or lower items almost monthly. The aim is that we do it at as few times as we need. However, we must achieve that net revenue, and I am sure that many would be most unhappy were we

absorbing more than we should without lowering French wines — the French franc is low so you lower French wines. On the other hand, were we not achieving our net revenue through not having raised those items, we are liable.

**Mr. Byblow:** Just on that subject in general, many licencees have expressed almost an annoyance at the number of changes that come out of the liquor corporation, and I now understand part of why all that is happening, and how you are applying your mark-ups in relation to the supply. Do you see any way to reduce the number of those changes, and still achieve the objective of net revenue?

**Mrs. Harvey:** Yes, we are reaching it gradually and I am sure you have observed in this last year and a half or more, that we are reaching fewer. It may not seem that way, but it really is, as we have required the firms who sell to the corporation to do so, and it is rather unusual in larger organizations in larger areas. We are small enough that we may reach these things more readily, maybe. They say on April 1 what they will charge us. Also we have reached agreement on freight rate hauls — and we have worked at it for a lot of years, and we have achieved great strides in that — where we will accept no rate reviews more frequently than once annually. When you discuss the excise tax and sales tax, we have no say over that, I am sure you know. There are a few fluctuations that we accept logically. When there is a sudden slump in the value of the French franc, we immediately zoom in and we say, now, look, we know where you are. You are reaching more than we think you should, nor what it looked like you would reach on April 1. You should lower it.

**Mr. Thibault:** The year 1983-84 was very unusual for price changes. As a matter of fact, we did issue about 39 price change notices through the year 1983-84, which was very unusual. They involved, I believe it was, 587 brand price changes. In the year that we are on now, 1984-85, we do not foresee, with the exception of the federal sales tax increase in September — and I believe there was duty and excise increases in August — very many changes in prices, with the exception of course, again, in the spring coming up, depending on the French franc. The price of the French wine may go up or down, but 1983 was a very unusual year.

**Mr. Byblow:** Does the liquor corporation have any special orders made up by suppliers — special to mean, particular Yukon labels, private stock or anything other than the ordinary shelf stock?

**Mr. Thibault:** One special brand was originated by the Yukon Liquor Corporation, which you may know about. With the assistance of Canadian Schenley, we have introduced Yukon Hootch a few years ago.

Another may be a special label, made at the request of a licensee. We have one establishment in this town that has requested a special label. In that case, we contacted a supplier and the supplier was happy to have a special label made for that person. They are specially ordered for that licensee. When the shipment arrives, the shipment is turned over to the licensee for his use. Those special orders, of course, are not for sale to the public.

**Mr. Byblow:** Do all the markup procedures follow in those instances?

**Mr. Thibault:** The markup procedures apply just like any other brands.

**Mr. Byblow:** And any resale of that liquor has to go through a licensee?

**Mr. Thibault:** That is correct.

**Mr. Byblow:** Can special liquor stock be ordered by other than a licensee?

**Mr. Thibault:** Yes, as a matter of fact, we do have special orders frequently at the request of the public. Any person in the territory could request a special brand, through our manager of the liquor store, and we will order the product especially for that person. This is one of the systems we have. If that product becomes very popular, for example, if there are two or three people requesting that brand of wine and we do not have that brand available as a general listing, and if we see that that brand becomes very popular, we place that brand into the general listing and it is available to all the people in the Yukon.

We do have special orders and they are increasing in numbers through the years.

**Mr. Byblow:** Are these special orders being resold, or are they private stock?

**Mr. Thibault:** They are private stock for the person who places the order.

**Mr. Byblow:** Is it a condition of that procurement that they cannot be sold?

**Mr. Thibault:** If a licensee requests a special brand, he is authorized by his licence to resell it, but a private person cannot.

**Mr. Falle:** If, for instance, a gentleman or an outlet decided that they wanted a special stock and they wanted a year's supply of stock, is that person or outlet compelled to take the entire stock on arrival, or can they take one case this week and one case next week? Basically, what I am trying to get at, and I have heard complaints as an MLA, is that when there is special stock in, the order could be from \$10,000 to \$20,000. Because they like this special stock, they would ask that they be able to take this stock as required; I understand that they cannot. Is that right?

**Mr. Thibault:** It has been a policy in the past, for example, that if a licensee ordered one hundred cases of a specific wine, when the shipment arrives, he take it. We try as much as possible to have the licensee purchase the whole shipment at once. There is problem in our warehouse, because that item has to be placed in a specific location, and marked "Do Not Touch" and all the precautions to make sure that some of that product is not sold to anybody else. However, we have tried to assist the licensee in that area by asking him to purchase a hundred cases in four orders, rather than one order. So we have been more lenient in this area to keep that special order for that private licensee.

**Mr. Falle:** Yes, maybe I am making a suggestion to the board here, I am not sure. But thank you. You have answered my question.

**Mr. Penikett:** The line of inquiry this morning has reminded me that there was once a special sale, Mr. Thibault, for deputy ministers and other important people. I assume that is not continuing?

**Mr. Thibault:** I missed that.

**Mr. Penikett:** I seem to recall there was at one time a special sale available for deputy ministers and other important people. That is not continued, I assume?

**Mr. Thibault:** Really, Mr. Chairman, to be honest, that special sale was for everybody, not just for the deputy ministers or ministers, and so on.

**Mr. Penikett:** It was just that the advertising was limited.

**Mr. Thibault:** It was a memorandum that I sent out, not simply to some of the deputy ministers, but I can assure you that this situation will never arise again.

**Mr. Penikett:** Okay. Mr. Byblow, you have a question about the pricing policy?

**Mr. Byblow:** No, my question relates to inspectors, and is very brief. Mr. Thibault, you said you had two inspectors, yesterday. The chart IC shows one. Is the manager of inspections also an inspector?

**Mr. Thibault:** Yes, he is.

**Mr. Byblow:** That clears that.

**Mr. Penikett:** Mr. Falle, you have a follow-up question about bonded warehouses?

**Mr. Falle:** Yes. You have explained to me, Mr. Thibault, that you have already investigated the possibility of having a bonded warehouse and I believe your remark was that it just was not feasible. How I understand bonded warehouses to be, is that they handle mostly all imported stock, all items with federal taxes on it, and the majority of them in the country are private industry. I wonder if, when you made your investigation, you were basically thinking that the government creating the warehouse and operating it solely for the purposes of the liquor board, or can you see it possibly turning into another industry for the Yukon under the private sector?

**Mr. Thibault:** I was strictly thinking of having the bonded warehouse as part of our central warehouse. As to the other question, about a private bonded warehouse, I do not believe this would be possible.

**Mrs. Harvey:** May I help on this, sir? These exist in one area

that I know of, and that is in B.C. It is within the last three to five years. They are the only ones who moved in this manner. What has happened there is that the agents, or the firms who ship the items in, have a warehouse. They hold and sell to the liquor board as required. They hoped it would resolve a lot of things, and the main thing that they hoped it would resolve was the fact that they had to use millions on the new warehouse. A lot of millions. The first few years has shown that they are not reaching what they had hoped they would reach. Number one, they are not reaching savings, which reflect on retail items, due to the fact that you are out of the norm, out of the sync, out of the freight rate meetings — that is one example — where you add up with the associations from every area in Canada and with the large overseas freighting firms. I learned a lot through the fact that they named me the rep from the west in 1981 or 1982, where it is really hard-nosed rate arguments and fighting. You need everyone with you. They lost out on freight rates through the fact their agent had no clout re their freight rates that they absorbed en route from Europe, and so on. They had hoped, long range, that they would move further and they would let these ads out, and a private firm would assume this. I have not heard in the last year and a half, but from what I had learned at that hour, they were certainly realizing that all of these hopes might well be shattered and they might see in the next five, eight, nine years where they would move away from they have now, at the loss of maybe millions. And the firms are not that thrilled. When the recession happened, these firms were caught with very large amounts of these items on hand.

They were not selling, so each firm absorbed those losses. So they were screaming a year and a half ago. I do not know if it has lessened or levelled off.

**Mr. Falle:** They are probably smiling now. I would like the corporation to investigate the possibility of the bonded warehouse, keeping in mind the perspective of the private industry maybe going into that. It would not only benefit, in my opinion, the liquor corporation, but any industry or small business that carries any items which had to be disposed of.

**Mr. Penikett:** Before the deputy minister responds to that, I think I hear a hint of a policy question there and perhaps you may want to pursue that with the minister, rather than here.

**Mr. Byblow:** I will direct this to Mr. Thibault again. To what extent do suppliers, through agents, use your facilities for distribution of complementary liquor? How does the practice work where ball clubs and other organizations receive complementary liquor from Molsons and so on?

**Mr. Thibault:** Usually, the agent will purchase the liquor from the liquor corporation and deliver the liquor to the ball game or to any organization that they so wish.

**Mr. Penikett:** Molsons buys back some of their own stock, for example?

**Mr. Thibault:** That is correct, yes.

**Mr. Byblow:** Where it appears that a supplier is distributing complementary liquor, they have actually bought it from the stock you originally bought?

**Mr. Thibault:** That is correct.

**Mr. Byblow:** The Yukon Liquor Corporation never gives out complementary liquor in any form?

**Mr. Thibault:** We do not.

**Mr. Penikett:** I will direct this question regarding complementary liquor to Mr. Byers, who may wish to refer it to Mr. Thibault.

I am referring to a legislative return which was tabled in May, 1984. I want to ask a bit of a lawyer's question, which is why I am directing it to Mr. Byers. I notice a small discrepancy between two of the answers in this six point answer. I will read the first point and then read you the last one and ask you to clarify them for me.

This was in answer to a question about the policy of the board in terms of gifts from liquor suppliers and so forth, or from sales people, which happens in many industries. The first answer says that "the Liquor Act states that no gifts from liquor suppliers are to be received by board members or corporation employees, and liquor corporation policy extends this rule to the families of such members and employees".

The final answer said, "Because there are no records, it is impossible to say how many samples have been received. The estimate of four to six bottles per month received by the general manager should apply to each of the last three years". This is the sentence I want to draw your attention to. "The general manager has reported to me that no gifts have been received by him, and no gifts or samples have been received by board members or other employees of the corporation in the last three years". There is no reference to families in the last answer, as there is in the first statement of the policy. It may have been an oversight, Mr. Byers.

**Mr. Byers:** I am sure that it is, because the policy is the same.

**Mr. Penikett:** This committee would, however, want the assurance that no gifts have gone to members of the families either, in connection with this.

**Mr. Byers:** Oh, I think we can give you that assurance unhesitatingly, Mr. Chairman.

**Mr. Penikett:** Any other questions? Mr. Thibault?

**Mr. Thibault:** Mr. Chairman, yesterday you asked for some information on the mark-up on spirits and wine. To elaborate on this, the mark-up on spirit and wine varies according to the alcoholic content, the nature of the product, and the source of the product. The mark-up could range between 100 per cent and 240 per cent. The beer mark-up varies according to negotiated price, of course, and the type of the item. It could range between 40 to 100 per cent in mark-up. As I am privileged to the mark-ups of all of the provinces, I would like to advise the committee that the overall mark-up ratio in the Yukon is very much less than other jurisdictions in Canada.

**Mr. Penikett:** Thank you, Mr. Thibault.

**Mr. Byblow:** That mark-up you refer to as being lower in Yukon than other jurisdictions, is that the mark-up after freight?

**Mr. Thibault:** Yes.

**Mr. Byblow:** FOB Whitehorse?

**Mr. Thibault:** FOB Whitehorse, that is correct.

**Mr. Penikett:** On that note, then, I would just like to thank you Mr. Byers, Mrs. Harvey, Mr. Thibault and Mrs. Pociwushek. You have been very frank and forthright witnesses and we would like to excuse you now. Thank you for being here. I do not think we will have any further questions. If we do we will communicate them by letter and hope we can get a response that way.

**Mr. Byers:** Thank you very much, Mr. Chairman. If there are further questions we will respond to them.

**Mr. Penikett:** The committee will adjourn for a 10 minute recess.

#### Recess

**Mr. Penikett:** I will call the hearing back to order. This morning, we are welcoming back, for, it must be, the umpteenth time, I do not know exactly how often, Mr. Frank Finland, the territorial treasurer and Mr. Ray Hayes, the director of taxation and money management.

If I could briefly explain, Mr. Finland, we hope to, in something less than the hour available to us this morning, take a look at the other side of the ledger. We traditionally look very much at expenditures. We hope to improve our understanding of the sources of those funds and how they are collected and how that is managed.

I will begin by taking a look at the operating and capital grants from Canada, which is the largest chunk of money for us. Could we get a brief description of the procedures for negotiating the amounts of those grants?

**Mr. Finland:** To the present time, since the 1960s, we have been negotiating the level of these grants with the federal government on an annual basis. The method being used is described as the "block funding system", which is based on an agreed fiscal framework. In other words, each year we go down with an operating plan, which outlines what our estimated expenditures are going to be for the year in both capital and O&M. That is discussed sometimes in considerable detail. We then agree on a percentage increase in the fiscal framework from the previous year.

On the O&M side, the discussions have varied quite considerably in detail. It is sometimes discussed program by program, sometimes

not. I think the difficulty with that has been that it has made it necessary for us to generate very large volumes of paper on specific programs or specific areas of interest and concern. It has also made it very difficult for the federal government to really get a very clear picture of what the framework consists of without an enormous amount of work.

On the capital side, it has worked pretty much the same way, although there has been considerably less scrutiny of the detail of the capital. The capital grant was theoretically increased by the construction price index. Each year, in recent years, that figure has really not been a specific index figure; it has been something that has been ultimately decided upon by the Treasury Board as being what they consider an appropriate increase for the year, frequently related, as far as I can tell, on the kind of reference levels they have issued to the federal departments.

Of course, it is largely as a result of the difficulties in these areas that we are attempting to move to a formula basis whereby we would agree on a given level for the fiscal framework in a particular year, and then escalate it by a neutral set of indicators. That formula is still in the final stages of negotiation and perhaps it would be more appropriate for that to be left to be discussed at the time the legislation is introduced.

Mr. Penikett: I guess I will have to wait to ask you about a neutral set of indicators until that time, then.

I understand that the operating grants are negotiated based on the annual operational plan that you referred to, which is prepared by the territory, and which takes into account the estimated income tax and other revenues. Does your department have established procedures for developing this operational plan?

Mr. Fingland: We have, and with the introduction of formula financing we will no longer require an operating plan, per se. The procedures are not formal procedures. We develop our estimates for our own estimates, our own appropriation, and then we review these again at the time we send them down for the operational plan. The actual estimating of revenues for the operational plan has been, in 1984-85, really not quite so compelling in the sense that in previous years the estimates that we used were the final basis on which we determined the amount of the grant. There was no subsequent adjustment. In 1984-85, for the first time, there is a requirement that there will be an adjustment in the grant on the basis of the actual revenues that materialize. We have had that kind of fail-safe mechanism in the past with respect to income tax, but not with other revenues, but this year, 1984-85, for the first time, we have had to do that. As you can see, that makes it not quite so necessary to be absolutely certain about the estimates.

Mr. Penikett: So that if the EPF goes down and the income tax changes, the grant basically stays the same, because that is automatically adjusted.

Mr. Fingland: Yes.

Mr. Penikett: You have talked about the new system being basically a new and improved one. Could you indicate just briefly some kind of description of the processes under the old one. You talked about volumes of paper, and so forth, but could you just elaborate a little?

Mr. Fingland: Once the operational plan was prepared each year and sent down, usually around the end of February, the plan then was, at one point, actually rolled into the operational plan of Indian and Northern Affairs, but in recent years it has simply been accompanying their particular operational plan. In order to be quite clear about what the operational plan contained and to let both sides question each other and to raise any outstanding issues, we had a joint meeting, usually in May, at which all the various elements of the operational plan were discussed. Then the operational plan, with whatever alterations or adjustments that we had agreed upon, would go forward to the federal treasury board. The federal treasury board, in setting the reference level for the Department of Indian and Northern Affairs, would also set a reference level for the operating grant and the capital grant. That would then be made known to the department sometime in July — sometimes in August, but, hopefully in July. That would be communicated to us, and we would then have an opportunity to review it again with what we call the Intergovernmental Committee on the Federal Territorial Finan-

cial Relations, usually around October. That would be the point at which the department would be rolling up its figures on the basis of its reference level for the main estimates for the following fiscal year. Then, of course, that would go back for final approval of the treasury board and the preparation of main estimates.

Mr. Penikett: Can I ask you what restrictions, if any, are placed on the territory's expenditures through this process?

Mr. Fingland: There is no limitation on the O&M side. The only limitation that exists is a requirement that expenditures on the capital side of \$5 million and over for a specific project must have specific approval of the federal treasury board.

Mr. Penikett: But the surplus and the operating grant can go to capital, but not the other way.

Mr. Fingland: That is right. There is a provision that we can make a transfer of up to five per cent of the previous year's main estimates.

Mr. Penikett: If a major increase in expenditure rises during a year because of some new need that is identified — what with the introduction of new programs that have to be financed — is there an established provision for grant adjustments for items of that nature?

Mr. Fingland: It depends at the moment very much on what the nature of the item is. In theory, we are obliged to either revise our priorities or find the money out of our working capital. We have taken the position, however, that where new expenditures have been indicated as a result of an initiative at the federal level — and something like Young Offenders would be an example — then we feel that there is an obligation on the part of the federal government to provide us with supplementary financing for that purpose. That is a principle that we have endeavoured to maintain, with varying degrees of success.

Mr. Penikett: From what you are saying, Mr. Fingland, there is not an automatic, if you like, re-opener in the process, when such an event or occurrence like that takes place?

Mr. Fingland: No, there is not an automatic re-opening.

Mr. Penikett: If the planned capital expenditure does not take place, does any part of that capital grant have to be repaid?

Mr. Fingland: No.

Mr. Penikett: If capital expenditures are significantly higher than planned due to new requirements, is there any provision to increase the amount of that capital grant?

Mr. Fingland: That would depend very much on our capacity to negotiate with the federal government on the basis of what I mentioned a moment ago. If there were some aspect of it that was a federal initiative, we might attempt to have the grant adjusted. We have had some success in this regard in the past, but at the moment it is very much a matter of negotiation.

Mr. Penikett: The next largest source of money is the income taxes. We had territorial tax legislation passed in 1980. Are we experiencing any particular problems in terms of the administration of that act?

Mr. Fingland: I could perhaps let Mr. Hayes speak about the actual problems of administration. I think, in general terms, our only problem has been that it has continued to decline. In fact, in some respects, it has declined quite markedly, which is a reflection of the economic downturn. As for the actual administration, I think I would let Mr. Hayes speak to that.

Mr. Hayes: We have not had any significant administration problems. The only thing that comes to mind is that the actual agreement, whereby the federal government collects income tax on behalf of the territory, stipulates that there has to be uniformity in the legislation at this level and at the federal level. The only administrative type problem is the delay in getting legislation at the territorial level to reflect changes at the federal level. There is no mechanism whereby when a legislative change is made at the federal level, it is automatically made at the territorial level. Sometimes there is a situation where there may be a time lag of a year before you get that uniformity, while the actual changes are being administrated as if they were in effect.

Mr. Penikett: The next question I want to ask has a policy dimension, but I do not want you to respond to that. I want you to respond to the administrative problem.

Clearly, in a place like ours, where a lot of the employment is

concentrated in the summer months, and we have a lot of seasonal workers here, we have a significant amount of income tax leakage because people become non-residents on the day of assessment, December 31. Is there any administrative effort to deal with that problem? Mr. Finland may want to respond to that rather than Mr. Hayes.

Mr. Finland: It is a problem that we have had identified for some time, and Northwest Territories have an even bigger problem than we do, and they have been pressing for a solution to this problem. I was under the impression that there had been some discussion of this recently.

Mr. Finland: There have been ongoing discussions for some time now, and an actual committee set up, with representatives from each of the ten provinces and two territories, as well as the federal government. It is a committee called the Income Tax Allocation Committee. We are in the process, right now, of trying to come up with a different method of allocating income as opposed to the province of residence of December 31st — something along the lines of where the income is earned. The details have not been worked out yet, but it is under discussion.

Mr. Penikett: Unless other members have any questions on income tax, I might go on to look at the property and school taxes, which is the next chunk of revenue, if you like. This is one more completely under the control of the territory than the previous two. Could I just briefly ask either of you for some kind of demarcation of the respective responsibilities of finance and municipal and community affairs with regard to the assessment levy and collection of school and property taxes.

Mr. Hayes: Community Affairs right now are responsible for the assessment of all properties in the territory, whether they are within our collecting authority or the City of Whitehorse, Dawson, Faro or any one of the five new municipalities. When it comes down to the actual property tax levy, the recommended tax rates that go forward are a joint recommendation between finance and community services. The actual collection and administration from that point on is a function of finance.

Mr. Penikett: Okay. Does the Department of Finance assume any responsibility for ensuring that all properties are assessed?

Mr. Finland: Not on the assessment side. I think on the assessment side that it is community affairs.

Mr. Penikett: So you do not take any responsibility for ensuring that properties are assessed, that properties that are taxable are identified, or any role like that?

Mr. Finland: No.

Mr. Hayes: No.

Mr. Penikett: Could I just ask you, on that score, do you have any responsibility in terms of — I want to choose the right word here — chasing the federal Crown in terms of grants in lieu of property taxes? I cannot remember for sure, but I think some 80 percent, or so, are paid at much less than the rate that they would be taxed if they were in private hands.

Mr. Hayes: Yes, we do. Basically, what happens is that when the tax role is generated, it will reflect all properties that are taxable. We will then go into the assessment role and pull out all properties that are subject to the grant in lieu. There are the Department of Indian Affairs, Northwestel, CBC, CN, and various other groups, and then we submit our grant request to the municipal services branch of the federal government, I believe it is, and at that point they will generally pay us within a reasonable period of time a grant equivalent to 80 per cent of our request. Then, at some point down the road as they verify the assessment figures, they will pay the balance.

Mr. Penikett: Okay. It does not vary from the 80 percent. That is just a general rule for all of them, is it?

Mr. Hayes: We request 80 per cent up front.

Mr. Penikett: Oh, you do request 80 per cent up front. How long is the delay before the payment of the remaining portion, or does that become a matter of dispute sometimes?

Mr. Hayes: It varies from year to year. Generally, four to five years would be a reasonable average. It will depend on how soon they get their people up here to verify the assessment through the assessment branch.

Mr. Penikett: So they do their own independent assessment of

that?

Mr. Hayes: Not necessarily an assessment, but they do a verification.

Mr. Penikett: Do they pay interest on those unpaid taxes?

Mr. Hayes: No.

Mr. Penikett: Let me say, then, that because you do not review the assessment, you, yourselves, do not have any established criteria for checking whether properties are assessed, or how they are assessed, that you are responsible for?

Mr. Hayes: We do not have any responsibility to verify that properties out in the territory are on the assessment roll. When the assessment roll is originally created in late November, early December, a copy of that roll is sent to finance for checking. We check to make sure that things like address changes that have come through us in the last year, deletions for leases — things like this — or all the property additions that come through our area are reflected on the assessment roll.

We then return that assessment roll to the assessments branch with a covering memo reflecting the changes that we would like to see made and then they will make those changes and generate another assessment roll. From that, the assessment notices will be mailed out.

Mr. Penikett: I gather these assessment procedures and criteria are contained in the assessment administration manual. Is that a manual into which you have some input?

Mr. Hayes: Not to the best of my knowledge, we have not.

Mr. Penikett: Beyond that process you just described to us, the department does not take any role in assuring all the assessed properties have been taxed then?

Mr. Hayes: That is correct.

Mr. Penikett: The assessment review board and the assessment appeal boards are not boards on which you are represented either?

Mr. Hayes: No.

Mr. Penikett: As to the adjustments or cancellations of property and school taxes, who gives the approval for any of those kinds of corrections, particularly when we have homeowner grants, and so forth? Could you describe something about that process?

Mr. Hayes: I am not sure I follow what your question is about.

Mr. Penikett: At some point, the department collects school and property taxes. They go into the consolidated revenue fund. Because of the appeal procedures and the appeals against assessments and so forth, there may be adjustments. Those may be adjustments in the assessments which, I take it from you, are not your business. Presumably, if a house burns down, that changes the situation, but because there is the homeowner grant, you have some input there in this business of property taxes. Could you describe something about that?

Mr. Hayes: To carry a step further the procedure I outlined earlier on the assessment role, when the assessment role I mentioned earlier is created and the assessment notices are mailed out, the individual property owner has the opportunity to appeal an assessment. After all appeals have gone through the Assessment Review Board, and all changes recommended by the Assessment Review Board have been reflected in the assessment file, an updated assessment role is created to reflect all these changes. It is from that particular file that the tax role is created.

Mr. Penikett: Let me move on to the question of delinquent taxes. I am assuming that even in respect to school taxes, delinquent taxes within the city become basically a collection problem for the municipalities. Could I just ask you briefly about that?

Mr. Hayes: We collect from the city regardless of whether or not the taxes are collected by the municipality.

Mr. Penikett: What happens in the case of delinquent property taxpayers outside the municipalities, where the collection comes directly to the territory?

Mr. Hayes: What happens is that when the tax roll is created, and the tax notices are mailed out, the revenue is then recognized at that point in time. The actual accounting function is transferred from a revenue reflection to an accounts receivable one and a collection problem. In the past, the only times that we have, if you will, written off property taxes, either general or school taxes, are

in situations where we have acquired a property through arrears, and at that point there are specific instructions in the legislation requiring us to delete the taxes.

**Mr. Penikett:** Before you get to that point, Mr. Hayes, could I just ask you: what are your procedures for following up on those delinquent taxes, and maybe you could talk about lien procedures too?

**Mr. Hayes:** The tax notices are mailed out on or before May 15 of each year. Taxes are due and payable on or before July 2nd of each year. On taxes unpaid as of July 3rd, there is an automatic 10 per cent penalty added, plus interest at the Bank of Canada rate that was in effect at July 2nd. In about late August or early September, we get into the collection aspect of the property taxes. We send out collection letters on all property tax arrears, we follow that up through a series of other letters. When the taxes are outstanding for a period of six months, we are then in a position to indicate our intention to register a lien on the property. We do that by creating a list of properties that we wish to register a lien on. That list is forwarded to the Commissioner and it comes back with the Commissioner's signature and basically his approval to go ahead. We then take that list and delete any individuals off that list who have paid the taxes in the interim period, advertise that form, which then becomes a form TL2, in both the *Yukon News* and *Whitehorse Star*. Sixty days after that advertisement appears in the newspaper, we then register a lien on the property.

**Mr. Penikett:** How late can an individual have an opportunity to pay off the taxes after the lien procedures have been set in motion?

**Mr. Hayes:** The individual can pay the property taxes at any time until the day before we acquire title to the property for arrears.

**Mr. Penikett:** Then if you do acquire title to the property, subsequently, the property is then sold?

**Mr. Hayes:** The property is then transferred to the lands branch of Community and Transportation Services.

**Mr. Penikett:** So you have no knowledge of how the sale price is determined after that?

**Mr. Hayes:** Not officially, no.

**Mr. Penikett:** When you have a sale, though, how are those accounted for and reported?

**Mr. Hayes:** That would be a function of Community Affairs and Transportation Services. I would assume that it would be reflected at the price.

**Mr. Penikett:** Even though there is a revenue or recovery coming back to you, it comes through their accounting?

**Mr. Fingland:** That is right.

**Mr. Penikett:** Do you have any statistics about the numbers of delinquent properties for the year under review? I do not mean right with you now, but do you keep maintaining those kinds of statistics for the taxation year?

**Mr. Hayes:** Yes.

**Mr. Penikett:** Could we, at some point, get some of those numbers, and also some numbers about the values of the properties seized under lien procedures in the year under review? I guess we might have to go to community affairs for the numbers of properties that might be sold.

You have a situation here where, in terms of property taxes, if you look at the full spectrum you have described, or the full course of things, you have, at the outset, an assessment branch under community and transportation — I sometimes forget that department names are changed frequently — then when the money comes in, finance has a responsibility. Then, if there is a lien procedure, which may end up with the property being sold, it goes back to community and transportation.

You have some general responsibilities for collections. Do you have any kind of coordinating relationship with them in terms of this whole business of property taxation? Any functional relationship with them?

**Mr. Hayes:** We put together a joint submission in setting the tax rates, going on to management board and subsequently to cabinet, for establishing the tax rates based on criteria that has been established over the years. Assessments will basically create the assessment file, and we, in finance, will create the taxation file,

and then we will be responsible for the administration of that until the time that the property is acquired, at which time it will then be automatically transferred over. Land titles will, in effect, forward the title of the property acquired through arrears to land titles and just notify us.

**Mr. Penikett:** Since assessment is not your responsibility, when you have a case such as was in a press story recently about an over-assessing problem in Dawson City, that is not a particular problem that you would take an interest in?

**Mr. Hayes:** I would only take an interest in it from the point of view of the impact of any possible change in that assessment on the revenues.

**Mr. Penikett:** Let me move on then to the next question, which is health care insurance premiums, and I am going to turn that over to Mr. Ashley. Have you got a question on this, Mr. Ashley?

**Mr. Ashley:** Yes, I have. Just to clarify on the 20 per cent that the federal government does not pay right away, did you say it was four to five years before they paid?

**Mr. Hayes:** Four to five years would be a good average, yes.

**Mr. Ashley:** Until they had done an assessment?

**Mr. Hayes:** Until they had done a review the assessments for the individual years.

**Mr. Ashley:** Even if they have just done one the year before, they still hold back for another four years until they do another assessment?

**Mr. Hayes:** What they do is review the assessment as it relates to a particular year, rather than doing an assessment and saying, okay, that assessment is fine, we will pay on that for the next five years. They will come in and historically review the assessment.

**Mr. Penikett:** Could you compare that to grants in lieu that the municipalities might want to collect from the territory?

**Mr. Hayes:** Grants in lieu that the municipalities collect from this government are automatically paid out. There is no wait.

**Mr. Penikett:** Is that a hundred per cent?

**Mr. Hayes:** Yes. There is no 80 percent charge.

**Mr. Ashley:** We will go on to Yukon Health Care insurance premiums. What I would like to do is to get a description of procedures for the billing, recording and collection of the premiums. Now, is that done through finance, in actual fact, or is it done through the health care insurance plan?

**Mr. Fingland:** No, Mr. Chairman, it is handled through health and human resources, although we have an involvement insofar as the employees of the Yukon Government are concerned, because the premiums are collected by payroll deduction.

**Mr. Penikett:** Could I just ask you to clarify that, Mr. Fingland. Did the finance department have any role in developing those procedures at all?

**Mr. Fingland:** No.

**Mr. Ashley:** I would like to ask one more question on that, basically, on the inspections done. It is kind of an overall question. I will try not to get into the policy on it. In that act it specifies that inspectors can go out and examine employers' records. Now, there are a number of acts that state that that has to be done. Do you coordinate one inspector through finance to go out and inspect places for workers' compensation, for Yukon health care insurance premiums, and for all the things that have to be done, so there is only one inspector in the business instead of ten?

**Mr. Fingland:** We have tried, from time to time, in finance to do that. We find it extremely difficult to work out a mutually acceptable arrangement. We are doing audits in other areas, in the area of fuel tax, and tobacco tax, and occasionally insurance premiums. We have made an attempt to notify other departments that we are willing to carry out audits or inspections of various sorts, but we really have had relatively little success in that area.

**Mr. Ashley:** You do not foresee any change in that?

**Mr. Hayes:** Not at the moment, no, I do not.

**Mr. Penikett:** As it relates to a general problem of collecting revenues, do you have to satisfy yourself in any way that premiums are collected, or if there is an efficacy in the method of collecting premiums, since it is a significant source of revenue?

**Mr. Fingland:** We do not carry out any sort of independent review of how effectively the Department of Health and Human

Resources is actually doing the job. We do come into it in a global sense in that, usually annually, we attempt to relate the amount of revenues from this source, plus the recoveries that we make under the EPF, to the total cost of the program, because we always like to be able to verify, if we can, for ministers and for the Legislature, that the cost of the program is being financed from these two sources and is not being subsidized in any way from other sources of revenue. That is the only review that we do in finance.

**Mr. Penikett:** I ask the question because I think it is remarkable, given the premiums and the costs, that the net costs seem to bounce up and down from year to year. As an overall budgeting problem, that would seem to me to produce a difficulty from your point of view.

**Mr. Hayes:** It is, very much so, yes.

**Mr. Penikett:** Maybe I could ask some questions about fuel and heating oil taxes. The taxes are assessed under the *Fuel Oil Tax Act*. We know what the current rates are and we know that monthly returns and remittances are required to be made to the government and there is a periodic examination of vendors' and distributors' records carried out by the finance staff in order to verify proper collection and remittance of taxation.

To what extent, and how often, do you analyze these revenues, in a global way? Presumably, there is a fairly easy way to establish how much diesel fuel is sold in the territory in any year, and to know whether, on the basis of the tax on that global amount, whether the revenue is being collected everywhere?

**Mr. Hayes:** We maintain what I refer to as cash flow charts. We graphically plot the fuel tax revenue on a monthly basis as we go through the year. Returns come in on the 28th of the month, following the month of sale, and we use these for cash flow purposes, and also as an indication of the total revenue we can anticipate for the year.

**Mr. Ashley:** Is there a reciprocal arrangement for fuel that is bought in the NWT and sold in the Yukon, where the tax is not paid there, but paid here? I would not want to see double taxation; the fuel is already too expensive.

**Mr. Hayes:** That is not a major problem area. What happens is that, for example, Imperial Oil will file a distributor return in the Northwest Territories, and also file a distributor return here. Fuel that they have in inventory in the Northwest Territories that comes to Yukon will show as an export from the Northwest Territories and an import in the Yukon. Until that fuel is sold, it will remain in inventory. It will become taxable at the point of sale to retailers.

**Mr. Penikett:** How do you deal with the problem of fuel bought wholesale in the Northwest Territories and sold in Yukon?

**Mr. Hayes:** The same situation would apply. To verify that we are getting the correct amount we will periodically have an auditor examine the books and records, in this case, of, say, Imperial Oil or Shell or whoever it would happen to be.

**Mr. Penikett:** Let me just move on to the question of licensing and ask you generally about the hunting and the fishing licence revenues, which are smaller sums of money, collected under the wildlife legislation, and so forth. Do you have any responsibility in respect to those licensing fees or any procedures to of know whether everybody who is supposed to be licensed is licensed, or any checks on those kinds of revenues?

**Mr. Fingland:** No, Mr. Chairman. We have no actual involvement in the administration of, or enforcement of the collection of, those revenues, other than to monitor in a general way, annually, to determine the global return from those sources.

**Mr. Penikett:** So the problem of knowing whether everybody is licensed or everybody should be licensed is the responsibility of the line departments.

**Mr. Fingland:** Yes.

**Mr. Penikett:** Could I just ask you about a discrepancy in figures. You may not be able to respond directly, Mr. Fingland, because you may not have them in front of you. I refer you to the revenues from renewable resources for 1983-84. In the territorial accounts in the Yukon Annual Report, there is a difference in the numbers. Under campground permits, the territorial accounts refer to about \$71,500. The Yukon Annual Report refers to \$65,300. In hunting licences, seals and permits, and so forth, territorial

accounts show \$276,000; the Yukon Annual Report shows about \$278,900. Again, in respect to fishing licences, the territorial accounts show \$86,000, the Yukon Annual Report \$84,400. The Annual Report I am referring to is page 15 and 16, the one that we just recently have. Now, there may be some adjustments here, but the fact that there is a difference in all three figures is curious. Can you shed any light on that at all?

**Mr. Fingland:** I am afraid I really do not know what might account for that discrepancy. The only thing that springs to mind is that the annual report may have been based on unaudited year-end figures. That is only a suggestion.

**Mr. Penikett:** So at the time it went to press, they did not have the final figures?

**Mr. Fingland:** That is the only thing I can think of.

**Mr. Penikett:** Do you, as a matter of course, if you discover such a discrepancy, check on that?

**Mr. Fingland:** We would raise it with the department if it is brought to our attention, but we do not systematically go through the reports to do that.

**Mr. Penikett:** Let me record our curiosity about it.

**Mr. Ashley:** I would like to know how you collect all your tobacco taxes.

**Mr. Hayes:** The procedures on tobacco taxes are very similar to fuel tax. We have, right now, approximately 22 licensed distributors of tobacco in the territory at the wholesale level. These 22 distributors file returns with us on a monthly basis, again due the 28th day of the month following the month of sale, in which they account for sales and the tax calculation applicable to the territory.

**Mr. Ashley:** How do you actually find out who is importing and wholesaling tobacco in the territory?

**Mr. Hayes:** The specific legislation covering the tobacco tax makes it illegal for anybody to sell tobacco without the appropriate licence. We also have contact with the weigh scale in Watson Lake and Haines Junction, so that if there are truckloads of tobacco coming in, and the weigh scale operators inquire as to the contents of trucks coming in, they notify us that there is a truckload of tobacco coming in and we will periodically coordinate that information through the individual returns.

**Mr. Ashley:** The next question has to do with taxing. Taking into account the latest information that has been medically proven now regarding the health hazards to both smokers and non-smokers, is the Government of Yukon collecting enough revenue from the tax to cover these costs, basically?

**Mr. Fingland:** I have to be very careful and not express a personal opinion on this issue. I guess, to be completely objective about it, from my standpoint, I am really only concerned about the actual dollars it generates without expressing any view as to the source. My concern would be, if we were to discontinue the tax — or increase it, to take the other point of view — what the impact of that would be on the overall revenue position of the government.

**Mr. Penikett:** I think we have a couple more questions we might want to ask in terms of the overall revenue picture, Mr. Fingland. What we may like to do, if it is agreeable to you, is pick those up tomorrow when we are hoping to talk to you about the Auditor General's Report On Any Other Matter. It is up to you to bring whatever witnesses you wish, but I would like to close off with a couple of questions on revenue first and then deal with the Report on Any Other Matter.

**Mr. Fingland:** Yes.

**Mr. Penikett:** Thank you very much for your time this morning. Witnesses are excused. The committee will now adjourn into executive session.

*Committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Friday, February 15, 1985  
9:30 a.m.

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Issue No. 4 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

**Members:** Mr. Maurice Byblow, M.L.A.  
Mr. Al Falle, M.L.A.

Missy Follwell  
Clerk to Committee

### **Expert Advisors from the Office of the Auditor General:**

Raymond Dubois, Deputy Auditor General

Harold Hayes, Principal

### **Witnesses:**

#### **Government Revenues**

Mr. Frank Fingland, Territorial Treasurer

Mr. Ray Hayes, Director, Taxation and Money Management

#### **Finance**

Mr. Frank Fingland, Territorial Treasurer

Mr. Uday Patankar, Comptroller

**EVIDENCE**

Friday, February 15, 1985

**Mr. Penikett:** I will call the meeting to order. I apologize for the short delay.

We would like to welcome back Mr. Fingland and Mr. Hayes and Mr. Uday Patankar, the comptroller.

Mr. Fingland, I suggested yesterday that we begin where we left off and try to close the subject of revenue.

It was probably clear to you that we were working our way through the revenue side of the ledger of public accounts. We went from the larger items to the less substantial items of revenue.

Coming down to the question of interest on municipal and housing loans, we understand that these are loans made to the municipalities as authorized by the *Municipal General Purposes Loan Act* for the purposes of carrying on programs of municipal work. Bylaws approved in accordance with the municipal ordinance contain the details of the amount to be borrowed, the purpose, determining the rate and the method of payment, and so forth.

Could I ask you about the control systems in respect to these monies and the monitoring of the loans, particularly in regard to the revenues you expect from them?

**Mr. Fingland:** These loans are set up with an agreed repayment schedule. I will let Mr. Hayes speak to the details of the monitoring and administration.

**Mr. Hayes:** When we make a loan to a municipality, we set up an amortization schedule to cover the entire period of the loan. That amortization schedule will break down the individual payments between principal and interest as each payment comes in on the due date.

**Mr. Penikett:** Is there such a thing as a delinquent account for a municipal loan?

**Mr. Hayes:** Not at this point.

**Mr. Penikett:** Has there been?

**Mr. Hayes:** No, there was a situation where some loans were re-negotiated in Faro, back in 1983, but there were no delinquent accounts.

**Mr. Penikett:** So you have never had any occasion to write off any of those?

**Mr. Hayes:** No.

**Mr. Penikett:** With reference to the revenues on pages 50 and 60, where is the revenue shown for those? It is shown on schedule 10 on page 29, but where is it shown on page 50 and 60 of the territorial accounts?

**Mr. Penikett:** Perhaps I could give you a couple of other questions and you can take that as notice.

**Mr. Fingland:** We will find the point at which that is reflected.

**Mr. Penikett:** I will ask a couple of other questions of a similar kind, where I do not find the statements perfectly clear, then if we want to flag them and set them aside, we can come back to them.

On page 29, we were talking about the bank and investment. It indicates \$3,540,545; on page 57, on interest on investment, it indicates \$3,781,008. The figures balance if you include, on page 29, the delinquent taxes and the land development costs. This is perhaps not a question, but the labelling of those amounts. It does not seem perfectly clear to me. Let me put that statement as a question in some way.

**Mr. Fingland:** I could not respond to that without examining it in detail, I am sorry.

**Mr. Penikett:** Let me leave it with you, Mr. Fingland.

Again, regarding those statements, we understand that the government is in the mortgage business in Porter Creek and has some mortgages on homes. Where do those show up in terms of the revenue from those mortgages?

**Mr. Fingland:** I think it would show as revenue to the Housing Corporation, because they administer those mortgages.

**Mr. Penikett:** In terms of this bank and investment amount, is there some established investment policy or criteria, because there is a fair amount of short-term money that the government has in the bank from time to time?

**Mr. Fingland:** Yes, there is. We have a fairly extensive set of regulations governing this, which sets out the policy in some detail.

If you wish, Mr. Hayes could explain the actual mechanics of how we do that.

**Mr. Penikett:** I would appreciate that, Mr. Hayes. In doing that, could you indicate to us whether this is part of the overall banking agreement that you may have with your bank, or if it is a separate regime; in other words, if your investments may be with other bankers, other than the one that we keep the territorial accounts with.

**Mr. Hayes:** In practicality, very little of our investment is what the Bank of Commerce would deal with on a regular basis. Our investments are with basically whoever will give us the best return on the investment at a particular point of time. On the extremely short term investments, the individual in charge of the investment area will be in contact with up to half a dozen investment houses in Vancouver, Montreal or Toronto, on a daily basis, getting quotes, interest rates, and what they are prepared to pay for various terms of the investment. On arrival of an agreed term and interest rate, as well as collateral for that loan, we will then notify the Bank of Commerce here to contact its office in either Vancouver, Montreal or Toronto, wherever the deal is closing, to release "X" number of dollars on receipt of collateral. Only on the receipt of that collateral will they release that money. At the same time, we will give them instructions on releasing the collateral at the maturity of the investment on receipt of "X" number of dollars, which will include the principal originally invested, plus the interest.

**Mr. Penikett:** So our banker has no responsibility, if you like, for managing our investments?

**Mr. Hayes:** No. None whatsoever.

**Mr. Penikett:** Is there one person — is it yourself, Mr. Hayes — who is responsible for managing those investments the way you described just now?

**Mr. Hayes:** I am the individual who would ultimately be responsible for it, but there is another individual, the manager of investment and debt services, who will make the day-to-day contact with the investment houses. He will choose the investment, and then recommend to me that we proceed with the investment. At that point, I would authorize that investment, and prepare written documentation to be forwarded to the bank to authorize them to release the funds at a given point in time.

**Mr. Penikett:** Could you give the committee any idea of the volumes of those investments?

**Mr. Hayes:** Bearing in mind that the same one unit of money, say a million dollars, may roll over as many as fifteen or twenty times throughout a year, we are probably dealing with a total volume in excess of \$200 million over a given year.

That is not to say that at one point we have \$200 million invested.

**Mr. Penikett:** The revenue to the Government of Yukon then from that activity is represented by this \$3,500,000 number in the accounts here?

**Mr. Hayes:** Yes.

**Mr. Penikett:** Let me go back to one other small item, if I can, which is the subject of insurance premium taxes, the revenue from which was \$292,871 in the year under review. Could I ask you how you know you are getting all those insurance premium taxes?

**Mr. Hayes:** What we have established, over the years of administering this particular tax, — we are in the process, and continually reviewing it —, what we refer to as a tax roll, a list of insurance companies who regularly provide services in the Yukon and would be subject to collecting tax under this act.

We ensure that these individuals are contacted on an annual basis. We send them returns for each year and ask that they be returned, even if there are no premiums collected in the territory during that year.

We also have information available to us through the superintendent of insurance as to the insurance companies licensed in the territory. We have a publication available called the "Brown Book" or the "Brown Charts", which summarizes all insurance premiums sold in Canada on a calendar year basis for which we collected the taxes.

We also have information available through Revenue Canada as to the number of insurance companies filing income tax returns allocating some revenue earned to this particular jurisdiction.

**Mr. Penikett:** That gives you a good idea of the global dollars you are talking about here. Do you actually ever have occasion to do inspections of the brokers, particularly the local brokers, or do a sampling of their portfolios?

**Mr. Hayes:** We have not done any in the past four to five years.

**Mr. Penikett:** Presumably, because you have found no gap between what the revenue should be and ...?

**Mr. Hayes:** It is a combination of not having a specific problem area that we were aware of and the economics of doing the inspection. The records for the insurance companies that would be providing service in the Yukon would be in Toronto and it is fairly expensive to travel down there and perform the audit function.

**Mr. Penikett:** Based on the information available to you, in terms of an analysis, you know something about the volume of the premiums and you estimate that we are getting all that we are entitled to of the revenues from those volumes.

**Mr. Hayes:** That is correct.

**Mr. Penikett:** Mr. Fingland, I have a couple of general questions about the Department of Finance's responsibilities for revenue. I am referring you to page 20 of the annual report, April 1, 1983 to March 31, 1984, which says, in part, "The department is responsible for the collection of all taxes and revenues."

Picking up where we left off yesterday, could I just ask you to comment briefly on how you see that responsibility, or how you would further define that responsibility?

**Mr. Fingland:** I would begin by saying that our perception of the responsibilities of the department, particularly since the new legislation was passed, is that there are specific departments designated as having responsibility for specific pieces of legislation, including the actual responsibility for collecting the revenues that flow from the administration of that legislation. This is why, in the case of things like fishing and wildlife licences, that would be the responsibility of renewable resources, and so on. And, of course, of those departments, finance is one. We administer the responsibilities for income tax, and so on.

There are, however, certain obligations imposed on the Department of Finance, the Minister of Finance, and on the treasurer, myself, under the new *Financial Administration Act*. Also, more specifically, if you wish to have a look at this, under the Receipt and Deposit Regulations there are very specific obligations imposed on us to ensure that in our administration of the *Financial Administration Act* we ensure that the procedures being followed are adhered to. That applies on the expenditure side as well as the revenue side.

That is not to say that this consists of an audit function, as such. We have to be careful here, I think, in distinguishing between our ensuring that our day-to-day administration is in compliance with the regulations and the *Financial Administration Act*, on the one hand, and the functions of the internal auditor, and of course the external auditor as well. What we do in the performance of our obligations is attempt to ensure that anything that may be irregular is brought to our attention, either by officers of other departments or by my own staff, by communication between myself and other deputy ministers, and there is a constant on-going dialogue all the time between ourselves and other departments. I am really astounded at the number of times that I am consulted by other departments, asking me if the relationships between the two departments, both on the expenditure side and on the revenue side, are in conformity with the act and the regulations. So far, I have never really had any reason to believe that the relationship should be one other than a reasonable degree of curiosity on our part, and a certain amount of discretion. I realize that there are rather extensive powers under the act that enable us to intervene, if necessary. I have had no reason yet, and I hope I do not have, to have to exercise those powers.

I suppose that it is almost, perhaps, best described as a sort of a pre-audit function. We attempt to verify, in the day-to-day operations of the revenue gathering functions of the other departments, that the monies have been collected properly and have been remitted to us. We have considerable hesitancy about going beyond that, unless we have ground for feeling that we should.

**Mr. Penikett:** I appreciate that answer Mr. Fingland. You talked about the collection procedures in some departments and you referred to the new *Financial Administration Act*, and I take it you refer to section 8(1)(a) and (d), which makes specific reference to that. Let me, if I could, just use one example, and it is one that we touched on yesterday. I think you used the words that you might "express some curiosity about something, but you would use discretion". Let me just ask you about the manifestation of that curiosity and discretion in respect to an item such as the premium collection and Yukon Health Care Insurance costs for a couple of recent years shown in the health care plan's annual report. I referred yesterday to the figures. In fact, I was not looking at them carefully enough, but the observation obvious to anyone looking at them is that in 1981-82 the premiums were \$2,257,000; the costs were \$3,939,000. In the following year, the premiums were \$2,651,000 and the costs were \$4,712,000. The year after that, the premiums were \$2,315,000 and the costs were \$4,796,000. The net costs, therefore, though not quite doubling every year, but are going up pretty remarkably from \$779,000 in one year to \$1,056,000 the next year to \$1,500,000 the next year.

Is that an item that might cause you to not only exercise discretion, but indicate some curiosity. How would you do that?

**Mr. Fingland:** I think that there are a number of ways that that might be done. If there were any reason to believe there were some irregularities, of course, it would immediately rise in the order of priority in terms of what we might want to enquire about.

**Mr. Penikett:** I guess I am asking about efficacy rather than irregularities.

**Mr. Fingland:** I think that in the normal course of events, since there is a pattern of this sort across the country, I would probably, in the first instance, allow that sort of problem to be raised either during the zero budget review of the Department of Health and Human Resources by the management board, or be left to the internal auditor. In the scheduling of his audits, we might ask that that particular issue be advanced, if there was some concern.

**Mr. Penikett:** So your curiosity would be expressed both in the internal audit function and at the management board level?

**Mr. Fingland:** Those are two possibilities. Of course there is also a third possibility, and that is that we would be sufficiently concerned, independently of those two functions, to ask specifically that there be some examination of that problem.

**Mr. Penikett:** I think, for the time being, I am finished with the questions I wanted to ask on revenues. I would like to now go to the Auditor General's Report On Any Other Matter and the follow up questions from previous reports.

If you wanted to excuse Mr. Hayes now, I would be happy to do that. May I say, Mr. Hayes, I think the committee has found you to be an excellent witness and we appreciate your having taken the time to be here.

*Witness excused*

**Mr. Penikett:** Let me then go to the Auditor General's Report On Any Other Matter, item one. I would intend, if I can, Mr. Fingland, to move fairly expeditiously through these first six items, from pages one to 12 in that report. There is quite a lot said here, perhaps, dare one say, even more than is necessary. I do not think there would be much use in going over any of that ground again. Perhaps I could just concentrate on the recommendations, rather than the narrative. Addition comments, or comments not reflecting on the year, or that may indicate remedies to the problems identified, would be welcome. Can I indicate that as a general approach?

**Mr. Fingland:** Yes.

**Mr. Penikett:** We have almost three pages on the year-end closing: a brief recommendation from the Auditor General and then a long comment from the government. What has taken place since this information was included in this document?

**Mr. Fingland:** We have had a number of discussions with representatives of the Auditor General's organization about the relationship between us, most particularly with a view toward seeing if there are not some methods that we could explore to

improve on what has been happening in the past. Obviously, the working relationships between us have not been what they could be, and we have had some fairly extensive discussions about trying to ensure that this does not happen in the future. We would particularly like to see, and we have had some very positive response from the Auditor General's people in this regard, to have the scheduling and the actual requirements documented well in advance and a good clear understanding between us as to what is required and when, and then we will try to lend every effort at our end to make sure that these are met.

**Mr. Penikett:** And these discussions are on-going to that end?

**Mr. Fingland:** Yes, they are.

**Mr. Penikett:** Let me then say, Mr. Fingland, is there anything else you would like to add in terms of that first point in the letter?

**Mr. Fingland:** I do not think there is anything more that I need to add at this point. I think the test of the usefulness of this will be how well we can surmount the difficulties for the coming year.

**Mr. Penikett:** Let me ask you about item 2, which refers to the appropriations overexpended and appropriation acts. There is a divergence of views about the interpretations of various statutes there, which is ground I do not think that this committee wants to venture into, not being lawyers or even accountants. We are just ordinary MLA's, plain folk. I want to ask you, if I could, to respond to the recommendation, the brief one by the Auditor General, which refers to schedule A: "Schedule A should include funds transferred between votes in respect of responsibilities transferred from one department to another".

It has been drawn to our attention that since Bill 43, the *Fifth Appropriation Act 1983-84*, someone has in fact done this. Would you care to comment further on that?

**Mr. Fingland:** Yes, we acknowledge, Mr. Chairman, that the actual format of the appropriation act is not what it should be. We are rather glad that this particular item has been highlighted. This has been a matter of concern for us in finance for some time. I think that the act that you refer to was an attempt to overcome some of these difficulties. With the new year, the new Capital Mains have been the start of what we hope will be the basis for the elimination of some of these ambiguities. Again, I think the preparation of the O&M Mains, which are much larger and more complex than the Capital Mains, will be the test of this, but we think, and we hope, that we have overcome these particular difficulties.

**Mr. Penikett:** The next item in the Auditor General's Letter On Any Other Matters, the question of signing authorities. This may get a little complicated, Mr. Fingland, because in the follow-up questions that we have raised with the department, your letter to the committee on January 4th of this year also dealt with our old long standing concern about delegation of authority. I guess they are connected in some way. If, in my naivete I repeat myself a little bit when I get down to that point, I hope you will forgive me.

■ The recommendation is fairly simple: "Action should be taken to ensure that payments are not processed without proper signing authorities". Can you respond to that recommendation, in addition to what comments there are in the letter?

**Mr. Fingland:** The first step, as I am sure you are aware, we felt was to get some kind of framework for signing authorities. We feel that we have done that with the directive. The old so-called signing authority regulations were very unclear and unsystematic. Management board has attempted to establish this framework in the signing authorities directive. There is now a continuing problem with the actual mechanics of the application of these authorities; ensuring that the delegation of these authorities within departments is clear and properly structured and that the actual authorization of individuals within the departments to exercise these signing authorities is clear and unequivocal, and that we, in finance, have a proper record of the signatures involved.

While we have taken this first step with the management board directive, we are still, I think, at the point where we are probably not as absolutely certain as we would like to be that the internal delegations within the departments are being properly communicated to us.

One area of perhaps immediate concern is, not so much whether the continuing delegations are properly delegated within a depart-

ment, but what actually happens when people are exercising acting authority. At the moment, when people go on leave, normally, there is a memorandum designating some particular individual as a person with that authority. We act on that basis. If it is an individual for whom we have a signature, we simply continue that arrangement.

Within the Department of Finance, itself, however, we actually issue a new signature card on an interim basis for the individual who has the acting authority. I think that what we would like to do, if we can manage to get around to this in the near future, is to see if we cannot make that sort of system uniform throughout the whole public service.

**Mr. Penikett:** For the record, you are referring to the management board directive 6/84, called "signing authorities"?

**Mr. Fingland:** Yes, that is right.

**Mr. Penikett:** I may ask you a couple of further questions about how that relates to sections 30 and 31 in the new act later, Mr. Fingland.

Can I ask you, as a lay person, about a problem I think we had before. I recall that in previous hearings before this committee, we had witnesses who indicated a belief that they could delegate any authority that they had without any reference to a third authority. You indicated that that, hopefully, would be solved under the new arrangement. Since there are, in the document referred to, no specific levels of authority for more junior employees, given the nature of the document, is the separation of payment authority and spending authority clearly understood at all levels?

■ **Mr. Fingland:** I would hesitate to vouch for everyone in the public service in that respect, but to try to ensure that there is a better understanding of requirements of that kind, we have had now two sessions, one with our own departmental people, and one with people at the working level in other departments. It is a process we intend to continue and which we are referring to in a general way as training sessions to try to familiarize people with the new act and with the directives to try to ensure that there is a much better understanding of authorities.

**Mr. Penikett:** At the most simple level, I guess, the notion that someone cannot commit funds or, in fact, take an expenditure all the way through by himself without any double checking is understood?

**Mr. Fingland:** That is part of the process of attempting to make sure that that is clearly understood. Of course, it also has to be made clear that there are situations where individuals in particular cases are going to have to exercise single signature arrangements, but what we have tried to do is identify those. A teacher, all by himself or herself, at a particular location may be the only public officer in that location.

**Mr. Penikett:** I might want to go back a little bit to that delegation of authority when we do the follow-up letter. Related to this is the question of commitment control.

Before I get to that, I did not ask you about the other recommendation under the previous item, about "A separate vote to cover any contingency provisions should be included in schedule A of the related Appropriation Act and placed under the control of the management board". I apologize for that, Mr. Fingland, but could I just take you back to that, and ask you to comment on that.

**Mr. Fingland:** We recognize that a contingency vote is a clear option that is open to this government. We have thought about this a fair amount, because under the new act we are faced with that problem. We were faced with it last year when the new act came into effect, and we will be faced with it again this year and we will probably be faced with it again in another year. Basically the problem is not having any kind of complete and adequate commitment control system, in our view. It is still a manual system, largely decentralized. The question in our mind is which way do we go. Do we attempt to deal with the situation by providing a whole range of supplementaries each year, or do we do it by means of contingency vote. The federal example that is being proposed is one with which I am familiar myself, and which I rather like in many respects. I think though, just at the moment, the preferred option on the part of the government is to stay with the present system of providing supplementaries for specific votes. I

would not want to give the impression that we have excluded this possibility for the future.

**Mr. Penikett:** The question is not closed in your mind?

**Mr. Fingland:** That is right.

**Mr. Penikett:** I believe that that moves us nicely into the subject of commitment control. Again, I do not want to read into the record all the material that is in the Auditor's Letter. The recommendation is fairly short and to the point: "The Department of Finance in developing the new system, should take into consideration the deficiencies referred to above". Could I just ask you to respond briefly to that in addition to the comments that are contained in the letter.

**Mr. Fingland:** We have a study underway at the moment. I will let Mr. Patankar deal with the details of it. We have just had a consultant complete a feasibility study for us that would endeavour to deal with the combined problem of commitment control, accounts payable and the financial management information system.

We feel, at the moment, that probably the best solution to this is some kind of computerized system. If you wish, Mr. Patankar could elaborate a little more on the state of the actual proposal and what we would hope to get out of it.

**Mr. Patankar:** I do not know how detailed and how technical you would like me to be. To recap: we have identified the need for having some sort of a centralized system which will capture the commitments for all the departments concerned. It is a common need throughout the government, and to that extent, we are willing to treat it as a central requirement to be looked after by a central agency, such as finance.

The initiative was taken to get some outside expert help to identify our requirements. That stage has been completed, as Mr. Fingland has said. We have a fairly good idea as to what will be required to capture the commitments, as and when they are made, by all the departments and carry them all the way through the accounting systems by methods of decommitting and translating them into actual expenditures as they happen.

We would also like to take this a step further and give regularly scheduled reports to all the departments which will identify the total expenditures, year to date, in addition to the total commitment, year to date, which in turn will indicate to the departments the free balance that is available to be committed.

**Mr. Byblow:** Is this going to be a system that will be in place during the coming fiscal year, or that you have at some stage of completion now?

**Mr. Fingland:** Mr. Patankar can give you an indication of what sort of timing we would like to see, but we are rather hesitant to make an out and out commitment.

**Mr. Patankar:** I do not think that it is incumbent upon us to make a commitment as to the time. As I have said, we have referred to outside consultants who are more knowledgeable of the time spans required for implementation of something as complex as this.

As for the second question, we have just crossed the stage of identification of requirements, which can be loosely called a feasibility study. We have ascertained the fact that there could be computerized systems which would do what we seem to be wanting to do. The detailed project plan will now be submitted to the management board through the priorities committee.

**Mr. Penikett:** You have that consultant's report on hand now, or are you expecting it?

**Mr. Patankar:** It is on hand.

**Mr. Penikett:** Let us move on to the question of accounting policy: employee pay and termination benefits. There are two recommendations there, the first of which is: "The accounting policy with respect to teachers' salaries should be to record them on an accrual basis, the same as other government expenditures".

I remember the problem there was that teachers were being paid on a 12 month basis, even though they worked on a 10 month basis. Could you briefly respond to that, Mr. Fingland?

**Mr. Fingland:** I think perhaps, Mr. Chairman, if you do not mind, I would let Mr. Patankar speak to the mechanics of that.

**Mr. Patankar:** As you rightly pointed out, the problem emanates from the fact that teachers' salaries are earned on a ten month period, but paid out on a 12 month period on a consistent

basis, which results in, at any given time, a certain component of the salary being earned but not paid. That component becomes critical at the time of the fiscal year end where we have to disclose the financial status of the government to the fullest extent possible. We fully agree with this recommendation. We do not perceive any problem in being able to do that at the end of this fiscal year.

**Mr. Penikett:** May I ask you about the second recommendation then: "The Department of Finance should ensure that an accounting policy for the accrual of employee leave and termination benefits is established and operative by March 31st, 1985"?

**Mr. Patankar:** I would like to answer that in two stages, Mr. Chairman. About the policy, in my mind there is no doubt that there is a policy of full disclosure, but I think the problem emanates again from the actual mechanics of accrual of this liability. This is my accounting opinion, Mr. Chairman. This liability cannot be specifically calculated with any degree of accuracy at any time. It strictly is a contingent liability, contingent upon whether a certain employee, or given group of employees, will continue to be in the public service or terminate their service at any given time. At best, we can come up with a guesstimate, but to come up with an actual accrual, and report it in the financial statements of the government, which is a precise document, would need very effective mechanisms for capturing that information and calculating and translating it into the dollar figures. We have a bit of a hesitation as to how long it will take for a central agency, such as finance, and public service commission, to put that mechanism in place. That is why we certainly agree, in principle, with this recommendation. It will certainly, if we can do that, enhance the quality of the financial reporting through the territorial accounting. But we are unable, at this point, to commit to a March 31, 1985 deadline.

**Mr. Penikett:** Thank you, Mr. Patankar. I guess we might want to pursue that in the following year. Let me ask you about the final item, Mr. Fingland: manuals and procedures. There are two recommendations there. The first of which is: "Procedures should be established to systematically review and update the Manual". In your response, you indicate that because of the new act, there will be, in essence, new manuals coming down the road. I want to ask you if you could comment a little bit about the problem of keeping, in the meantime, the old manuals up to date, which I presume is important, and also respond to that question, if you like, to the extent to which it is a necessity as a training tool for administrators in the government.

**Mr. Fingland:** We would agree completely with the desirability, and, indeed, the necessity, of having proper manuals, and keeping them current.

The existing financial administration manuals were prepared, I believe, in 1979, or thereabouts. When I came on the scene, they were already very much out of date, although there were some parts of them that were reasonably current and reasonably accurate.

With the changes being undertaken with the act and with the regulations and directives, and probably the time it will yet take to get all of these procedures properly clarified and documented, we felt that we should attempt, as far as possible, to get that work done before we made an effort to make a complete revision of the financial administration manual.

My original hope was that we might have been able to do it in 1985, but I am afraid, at this point, we are not going to be able to do it in the coming year, most particularly in the light of the work that Mr. Patankar is doing with FMIS, and so on. We would really prefer to defer that until we are quite sure that the work is going to be an accurate reflection of what we want to have in place. I would contemplate that sometime during 1986 or 1987 will be the earliest that we could expect to have that done.

**Mr. Penikett:** I can only imagine the difficulties involved, but could you perhaps indicate what special problems there might be in simultaneously updating, or keeping current, an old manual while developing a new one.

**Mr. Fingland:** We could update the old manual or issue new sections for it as we move along.

**Mr. Penikett:** So, the new one becomes a new edition of the old one?

**Mr. Fingland:** We could do that. I guess the problem is

two-fold. One is that it is a piecemeal approach. It is also a question of internal resources. We are devoting as much as possible of our budget, or we plan to, to the professional and special services area, to completing these systems studies and getting them in place and also trying to make a move on program evaluation.

I think, probably, that it is fair to say that, in terms of priorities, we feel that that is where we should be dedicating our resources.

**Mr. Penikett:** Is it more difficult to keep the old manual current when you are also simultaneously having to develop a new one?

**Mr. Fingland:** If the old manuals were relatively current to begin with, I do not see it as being that much of a problem, but since it consists of such an extensive revision of what is already there, it is a fairly large job.

**Mr. Penikett:** So it might be more difficult doing both tasks at once?

**Mr. Fingland:** Yes.

**Mr. Penikett:** The second recommendation reads: "The policies and procedures dealing with the revised payroll and disbursement system, long outstanding cheques and approval of bank reconciliations should be incorporated into the manual as soon as possible".

There is a substantial answer there, but I guess the real question for us is "when"?

**Mr. Fingland:** I am not sure I can give you a precise deadline. Again, we acknowledge that this is something that should be done as quickly as possible, but it is going to be a matter, likely, of some time before we can do that.

**Mr. Penikett:** Your answer indicates that some progress is contemplated in this area in the coming year, which is not very precise. Are you in a position to be more precise than that at this point?

**Mr. Patankar:** Yes, Mr. Chairman. The contemplated solution in relation to the recommendation of the Auditor General is two-fold. Number one, we should have specific policies and procedures defined, and then comes a stage of including them in the manual. We seem to be making a distinction here. We are going to take the lead and put down procedures for these reconciliations of payroll activities, but the inclusion of these procedures into the manual obviously will have to be delayed until such time as we have a manual to include these in. So, that is the progress we referred to. It also involves a fair amount of training component. Management Science America's payroll system, that we currently operate in the government, is fairly new. Not all the departments, and especially the staff that is involved in running that, are fully aware of the intricacies of the system. We wish to take some initiative in the training at the same time the procedures are developed.

**Mr. Penikett:** Having had a moment to reflect on that, Mr. Patankar, can I take you back to one answer you gave in respect to the question of the employee pay, recommendation number two on page 10 in the letter. You indicated the problem of having to make a guesstimate of the accruals there. Could I ask you, since termination benefits are earned over a period of service, which presumably therefore is a real liability, just the same as remuneration, even though the exact amount is uncertain, cannot valid projections be made, just as one would do with pension liabilities, or any other benefit that an employee might be eligible for?

**Mr. Patankar:** Yes, theoretically. In answer to your question, yes. But before that can be done, a certain amount of actuarial data is required, a data bank, on which you can base your projections. We have explored that route since last year when the recommendation was first made. Unfortunately, in the Government of Yukon, there is not a tremendous amount of actual data available as to the expected length of service. If we had that data we could have taken a much more educated guess. Also, the exact amount of the benefit accrued to an employee because of termination depends not only on his length of service at that time, what is his expected or projected length of service, and accrual to that extent becomes difficult.

**Mr. Penikett:** What is the reason for the poor quality of the data?

**Mr. Patankar:** It is not the poor quality of the data, it is just

not available because it has never been accumulated. There was never any need, especially in the public service commission, to compile this data and keep statistics on the norm of the length of service of employees. It has never been felt needed. So the data has never been captured over the last fifteen or twenty years, if you will.

**Mr. Penikett:** That is the problem throughout the system?

**Mr. Patankar:** Yes, Mr. Chairman, it is.

**Mr. Penikett:** I would like to move to the follow-up questions, Mr. Fingland, and pick up on your letter of January 4th. May I suggest that it might be appropriate now if we take a coffee break until 10:40 and then return. The committee will recess for 10 or so minutes.

#### Recess

**Mr. Penikett:** We are going to continue now with the Department of Finance. We will be following up on our 1984 report from the Public Accounts Committee, and will be exploring, in perhaps some further detail, the responses from the Department of Finance.

Earlier this year, on January 4, the deputy minister, Mr. Fingland, wrote to the committee, responding, in a long letter, to some of the recommendations that were made previously.

The first of these dealt with the preface to the 1984 report, and I do not want to go into that in any great detail because I think the one concern, for myself anyway, which related to the special role of the Department of Finance as was described by Mr. Fingland, has, in some sense, been responded to today when we were dealing with the question of revenue. In fact, Mr. Fingland has given us a statement today of his perception of the role of the department which, I think, will be very useful.

Let me then move on to the next item, which is the transfer of responsibilities and funds. I think the committee found the response in the letter, Mr. Fingland, generally a good one. We gather that a new budget directive was issued by management board on June 26 of last year, which is outlined in the letter. This also relates to item two in the Auditor General's Letter On Any Other Matter, but I just wonder, Mr. Fingland, if you have anything to add to what is in your letter of January 4?

**Mr. Fingland:** I think one thing that I might add, Mr. Chairman, is that having now had some experience with that budget directive we find that there are still some areas that are in need of improvement. The internal procedures for the preparation and review of budget material need some refinement. I hope it is only in the areas of fine tuning. There are some areas, particularly in the areas of person-year control, or establishment control, where we have not really got all our internal procedures as refined as we would like them. We would like to have a complete review of that directive sometime in the course of the next six months after we have got the 1985-86 O&M budget put to bed.

**Mr. Penikett:** There might be some consequent amendments then?

**Mr. Fingland:** Yes.

**Mr. Penikett:** Let me then go to the question of the delegation of authority, about which I have asked previously, which again relates to items 3 and 4 in the Auditor General's Letter On Any Other Matter. I was asking you about this under the previous item, Mr. Fingland. Let me ask you the general question: could you describe how the signing authorities document, the management board directive number 6/1984, relates to sections 30 and 31 in the new *Financial Administration Act*.

**Mr. Fingland:** The intention of the directive is to cover all three sections — 24, 30 and 31 — that is, contracting authority as well as authority to certify and to requisition payment.

**Mr. Penikett:** What does not seem to be clear from the signing authorities directive is how commitment control is dealt with. Can you explain how the power to commit is defined in here?

**Mr. Fingland:** To actually incur commitments, to incur contractual obligations?

**Mr. Penikett:** Yes, as opposed to the actual issuing of money. I am talking about the early commitment stage.

**Mr. Fingland:** The actual procedures for entering into contracts will take the form of a separate set of contracts regulations, or a contract directive. The existing contract regulations are somewhat antiquated. We have had a committee working on that and these new regulations or directive — it has not been determined yet which form it will take — is approaching completion. We would like to have this in place, if we could, before the new summer work cycle begins.

**Mr. Penikett:** Could I ask you just to elaborate a little further on that, Mr. Fingland. You will notice that appendix A of this signing authorities directive, in five of the eight columns, refers to contracts specifically. Are you indicating that there will be some kind of parallel document which deals with other aspects of the contracting power?

**Mr. Fingland:** Yes the parallel document will be a document that will spell out the procedures for actually calling tenders and entering into contracts. It will not deal specifically with signing authorities, or the levels of authorities to sign contracts. It will specify levels of dollar value that relate to the point at which tenders must be called in writing. In many respects something like the existing contracts regulations. Then, anyone exercising the powers of signing on behalf of the government must sign in accordance with the actual dollar value specified in the signing authorities directive.

**Mr. Penikett:** I remember one case — my memory may not be clear — we previously had before this committee of someone whose contracting authority was considerably in excess of his spending authority. That kind of situation could continue under the new regime?

**Mr. Fingland:** No, it should not. What we would hope is that, notwithstanding the procedures that must be complied with, as set out in the contracts regulations, no one would be able to sign a contract and thereby obligate the government to pay out amounts of money that would exceed the authorities under the signing authority's directive.

**Mr. Penikett:** Perhaps I was not hearing clearly. Is that contracts authority or regulations complete now?

**Mr. Fingland:** They are virtually complete. It will take some little time yet to finalize them. We still have to have a final legal version, but we are very close.

**Mr. Penikett:** I just want to know if this is something that could be tabled, but if it is not complete, no.

**Mr. Fingland:** Not yet, no.

**Mr. Penikett:** I was asking, before the coffee break, about the understanding of the difference between the power to purchase something and the power to actually spend money, or the power to make commitments. That does not seem to me to be sufficiently clear, if I were a new public servant, in this document. Can you satisfy my concern on that point?

**Mr. Fingland:** I am concerned that you would not find it clear. We had hoped that in the process of developing that document and the contracts regulations that we would, if at all possible, make it sufficiently clear, so that a person coming cold to the documents would be able to get a good fix on what his authorities are.

I think that, probably, the contracts regulations might not be a complete help in that regard, because they will simply spell out obligations that will be imposed on people making bids or obligations that are imposed on public servants in calling for tenders. But then, in the actual signing of the contract, that is, the actual incurring of the obligations on behalf of the government, the dollar limits would be as set out in the signing authority's directive. But if it is not clear, then obviously there is some room for improvement, I think. We would be quite prepared to undertake a review of that once we have the contracts regulations in place.

**Mr. Penikett:** Please do not do anything just because it is not clear to me. It may be clear to the average, competent public servant, but I am clearly not in that category.

Do you have any other comments, Mr. Fingland, that you might want to add to your responses in that letter? I think we have covered most of the main points in it.

**Mr. Fingland:** There is one thing that I thought I might say in the revenue area, to perhaps give you a bit of an overview,

generally. The perspective of the government is that — perhaps this is more in the area of general policy than the administration of revenues — I am sure you appreciate that we have undergone very significant reductions in locally raised revenues over the past three years.

In fact, in total, they have declined by over 30 percent since 1981-82. We are having to operate in this area, on the one hand, with that subsidizing situation, if you like, while, at the same time, attempting to structure the rates in a manner that would be of some benefit to the people in the private sector who are struggling with exactly the same kinds of problems.

I think I would like to emphasize the fact that, while there is a concern in finance, we try to make sure that we administer things as effectively and as efficiently and as economically as possible. And, generally, to maximize revenues, we have to be cognizant of the impact of these on the private sector at all times, and how these actually impinge on the people who are generating the revenues in the economy at large. I thought I should mention that, because there is a wider concern than just simply the administration of these pieces of legislation.

**Mr. Penikett:** Not wanting to precipitate any kind of policy debate here, the problem is, if we were — and obviously we have not identified any such problem — failing to collect revenues in some areas, it might result in tax increases. It would increase the burdens on other people.

**Mr. Fingland:** In fact, there was a conscious policy decision to do that in the case of personal income tax. You may recall that we introduced, first of all, small business rates for corporation income tax, and then subsequently reduced it, cut it in half, and increased personal income tax for that precise reason.

**Mr. Penikett:** Let me go back to close the circle a little bit, Mr. Fingland. We were talking about revenue, about the operational plan and the new procedures for obtaining the federal money. I do not think we explored in sufficient detail the new arrangements about capital coming from the federal government. Can I take you back to that point and ask you if you would describe that a little bit? Mr. Byblow, I think, will want to pick up on the actual management of capital projects here, in which you joined the response from a couple of other departments.

**Mr. Fingland:** Yes.

**Mr. Penikett:** Can I ask you to describe what is changing now about the way in which we are getting the capital grants from the federal government.

**Mr. Fingland:** The money that comes to us now, in the form of federal grants, is in two grants. One is a capital grant specifically earmarked as such, and the other is an O&M grant. Under formula, it is proposed that these would be melded and that there would no longer be a distinction between the two grants. There will be a single grant, a single transfer payment. It will then be at the discretion of the government as to how they split the available funds in any given year.

**Mr. Penikett:** We previously have asked you questions about the integration of capital plans and operating plans. A particular concern, which I notice there has been some publicity about in Alaska recently, has been the desire to make wise capital decisions, with a view to the continuing operating costs in coming years. A particular concern on this score would be leakages in the energy costs going out of our economy, and all northern economies, in the extent to which we make capital decisions not on the basis of just the lowest capital cost but the optimum cost, taking into account the operating costs, of which energy is a major factor. The government now has a five year capital plan. I guess it has developed the capital plan now. There is an accounting problem, at the very least, in terms of trying to figure out some of those things. Since so many of the capital projects are done, one, by the departments, but, two, by groups like municipalities, and the Commissioner's approval is required on many of them, what kind of reviews, or what kind of checks are going into it, in terms of those questions of the economics of future operating costs and how they relate to capital expenditures?

**Mr. Fingland:** One of the purposes of the capital plan is to try to identify exactly that kind of spin-off cost. We have really not had

that kind of systematic analysis of our capital expenditures up to this point. As capital costs are identified on the basis of a set of fixed standards, both program standards and construction or acquisition standards, we would hope that we could also simultaneously identify what those O&M costs would be. We have not yet had an opportunity to test the effectiveness of this kind of planning, because the plan actually has not yet been put into place and would not really go into gear until the new fiscal year.

**Mr. Penikett:** Presumably the proof of the effectiveness of it would not come for several years in any case.

**Mr. Fingland:** That is right, Mr. Chairman.

**Mr. Penikett:** Perhaps then I could turn to the questions that Mr. Byblow has, and which arise from the response on the capital budget.

**Mr. Byblow:** Before I get to that, Mr. Fingland, you drew reference to the formula for the establishment of the operating and the capital funding that generates from the federal government. Is that formula firmly in place, or is it still in the stage of development?

**Mr. Fingland:** It is not in place. It really will not be in place until there is final approval at the ministerial level, at both levels of government. We do not yet have that approval. The capital plan itself has yet to have the final approval of the federal government as well. If approved, however, the capital plan component of formula financing would go into effect on the 1st of April, subject to the approval of the necessary legislation in the legislature, of course, because we still have to have enabling legislation in the legislature here in Yukon to enable us to authorize us to enter into an agreement with the federal government.

**Mr. Byblow:** The eventual outcome of those negotiations, or the finalization of whatever formula gets put into place, is going to result in policy decisions as to the distribution between O&M and capital?

**Mr. Fingland:** Yes.

**Mr. Byblow:** I would like to draw reference to a letter, or memorandum, dated January 22 to the Acting Clerk of the Public Accounts Committee, Patrick Michael, from yourself. It is a response to the committee relating to project coordination and project management, which contains several recommendations reviewed by the committee and responded to by yourself.

In response to the second Public Accounts Committee recommendation dealing with the construction program coordination of public works, or now Government Services, you make the point that the coordination of government construction programs is the responsibility of the management board, and that a government-wide directive governing interdepartmental relationships and responsibilities in this regard is currently being developed.

I want to understand a little more about the nature of that coordination. You can understand that, from our point of view, we often see several departments involved in project construction, and the need for the coordination is paramount.

You state further in your response that it is not a matter of clarification by the Department of Finance. I would like you to explain the role of finance and the role of management board towards coordination of construction projects within the three departments, primarily.

**Mr. Fingland:** If I may, I will just go back a step. That response was based on what appeared to us to be an approach by the Public Accounts Committee that suggested that we, in finance, had some kind of supervisory authority or responsibility in relation to the overall coordination of the management of these projects. I expressed some concern that I might somehow be put in the position of having a role that would place me somewhere between deputy ministers and their respective minister or between even ministers and management board.

**Mr. Penikett:** You would have to get a hard hat and go out on the job, or something?

**Mr. Fingland:** It seemed to us, in preparing the reply, that the nature of the relationships between sponsoring departments and performing departments, if you wish, really lent itself to a situation where management board itself should be prescribing what those relationships should be. That is what gives rise to the suggestion

that we should be developing a set of procedures. In fact, we are; they are very close to completion of a directive that will spell out precisely what the relationships and responsibilities are of the two kinds of departments. There are basically two kinds.

If I may give an example: in the case of the Department of Education, they have the primary responsibility for seeking the necessary financing for construction or acquisition of buildings for the performance of their particular programs. They have to assume the responsibility of developing what those cost estimates are; they have to do it in collaboration with public works, or at least with public works' approval, if it is a consultant engaged by the Department of Education, so there is an involvement of public works or Government Services right from the outset. We will avoid some of the difficulties that we have had of having non-professional engineers developing costs and putting them forward and then finding that those estimates are inadequate.

After having obtained capital approval of those estimates in both the management board and in the Legislature, what we are proposing to do is to set out precisely what the sponsoring department must do in carrying out the actual work required. There will be a prescribed procedure whereby the sponsoring department will approach the performing department; the dollars will be identified, and so on.

Having reached agreement at that stage, then of course the internal project management procedures of the Department of Government Services would click into place and they would manage that project according to their own internal project management procedures and in compliance with the work order from the sponsoring department authorizing the work.

**Mr. Byblow:** We think that this gives us a government-wide system of controls. Now, again, as in all these kinds of situations, the test is how effective is it. But at least it gives us something that we have never had before, and that is a clearly identified set of arrangements and procedures.

**Mr. Byblow:** You are speaking to the converted when you talk about the need for coordination. I still do have some questions.

As I understand the situation at the present, we have Community Affairs and Transportation Services, who have developed their manual. We have Government Services, who are in the process of developing theirs, or it is almost completed. And, you are talking about an overall project management and procedures policy, if you will. All of this has a connection to management board. Now, does management board have support staff to provide that pyramid coordination responsibility, and if they do or do not have support staff to provide that coordination from the top, who is accountable before management board?

**Mr. Fingland:** The Department of Finance has a division called the program analysis division. There are two person years in that division. They provide probably some of the kind of support that you refer to. In relation to management board, they perform something like the same sort of analytical function that you would find in a treasury board secretariat or a management board secretariat in the provinces or in the federal government. Obviously, the capacity to carry out that analysis function is very limited, but submissions going from departments, including the actual preparation of management board directives, funnel through that division before going to management board. The actual proposals going to management board are from individual ministers on behalf of their respective departments. Those submissions must first funnel through finance and be accompanied by an analysis that is prepared by the program analysis division, before it actually goes to management board.

**Mr. Byblow:** I guess I was trying to understand the accountability process. You make reference to each department having to prepare the submission, having to clear your department, and then the minister presents it at the management board. Because each minister has his own special projects for presentation, there is still the need for that decision-making process, which requires some support to determine what has priority; what goes ahead, and what does not. I guess I am understanding from what you are saying is that there is a support staff of two from your branch to provide that.

**Mr. Fingland:** Yes.

**Mr. Byblow:** Does management board, within itself, have a capital plan? We referred earlier to a five year capital plan.

» Is that at the pinnacle of management board?

**Mr. Fingland:** The plan is really a roll-up of the estimated capital requirements of all departments. It is a government-wide plan, and the roll-up is done on behalf of management board by, in this case, the budget division of finance. But we do nothing more at that point than roll-up what the departments submit to us. We would, if it were necessary, accompany that with some analysis if we felt that there were any particular difficulties. The ultimate plan itself is a management board document that is approved by management board.

**Mr. Byblow:** On the individual submissions that come out of each respective department that surface at management board, what test have they had in terms of fitting into overall capital anticipations of government?

**Mr. Fingland:** They really have not had any test at all in that particular way. They have been tested for internal coherence and consistency. It is our responsibility in Finance to identify any discrepancies in that regard. The thrust of the document is really not so much a control document as a document that is intended to provide a basis for the estimated requirements of the Yukon Government for capital purposes, which is then submitted to the federal government to provide substantiation for the capital funding we will require.

**Mr. Byblow:** Where all of the capital requirements are assimilated is emanating from your department; the document that goes to Ottawa?

**Mr. Fingland:** Yes. That is right. Once it has had management board approbation, we then become responsible for the negotiation with the federal government. That is another part of the that, actually, it is the fiscal relations part of the budget division.

**Mr. Byblow:** I suppose, in a nutshell, the Department of Finance is, in effect, the support staff in total, in a way, to management board?

**Mr. Fingland:** Yes, that is right.

**Mr. Penikett:** No further questions?

**Mr. Byblow:** No.

**Mr. Penikett:** Okay. I have no further questions, Mr. Fingland. We have some time before we adjourn and excuse you. Do you have any final comments you would like to make to the committee?

» We did ask a couple of quick questions which had to do with public accounts. I do not know whether you are in a position to respond to those at this time, or not.

**Mr. Fingland:** Perhaps we could see if there is something specific.

**Mr. Penikett:** Just to remind you, I asked you a couple of questions about the accounts, about some numbers which were not clear to me, and I do not know if you are in a position to respond now.

**Mr. Fingland:** I am sorry, I am not. I would like to go back and examine the material, if I may.

**Mr. Penikett:** Fair enough. Do you have any concluding comment you would like to make to the committee about any of the ground you have covered?

**Mr. Fingland:** No, I do not think so.

**Mr. Penikett:** We have no further questions. I would like to thank the witnesses, Mr. Fingland and Mr. Patankar. We appreciate your appearance here today. It has been very useful and helpful for the committee. I will not say that I look forward to seeing you again in future years, because you may not appreciate that, but I am sure we shall see each other again.

The witnesses are excused. The committee will now adjourn into executive session.

*The committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Monday, February 18, 1985  
9:30 a.m.

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Issue No. 5 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

**Members:** Mr. Maurice Byblow, M.L.A.

Mr. Al Falle, M.L.A.

Mrs. Bea Firth, M.L.A.

(Mr. Clarke Ashley substituted for Mrs. 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 Education, Advanced Education and Manpower**

Mr. Jim Davie, Deputy Minister

Mr. Ron Wallace, Assistant Deputy Minister, Elementary & Secondary Schools

Mr. Stan Marinoske, Director, Administrative Services

Mr. Dan Odin, Assistant Deputy Minister, Advanced Education & Manpower

# **EVIDENCE**

**Monday, February 18, 1985**

**Mr. Penikett:** The sitting will come to order. I would like to welcome, this morning, witnesses from the Department of Education, Advanced Education and Manpower. Mr. Jim Davie, the deputy minister, I would like to welcome you back again for an encore. Mr. Ron Wallace, the assistant deputy minister, elementary and secondary schools; Mr. Stan Marinoske, director of administrative services and Mr. Dan Odin, assistant deputy minister of advanced education.

You are acquainted with the members of the committee, so I will not introduce them again. We have your opening statement. In order to expedite matters, Mr. Davie, I am going to, if it is agreeable to you, ask that it be deemed to be read into the record, and then we can proceed immediately to questions, unless you have something you may want to add to your opening statement.

**Mr. Davie:** I have nothing to add, but I do have some changes to make. Some mistakes were identified over the weekend while we were reading it. If I can make these changes, I will have no objection to it being read into the record.

These are not numbered, but on page what-would-be three, at the bottom, under the heading "organization", we have some inaccurate figures: "As of March 31, 1984, the department had 491.82...". That should be "491.5". And, the department had spent \$29.1 million, as opposed to the \$25.5 million shown here.

**Mr. Penikett:** I think you are evaporating a line of enquiry here, Mr. Davie.

**Mr. Davie:** Further down, "The public schools program utilized the majority of the departmental budget with '\$22.3' million, or approximately 75 percent...".

In the next line, "a further \$6 million, or 20.5 percent was expended for adult education".

There is one more error. The third page from the end, in the middle paragraph, "These funds were used to assist Yukon students to obtain training at post-secondary institutions. In total, the grants amounted to \$835,672, and the loans amounted to \$472,158, for a total of \$1,307,830".

*(The following statement by Mr. Davie was deemed to have been read and is recorded here for the record)*

**Mr. Davie:** Good morning, ladies and gentlemen. On behalf of the department, I would like to say that we welcome this opportunity to appear before the Public Accounts Committee. We in the department are highly cognizant of the need to be judicious in the spending of public funds with due regard for efficiency, economy and effectiveness. We look forward to hearing your views on our ability to meet our program objectives and your recommendations for improvement to our program.

During the period under review, namely April 1, 1983 to March 31, 1984, the department commenced a reorganization in order to streamline operations and to give the department a more "outward" focus. In the next few minutes, I would like to outline the goals and objectives which provided the foundation for the department in 1983/84, outline the organizational structure that was put in place during that year and provide a highlight of the activities of each of the branches within the department.

In general, the Department of Education, advanced education and manpower was responsible for providing quality education to both school-aged and adult residents of Yukon, for increasing the number of Yukoners meaningfully employed in the territory and developing territorial and community-based recreation programs. More formally, the department's goals and objectives were:

A) To provide primary, elementary and secondary education for all school-age children in Yukon.

B) To promote the French language in education in Yukon through French programs in the schools and French courses for adults through Yukon.

C) To facilitate the development of Yukon's human resources by providing an adult training and continuing education program and manpower development programs throughout Yukon. Included in this objective is a commitment to increasing employment opportuni-

ties for Yukoners.

D) To provide university courses to ensure that a continuously high percentage of secondary school graduates from Yukon schools can pursue their post-secondary education locally.

E) To encourage optimum participation in sport, fitness, arts and general recreation at various levels from recreational employment through to the pursuit of excellence

- by enabling the orderly development of community-based and -determined recreation

- by enabling the orderly development of territorial sport, fitness and arts programs.

F) To provide administrative, supervisory, and support services for education programs throughout Yukon,

- to provide financial management and coordinate the department's financial activities,

- to administer the various student accommodation activities.

In appendices A, B and C, which are attached to our submission to the committee, we have outlined the organizational structure of the department. Appendices A.1 - 8 indicate the structure as it stood in April 1, 1983 and Appendices B.1 - 6 show the situation as of April 1, 1984. Finally, Appendix C.1 is the organization chart for the department as it presently stands. We have not included detailed charts for the different branches as some of these are in the process of changing. As of March 31, 1984, the department had 491.5 person years and a budget of \$29.1 million. These funds were used to implement a broad range of activities under the auspices of six major program areas namely, administration, public schools, French language, Yukon College, recreation, and advanced education and manpower. The public schools program utilized the majority of the departmental budget with \$22.3 million or 75 percent of the budget being spent in support of Yukon's children. A further \$6 million or 20.5 percent was expended for adult education and human resource development programs in the territory. The remaining funds were spent between the French language program, Yukon College, and recreation.

As noted in the organizational charts the department was divided into four branches, each branch headed by a senior manager reporting to the deputy minister. The public schools branch and the advanced education and manpower branch were headed by assistant deputy ministers while there was a director responsible for recreation and a departmental administrator for the overall administrative functions.

In 1983 there were a number of internal modifications made to the organizational structure in order to improve the overall delivery of services to the Yukon public. The program activities of in-service training, correspondence courses, curriculum development, and native language project, were transferred to the public schools branch. In this manner, all activities related to the education of children from kindergarten to grade 12 were under the direct authority of one senior manager. On the other hand, the student accommodation activity was transferred from public schools to the departmental administration in an effort to organize all administrative functions under one individual.

As well the responsibility for the operation of the various summer student employment projects, and the post-secondary student grants program was moved from the public schools program to advanced education and manpower. Included in the restructuring was to combine the separate activities of apprenticeship training and manpower into one new activity called manpower planning and industrial training. This process increased the accountability and planning potential within the broad range of the manpower development activities. Finally, the separate activities of Yukon campus and the Yukon Vocational and Technical Training Centre were merged to form the new Yukon College.

The administrative branch headed by the director of administration was responsible for the overall departmental management and the centralized departmental functions of personnel, administration, financial management and general administrative matters. The key function of the branch was to ensure the proper receipt and expenditure of funds to provide assistance to all branch managers in the proper implementation of financial management and control systems, and to administer and coordinate the personnel function.

The public schools section was headed by the assistant deputy minister of public schools, whose primary responsibility was to provide quality education to all students enrolled from kindergarten to grade 12 in Yukon public schools. As well, this assistant deputy minister was responsible for the French language program.

The advanced education and manpower branch was headed by the assistant deputy minister of advanced education and manpower, who had primary responsibility for a variety of programs geared towards human resource development including institutional training, apprenticeship training, tradesman certification, industrial training, manpower planning and immigration. As well, this assistant deputy minister is responsible for the delivery of any employment development programs for the territory.

The director of recreation was responsible for the delivery of a broad range of recreational services to rural communities and for overseeing a variety of cultural activities. Moreover, the director was responsible for the developing of sport, fitness, and performing visual and literary arts programs which fall beyond the parameters of community recreation. The recreation branch was transferred to the Department of Tourism, Heritage and Cultural Resources in November 1983.

The 1983-84 fiscal year was a time of progress and renewal. Major initiatives were undertaken in a variety of areas within the department. Within the public school section there were a number of initiatives. The branch developed programs for the gifted and alternative programming for secondary students whose needs were not met by existing courses. Pilot programs in both these areas were started in September 1984. The successful early French immersion program continued onto grade three and planning for the French first language instruction enabled the planning to be ready to commence in 1984-85. Moreover, there was continued progress realized in developing native language curricula.

Within the facilities component of the public school system, there were a number of major changes including: the addition of industrial education, business education, music and lunchrooms to Christ the King High School, and two classrooms, a library and office space to the Carcross School; the commencement of construction of two classrooms and industrial education facilities at Ross River, and of industrial education facilities at Teslin; the completion of major upgrading to the heating system at Whitehorse Elementary School, increased lighting for G.A. Jeckell School, development of a sports field and parking lot at the Porter Creek School and improvements of the heating and plumbing systems at the Elsa School.

As well, micro-computers were purchased and introduced into the majority of schools in Yukon, a Yukon environmental handbook was produced in cooperation with the Yukon Conservation Society and the Teachers Association in concert with the department provided professional development for teachers in a number of areas.

The advanced education and manpower branch was engaged in a broad range of initiatives during the 1983-84 fiscal year. The branch established the Yukon post-secondary education advisory council, and the Canada-Yukon labour markets need committee. These committees were intended to provide forums for increased involvement in developing the human resource potential of Yukon within the context of ongoing federal-territorial cooperation. In addition, the branch created an in-house apprenticeship training program which allows for the training of up to 20 apprentices within the Y.T.G. departments and agencies. This activity was brought on by the poor economic circumstances and high unemployment which lead to increased unemployment among apprentices. In addition to this activity, and, as part of the Yukon Territorial Government's aid package to Cyprus Anvil, an apprenticeship support program was established at the mine resulting in the continued training of eleven apprentices. The branch also acquired over three quarters of a million dollars through the federal skills growth fund for renovation and upgrading of trades courses facilities at Yukon College. As indicated earlier, Yukon Campus and Yukon Vocational and Technical Training Centre were amalgamated to form Yukon College. In light of this change, a major review of the future college facility requirements was conducted

through Pyramid Facilities Planning of Calgary and work was commenced on developing a long range strategy for providing policy and program direction for the branch over the next few years.

The branch continued to support employment development programs. The department again offered the internal Y.T.G. summer student career development program and the summer employment assistance program aimed at providing employment opportunities for Yukon students. Moreover, the job retention program for small businesses and the Canada Yukon community recovery program continued to operate to address general unemployment concerns across the territory. In addition to these programs, Yukon participated in the implementation of two new programs, namely the new employment expansion development program (NEED) and the Cyprus Anvil aid package. As a group these six programs provided 4,255 weeks of employment for 781 Yukoners at a total cost of \$2.1 million. The activities under these programs provided for community and business enhancement while simultaneously reducing unemployment levels in Yukon.

During 1983-84 advanced education and manpower administered the grants and loans program, awarding 326 grants and 172 certificates of eligibility for student loans under the Canada Student Loans Program. These funds were used to assist Yukon students to obtain training at post-secondary institutions. In total, the grants amounted to \$835,672 and the loans amounted to 472,158, for a total of \$1,307,830.

Within the recreation branch of the department, a broad range of activities were initiated in the 1983-84 fiscal year. A new *Recreation Act* and *Public Lotteries Act* was passed in the fall session of the Legislative Assembly culminating a two year public review process. The new *Recreation Act* provided for an expanded mandate and increased resources at the community level whilst providing new support for territorial arts and sports programs.

The branch coordinated the Yukon's participation in the 1984 Arctic Winter Games and twenty three territorial sports organizations received approximately \$190,000 for assistance in administration, training and competition.

As well, territorial arts and special recreation groups received \$65,000 in assistance for administration and various developmental programs. Over 5,700 Yukoners are members of territorial sports groups, while nearly 400 participants attended advanced skill programs in the arts.

The recreation branch instituted a new advanced artist development grant which proved to be very popular in the fiscal year and helped to assist six visual and performing artists. As well, the branch provided various other support to communities including training programs, marketing assistance and recreation advice.

Yukon's communities were provided with \$120,000 in assistance for a variety of community-based recreation sport and arts activities, while the Yukon Lottery Commission provided \$108,000 from lottery proceeds to a variety of community activities.

In the final analysis, we feel that we have provided a standard of service to the people of Yukon second to none in Canada. Moreover, there was a clear indication that to maintain this standard and to make it relevant to the needs of Yukoners, there must be a shared sense of purpose and coordinated partnership between the department, federal government departments and agencies, advisory councils, interested community groups business and labour. During the 1983-84 year we feel this goal was identified and the foundation laid for major initiatives intended to improve communication and enlist public support for our programs.

In conclusion, the foregoing was an overview of the department, its activities, programs, some of our objectives, a brief outline of the roles and responsibilities of our senior staff and a very brief review of the highlights of the past year. This outline was intended to be short and either I, or my staff, will be pleased to answer any questions that you may have or to expand on any of the items we have raised.

Thank you.

Mr. Penikett: We can move immediately to questions. Mr. Byblow.

**Mr. Byblow:** Good morning to the witnesses. On behalf of the committee, I would like to express some appreciation to the department for the early delivery of the opening statement before us and the supporting documents that we will be using. I trust that the co-operative spirit will remain for the next couple of days.

My first observation in respect to the various reports, as well as the main estimates, is that, contained in them is a departure from previous reports and estimates: that is, an abundance of statistics. For the most part, these are very useful statistics and provide some very interesting data on the activities of the department. However, a number of questions do arise about their use and application. In some instances, inconsistencies do show up and I will pursue these throughout the course of the hearings.

For the benefit of the witnesses, very briefly, I will state our intentions in dealing with the hearing this morning and tomorrow morning. I propose that we deal with the organizational structure to start with, then deal with the objectives and responsibilities of the department, and then we will deal with the administrative branch and public schools. I do not expect we will get into advanced education and manpower until tomorrow. For reference, I will primarily be using the O&M mains and the supps, the capital budget and the supps, the annual report of the the advanced education and public schools branches, the organizational charts that have been provided by your department, as well as the territorial accounts; all for the year under review.

**Mr. Penikett:** For the record, I suggest that the documents not on public record, including the organization charts, be tabled at this point.

**Mr. Byblow:** To begin with, I draw reference to the Auditor General's letter, particularly item 13 on pages 16 and 17. It notes that the objectives of the department as cited in the O&M estimates ought to include the significant activity by the department in the area of job creation and job retention.

The department's response gives the commitment to restate the objectives in that context for the 1985/85 fiscal year. Is that still the intention?

**Mr. Davie:** It is the intention that we will restate these objectives to include the job retention programs, as noted by the Auditor General, yes.

**Mr. Byblow:** How is the objective respecting job creation and job retention being restated?

**Mr. Davie:** I do not have the actual wording. We do have the wording already, to include that aspect within the objectives, but I do not have that with me.

**Mr. Byblow:** Perhaps by way of notice, I could advise the witness that we will be dealing more specifically with that in advanced education.

**Mr. Penikett:** A minor procedural point, too, Mr. Davie, because of the needs of *Hansard*, I will have to take a moment to identify the witnesses before he speaks, otherwise the record may not be clear on that point.

**Mr. Byblow:** Still regarding objectives, the department emphasizes, in the opening statement that was deemed to have been read into the record, that, in the year under review, substantial administrative functions changed. On page 34 of the O&M estimates is an additional explanation of that administrative change. My question, specifically, is: on page 34 of the O&M estimates, when you say that the departmental administrator has "functional authority in respect to the provision of financial direction and assistance on personnel matters", what do you mean?

**Mr. Davie:** That means that in a department like education, you have program managers. These program managers would be the assistant deputy minister of public schools and the assistant deputy minister of advanced education. They do have responsibilities in terms of the staffing and all related personnel matters. For example, they have responsibilities for hiring, recruiting, and that kind of thing, but what we mean by a functional authority in terms of the departmental administrator is that, while they are responsible, they are to have an over-all review of what occurs. They are to keep the reins in terms of personnel practices and government policies, in terms of hiring procedures. That would explain what we mean here by functional authority.

**Mr. Byblow:** If it is a functional role, who has the responsibility for the accounting and personnel matters? What is the line of authority? Very specifically, what functional role does the departmental administrator play in personnel matters?

**Mr. Davie:** The departmental administrator would have responsibility in keeping statistics in terms of ensuring that people were using their sick leave appropriately or vacation leave appropriately. They also have a responsibility to provide a service to departmental managers in terms of making sure that they are keeping within policies and procedures of government. They would look after a number of details in connection with the Public Service Commission, while not taking the responsibility of staff evaluation and staff recruitment away from a program manager.

In other words, it is a service kind of function to make sure that things are done according to policies and procedures.

**Mr. Byblow:** The role is one of providing support to the various programs, not making decisions on whether someone gets hired, or how many should be hired. Those decisions take place elsewhere. It is a support capacity.

**Mr. Davie:** That would be correct.

**Mr. Byblow:** On page 36 of the O&M estimates, the departmental objectives are silent on responsibility for personnel matters. Why is that?

**Mr. Davie:** I would think that it is meant to be covered under the very first sentence there, where it says, "to provide administrative supervisory and support services for education programs throughout Yukon". That would include a number of things, in terms of keeping statistics, and also what I have related to, in terms of personnel functions.

It has just been pointed out to me that it was adjusted in the following year to include personnel functions. You will see at the bottom of that page, "to administer and coordinate the personnel function within the department". It is all in mine; it is not in yours. It is written in here to remind me. I will read it to you, "To administer and coordinate the personnel functions within the department, including coordination of recruitment activities, except for teachers, maintenance control of employee documentation and records and provision of advice and assistance to program managers and supervisors of personnel matters".

**Mr. Byblow:** You said that the personnel function is exclusive of public schools?

**Mr. Davie:** No. It is set for teachers, where the recruitment of teachers is very much in the hands of the assistant deputy minister of public schools.

**Mr. Byblow:** The estimates on page 36 indicate 11.5 years for the administration branch, yet the April, 1983 organizational chart, provided by your department, appendix A-2, says "10.5 person years". Is there any reason for the inconsistency?

**Mr. Davie:** There is a difference of one year in the main estimate book. My position is included as being part of the administration, that is why we see 11.5, whereas in the organizational chart we gave you for that same year, my position is not there. The departmental administrator reports to me, but there is no box for me in that particular chart, so that explains the difference between the two.

**Mr. Byblow:** During the year under review, your department was engaged in preparation of a philosophical statement and a comprehensive set of goals and objectives for the department. What is the status of that now?

**Mr. Davie:** You are right. Towards the beginning of that year, we had prepared the philosophical statement of objectives which, because of the nature of the department, we do not unilaterally approve things or bring them into being. We consult with school committees, the education council and a variety of other groups.

What we learned, after more than a year of consultation, was that the vast majority of people — and I think rightly so, in retrospect — felt that our overall statements were too grandiose. They were not down to earth enough, and we were asked through the school committee conference and various other sources, that we start from the bottom up again. It appears, at least at this point in time, that we are really starting from the bottom up again. Instead of providing full-fledged outlines of philosophical statements, we are

more or less just listing the kinds of ingredients that should be in goals and objectives and philosophical statements, and we are in the process of stating that for review and put it through the system again.

We envisage that that will take perhaps the best part of a year before that process is complete. Together with that, we have a small committee within the Department of Education, the public schools branch, which is reviewing information and input we receive from these various groups.

**Mr. Byblow:** Will the objectives of the department change more with respect to job training and job retention in the next fiscal year?

**Mr. Penikett:** Will the objectives be written as a result of the revised philosophical statement?

**Mr. Davie:** Yes. The philosophical statements, by the way, are in terms of public schools, and not necessarily the whole department. One should take it for granted that when this exercise is complete, and we are serious about it, therefore it does mean that we would have to, if required to by changes in these statements, make some changes in our objectives.

**Mr. Byblow:** I want to deal more specifically with the administrative re-organization that you say in your opening remarks took place. There is reference also on page 34 of the estimates that, in effect, says that all administration relating to educational activities moves to the public schools branch. I have some difficulty understanding the efficiency and the economy of that in view of the overall, departmental administrative function of the departmental administrator. Because the responsibility of the administrator is in part to oversee the administrative responsibilities of the department, it appears as if there is some duplication taking place. That is my question. Was there any duplication or increase in the administrative function of the department in the year under review by that re-organization?

**Mr. Davie:** There was no increase in terms of staff establishment or cost in terms of any changes we made in who did what. That is not what happened. What happened was that it seemed at that time that we had a number of disparate functions through the department. The previous deputy minister had carried certain functions himself, certain things were under the director of administration, and some were under the ADM for public schools. It was really a shuffle in order to bring like things under the person who should actually be responsible for them. I do not think it created duplication, other than that duplication which exists in any organization, or it can seem to exist, inasmuch as it is always very difficult to explain the role of the departmental administrator because the departmental administrator, although he brings together budgets, and forecasts, and although he looks after the fiscal management of the department, is not ultimately responsible for it. The person who is more responsible for it than the departmental administrator is the program manager. For example, the ADM public schools, in my view, is the person who ultimately is responsible for the management of these funds. The departmental administrator is a support service in that sense, in providing information and doing all the work that is involved in keeping track of things.

**Mr. Byblow:** Your argument is that it improved the efficiency in the delivery of programs to do that reshuffling?

**Mr. Davie:** That is what we felt to be the case, and still feel to be the case.

**Mr. Byblow:** On page 36 of the O&M estimates, the general administration of the department shows a seven percent, or \$16,000, decrease. On page 38, the branch administration shows a 12 percent, or \$101,000 increase. On the basis of straight economy, it would appear to me that there is clearly no shuffling taking place. It is a healthy enhancement of administration — \$84,000 worth.

This is at a time when it was anticipated that there would be 250 fewer students in the system, according to your statistics on page 40, though your annual report shows a decline of 158, in actuality.

On the basis of that, what justification would you give for that apparent schools administration increase?

**Mr. Davie:** I cannot give a detailed justification, because I would need to do some background research into that. But I think

when you talk about the overall administrative figure on page 36, you see a change of seven percent. Then you refer to public schools where you see an increase of 12 percent. You are conjecturing from that that that meant an increase in administration. In fact, it relates to the explanation I gave before that there was no increase in administration, but there were aspects of the administration functions which were moved into the public school area.

There are other factors which come in there. That part of the administration is not just administrative salaries or personnel; it also relates to activity. For example, in that year, we wanted to have a more outward focus so we did increase the amount of travel to rural schools by the superintendents.

**Mr. Byblow:** You are drawing references to increases elsewhere, in which branch?

**Mr. Davie:** This would be in public schools. That sum that you point to where there is a 12 percent increase, under general administration, public schools, includes not only salaries for administrators, if you would like to call them that, but other items. For example, travel is in there, as is monies for teacher moves within the territory.

There is the cost of some other things. The interchange in Canadian studies is in that. Part of the reason for the 12 percent increase is due to increased travel, because we wanted the superintendents to visit the rural schools. We had a cutback in travel the previous year because of the recession and the zero base review that had taken place within the department. We felt that there maybe was a need to increase activity in the rural schools, activity of supervision by principals.

We also had quite a number of in-territory teacher moves in that year, as a result of some falling enrollments. Faro, for example, had some falling enrollments in that year. So did some other rural communities. The total picture in schools did not change all that much, because a number of these students came into Whitehorse. That meant that teachers were transferred, therefore there were increased costs for that. That is all reflected in this 12 percent that you see, but it does not represent the 12 percent increase in administration personnel.

**Mr. Byblow:** I think I understand what you are trying to say, that administration directly by personnel itself did not increase by \$84,000. The \$84,000 was an increase in other related activities of the administration. One of the problems in trying to determine just where that \$84,000 increase would be is because the expenditures and allotments do not break out very good statistics. For example, on page 38, if we are just using the public schools branch as an example, we are looking at a total of \$21 million estimate for 1983-84 under expenditure, and that is broken out under the allotments by personnel, other and transfer payments. There is no way to find what portion of personnel relates to administration. Do you follow what I am saying?

**Mr. Davie:** Yes.

**Mr. Byblow:** Is there a way that an improvement on that form of statistical information could be provided, even if later?

**Mr. Davie:** We certainly have that information, because when a department draws up its main estimates, it draws them up in quite great detail. Then, of course, things are brought together in a more synoptic form to appear in the main estimate book. At any time, if called upon, we can provide back-up. Just to recap, because it comes to mind, in that \$80,000 plus that you identified, \$47,000 in that year was used for the hosting of the interchange in Canadian studies. That is approximately half of that \$80,000 for that one activity alone.

**Mr. Byblow:** Is that a one time event, Mr. Davie?

**Mr. Davie:** Yes.

**Mr. Byblow:** Would that have been budgeted? Was it known at the time the budget was prepared?

**Mr. Davie:** It would be a known budget item, and it was lumped in with general administration. I take your point that when you look at these figures you do not know that it includes some travel, and some moving expenses, and it kind of looks as if it is purely administrative costs related to salary and personnel.

**Mr. Byblow:** Was there an actual decline in student enrollment in the year under review? Let me walk through a couple of

statistics, Mr. Davie. In the estimates on page 40, looking at the figures in table one, the total number of kindergarten and elementary secondary students, in the year under review, adds up to 4,595. That is the addition of 238 plus 4,357. The year previous, the total number of students is 4,849. In the public schools annual report, on page 12, your enrollment figures in the first instance indicate a decline of 158, and bear no resemblance to the statistics in the estimates by quite a substantial number. To recap, in the estimates, you anticipated an enrollment decline of 250 students. In the annual report, if I can read those as actual, you have a decline of 158. Could you shed some light on the real numbers?

**Mr. Davie:** There is more than one reason. The figures you see in the annual report are accurate figures as of March of that particular year. They were a head-count figure taken in all classrooms in Yukon, and are in the annual report as March figures. They are compared to March figures of the previous year in the annual report.

In the main estimates, we were giving an estimate of what we thought the enrollment would be in the schools, prior to the event. If it can be remembered, that particular year under review was a very difficult year, because we had the Faro situation looming; we were really in the midst of a recession. It was very difficult to estimate what would happen with the population; therefore, that would be the reason why I think we over-estimated by 110 students who would be in the public school system in our main estimates.

What we are looking at in our annual report is actual figures from March of 1983 and March of 1984. In this one, we are looking at projected figures as we, looking into our crystal ball, felt were likely to be for September, 1983.

**Mr. Byblow:** So the actual decline in enrollment for the year under review was 158? Is it fair to say that there is some difficulty in establishing numbers because of the fiscal year-end versus the school year-end?

**Mr. Davie:** That is another factor which emerges when you are looking at the school system, because there are three important dates in the school system. One is September, after the Labour Day weekend, when the students are moving into the school system, when you are hoping and praying and keeping your fingers crossed that you have projected accurately and you have your teachers in place. You arrive at that within a few days after school opens, basically by a head count in every classroom in Yukon. In the last two years, we have been fairly accurate and have required not too many transfers of staff. That is the one important day.

The next important day is fiscal year-end, where, for purposes of government accounting and main estimates and whatnot, we have to reconcile whatever figures we have in expenditures.

The third day for us is year-end of school, in June, when the schools are beginning to close, we need to know how many kids we have there and what principals and others are projected for classrooms.

So we actually deal with it in three different scenarios, depending upon which part of the year we are in.

**Mr. Byblow:** I can understand why an estimate for a coming year could be out. On page 40, where you cite figures for 1982-83, you call it forecasts. Why do you call it forecasts, when by the time this document is prepared you ought to have actual numbers, because in the annual report, you have actual numbers.

**Mr. Davie:** I think we call it forecasts, I could be corrected here by the director for financial administration, but I think it is forecast because it relates to what we were forecasting at the same time in the previous fiscal year. We could have another column which showed actual, because we would know that. You are quite right. We would know in the preparation of this document what the actual figures were. I believe that it is forecast because we are comparing like things, we are comparing a forecast or estimate for 1983-84 with our forecast for 1982-83.

**Mr. Byblow:** You can appreciate the difficulty in trying to assess a forecast against an actual that does not exist, and make a judgment about coming expenditures. For example, in your column on page 40, under table one, for the 1982-83 forecasts, your total there is 4,849 students. The actual, according to your annual report, which would be a March 1983 figure, was 4,638. Over a

200-student difference. I suppose the obvious question is, is it within the ability of the department to indicate more accurate statistical data in the estimates, or more useful data, not suggesting that this is not useful.

**Mr. Davie:** I would think that, generally speaking, the department could be more accurate. I think we were talking about very difficult years for forecasting. I know that I found that so with very different scenarios. If you, for example, look at Yukon economic reviews for these year, you would find that their figures, which they were forecasting, were again very different from the ones we were. We were doing it in a much more basic way by, as I say, having head to head counts in classrooms, and having the opinion of principals as to what their enrollment might be. You get into scenarios in Yukon in that year, and in the previous year, where we think that ten families may be moving out if work does not come, but we do not know. And ten families can translate into 20, 30, 40 kids. I think the director of financial administration maybe has a more concrete answer to give you than that.

**Mr. Marinoske:** In respect to the 1982/83 forecasts, I think it is termed "forecast" for consistency sake. The Department of Finance has termed that year as the "forecast" all the way through. With respect to the tables on page 40, the 1982/83 forecast are the figures as at September, so between September and March, there are a number of students who drop out, or, say, grade 12 students who finish their grade 12 in the first semester and do not come back for the second semester. There are people who leave the territory.

The 1982/83 forecast figure is the figure as at September of 1982.

**Mr. Byblow:** Is it a fair assessment that between March of 1983 and September of 1983, there was a decline of 200 students?

**Mr. Marinoske:** That is possible.

**Mr. Byblow:** Would that be a reasonable conclusion from those two sets of figures? I am referring to the annual report — actual — which are March figures.

**Mr. Marinoske:** The annual report as of March of 1983 was 4,638. At September of 1983, the forecast was 4,595, which is a decrease of 40 some students.

**Mr. Penikett:** Except that the annual report includes kindergarten figures, too.

**Mr. Byblow:** Just to review your last statement, your annual public schools branch report estimates for March of 1983, on page 12, says 4,638. Now that ought to compare with the 1982/83 forecast which are September figures, six months later.

**Mr. Marinoske:** The forecast is September, 1982; six months earlier.

**Mr. Byblow:** So that helps explain that. The figure, then, for September, 1983, would be the 1983/84 estimate?

**Mr. Marinoske:** Yes, that would be the forecast for September of 1983. It should be remembered that we start working on the main estimates in approximately October. The statistics, forecasts and the estimates are made up in around November.

**Mr. Byblow:** I have no further questions on those particular points.

I want to go back into the reorganization that took place. I ask the patience of the committee and the witnesses because I have to walk through some information. I will draw reference to the organizational chart dated April, 1983 and April, 1984 for the public schools branch.

**Mr. Penikett:** Do you have all those documents?

**Mr. Davie:** Yes, we do.

**Mr. Byblow:** Unfortunately I have my appendix cut off. I do not know what it is, A-something. It is the big one. It looks like A-8 and B-3.

Okay, classroom teachers for the three regions in April of 1983, Appendix A-8, totalled 241.33. Classroom teachers a year later shown in the organizational chart B-3, for the two new regions that were created, totalled 229.45. That, in straight arithmetic, is a reduction of 12 classroom teachers. At the same time, when I compare the two years organizational charts, in terms of Special Ed teachers, remedial tutors and native language teachers, I find one less for the total of those three groupings of teachers. That gives me 13 fewer classroom and support teachers in the course of that year. At the same time that that reduction of 13 classroom and support

teachers takes place, it appears that six gifted and alternate program teachers are established. As well, there are four more consultants put in place, a special projects officer, a library technician and an instructional materials coordinator. That is from an analysis of the two charts. It appears that a couple of clerk positions are eliminated, a regional superintendent and a curriculum superintendent cut, but the net result of which is 3.8 person years less overall, from one year to the next.

Having run through those figures and, if they are acceptable, the obvious question would be to ask what principle of economy governed this departmental juggling of personnel, considering that projected enrollment decline was anticipated at 250, though the actual was only 158. What governed that juggling in the public schools branch?

**Mr. Davie:** It is difficult to respond quickly, because Mr. Byblow is adding numbers from different boxes and has arrived at a total. These totals that you mention, for example, are not seen in these charts as one number.

Let me try to answer that as best I can. First of all, the same formula for staffing of classrooms was in place in both of these years; therefore, the number of teachers should have been arrived at by following the same rules in both 1983 and 1984. When you mention the teachers for the gifted, and some other projects, the inference is that some way or other, they have been taken from the teacher establishment. Would I be correct in that? That is something that you were actually asking in that question?

**Mr. Byblow:** Clearly, my question prefaced itself by pointing out that there are 12 fewer classroom teachers, plus one support in the remedial tutor, special ed and native language. With that reduction of classroom teaching staff, there is the establishment of new programming and consultants. I want to understand that, because the net result is only a reduction of three.

**Mr. Davie:** I understand. It is very difficult to compare numbers of teacher from one year to another year and talk about reduction. You have to talk about what formula you apply to arrive at teachers. For example, in that year, we had quite a reduction in some communities and we had quite an increase in our highschool population in Whitehorse. You look at the total number of students, total numbers of teachers — it depends upon the formula you apply. If the same formula is applied, then you arrive at the number of teachers you require under that formula.

That was also the year when some new programs came in in mid-year — like the gifted program and the alternate program, and separate funding was sought for these mid-year, when funds became available. They came in in the middle of that year, with additional funding, actually, to put these programs in place. Some of the staffing for gifted, and some of the staffing for alternate programs were already within the school system.

I am trying to give an explanation. I cannot explain it in terms of actual figures as to why you see three more or why you see four more. I can only give it in a general sense, unless you want us to come back with an exact accounting of where the teachers were in both of these years. We can do that.

**Mr. Byblow:** You understand that we have a reduction of classroom teaching and support staff of 13, according to the charts. That is, simply taking your figures for teachers for special ed, for remedial tutors and native language. That is a reduction of 13. At the same time, you established the various alternate and gifted programs, as well as a number of consultants. You say that you sought special funding, but there ought not to have been the need for special funding, if your overall departmental complementary reduced by 3.5.

If you look at the overall person years for the two years, of the branch complement, one is 400.7 and the other is 396.9, there is a reduction of three, overall, in the public schools branch. There is a reduction of 13 teachers. There is an implementation of gifted programming, alternate programming, consultants, and yet you sought special funding? I do not understand. I am more confused now.

**Mr. Davie:** I think that the explanation of that is quite reasonable. The programs for the gifted, the alternate programs, and the programs where we had to seek special funding were in

addition to anything that was identified in the main estimates. In fact, they could not have been launched within the targets set within the main estimates. Funding, as you remember that year, became available to this government mid-year, and we were asked to identify areas where we could strengthen our programs, and improve the quality of education. That we did. Two examples where we did it were in the areas of gifted students and alternate programs for those students who were inclined to be non-academic students. But, we did not have the funding for that. The funding for the whole year's program was already identified in the main estimates. Therefore, it has to become an enhancement to budget, and it did, mid-year.

**Mr. Byblow:** However, in the supplementary estimates, there is no money identified for special programming. We could quickly look at the estimates, and I call your attention to supps number one, for the year 1983-84, on what appears to be page 11 of the total book. The explanation for an increase of funding is "employment stimulation projects" and in supplementary two, the explanation for some \$515,000 additional funding is explained as "increased requirements for teachers, repairs at Grey Mountain School, greater than anticipated volume of students, and grants". There is no special identification in the supps for programming as you indicate for gifted and alternate.

**Mr. Davie:** Again, you are suffering in this question from lack of detailed information in the supplementary estimates. I can run you through the supplementaries and tell you exactly the amounts of money that were in there, and what they are identified for. That is an umbrella figure, an all-embracing figure that you have in that group there, and is not broken down.

**Mr. Penikett:** Could you perhaps run us through those figures, Mr. Davie, but also I would be curious if you could respond to the main principle, if you like, to Mr. Byblow's question. You have a supplementary to do these additional programs. There does not seem to be yet an accounting for the fact that there should have been some kind of reduction represented for the reduction in the number of 13, I think it was, classroom teachers. Is that represented in the budget, too? You might indicate that after you have done this detail.

**Mr. Davie:** I think this is supplementary number one, is it not, this one? Maybe Mr. Marinoske could just explain that, and then I can go through the list, and that would be more helpful.

**Mr. Marinoske:** If you look at the supplementary number one, the total supplementary given was \$3,282,000, \$1,700,000 of which was capital and the remaining \$1,558,000 was operating and maintenance. Of that operating and maintenance, \$1,558,000, \$37,000 of that was for the departmental administration, \$680,000 was for public schools, \$17,000 was for the French language centres, \$64,000 for recreation, and \$760,000 for advanced education and manpower. So the amount we are talking about in the supplementary for the public schools is \$680,000.

**Mr. Davie:** I have the detail of that one. The \$680,000 is composed of these following items: \$152,000, which was basically the six percent salary increase that came in that year, together with some monies for busing at Keno, Elsa and Mayo busing costs that were identified there. \$64,000 was a re-vote of funds from 1983 funds which were advanced in 1982-83. And here we come to where you are requesting the special projects coming in mid-year, special project of \$145,000, which was general painting of buildings and maintenance and paving, that kind of thing. That money was brought in not only to upgrade the buildings themselves, but in order to create some job opportunities. There was \$24,000 for the special education program; \$124,000 was for alternate programs; \$124,000 was for gifted programs; and \$47,000 was to the native language program. If you add these up that comes to \$680,000, which is the amount identified in the supplementary.

**Mr. Byblow:** I do appreciate those figures.

**Mr. Marinoske:** you indicated that \$37,000 of the O&M, of the \$3.2 million, supp one, was administration. What would that be for?

**Mr. Penikett:** While Mr. Marinoske is checking that, Mr. Davie, could you have a stab at responding to Mr. Byblow's assertion about the reduction of 13 classroom teachers and how that

would be reflected in the budget?

**Mr. Davie:** I am afraid I cannot respond too adequately by just looking at the charts, because my mind is unable to embrace the adding up of the different little boxes and arriving at why. I do not know if there is a break in proceedings this morning or not, but if there is, I can guarantee to come back with the response.

**Mr. Penikett:** Perhaps you could take that questions as notice.

**Mr. Marinoske** might respond now to the question asked of him. Following that, we will have a coffee break. To make it clear, I do not think that we would want to necessarily respond in that ten minutes. Tomorrow morning would be fine, if it takes until then.

**Mr. Marinoske:** In respect to that \$37,000, \$23,000 of that was for the six percent salary increase granted to the staff as of April 1. That is not budgetted for because we never know until after we are into the year how much the increase is going to be.

Four thousand of it was for membership in the CEA, which we had not paid for before. Ten thousand was the revote of unspent funds, moved up to 1983/84 from 1982/83. The monies were not spent, so they were revoted.

**Mr. Penikett:** Could you describe CEA?

**Mr. Marinoske:** Canadian Educational Association.

**Mr. Penikett:** Let us take a ten minute break. The committee will recess now, and reconvene at 10:40.

#### *Recess*

**Mr. Penikett:** This committee will now come to order. Mr. Byblow?

**Mr. Byblow:** Mr. Davie, was there anything that you wanted to add to the line of questioning before break?

**Mr. Davie:** I think what I would basically like to do, is, since the response to your questions is fairly complicated, inasmuch as some of the discrepancy in numbers that you identified relates to the fact that some principals have not been counted in the teacher count, that two or three positions were actually then filled in alternate and gifted programs, which should be added to that teacher count. The discrepancy in dollars arises because we have a percentage increase in these dollars for that year as well, which amounts to a substantial sum, as well as merit increases, and that kind of thing, through the system. What we have to do after this morning's session is get down and give you a detailed account, which we will have to you before tomorrow's session. That will identify every aspect as clearly as we can.

**Mr. Penikett:** Okay, just to close the circle on that question, Mr. Davie, I think it would be useful to relate the apparent reduction in classroom positions also to the lapsed appropriation of half a million dollars.

**Mr. Byblow:** One question arising from the comments this morning relates to the explanation for the administrative cost increase. We were talking about the 12 percent increase, and you identified a number of things that accounted for it. On page 38, when I look at the allotments under personnel, there is an eight percent increase. What is included in the personnel allotment in the estimate figure on 38? What kinds of things?

**Mr. Davie:** I can do that in one second. You are asking specifically about personnel and eight percent change from 14 to 16?

**Mr. Byblow:** Yes. I am asking in general terms, not dollar by dollar. The reason I am asking that is because, earlier in your comments, you said that branch administration did not truly reflect an increase in personnel because of that 12 percent up top.

We established earlier as well that there was a 3.5 personnel decrease in the year under review, yet under personnel, we have an eight percent increase. What accounts for all of that increase, if it is not people?

**Mr. Davie:** I will try to give you an answer as best I can. Part of the increase you see, in maintenance, for example, is due to the return to the 10 day fortnight in that year, which established a greater cost because we were back on full tilt. Part of the increase which related to personnel in elementary and secondary schools would be due to the projected six percent increases in salary, effective September 1 and the projected increase in per diem salary

for substitute teachers, which was effective September 1, as well, of that year, to bring their salaries in line with other regular fulltime teachers. There were projected six percent salary increases for special education teachers, remedial tutors and native language instructors.

Also, there was an increased cost in custodial services, again related to the return to the 10 day fortnight. The same thing was for clerical support staff. There was a slight increase there because of going back to the 10 day fortnight.

There was a slight increase in special education due to the salary grid increases in that area, which is merit increases. The same thing applied to remedial tutors. There was an increase in native languages due to an additional permanent instructor hired in 1982/83. There was an increased demand for native language programs. When you bring these all together, it accounts for the eight percent increase you see reflected in the main estimates.

**Mr. Penikett:** This may seem like a slightly provocative question. When you are looking at this department, in terms of the operation and maintenance expenditures, it is mostly salaries. That is not surprising. This is a question of accuracy of information, or relevant information: is there any expenditure under that rather huge sum, under the personnel allotments there, which a fair-minded person really might not describe as personnel?

**Mr. Davie:** You asked a provocative question. I believe there is, and I think we related to this earlier on when we were talking about general administration. I am not saying it is not appropriate for it to be under that heading, but it perhaps would be more clearly understood if we had a better break-down of that particular section as to budget. When you say are there things in there not appropriate? — none that come to mind. I think maybe they are as well in there as anywhere else, if you want an umbrella heading. For clarity, perhaps things I mentioned earlier like moving expenses, for example, could be flagged, and then it would not be thought of as just purely personnel administration type cost, which I think is misleading.

**Mr. Byblow:** I have a couple of questions on the new programming that we talked about earlier. I draw reference to some of your earlier remarks similar to what is said in the opening statement on page 7 where the gifted and alternate programming was developed because these were not being met with existing courses. My question is: what prompted this determination in the year under review? We have always had gifted students, we have always had a need for alternate programming. How suddenly in the year under review did we get this special program set up at a time of declining enrollments, and declining teachers in the classroom?

**Mr. Davie:** There are two reasons I think for that one, Mr. Byblow. Funding did become available, which allowed us to look at areas which we had been considering for some time, that we have not been able to capture within the main estimates. The other reason is that, alternate programs in particular — not so much gifted programs — were something that had been talked about in a variety of different ways by school committees and other people. Some people claim that the department, in fact, did not focus well enough on these kids, and there are a large number of them, students within the system who were non-academic, who were fumbling, who were perhaps dropping out. Therefore it was a pet thing, if you like, of the department to take the opportunity when it came along to introduce the concept of alternate programs, which we are still building on, and hope to build on even more in the future. Gifted came for much the same reasons. There was another group of people in the community who through school committees, school committee conferences, said things like the really intelligent bright academic kid, or the kid with a special talent in art, or whatever it might be, is neglected within the system, which is a public school system. Therefore, we should be trying to focus on some of these students in order to realize their full potential. That is why these two programs came in, because they had been referred to over and over a period of time from school committees, and because of the opportunity for initial funding in that particular year.

**Mr. Byblow:** What process was followed in the development stage for this new program? During the year under review, it was developed. In the subsequent year, pilot programs were put in

place. During the year under review, there were people who were put on the job to develop the program. I am trying to understand the extent of development that took place, the process prior to implementation.

**Mr. Davie:** Quite a lot of work had been done within the department, particularly in terms of alternative programs. There had been many projects in communities. Particularly in Teslin, the principal there had shown a great interest in that kind of program. In fact, he had been piloting an alternate type program in Teslin, so we already had a fair idea of the kind of ingredients that went into alternate programming.

We decided that we should not rush into something that would be doomed to failure, so we decided that the best way to handle this would be to second a person in the community of Teslin who already had some hands-on experience in that area, bring them into the department, set up the criteria for alternate programs and pilot them, so that we would have something to evaluate and examine before introducing them, holus-bolus, into the system.

Gifted was a little bit different. We did not really have anybody within the system who had been piloting in that kind of thing already. In order to meet the need, we decided that what we had to do was to hire somebody. We looked across the country and we found someone with a good reputation in North America in terms of the development of gifted programs, introduced that person to the department and asked him to set up a model. Then we went into the pilots.

Does that answer your question?

**Mr. Byblow:** To an extent.

Let me put something into general terms which will try to capsize most of our discussion this morning.

In the year under review, we have had introduction of new programs. We have had a departmental reorganization; we seem to have a reduction in classroom teachers and the creation of new personnel in the new programming. Would it be provocative to say that what was happening, especially during a year of declining enrollment, was an effort by the department to protect its staffing complement and not act with due regard for economy?

**Mr. Davie:** It may be provocative, but it would not be accurate to assume that that was the department's intent. I think part of the additional funding used that year within the department — and this takes it away from public schools, but also within the public schools — was used for job retention purposes in the communities, which had nothing to do with staffing within the public schools or the advanced education branch.

I think when we get back to you with the outline I said I would bring back for tomorrow morning, you will find that, in effect, there was not the reduction of teachers that there seems to have been reflected in these charts. That was not the case, because we applied the same formula in September of that year as we had done the previous year. We added some teachers midway through the year into two Whitehorse schools where enrollments seemed very high in kindergarten classes. When you see the total, you will find that there was not the reduction, as it would appear in these charts, of something like 11.5 teachers.

The bringing in of these programs of gifted and alternate was in line with our objective, which is to provide quality education to Yukon students. It is also in line with a style, which is to listen to the school committees, the school committee conference and the education council, which highly promoted that kind of activity within the school system.

**Mr. Byblow:** You were not very provoked. When you are doing the analysis, perhaps you could just make note of my observation that there is a two clerical staff reduction. It seems to me that if you are increasing your consultation to programming, and improving and enhancing your programming, you need support staff. It is just an observation.

I want to deal with the formula we keep referring to, but before that, I want to understand the pupil-teacher ratio concept, as applied by your department. The public schools annual report, on page 18, summarizes the pupil-teacher ratios during the year under review across the territory. I guess, very bluntly, how do you determine a pupil-teacher ratio? What bodies do you use, what formula do you

apply, what is a pupil-teacher ratio as used by your department, that has provided these figures?

**Mr. Davie:** In the year under review, the pupil-teacher ratio formula, if you like, was one which had been in place since 1976. I think it was a Cabinet decision as to how schools should be staffed, and for a period of years schools were staffed largely according to that formula. Sometimes deviations were made in that formula because of particular needs in a particular community. That formula was never a public document. The formula as applied today, is now a public document. The formula which was applied to staffing, for example, for the schools for this school year, is a public document, is available within the department, and it states quite exactly how we arrive at the student-teacher formula. But in the year under review we were still operating under the old formula, which had been in effect over the years since 1976 until this particular year, and it was not a public document.

**Mr. Byblow:** I have a copy. To some extent, in my mind, I am confused about two things that we are talking about. We are talking about a staffing formula, which is that application of teachers into schools, and we are talking about determining pupil-teacher ratios. Are they one and the same, and could you clarify for the record any difference?

**Mr. Davie:** They become the same. The first thing that is applied, Mr. Byblow, is the staffing formula. The staffing formula is applied and, of course, there is a pupil-teacher ratio in that staffing formula. Once it is applied, then the overall pupil-teacher ratio is extrapolated from it. If you like, Mr. Wallace could explain some aspects of the existing formula, which, as I say, is available to the public.

**Mr. Byblow:** Yes, I think we would appreciate it before further questioning.

**Mr. Wallace:** To respond to your question, the pupil-teacher ratio is essentially the total number of students in Yukon schools at one point in the year. Probably the most accurate from an educational point of year would be September 30, at which time we provide input to Stats Canada, divided by the total number of teachers we have employed. We use administrators, counsellors, all those who are assigned at the school level, to arrive at the pupil-teacher ratio. I do not think it is accurate to say that there should be a pupil-teacher ratio per school. We have a formula that varies, whether it is for classroom teachers, or librarians, or counsellors, or administration. We simply cannot develop a ratio of 1:23 or 1:25 that applies equally to Pelly or to Jack Hulland, because of the characteristics of the school. So we have a rather complex formula that deals with all of the possible scenarios that we will encounter.

**Mr. Byblow:** That complexity is documented in a way that is digestible by the committees, and so on?

**Mr. Wallace:** Oh yes. Yes it is a public document. All of the school committees have this document, and the education council has it, and the principals have it.

**Mr. Byblow:** Maybe we should table that for the record, and ask that it be tabled.

Could I just ask you a question on that subject, Mr. Wallace. You seem to indicate that it is, in fact, not just teachers in the classrooms who are included in the development of the ratios, it is the staff in the school, I think you said. Therefore, the pupil-teacher ratio, strictly speaking, would not be a perfect representation of average classroom size because there are people who are not in the classroom who are included in the formula. Is that correct?

**Mr. Wallace:** That is correct to an extent, although in practice most of our principals teach. We have an expectation that all of them will teach. I think all but two this year are teaching, and those two will be teaching next year. One principal, in many instances, is probably seven eighths of a teacher in practice.

**Mr. Byblow:** The ratio in rural schools is a fairly acceptable one. I expect it is higher than in the urban schools, but in some of those urban schools, presumably the principals are not teaching and there may be other specialists who are not teaching as well, like counsellors, is that correct?

**Mr. Wallace:** Yes, although it is common practice in most Canadian jurisdictions to report this information and to include

principals and support staff who are directly in contact with students, as opposed to Department of Education officials.

**Mr. Penikett:** These figures would be close, but would not necessarily be, average classroom sizes, then.

**Mr. Wallace:** Right.

**Mr. Penikett:** Because there are people who are included who may not be in the classroom 100 percent of the time.

**Mr. Wallace:** Yes. But as a protection I should point out that there are maximum class sizes provided for in the staffing entitlement formula.

**Mr. Penikett:** Okay, we will take a look at that. Mr. Byblow?

**Mr. Byblow:** Just one last question on the formula. The public document in circulation now: what is the date of its last revision?

**Mr. Wallace:** 1984.

**Mr. Byblow:** And it has not been revised since?

**Mr. Wallace:** No, although we made a commitment to the education council and the school committees to look at it in consultation with them and the YTA and principals' association.

**Mr. Byblow:** Extending from the general discussion on programming, and eventually getting back into some statistics provided in the operations and maintenance budget, what monitoring goes on of the programs currently in the schools system, whether it is the language program or a science program. To put it in context I want to enquire about the department's evaluation of the success of its programs, after students get out of high school.

**Mr. Davie:** I think I will ask Mr. Wallace to answer the first part of that, because he is very close to the detail of how you actually monitor particular aspects of programs in the schools.

**Mr. Wallace:** The first thing I should point out is that Yukon, by and large, follows the British Columbia curriculum. We have variations to suit Yukon needs, so, in a sense, in terms of program evaluation, we have access to whatever British Columbia is doing. With our limited resources, it is not possible for us to replicate the type of work they do, but we have access to their program evaluation.

The particular task that falls to us is to see whether the curriculum is working for us here in Yukon and if our students are learning the way we are expecting them to learn. We have quite a bit of data to enable us to make judgments in that area — probably, I would say, more data than most jurisdictions in Canada. We test all of our students from grades three to eight annually, using the Canadian test for basic skills. In most other jurisdictions, that is done in grades three, seven and eight or nine, and that sort of thing. It is quite often done every second year. We are testing every student every year, so we have quite a considerable amount of data available. That has been analyzed quite extensively over the past year by Bob Sharp, as part of his rural study. We have a lot of information as to how our students are doing in relation to students across Canada in reading, in mathematics and in the basic core areas.

That information is very detailed. It will tell us, for example, which part of phonics that a student may be having difficulty with, or which particular part of mathematics. We are able, from that, to project trends over a period of time.

We have been able to establish, for example, that when the results of our students are compared to those of students from across Canada, Yukon has been actually advancing in terms of the Canadian norms from 1977 to 1984, so there is a lot of data available.

As well, we have the English placement test, which is given at the high school level. We are able to compare our students with British Columbia students. There was a decision by the Minister of Education last year that Yukon students would participate in the British Columbia departmentals. This will give us a very good test at the end of our system as to how our students are doing in relation to British Columbia.

The first exam was written in late January by students from F.H. Collins on the semester system, so we will have that information and we will be analyzing it carefully. If we find that we are below in physics, we will have a look at physics to see what it is that we are doing wrong.

We have a considerable amount of other data as well. We are

concerned about achievement in our rural schools, so we commissioned a study last year by a professor from a research institute in British Columbia — she was associated with the university — of reading results at the grade four level. We have an extensive document as a result of that. We met about two weeks ago and we have a number of things we are going to be doing over the summer which we feel will improve our results. The results were generally favourable, but they pointed out several areas of weakness.

We did a fairly extensive series of tests on our French immersion students recently. The results, again, showed that Yukon French immersion students, on the whole, are doing better than their counterparts in British Columbia.

« We are doing quite a bit of testing. We do an analysis of student marks, and we have a close look at the student drop-out rate, or to put it more positively, the retention rate. We are concerned about that. I think that accounts for our initiatives in the alternate programming that Mr. Davie pointed out, and also for a major study we now have underway of our secondary schools. We are looking at revisions of the junior high school curriculum and the senior high school curriculum to meet the needs of students who are currently dropping out, to see if we can improve on the retention rate. Again, we have evidence that our retention rate has increased from 1977 to 1984, but there are still enough students dropping out, particularly in some communities, to merit attention. Also, we regularly send our staff out to model schools in the outside area. Recently, Mr. Courtice, one of our superintendents, and Miss Weigel the director of curriculum went down to select schools in Victoria and Vancouver to look at methodology and ways other jurisdictions are responding to the problems. Those are some of the areas. We do not have as extensive a capacity as the Department of Education of Ontario would have, but certainly, within our limits, we do a lot more than equivalent school boards.

**Mr. Penikett:** You mentioned a woman who is involved in some assessment of the reading instruction here. You said she was associated with some research institute. Could you identify that research institute, Mr. Wallace?

**Mr. Wallace:** I will have to provide you with that information later. I am drawing a blank at this moment. She was associated with UBC, I believe, and established her own private company. The name, I cannot recall.

**Mr. Penikett:** It is not urgent. Mr. Byblow?

**Mr. Byblow:** We appreciate your thorough answer, Mr. Wallace. The monitoring and testing that is ongoing in the school system, in the public school system, that forms an integral part of evaluation for program expenditures, such as the case of gifted and alternate, that was a question, but my concern was that it may have appeared as if it were a hasty decision in the absence of back-up support. What is your response to that?

**Mr. Penikett:** I guess the question is, Mr. Wallace, was there empirical evidence of the need for those programs before they were established?

**Mr. Wallace:** Oh, yes, there is no question. You can go back to Bob Sharp's report in 1977, for example, which provides some data. It was a question of, as Mr. Davie pointed out, awaiting the availability of funds. I think the Sharp report, which will be released in the next short while, will provide a lot more data to support that.

**Mr. Penikett:** Was it a similar kind of empirical base the decision to do departmentals?

**Mr. Wallace:** I do not think empirical data was necessary. There are as much perception of the minister and the department that it would be in the interest of students seeking admission to universities to have the credibility of British Columbia departmental examinations.

**Mr. Penikett:** Could I just ask you if I may, Mr. Byblow, to pick up on the question of drop-outs. From time to time, the Legislature has had occasion to remark on the drop-out rate, not only in rural schools, but also in high schools in Whitehorse. I am not asking a policy question here, but what kinds of research, or what forms of research are done into the nature of that problem, and the remedies? I was not quite clear from your answer as to how well you may have identified the root causes of that problem.

» **Mr. Wallace:** I think we have very extensive information from the work that Bob Sharp has done. That is the core of his study. He spent close to a year working on it. Bob did a lot of tracking of individual students who had dropped out. In fact, he identified, over a seven year period, every student who had dropped out. To the best of his ability, he tried to establish where they were now, and some of the reasons for dropping out.

I think the key element that he identified was the lack of appropriate education. In some communities, for example, it has been customary to offer academic programs where the majority of students require different types of education. Perhaps education which would still have academic goals, but what would be more appropriate than Shakespeare might be basic writing skills, development of some of the higher order of reading skills, for example.

**Mr. Penikett:** I take Mr. Sharp's point well, and I am assuming that much of the academic program is, in a sense, educating our kids for export, because many of the skills that they require in universities have not traditionally been marketable here. In respect to the science programs, you alluded to the testing of our physics programs, for example. That problem that Mr. Sharp identified, of appropriateness — someone who is in a non-academic program but requires the fundamentals in science — to what extent, with proper regard to economy, is the department able to adjust the science program, for example, so that it is more relevant in perhaps looking at local geology while getting the fundamentals of the scientific method. To what extent has the department been able to respond to that, or test the appropriateness of that with the methods available to you, with regard to economy?

Let me ask you a different question: are the structures of the BC curriculum such that it makes that difficult?

**Mr. Wallace:** I do not think it would be difficult. I think the critical problem is to have the local community identify the type of education they see as being most relevant to their students. There are a considerable range of programs available on the market. For example, there would be general science programs, or science courses that presume a lot of ability in mathematics and perhaps in reading. I do not think we would have difficulty in selecting a curriculum. We may have to modify it to suit local needs.

I believe the most difficult and challenging areas would be in mathematics and in the reading, language arts area. Education begins with the study of the learner, so the important thing for us, in a given community, is to be quite familiar with the learning characteristics of the students. Once we have established that, if we have the consultants with the expertise in the department, we can work with the principals and the school committees and design a program.

I think we are very conscious of the role of the school committee here. We are beginning right now a process of consultation with school committees in several communities in Yukon to address that question, but we feel we have to bring them with us.

» **Mr. Penikett:** I have another question. I do not want to stray into the large policy dimension of it, but I want to stick to the administrative dimension. The more narrow aspect. I am conscious though, that when I scan the Science Council of Canada's assessment of science teaching in the schools this year, there was a lot of comment about how abstract and dry and irrelevant it was to the lives of most of the students. That it was not related enough, it was not practical enough, it was not related enough to their real world. Having mind to Mr. Sharp's thesis about appropriateness, what tests do you have within the department, or what means do you have to test the efficacy of those kinds of programs that may be presently existing, or even new models that may be available because of technology? I mean computers that you might be able to buy in packages. How do you test them? Do you just have to basically wait until you start to see students who are the products, and then measure their performance, is that the fundamental test?

**Mr. Wallace:** I think there is an important distinction to be made in the college preparatory program and the technical school preparatory program, and those programs that are designed to lead students toward trade level courses or vocational level courses, and an institution like Yukon College or an equivalent institution outside. In a sense, but not totally, the student has to fit the

program in the college preparatory program. If we deviate too much in the prescribed curricula, we may jeopardize the student's chance of getting admission into UBC and so on. In terms of the other programs, I think that it is very important that the department provide programs which fit the characteristics of the students. That is our major attempt now, to begin with the study of the learner, and design programs that meet the needs of grade eight in Ross River, which may not be the same as grade eight in Haines Junction, and so on. That is an important distinction. As to your other question, of whether we are testing, for example, grade 11 physics, I think the best answer I can give you there is as a department we have a limited number of individuals working, and we are attempting to focus on certain areas. Right now, our chief focus is on grade seven to 12 language skills, and seven to 12 mathematic skills, but particularly in language. We have identified in our planning group within the public schools that language skills seven to 12 are the chief focus for next year. We have spent considerable time in the past on language of the other areas. That is not to say we do not have initiatives, but we are not specifically looking at ... next year except to compare the results of our students in B.C. departmentals with those of others.

**Mr. Penikett:** Could I just ask one more question, if I may, Mr. Byblow, on this general subject as it relates back. Maybe I can direct it to you, Mr. Davie. The implications of Mr. Byblow's earlier questions about the relative size of the administrative component of your department, as opposed to the people who are actually in the classrooms. You would be acquainted with the problem which the economists call the miniature replica problem of having to duplicate, if you like, the functions of a provincial department of education in a very small community. Is there, from your point of view, a problem of having to have an absolute minimum of administrative and professional and technical services in the centre of the department, or in the administration of the department, which might be sufficient to service a much larger jurisdiction that are the minimum necessary to, in fact, meet the needs of this community, and therefore create the impression of an administrative overburden. I do not know whether my question is clear to you. It is talking about administrative minimums.

» **Mr. Davie:** Part of the question was: do we have an administrative team together that could handle a larger load if we had a larger population? I think there is always some truth in that. You need a certain minimum number of people.

Another part of it was that we were trying to perhaps mimic other provincial jurisdictions and so on. I do not think that would be at all true. If you examine the staffing in departments of education in the provincial jurisdictions, I think you will find that we are a Cinderella among that group in terms of the kinds of functions we have. The only position within the department, which really relates to other intra-provincial functions, for example, the Council of Ministers of Education, and that kind of group would be myself. We do not have many other staff members involved in that particular inter-provincial scene.

**Mr. Penikett:** You are the fairy godmother then?

**Mr. Davie:** Yes, that is right. I am Cinderella's fairy godmother.

I take the view, and I always contest this when it comes up, because it is commonly stated that the Department of Education has far too many administrators.

I think we have learned something today. I think part of the reason why people think that is is because they look at general administration in the main estimates. They see a large sum of money and they think administration means people who are sitting in offices, but not in the school system. In fact, if you really do examine it, we have an assistant deputy minister for public schools who is responsible for all the public school area, with two regional superintendents for 26 schools, and a diverse geography. We have expectations out there which can hardly be met even by two regional superintendents. We have a departmental administrator whose function is not just for public schools, but for advanced education and manpower, Yukon College and all the other programs that go on there.

My position, by the way, only partly relates to public schools.

We have a school services supervisor with very minimal staff whose job it is to look after maintenance, custodial services and have an overview of capital projects in addition to public schools.

When you examine it, the actual administrative staff is very small, considering the number of programs that we have to administer there. I think we give the impression of having a lot of administrators.

I do not consider, for example, the co-ordinator of gifted programs, the co-ordinator of alternate programs or the special education person as being administrators. Their involvement in administration is almost nil. They are service people to staff and students within the school system. They could actually be placed outside the education department and into the schools and still perform the same function.

**Mr. Penikett:** Regarding the scale of administration, I would imagine that it would be frustrating to be compared with other provincial departments, but have you taken a look at the administrative costs of the department in this jurisdiction as it might relate to a school district somewhere else with a similar population?

**Mr. Davie:** We have, and we have looked at that from time to time, partly because one of the questions that has been before us for as long as I have been in the department, and before that, I believe, is should Yukon go in the direction of school boards, and should we have autonomous school boards similar to the school boards in provinces. Naturally we have looked at these other things. They are not always comparing like things when you compare a school district in Alberta, say, with Yukon, because when you look at that school district, you are not looking at the Government of Alberta, which also has its provincial Department of Education and staff and researchers, and all that goes with it. I would think that if you compared a district of similar size in Alberta with Yukon, you may find that we appear to have more administrative staff within the department than that same district in Alberta. That would not be comparing like things, because you are missing all these other support services which are available to that district through the provincial government.

**Mr. Byblow:** Mr. Davie, I am going to try to explain all that you said to the classroom teacher with 33 students and no support staff. I do respect what you are saying. Mr. Chairman, I am not sure that I have a follow-up question to what Mr. Wallace was talking about in terms of monitoring and testing value of programs. By way of notice, on advanced education and manpower I will have a line of questioning that will enquire about the follow-up that is done on students who leave our system. I will be calling attention to the stats provided on grants, the students who go to other jurisdictions, and in general, a question is to enquire about what follow-up is done following graduation, which, in a way, will measure the success of ours. I suppose maybe on that note, that will lead us into advanced education tomorrow. There no doubt will be some follow-up questions that I did not complete on public schools, but we can deal with those tomorrow.

**Mr. Penikett:** Mr. Davie, do you have any last thoughts before we adjourn today?

**Mr. Davie:** No, other than we will bring in the information on the subjects that came up today. I am presuming that Mr. Wallace will come to the first part tomorrow morning, in case that there is some follow up on public schools.

**Mr. Penikett:** We do not want to keep your officials before the committee an excessively long time, because we had hoped to complete the enquiry tomorrow, — that may not be possible, but we hope to. I think we may want to indicate to you, in perhaps a little more detail this afternoon, through our clerk, something a little more precisely about the line of enquiry we intend to pursue. That may help expedite trying to get the answers we are looking for.

On that note, can I ask the committee to adjourn into executive session. I will excuse the witnesses and thank them for the time they have spent with us this morning.

*Committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Tuesday, February 19, 1985  
9:30 a.m.

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Issue No. 6 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

**Members:** Mr. Maurice Byblow, M.L.A.

Mr. Al Falle, M.L.A.

Mrs. Bea Firth, M.L.A.

(Mr. Clarke Ashley substituted for Mrs. 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 Education, Advanced Education & Manpower**

Mr. Jim Davie, Deputy Minister

Mr. Ron Wallace, Assistant Deputy Minister, Elementary & Secondary Schools

Mr. Stan Marinoske, Director, Administrative Services

Mr. Dan Odin, Assistant Deputy Minister, Advanced Education & Manpower

Mr. Rick Butler, Director, Recreation (currently in  
Community and Transportation Services)

**EVIDENCE**

Tuesday, February 19, 1985

**Mr. Brewster:** I will call Public Accounts Committee hearing to order. This is the formal hearing, meeting number six of the sixth sitting.

The witnesses today are Mr. Jim Davie, deputy minister; Mr. Ron Wallace, assistant deputy minister, elementary and secondary schools; Mr. Stan Marinoske, director of administration services; Mr. Dan Odin, assistant deputy minister, advanced education and manpower.

I believe that Mr. Byblow is asking questions now. Is there anything you would like to say before he proceeds?

**Mr. Davie:** No, I think we can go ahead with the questions.

**Mr. Byblow:** I do have a number of follow-up questions from yesterday, but before I proceed, what is happening with respect to the undertaking we had yesterday for information relating to the staffing complement questions I raised.

**Mr. Davie:** I could answer these at the moment. I misunderstood; I thought that was going to be your first question. I can follow up.

**Mr. Byblow:** Certainly. Perhaps we could clear that out of the way.

Is it a document that can be tabled, or are you proceeding orally?

**Mr. Davie:** I can give you a copy of the memo from which I am reading. Would you like that?

If we are talking, at this point, about the question that was raised about the apparent reduction in the number of teachers, I can give you a copy of this memo.

**Shall I read the response, Mr. Byblow?**

**Mr. Byblow:** Certainly.

**Mr. Davie:** This is a comparison of the school level professional teaching force deployed during the 1982-83 and the 1983-84 school years. The following compares the number of professional staff actually deployed at the school level during two school years, namely 1982-83 and 1983-84. In 1982-83, at April — note that I said April because at different times in the year the numbers can change, so these are comparing April figures — regular teachers in 1982-83, 266.33; at 1983-84, 259.85; Special Ed teachers, 22 in 1982-83, and in 1983-84 was 25; native language teachers, 2 in both years; for a total in 1982-83 of 290.33, and in 1983-84, 286.85. Therefore, a reduction in professional staff from 1982-83 to 1983-84 was 3.48, not the figure that we were talking about yesterday.

A regular teacher includes classroom teachers, principals, librarians and counsellors. Special ed teachers include learning assistants and special class teachers in 1982-83, and learning assistants, special class teachers, alternate education class teachers and teachers of the gifted in 1983-84.

The monies identified in supplementary main estimates number one for gifted education and alternate education were used to pay the salaries of the coordinators and to purchase materials for the program, as well as to cover the cost of travel for the coordinators, and professional development for teachers.

Since special ed teachers work directly in classrooms with students, the addition of more has the implication of reducing the requirement on the work load for regular teachers. Please note the following with regard to information provided to the public accounts committee in Appendix A-8. The figure of 266.33 regular teachers derived from the organizational chart dated April 1983, is an actual figure based on a count of regular teachers deployed at that time. The figure of 255.45 regular teachers derived from the organizational chart dated April 1984, is an estimate prepared in the previous school year of the likely number of regular teachers required to operate the schools during 1983-84. This figure should not be confused with the actual figure shown in the table. The reduction in professional staff in the school year 1982-83 to school year 1983-84 of 3.48 person years represents a monetary value of \$81,200 in a budget of well over \$20 million. This amount

represents a small increase to the total financial resources of the education system.

**Mr. Byblow:** Thank you, Mr. Davie.

This is another analysis of what I was talking about yesterday. I do have some immediate questions. Note one, which refers to the regular teachers as including all classroom teacher, principals, librarians and counsellors: would it also include, in the 1983/84 year, the gifted and alternate programming instructors and counsellors?

**Mr. Davie:** No. The funding for the coordinators of the gifted program came from the supplementary which we discussed yesterday, so it does not include special education.

**Mr. Byblow:** Does the figure, 259.85, include the gifted and special programming teachers, which total six, according to the organizational chart?

**Mr. Davie:** There are 25 identified under special education teachers.

**Mr. Byblow:** So, if I understand correctly what your note implies, it is saying that the two new programs introduced are an additional complement to the staffing noted here for the 1983/84 year?

**Mr. Wallace:** The gifted and alternate education programs have been classified as part of the special education program. They appear in the table on the first page, in the grand total on the right, opposite to 1983/84 in the total 286.5. The gifted and alternate programs under special ed account for the difference between 1982/83 and 1983/84 from 22 to 25. In fact, there were three positions.

**Mr. Byblow:** The organizational charts indicate six positions in alternate and gifted. Are you saying that those six positions, as classroom instructors, are in the 25 under special ed for the 1983-84 year?

**Mr. Wallace:** No. The alternate positions do not appear on the chart. They are not teachers assigned to the schools. They are reported independent of this. They would appear under departmental.

**Mr. Byblow:** The coordinators, according to the chart, would be the consultants. Right. I may have more questions when I have a chance to study this further. Perhaps at this point I will express appreciation for the explanation and if there is any further question on it, our clerk will be in contact.

**Mr. Davie:** There were other questions from yesterday we were asked to respond to. One was in the reduction of clerical staff. I believe a memo has actually been tabled with you on that, is that right? Yes. You have that response. And the other is that we said we would get to you, and I believe you have it in written form, the re-write of the departmental objectives to include job creation programs. Do you have these?

**Mr. Byblow:** Yes. Item 6 on your memo just tabled draws reference to the reduction of 3.48 person years as representing \$81,000. A straight division of that would indicate about a \$23,000 salary.

**Mr. Davie:** We always have this confusion, Mr. Byblow, with teacher's salaries because the school year is different from the fiscal year under which we operate. That would be a partial school year in which that money was allocated. The fiscal year ends the 31st of March. The school year starts in September, so any new programs that are coming in are accounted for from September to March in that particular fiscal year.

**Mr. Falle:** Mr. Davie, I am sort of curious. There are 259.85 teachers in the Yukon, and 25 special ed. The administration staff to cover 259 teachers consist of what? I mean, the top end load.

**Mr. Davie:** The applicable organizational chart that I will refer to is B-3. There is the assistant deputy minister of education who is Mr. Wallace. He is responsible for the overall program and direct supervision and is involved in the performance evaluation of classroom teachers. There are two regional superintendents for all of Yukon. There is a director of instructional services, which is really a supervisory position. She has staff, education consultants, in terms of curriculum and primary grades, intermediate grades, alternate programs, special ed programs and gifted program. They are really a resource to the school system, to enhance the quality of

education. They do a supervisory function. In other words, I do not think they are an administrative function. They are actually a resource to the system and to the teachers in the classroom.

I would say that the administrative staff consists of the assistant deputy minister, the two regional superintendents and one other, which is the school services supervisor, the individual who looks after all the plant, custodial and maintenance in the 26 schools that we operate.

There are clerks and typists within the system as well.

**Mr. Falle:** I understand that there are four supervisory positions, over the 259.85 teachers. What does the administration staff consist of on the 25 special ed teachers, or do they overlap?

**Mr. Davie:** The administrative staff for the 25 special ed? That is more difficult to answer than it seems, because the special ed teachers have only one person responsible for them and that would be the director of instructional services. They are deployed in different schools throughout the territory. On a day to day basis, their supervisor would be the principal within the school in which they operate.

**Mr. Falle:** So, their direct supervisor is the principal of the school, and, the principal of the school would make the decision as to what the special ed teachers do in the school?

**Mr. Davie:** In a sense, that is right, in as much as that is right for any teacher, never mind special ed teachers. Obviously the department and the principal have worked out the kind of program they want to operate in that school and have come to some agreement as to what should happen there.

Under the direction of the department, the principal does supervise the daily activities of the special ed teacher.

**Mr. Falle:** I had my question answered in a roundabout way. I want to know if the principal of the school is directly responsible for the education of the children attending the school along with the staff of that school?

**Mr. Davie:** The answer is: yes.

**Mr. Byblow:** To follow up on some line of questioning from yesterday, regarding the breaking out of statistical data, and the issue of more information in the estimates surrounding expenditure allocations. I want to ask how this can be improved, in a general way. But, in specific reference — and for example, I draw reference to page 38 again — in order to know how the \$16 million under personnel in allotment is distributed — and that is in relation to the expenditure in the vote above that line item — is it possible to break out supporting data in the estimates, and if not, why not?

**Mr. Davie:** I do not want to be facetious by saying anything is possible, but obviously when a figure arrives in the main estimates, it has to have back up, and there is departmental back up for every figure in there. What happens is: the main estimates are drawn together by the Department of Finance in some kind of common format from background material given by departments. A number of things are pushed together. I could give you, right now, for example, an exact break-down of the \$16 million that you refer to, because we have the back-up within the department.

**Mr. Byblow:** No, I am not asking for a break-out of the \$16 million, dollar by dollar. I am asking if it is possible, under the personnel line item, to break out the personnel costs in relation to each of the line items in the expenditure allocation above that line item.

**Mr. Davie:** Yes, it is possible.

**Mr. Byblow:** Of the \$16 million shown on page 38 under personnel, is it totally wage and benefits related costs?

**Mr. Davie:** No, it is not. There are other items in there.

**Mr. Byblow:** What sort of other items are there than those related to wage and benefits?

**Mr. Davie:** Sorry, I gave the wrong answer to that, because I am looking at two sheets here. Yes it is wage and benefits broken down into a number of different areas, like branch administration, maintenance, teachers' salaries. It is all wages and benefits.

**Mr. Byblow:** Fine. My next question is perhaps more properly directed to Mr. Wallace, because it deals with the pupil-teacher ratio, and the formula issue. We established yesterday that the new formula in effect now changes the meaning of the ratio information that exists in the annual report. I do not want to dwell on those old

figures. My inquiry, rather, surrounds an attempt to understand the implications of the new formula. I will make the question more specific.

Since, in the new formula, we have principals included, we have librarians included, and we have school counsellors included, where they are applicable according to the enrollment, are they then used when you produce pupil-teacher ratio figures within the system and for public consumption?

**Mr. Wallace:** The answer is yes. It is customary, in most Canadian jurisdictions, to include all school level professionals in calculating the pupil/teacher ratio.

For the purpose of comparability to other jurisdictions, we report our data that way, otherwise, you would not be able to draw comparisons with the situation in the Northwest Territories or Alberta, or other areas. Certainly, in the formula, the principals are assigned separately, over and above the teachers, as are the librarians and counsellors.

**Mr. Byblow:** You recognize, of course, that if a principal is part of the formula for allocation of teachers, and does not teach, necessarily, in a direct proportion to that allocation, then his entry into the formula is somewhat misleading. Clearly, a librarian, who is outside the actual classroom situation, and a counsellor, who is outside the classroom situation, when you deliver, for public consumption, a pupil/teacher ratio, it is inclusive of people who are not directly in the classroom, and therefore, it has no direct relationship to the numbers in the classroom. Do you understand the point I am making?

**Mr. Wallace:** I understand your point. It is common practice in most Canadian jurisdictions to report all of the school level professional staff, the theory being that, for example, counsellors deal directly with students. Librarians deal directly with students. Principals, most of the day, deal directly with students, either as teachers, or working with students who are having difficulty, or discipline problems, or busing or whatever issues happen to come up.

If we reported otherwise, it would appear that Yukon's pupil/teacher ratio was much higher than it is, since other jurisdictions are including these personnel in their figures.

**Mr. Byblow:** I suppose that creates part of the problem we hear about. It is observed that there are, in some instances, very high classroom enrollments to a classroom teacher, when the pupil teacher ratio for that particular school, or the entire system, indicates a much lower one. That is part of the misleading concept that, I am suggesting, the ratio implies.

I am wondering if your department has the ability to provide full information relating to maximum class sizes and minimum sizes, to give additional information to support the ratio provided?

**Mr. Wallace:** The staffing entitlement formula provides for maximum class sizes. Speaking of rural Yukon, there are no large classes. I make a point of going over all the class sizes with the superintendents. The class sizes in rural Yukon are most favourable. I do not think that there is a jurisdiction in Canada that can compare.

There are reasons for that, due to the numbers of students we have enrolled, and we offer good programs. That is certainly not a criticism. In terms of urban Whitehorse, in the elementary grades I am not aware of any inordinately large classes. We have some that perhaps I would like to see be a bit smaller, but there are no inordinately large classes. There are certainly no classes of 35.

What may happen from time to time, at the high school level, is the phenomena where students will opt more for one course or another, and you do get some large classes. We had one situation in September at F.H. Collins where there were some very large English classes. We were able to identify another teacher person year to give to F.H. Collins to reduce the class sizes.

I would say, on the whole, there are no really large classes here in Yukon. It depends on whether you consider 27, 35 or 42 a large class. Certainly there are no classes above 35. There might happen to be classes above 30 in certain secondary levels. The same student may then go to the next class and be in with 14 other students.

**Mr. Byblow:** That is one of the problems of administration, because I think, indirectly, what you are saying is the responsibility

for the distribution of those teachers within the classroom, or within the school, rests with the kind of needs that the principals and the teachers feel have to be met. You often have combinations of classes that exceed numbers indicated in the formula. By the same token, you also have, in the same school, perhaps, a very low number in another class. You have class combinations for courses that well exceed 30, and I think that gives rise to the suggestion that the ratio we have may not be so great.

To continue in that line of enquiry, Mr. Wallace, I want to enquire how the department sees the role of the classroom teacher. Let me frame the question a little better. I am trying to understand the department's policy of mainstreaming, while at the same time it is developing a policy of new programs. To enquire specifically about the role of the classroom teacher, how does the department reconcile what amounts to a contradictory policy: the mainstreaming versus a division system?

**Mr. Wallace:** The term mainstreaming was popular a number of years ago, particularly in the mid-70's to late 70's. It is a term that we have not been using quite as much recently. The term I prefer is "least restrictive environment". Mainstreaming basically says that whenever possible, students of a similar age should be taught together. Accepted as that, I agree with the principle, but mainstreaming was pushed beyond all reasonable expectations in some cases where children, for example, with severe handicaps were placed in regular classes and not given the special attention they need and deserve. I certainly do not espouse that philosophy. We do feel that, wherever possible, and where children can learn together, they should be kept together. Students should be taken out of the regular classroom only when they have special needs that cannot be met in that classroom. For example, we operate two self-contained special education classes in Whitehorse for children with severe handicaps. These are children who could not really cope in the regular classroom. They require special methodology, special types of teaching, teachers who are properly trained, special concrete materials, and so we certainly do not rigidly follow the principle of mainstreaming.

As I indicated yesterday, education begins with the study of the learner. It is important for us to have a lot of information about the types of students we have, then to determine which school organization is most effective in meeting the needs of the students. We currently have underway a review with all the principals — and all of the principals are involving their staff — so all 300 professional educators in Yukon are a part of the process. We are looking at our school organization to see the most effective manner in which we can group students for instruction. I do not think we start with principals; we start by studying the students and then providing a system that meets the needs of Yukon students. That school organization is going to differ from Porter Creek Junior High School to Del Van Gorder School, or to the St. Elias Community School. Certain principles we will establish after studying the students. Generally speaking, we follow the principle of least restrictive environment.

**Mr. Byblow:** So with respect to the role of the classroom teacher, the classroom teacher is still expected to provide for the needs of a broad range of student ability in a mainstream environment. You are developing a philosophy, if you will, of sharpening the two ends of the spectrum in that classroom by the introduction of new programming. You are piloting new programs now, and I would assume that this is to be extended.

**Mr. Wallace:** I think it is a generally accepted principle, in education, that the range of student differences increases with the age of the students. In other words, in grade one, the range of achievement is largely narrow. If they are working on letters, the range may be that some students know four and others may know 10. It is possible to keep students together and instruct them as a class unit in grade one. By the time you get to grade eight or grade 10, the range of knowledge among students differs quite dramatically.

The range in reading levels in grade eight, for example, would be — and this is typical throughout North America — anywhere from grade three to well into college level.

Obviously, we have to have different organizational structures in

the higher grades. We have to begin separating students, because the achievement is too wide apart, otherwise we give teachers an impossible, or very difficult task, of instructing students at all different levels of ability. There are so many groups that the situation breaks down and the teacher may not be able to monitor the programs carefully.

I do not know whether I am responding to your question. I think the implication is that we do provide differentiated instruction, beginning around the middle of junior high school. Certainly, we have it in high school, with vocational programs and college preparatory programs.

**Mr. Byblow:** This type of a debate could go on *ad infinitum*, but the entire purpose here is to examine the expenditure justification for what is happening. To try to get back to that, I want to follow up on a couple of more things, specifically relating to the estimates and transfer payments which are noted on page 38 of the main estimates.

On that page, \$968,000 is identified as a transfer payment, and on page 55, of the same document, there is a breakout, under public schools, of what I assume would be the detail of that line item, specifically, student transportation at \$82,000; special ed at \$8,000; native language at \$247,000 and post-secondary grants at \$631,000.

Is that a correct assessment so far?

**Mr. Davie:** That is correct so far.

**Mr. Byblow:** Also, on page 38, student grants, under expenditure, are identified at \$763,000. I am assuming that this expenditure is part of the \$968,000. Is that correct?

**Mr. Davie:** Not all of it, because \$650,000 of that total is contributions to students attending post-secondary institutions for tuition fees, books, supplies and living allowances. \$153,000 of that \$763,000 is return air fare to students receiving grants to Edmonton or Vancouver, once per year.

**Mr. Byblow:** Where does that show up, Mr. Davie?

**Mr. Davie:** That is part of the \$763,000 under student grants. It is in "other" under allotments, as well.

**Mr. Byblow:** Are you saying that the transfer payment is included in the other allotment?

**Mr. Davie:** Underneath, and on the same page where the heading allotments occurs, there is the heading "other", and that is \$416,800. \$153,000 of that for 168 is, in fact, the return air fares, which are given to students attending post-secondary institutions outside Yukon.

**Mr. Byblow:** Let me just review what we are trying to establish. The student grants under expenditure are \$763,000. That is part of the \$968,000?

**Mr. Davie:** Only \$630,000 of that is part of the \$968,000.

**Mr. Byblow:** Could you just run through for me again how the \$763,000 reconciles with the \$968,000.

**Mr. Davie:** I will tell you first of all what is in the \$968,000. I think that makes it easier.

Out of the \$968,000, \$83,000 of that amount is in student transportation. That is travel subsidies to parents of students who live beyond the 3.2 kilometres. So that is \$83,000. Special education is \$8,000. That is contributions for room and board cost for special needs students receiving education outside of Yukon. The native language program is \$247,000. That is a contribution to the Council of Yukon Indians in respect to a contract for the administration and development of the native language programs. The rest of that is \$630,000, and that is student grants. That is contributions to students attending post-secondary institutions, for tuition fees, books and supplies. These figures mentioned add up \$968,000. The \$763,000 is composed of \$153,000, which you find in the allotments under "other", as part of the \$4,168,000. That is the air fares. And \$630,000 are contributions to the students attending post-secondary institutions.

**Mr. Byblow:** That explains that. Again, I think you can appreciate a legislator looking at this and trying to rationalize the expenditure.

Moving to page 39, you have an estimated number of grant recipients. Those are labelled as post-secondary grants. I am enquiring whether that statistic, firstly, should be listed under public schools. Would it not make more sense to relocate that in

advanced education?

**Mr. Davie:** That move has since taken place, in terms of administration. At the time of this annual report, in fact, that program was with public schools, but, in line with your thinking, Mr. Byblow, we have tried to put like things together so that it is now part of advanced education.

**Mr. Byblow:** Could that statistic be expanded to include information such as the average amount per grant, averages per recipient, a breakout of the progress through post-secondary years?

**Mr. Davie:** We can provide almost any statistic, if it were required, such as the ones you have just mentioned.

**Mr. Byblow:** That information is quite readily available?

**Mr. Davie:** It is available, yes.

**Mr. Byblow:** The figures indicate 326 recipients in the year under review for post-secondary grants. You estimate on page 39 considerably less. Is there an explanation?

**Mr. Odin:** If you look on page 39, Mr. Byblow, in 1982-83 there were roughly 268 recipients of grants. In projecting the requirements for 1983-84, the assumption was, going on past statistics, that there would be roughly the same number of grants awarded in that particular year, but given the downturn in the economy in Yukon and throughout Canada, we find that there were many more students who were interested in going off to post-secondary education in one form or another than we had projected. That is the reason for the increase. If I might enlarge on that, it is rather interesting that we did a review of the graduation stats from the schools in Yukon. In 1982 there were 246 graduates from the school system; in 1983 there were 264 graduates, and in 1984, there were 239. So if you base our projections even on the graduation figures, there was no way we were in a position to know that there were going to be an extra hundred odd students who were going to want grants. We are assuming, from here on in, that there will be a larger amount of grants than there has been in the past, because of the economic downturn, and because people are aware of the fact that they have to get further qualifications to even have a chance in the job market these days.

**Mr. Byblow:** By way of notice, Mr. Odin, perhaps after break I will have some questions relating to the success rate of graduates through post-secondary institutions. We have grant recipients, we have listings of numbers of students attending various institutions, and I want to relate those to the graduates who are moving out of the system. That is by way of notice.

I want to just finish up some public schools information. On page 37 of the estimates, we deal with student accommodation. The data that is provided would appear to be in actual dollars, which therefore, ought to include provision for the inflation factor. Is it possible to have it in constant dollars, especially the accommodation expenditure and the recovery per student per day?

**Mr. Marinoske:** I think it would be very difficult if we tried to do that in constant dollars, because of the various things involved in the expenditures. The accommodation expenditure statistics relate to the public school dormitories — the St. Elias Dormitory in particular — as well as live-in subsidies for students.

The operational costs at St. Elias Dormitory include many things. It is food, utilities, salaries, so on and so forth. All of them vary in the inflationary factors, so it would be very difficult to figure out a constant dollar on it. I imagine it could be possible but it would be done with a great deal of difficulty.

**Mr. Byblow:** Could you explain the accommodation recovery item in terms of its appearance of a constant \$48,000?

**Mr. Marinoske:** The accommodation recovery charge, the rental rate, was set about three or four years ago, and that is the rate we charge parents for accommodating students in the St. Elias Student Residence. If the number of students remains relatively constant, the dollars remain constant. The rates have not been changed over the past three years.

**Mr. Byblow:** Could I ask why the recovery remains at a constant figure, which translates into a reduction in what you are recovering in terms of your expenditure? Is it an established contract? Is it policy? Is it reviewed?

**Mr. Marinoske:** It is currently under review right now, I believe.

**Mr. Davie:** Are you asking why the costs have not been increased?

**Mr. Byblow:** The recovery.

**Mr. Davie:** The recovery is increased by increasing the fee. I think we did it out of kindness to people during these recessionary times over the past two years. At present, we are reviewing it, which does not mean to say we will increase it, but we are reviewing it.

**Mr. Byblow:** Calling reference to page 36, there is an item of \$66,000 under transfer payment. That is explained again on page 55, relating to student accommodation. Could you explain the terms of that? What student accommodation are we talking about?

**Mr. Davie:** If I could guide what I believe to be the answer, on page 55, it would appear that that \$66,000 is money paid to families for assistance in boarding costs, either in homes or dormitories, when they go outside their community or residence for school.

**Mr. Davie:** That is in fact the case.

**Mr. Byblow:** Under terms of the ordinance, there is a standard provision of \$110 per child per month?

**Mr. Davie:** Yes, \$110 per child per month under the ordinance.

**Mr. Byblow:** Is that in the ordinance, or in the regulations?

**Mr. Marinoske:** The \$110, Mr. Byblow, is the rate charged to the parent for dormitory accommodation. That is not the living subsidy paid to parents whose students are attending school away from home. The living subsidy paid to parents of students attending school away from home is \$160 per month for secondary school students, and \$130 per month for elementary school students.

**Mr. Byblow:** Exactly what does the \$66,000 refer to?

**Mr. Marinoske:** That is the \$160 or the \$130 rate paid to parents to assist them with the costs of room and board for their students when they are away from home.

**Mr. Byblow:** How does that figure, which is paid to the parents, relate to the recovery by the department?

**Mr. Marinoske:** That figure is paid to all parents, whether or not their students are living in the dormitory. There are only about half the students — I think it is less than half the students right now — who live away from home live in the St. Elias residence. More are in private accommodation. So the \$160 or the \$130 are paid to parents of students who are attending school away from home. The basic dormitory charge, you could say, was arrived at \$270; \$160 of that is subsidized and \$110 is charged to the parent.

**Mr. Byblow:** I guess what I am trying to establish, Mr. Marinoske, is: in your recovery amounts shown here, do they include money that is collected from parents on the one hand, who in turn pay out a dormitory charge?

**Mr. Marinoske:** Yes.

**Mr. Byblow:** To put the question bluntly, why is not a different system in place that shortens that double accounting?

**Mr. Marinoske:** I think the system was established approximately three or four years ago. It was based upon, at that time, \$270 per month as a realistic room and board figure. At that time, the decision was made in the case of secondary students, to subsidize parents to the tune of \$160 a month. That left the parent paying \$110 to us in the case of the student residence, or, if they were being charged, say, \$270 for private accommodation, they would also be paying the net difference out of their pocket to the landlord in a private situation.

**Mr. Byblow:** That answers my question.

I have one more question. On page 41, relating to transportation statistics in public schools. In the case of the transportation figures provided, there appears to be a decrease in volume of transportation numbers of 16 percent, but the expenditures per passenger has increased by 20 percent. Could you relate what has occurred?

You are transporting fewer students; you have increased costs substantially. What, within the transportation structure, accounts for that? To put it in the context of what I am trying to find out, why can transportation costs not be controlled by volume?

**Mr. Davie:** It is not just a matter of volume. That was the famous busing year where busing was restricted, particularly in the Porter Creek area, and no longer were some children picked up within the two mile limit, who had been previously. I think the difference there is that when you make that kind of move in a year,

your individual student transportation rates go up. For one thing, you are picking up fewer students than you did previously, therefore, the rate per student goes up.

You actually asked if one can identify a rate according to the number of students. The answer is no, really, because it depends on where you are picking up the students. For example, it is more expensive to pick up students from 20 miles and bring them in than it is to pick up students who are within a five mile radius. It depends largely where your population of students are. I will ask Mr. Marinowski if that is a correct response to that?

**Mr. Marinowski:** Yes.

**Mr. Byblow:** Does your transportation contract, as it exists, not require the contractor to provide a level of service regardless of the number of pickups or where those pickups are made?

**Mr. Davie:** The contract is not quite as tight as that. The contract would, at the time of entering it, designate the number of students we are talking about, the number of buses we are talking about, pick-up points and that kind of thing, with some flexibility within the year. There always is. The contractor in the past has been fairly flexible in some situations. It is not just a straight contract to provide transportation for so many dollars.

**Mr. Byblow:** I am having some difficulty understanding you. In the first instance, we have the expenditure per student. The numbers of passengers have decreased by 16 percent. Your transportation cost has increased by 20 percent. Your number of kilometres travelled on page 40, have reduced substantially. Why have we not got some control on costs then?

**Mr. Davie:** I think there is a misunderstanding. The transportation costs per student show an increase per passenger of 20 percent, but overall transportation costs were only one percent more in that year.

**Mr. Byblow:** You have an increase in expenditure of one percent?

**Mr. Davie:** Yes.

**Mr. Byblow:** Admittedly, it is low, but you have less numbers of students, less miles travelled, and a 20 percent increase in passenger cost.

**Mr. Davie:** Let me put it this way. If a bus holds 70 people, and it is always full, then you will show a lesser expenditure per student. If that 70 reduces to an average of 55, you will show a higher expenditure per student, but you would not show any saving in running the bus. I think that is where the question comes in. It is a matter of loading the bus. You have to look to see whether or not there has been some divergence, or overspending, or that the actual overall increase in transportation costs, which in a year when other things were increasing fairly dramatically, was only one percent.

**Mr. Byblow:** But also, on 41, your total expenditure has increased by eight percent. Perhaps, Mr. Davie, I could review these figures and we could look later at the discrepancies that appear to exist.

**Mr. Davie:** The total expenditure on that page you are referring to, the \$18 million expenditure, has nothing to do with transportation. That merely is the cost of running the school system, and the bulk of that is in salaries. The line there which deals with transportation is the one which refers to over \$1 million, and shows a one percent increase. So the eight percent increase at the top is in the school personnel area.

**Mr. Byblow:** You are quite correct. The eight percent relates to the total system, not to the transportation question.

**Mr. Falle:** I have one question before we recess.

I want to know if the bus contracts are based on a per person carried, or route? I think that would clear up a lot of our questioning.

**Mr. Davie:** It is based on route.

**Mr. Falle:** Regardless of the number of students carried.

**Mr. Davie:** That is right.

**Mr. Byblow:** I would advise the witnesses that I do not have any further questions with regard to public schools at this time. I want to deal specifically with advanced education after the break. Before we do break, I have one remaining question surrounding the line of questioning on grants.

We talked about the availability of information relating to

averages per student, averages per grant, and more output information. Would it be possible to put that into the estimates?

**Mr. Davie:** I am not sure if I know what you mean by output information and grants. As you mentioned earlier, I think you mean a breakdown of the average amounts a student gets. Yes, that is certainly possible.

**Mr. Brewster:** We shall now recess until 10:45.

#### *Recess*

**Mr. Penikett:** I would like to thank the vice-chairman, Mr. Brewster, for guiding things along this morning. I guess we will go right back to where we left off with Mr. Byblow.

**Mr. Byblow:** For the record I want to say, Mr. Chairman, that my midnight oil was reduced yesterday afternoon with the volumes of excellent information provided by the department on advanced education. As a consequence, it has reduced a number of questions that would have been asked. I do want to express some appreciation for that.

I think during public schools questioning, I gave notice of several areas that we were going to be pursuing, and perhaps the first one I want to pursue is the monitoring of post-secondary movement. Earlier this morning, Mr. Odin, we began discussion of what happens to students once they graduate from this system. You provided some information of the increasing number of high school graduates. We have information in the annual report, and in the estimates of the assistance provided to post-secondary students. The question, very specifically, that you can frame the answer around is: to what extent do you monitor the movement of post-secondary students from our system, which has some direct information of the success of our public school system? In other words, if we have 264 graduates from high school, how many of them appear to be going into academic post-secondary institutions, how many seem to be going into trade schools and how many are entering the labour force? What extent of monitoring is done, and what general patterns have you uncovered? Of course, this eventually will give rise to the question of justifying expenditure allocations for post-secondary training.

**Mr. Odin:** Maybe I can approach my answer in two sections: one on the university and technical college level, and one on the local post-secondary training.

With respect to the people who we supply grants for, and that is in our annual report — just to refresh your memories, for 1983, there were 176 Yukon grants provided —, we keep a file on each of those individuals. Their career is traced, because they have to reapply for renewal of the grant. We know what sort of standing they have at the university or technical college, because the amount of grant they get depends on their standing. We follow those right through the system, whether they get their degree after four years and then come back for a fifth year to take their master's degree, or what have you.

We follow all of those who receive post-secondary grants right through their post-secondary career. After they have their qualifications — and we presume they will then get a job — we do not follow them any further. We do not follow them through their job cycle; we do not run a job placement system.

For those students who do not go to university or technical college, or those who go to Yukon College, we do keep ongoing statistics. I took the liberty, over the break, to ask to have duplicated some sheets for you. The one on top is for the period of July to August, 1984. These are running stats which are kept at the college. I receive a copy of these every month, updated, which provides certain information, which is fairly obvious. It does provide a list of those people who have graduated and it also provides a list of those people who have terminated. Termination means those people who, for one reason or another, have dropped out of the program. Sometimes the percentage of terminations, as opposed to graduations, is not as healthy as we would like it to be, but it does give us an idea of how successful post-secondary students are within the Yukon system.

When people graduate from our programs at the college, we have an informal system with CEIC. I would emphasize that it is

informal, because the Canadian Employment and Immigration Commission are the job placement agency. It is their role, a federal role, for job placements. We do follow through on our students to see if they have got jobs and where they have been placed, so that we have some rough and ready calculation, if you like, as to whether our graduates have been placed in jobs after they have finished, or whether they have not.

Does that suffice?

Mr. Byblow: In general terms, that reassures the concern that we might be passing students through our system without monitoring their progress, and thereby having inadequate information to make judgments about where we ought to allocate expenditure for those areas.

In the situation of Yukon Campus — or, I suppose, which is now the amalgamation of the Yukon Vocational and Technical Training Centre — in the subsequent budget year, your estimates have shown the amalgamation. In this budget year we have had the separation. What explanation is there for not having had the amalgamation in this year under review, since the decision was made prior to the budget?

Mr. Odin: No, that is not correct, Mr. Byblow. The amalgamation took place in March, 1983. The budget was put together long before the amalgamation took place. The budget was finalized before I even took this job on, which was the beginning of 1983. One of the first things we looked at doing was to make a more effective system, was to amalgamate the old vocational and technical training centre and Yukon Campus, which was providing teacher education programs at the time and beginning to get into first and second year arts programs. For cost effectiveness and for administrative effectiveness it was felt to be a good idea to amalgamate it and it was amalgamated in March 1983, but that was after the main estimates had become a *fait accompli*.

Mr. Byblow: With respect to the amalgamation, and in consideration of the first question, which related to monitoring students passing through a system, I want to enquire about the value of Yukon Campus. You indicate a number of statistics of students who take courses there. At the same time, we have a Yukon grant system for students who attend other post-secondary institutions. In this recessionary period, which began three years ago, we have addressed the need for upgrading and retraining students, mostly adults, as required for the economic activity that is anticipated. What monitoring and what analysis is being done to test the usefulness of Yukon Campus? It is academic, it is university courses. You have 200 people admitted to courses and you have an expenditure allocation for that. What is the test that the expenditure is justified for that academic portion here in Yukon?

Mr. Odin: I guess the tests would come from various levels again. Certainly, one of them is the continuing contact I have with the deans at UBC and with Dr. Ron Neufeldt, who is their placement director.

Yukon students generally transfer from the Yukon program to UBC. It is a UBC program that we are running in Yukon. They have a reputation for being some of the better students that they receive. That is one side of it.

The other side of it is that you have to remember that we have 200 odd students enrolled in different courses. Many of those people are not full-time students, and they are not people who are trying to finish off a degree in one block. A lot of them are older people — if I might use that term — who are already at work. Many of them are women who have had some training, raised a family and now wish to upgrade their qualifications or finish off a degree that they broke two or three years ago, or even 10 years ago, so they are part-time students.

I know, in this present year, we only have 12 full-time students in that academic program. We monitor the cost-effectiveness of the situation every year. I renegotiate a contract with UBC every year for the services they provide to us. We pay for the instructors. We look at the number of courses we can offer. There is always a thrust by the deans at UBC to offer more courses. There is always resistance at our end, making it very plain to them that we want a basic core of courses which will provide useful, general first and second year arts, B.Ed., maybe some science programs within the

confines of the population we have and the amount of money we can afford.

In terms of the contract with UBC, for the three contracts I have been involved with, that has not expanded at all, so we are paying them the same money this year as we did in the previous two years.

Mr. Byblow: You indicated that you had 12 full-time students. I assume that this is on the two year B.A. program that is offered?

Mr. Odin: Yes.

Mr. Byblow: On page 45, the stats indicate that you have 200 students attending. What breakout do you have of the number of those 200 students attending who are single course students?

Mr. Odin: I do not have that with me, but I do have those statistics.

Mr. Byblow: Can you give a rough estimate? You have already said that there 12 full-time students attending within the confines of the two-year program, so that means that there are in the neighbourhood of 180 other students.

Mr. Odin: Taking one or two courses?

Mr. Byblow: Yes.

Mr. Odin: Probably somewhere in the region of 25 percent. Those university courses are generally held in the late afternoon and evenings. They are not day programs. We have very few day programs, the reason being that we have so many part-time students who have other jobs. They take their courses in the evening.

Mr. Byblow: You have about a dozen students on a full-time program, 25 percent of them one and two course students; where is the remaining 70 percent?

Mr. Odin: Those are ones who are taking three courses or four courses.

Mr. Byblow: Do you have a knowledge of how many of those 200 students are teachers?

Mr. Odin: No, not off the top of my head, I am sorry.

Mr. Byblow: Is a substantial portion of those single and two course students?

Mr. Odin: Yes, I would say that a large proportion of the people that are taking one course or two courses are teachers. Certainly, spring-summer program, we ran two courses last summer. They were all teachers who were involved in that. As an informational item, we did survey all the teachers in the Yukon this January. We had something like 70 percent return, which is very good on any survey. Based on that return, we know what sort of programming to put on this summer for the teachers in Yukon. We are looking at probably running a mini summer school the same way that UBC and U of A run summer schools, because there is a demand by the teachers and we feel we can fulfill that demand.

Mr. Byblow: Is it a fair assessment to say that the way it is currently operating, Yukon Campus caters largely to the professional teaching staff of Yukon?

Mr. Odin: There again, it depends on how you look at it. In terms of those people who are finishing off degrees, yes, we are catering to the professional teaching staff in Yukon. In terms of younger people, there are more and more young people becoming interested in taking the first and second year courses in Yukon rather than going outside, for whatever reason, some of it monetary. This year we are putting on a serious thrust to recruit more of our graduates from the Yukon schools. The college has just finished putting together a 15 minute video, which sells the college, if you like. They are going to take it out to the schools, so we will be actively recruiting. We then have another problem. If we recruit too many, we do not have the capacity to take too many students. So while we want to keep the program moving along, we do not want a sudden huge influx, because the capacity, as you well know, Mr. Byblow, is really quite limited.

Mr. Byblow: How would you define, Mr. Odin, the objective of Yukon Campus? Could you answer that in terms of its historical evolution. Originally it was established for a different purpose than what appears to be the purpose today. In light of the line of questioning, which dealt with who was attending and whose purpose it is serving, what is the departmental objective of Yukon Campus?

Mr. Odin: Initially, when it was first instituted, which I believe was something like four or five years ago, it was instituted as the

YTEP program, the Yukon teacher education program, and if my memory serves me correctly, the intent was to train native Yukoners to become teachers. Part of the reason for that was that at that time there was a large turn-over in teachers every year, and the thought was that by training our own teachers in Yukon we would save a lot of money in terms of relocation costs. The YTEP program, in and of itself, was quite a successful venture, but with the changing economic times, two or three years after it had been implemented, it was realized that there was a surplus of teachers, not only throughout Canada but in Yukon itself. So the program was modified and changed from the first two years of a Bachelor of Education degree to the first two years of an Arts degree. That has been an evolution change which, I think, has been accomplished. The reason we continued with the program was because it was thought — it is not thought, I think there is firm evidence to indicate it — that the requirements of the future are generic skills. The generic skills obtained from a general degree are still saleable and still transferable to a multitude of jobs, as opposed to a specific skills picked up in a specific qualification. That is an expert opinion, it is not my opinion.

It was felt that we would be providing a service, I think we are providing a service. We have expanded it probably as much as we can expand it in terms of offering some science courses, so that students in Yukon can now get the first two years of a B.A. degree, they can get the first year of a science degree, they can get the first two years of a B.Ed, B.S.W., which is transferable to wherever they want to go.

In terms of monitoring it, we will continue to monitor it very carefully, and if it appears that sometime in the future it is no longer viable, then we will be talking about closing it down. I have meetings coming up within the next few weeks with the UBC officials to discuss next year's contract.

At that time we will be examining our statistics, the number of people who have enrolled, what our projections are for next year, and a decision will be made at that time as to whether it is going to continue to be viable. I would predict that, yes, for another year or two, at least, it will be a viable project.

**Mr. Byblow:** I would love to get into questioning surrounding the anticipated capital expenditure on a new facility, but that is certainly not the year under review.

The description that you provided of the objective of Yukon Campus indicates that the Yukon Campus is in a state of flux in terms of its changing purpose. To lead into the estimates, for the year under review, we have separated Yukon Campus from advanced education, but in the subsequent year, you have amalgamated the estimates as well as the entire program in the reorganization that is shown.

Because the change took place after the year under review, which is clearly an improvement of estimates as shown, I do not intend to delve into any detail of costs surrounding Yukon Campus for the year under review. I do want to ask: in these estimates, you show Yukon Campus with two personnel and a very minimum cost. That is not the true cost of Yukon Campus. In the subsequent year, you have shown the costs amalgamated with advanced education. What is the true cost of Yukon Campus, in the year under review?

**Mr. Odin:** In 1983/84?

**Mr. Byblow:** Yukon Campus is shown on page 44 to have a cost of \$356,000. It is located in the facility of the old vocational school. Is there an estimate you can provide, as opposed to a specific figure, that would indicate a true cost of providing the Yukon College facility, in the year under review, that is determinable from the estimates available to us?

**Mr. Davie:** I believe that this is the true cost of Yukon Campus in that particular year. You used the term "Yukon College" a moment ago, but that would not be the cost of Yukon College. This is just the campus aspect. That would be the cost: \$356,000. The breakdown goes something like this: the bulk of that cost is \$230,000, which is really the professional and special services part of the contract with UBC, although we pay salaries ourselves. That would be \$250,000 for professional and special services, professors, locals, UBC contract, honoraria for special guest lecturers, advertising for special guest lecturers, advertising

of courses, professional development. Materials and supplies take about \$23,000 of that amount. Other small items, like transportation, communication — in fact, it is the total cost of Yukon Campus for that year.

**Mr. Byblow:** It is the total cost exclusive of the facility itself, because there is a maintenance cost involved with the space, electricity, lighting and so on?

**Mr. Odin:** Except for repairs. Repairs is in that, but you are right. It is exclusive of such costs.

**Mr. Byblow:** That portion of it is included in the general advanced education budget? Okay. Could we look at the advanced education budget on page 50. We have the indication of a person year increase by three, but personnel costs increase by \$495,000. Similarly, administration increases are \$300,000. What explanation can be provided for these large increases? Mr. Odin, you provided extensive information to us yesterday. You need not explain the conceptual aspect of expanding programming and addressing the economic requirements that advanced education tried to provide. I want to understand how we have that large increase in the administration and personnel with only three more bodies.

**Mr. Davie:** The basic reason for the change is, as Mr. Odin referred to when he was outlining how Yukon Campus became Yukon College, that for almost a year prior to this year the Department of Advanced Education and Manpower was virtually non-existent. There was an acting person heading up the department, there were some vacant positions, and in the fall of the year 1982, we really went all out to try and develop this branch of the education department because we felt very strongly that we should not have such a lame duck of a branch at a time when the economy was so poor and when there was a great need for this. Therefore, the increase that you see there results from the fact that a number of senior positions had been vacant but they were filled during the period of time in which this main estimate was in place. A position of curriculum development officer was transferred into the branch administration activity from adult education activity. Also, there was a return to a ten day fortnight. So, when you take all these things into count, that is why you see the increase.

**Mr. Byblow:** Are you telling me, Mr. Davie, that the large administrative and personnel increases are due to the filling of vacant positions?

**Mr. Davie:** Basically, yes.

**Mr. Byblow:** As well as three additional personnel to fulfill the re-organization structure?

**Mr. Davie:** That is right.

**Mr. Byblow:** What does the figure on page 51, 2,017, really represent? It says that is the number of students. My line of questioning is an attempt to determine the relationship of who those people are in terms of the courses or the number of courses that they took. It is similar to the questioning of the 200 who were attending Yukon Campus. I think Mr. Odin can respond to that.

**Mr. Odin:** I will try to respond to your question to the best of my ability. Those were the estimates that were put into the 1983-84 estimates: 2,000 odd students were expected at the technical training centre, with 176 courses. I have done some research on that, and in actual fact there were 1,811 students, and there were 118 courses. There is some difficulty in providing this sort of statistic, in that a course can be anything from three days long to 40 weeks. What is lumped in here is all of the people who have been through Yukon College in the 1983-84 year, as I say, 1800 odd people. When we are talking courses in this context, we have that information broken down ourselves, but in the main estimates they lump them all together, and we are told that a total of 1800 students went through. In some ways it gives a misrepresentation, because one can assume these were full-length courses, and not the three day courses included as being equal to a 40 week course in this particular statistic.

**Mr. Byblow:** To reduce a long line of questioning, could I ask you, Mr. Odin, if it is possible to provide within the estimates some break-outs of information relating to the student attendance, courses, length — similar to the documentation you provided the committee yesterday afternoon. You can appreciate the figure of 2,017 as almost being meaningless to a legislator looking at an

increase of \$495,000 in administration. It is meaningless. If we had information relating to the output of the branch, in terms of courses, duration, numbers of students, it would have so much more meaning. You were quite able to provide this information yesterday and this morning, which I compliment you for highly and find very useful. Can that be provided in the estimates, as well?

Mr. Odin: Yes. I do not think I am digressing. We are in the process of expanding our gathering of statistical information and converting it to FTEs, full-time equivalents. In future, we would be quite happy, and I think it would be quite possible, to provide student statistics for the main estimates in terms of full-time equivalents which would provide whomever was looking at this with a better idea of what we were talking about.

Two thousand would probably break down to something like 450 full-time equivalents. Maybe that is the sort of thing you are talking about.

Mr. Byblow: Precisely.

Mr. Odin: We can do that, yes.

Mr. Davie: I would just issue a little warning here, which would not have applied to the same question we were asked about public school statistics. The main estimate is really a forecast of intent. Some of the planning for adult courses actually takes place after the main estimates in terms of when courses start up.

The true assessment of what happened would be after the event. You could give some indication, of course, in the main estimates, of what you are aiming for.

Mr. Penikett: Clearly, the summary information could provide information about the previous year, though.

Mr. Davie: Right. You could include that and that would make it more clear.

Mr. Byblow: I guess we are running into somewhat of a time problem. I would have raised some questions relating to the statistics, the inconsistency between the annual report and the estimates. A lot of the information provided by your department, Mr. Odin, does eliminate the need to emphasize inconsistencies in the documents. You have provided quite a bit of accurate data, which we can work from.

I think it would be fair to leave questioning, but I do raise, by way of notice, the fact that there are still some questions on recoveries and capital items which we will be dealing with tomorrow morning, and perhaps Mr. Odin could be present.

Mr. Penikett: We may, or may not, have time tomorrow morning. We may have to document some of those kinds of questions in a letter or something, to see if we could seek a response that way, because they may be of a kind that one cannot readily respond to anyway.

Mr. Odin: I want to comment on Mr. Byblow's statement. I agree, there are inconsistencies in the statistics. If we had the time to discuss it further this morning, I think I could have corrected those for you. We have researched those, and we could have explained those to you.

Mr. Penikett: If the committee agrees, we may communicate those questions in letter form, since you are clearly ready to respond anyway. That might be the most expeditious way to answer those questions.

Mr. Ashley has some questions about the recreation branch. Maybe we will have Mr. Butler join us. While Mr. Butler is coming in, Mr. Falle has a couple of very very quick questions about the subject we have just been discussing.

Mr. Falle: What I would like to find out is how much it actually costs us to produce one journeyman through the trades school system. I do not think you have the figures with you, but if you could give us those figures when you return: in dollars and cents, how much it costs to put a person, a young person, from the beginning to the end; how much it costs to produce a tradesman.

Mr. Penikett: If you can. You have another question, Mr. Falle?

Mr. Falle: No.

Mr. Odin: To train a journeyman costs this government nothing, because the journeyman is paid for by the federal government, the training allowance is paid for by the federal government and their in-school training is paid for by the federal

government.

Mr. Falle: They are a budget item for our school year. I want to know what it costs our government to put that person through, and you are telling me: nothing.

Mr. Penikett: There may be a long line of questions referring to this. I guess the question may relate to whether the recoveries offset the actual expenditures, and perhaps we can put that question now, but not pursue it at this time. We can try to get an answer back and we can look at it then.

Mr. Ashley: Mr. Butler, first off I would like to clarify that the Department of Education had recreation up until November 1983. That is correct? Okay. That is what we are dealing with. What I would like to know is, on page 47 of the main estimates, under community recreation authority and contribution, I would like to know briefly what kind of a system exists for allocating these funds. What criteria is used for the establishment of the allocations?

Mr. Butler: Basically, Mr. Ashley, these figures are based on a base grant of \$2,500, plus five dollars per person for the first 5,000 members of the population, and \$2.50 per person for populations over that. That figure has changed in 1984-85 because of the recreation review, because of the acknowledgement that we may have to get more dollars to the local level. That formula has now increased from \$2,500 base grant to \$7,000, and from five dollars per person to \$8.50 per person.

Mr. Ashley: And the \$2.50 remains the same?

Mr. Butler: No, that has been changed to \$3.50.

Mr. Ashley: That is for the future; however, we are dealing only with 1983 data. That basically explains why it is based on population. What kind of controls and accountability are placed on these contributions?

Mr. Butler: Basically, two areas. First, the local authority through the local council submits a budget of intended expenditures for the year, and then at the end of the year, a financial statement is given to show that those expenditures were made on recreation in the approved amounts.

Mr. Ashley: So you audit those statements?

Mr. Butler: Yes.

Mr. Ashley: Do you receive activity reports through the year?

Mr. Butler: Not as much from the local authorities, because, again, they are considered a level of government, and we are not requiring as much accountability with them as we do from, for example, our territorial sports and arts groups, where there is much more accountability.

Local governments, through the review, wanted less of this "big brother" monitoring and watching over them. I have to say that there is less accountability by the local authorities for those dollars.

Mr. Ashley: Going to pages 48 and 49 of the main estimates, do you have a written criteria for the contributions here? What system are you using?

Mr. Butler: The criteria has developed to quite an extensive point, up to now. Before the review, there was less accountability, less criteria. Now, for example, for the sports governing body grants you see there, the dollars going to them are based on how many members they have in their groups, how many affiliate clubs there are across the territory, how well they are doing in out-of-Yukon competition, for example. There are more and more factors being looked at before dollar decisions are made.

Mr. Ashley: And you just continually monitor them through the year?

Mr. Butler: Yes. The groups submit detailed applications to us outlining their whole year's activities. Those are looked at by the branch, and then referred to the Yukon Recreation Advisory Committee, which is now made up of a committee, basically, of peers of the arts, sports and community people to advise the minister with respect to specific amounts for the groups.

Mr. Ashley: Under Arctic Winter Games here, on recreation branch costs in grants, \$39,000 of 1984, what is that? What are the recreation branch costs? Please break that down for me. They were \$49,000 in 1982 and \$61,000 in 1980. Down at the bottom, they include the Yukon Lottery Commission grant of \$12,000 and the Lottery Commission grant of \$28,000 for those respective years. What does this mean?

**Mr. Butler:** People were wondering what the cost to government is to get involved in Arctic Winter Games. The \$39,000, specifically, includes \$10,000 which goes to the Yukon Sports Federation to administer the games and prepare the team on the government's behalf. About \$13,000 goes to trials; about \$6,000 to Arctic Winter Games Team Booklet, which is the nice booklet that each athlete gets with all their pictures so that their mothers and fathers can see them and be proud of them. There is \$10,000 for training for the teams that are going to the Arctic Winter Games.

As you have noted, the cost has dropped from \$49,000 in 1982 and \$61,000 in 1980. That is because we have more or less devolved the responsibility to a volunteer group to make the best use of funds by running with volunteers, doing a lot of fund raising, with the whole approach being that we get the non-profit sector involved to create ways of making funds available other than from government.

**Mr. Ashley:** Can you explain the costs versus the grants business here?

**Mr. Butler:** The cost, for example, would be the \$10,000 to the Sports Federation, whereas a grant would be the \$10,000 in training that goes to each territorial sport group to train the team to go to the Arctic Winter Games. That would be an example of the difference there.

**Mr. Ashley:** Is there a grant from the Yukon Lotteries Commission included in this as well?

**Mr. Butler:** No, that is the other point. As you see, in 1982 and 1980, the lottery commission was involved. In 1984 it was not necessary.

**Mr. Ashley:** You did not need the money.

**Mr. Butler:** That is correct. No dollars were needed from the lottery commission that year. The commission does not get into ongoing funding they just try to seed projects, not maintain them.

**Mr. Ashley:** Now, on page 56 in the supplementary estimates information, I find it very difficult to tie in the amounts on 56 back to the amounts on 48 and 49. The supplementary information does seem rather incomplete. I certainly cannot tie it in. For example, on 48 the Canada Games has \$13,000 shown there. I cannot find it on page 56.

**Mr. Butler:** That 1983 estimate there is actually 1982-83 fiscal year. That should have been clarified, obviously, but that was just to show the cost of Canada Games from year to year, the cost of preparing the team. That was actually a 1982-83 fiscal year item.

**Mr. Ashley:** There are other ones that I cannot find or do not know how to find, or add the right figures up to get the right thing. I think that it could be done in a lot better manner so that we can understand what we are supposed to be understanding.

**Mr. Butler:** I would agree. I think that if you look at the 1984-85 estimates, it clarifies it a bit better. I could give you details in writing of what appears to be inconsistencies of that, Mr. Ashley.

**Mr. Ashley:** Okay.

**Mr. Penikett:** Thank you, Mr. Ashley. Mr. Ashley may have some supplementary questions, Mr. Butler, which I think he may pursue in writing. I think basically we are probably finished with that item. I thank you.

Mr. Davie, you are going to be joining us again tomorrow morning in respect to the Porter Creek school question, along with Government Services. I do not know who else you are going to be bringing with you. Let me assume that not everybody here is going to be returning, and I would like to, therefore, thank Mr. Odin, and excuse him; Mr. Butler, and Mr. Marinoske. Escona has been well served today.

I will permit Mr. Byblow one last question.

**Mr. Byblow:** *(In Ukkranian dialect, a question posed to Mr. Marinoske, and responded to by Mr. Davie.)*

**Mr. Davie:** Thank you for the invitation. Where will we meet you for lunch?

**Mr. Penikett:** Thank you, Mr. Davie. I think we were quite impressed by the quality of information, and the readiness to give it, from all of the witnesses from your department, and we appreciate that.

Witnesses are excused. The committee will now adjourn to

executive session.

*Committee adjourned at 11:35 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Wednesday, February 20, 1985  
9:30 a.m.

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**Issue No. 7 (Sixth Sitting)**

**25th Legislature**

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

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

(Mr. Clarke Ashley substituted for Mrs. 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 and  
Department of Education, Advanced Education & Manpower**  
Mr. Andy Vantell, Deputy Minister, Government Services  
Mr. Sam Cawley, Director, Supply Services  
Mr. Bill Davies, Director, Public Works  
Mr. Jim Davie, Deputy Minister, Education, Advanced Education & Manpower

**Department of Economic Development and Tourism**  
Mr. John Ferbey, Deputy Minister

# **01 EVIDENCE**

**Wednesday, February 20, 1985**

**Mr. Penikett:** This meeting of the Committee on Public Accounts will come to order. I want to welcome this morning witnesses from the Department of Government Services, Mr. Andy Vantell, the deputy minister, who is back with us again; Mr. Sam Cawley, director of supply and services; Mr. Bill Davies, who is having his first appearance here; and, joining us again for yet another morning, is Mr. Jim Davie, deputy minister of education and advanced education and manpower.

We are basically going to be dealing with two main issues, Mr. Vantell. We are going to be dealing with project management, with specific reference to the Porter Creek Junior Secondary School. We will then follow up on items from the 1984 Public Account Committee Report.

To expedite matters, we thought we would deal with the Porter Creek school question first. In that way, we can release Mr. Davie as soon as we can dispense with that item.

**Mr. Byblow:** The Auditor General's letter deals, for five pages, with the capital project, the Porter Creek school. The fundamental question, to begin an understanding of what took place, would be to call for an explanation of why a three million dollar project ended up costing eight million dollars. Who is going to tackle that?

**Mr. Penikett:** Mr. Vantell or Mr. Davie, who wants to start? Mr. Vantell?

**Mr. Vantell:** I would like to point out, first of all, that you realize the construction of the project took place prior to the time that public works became the responsibility of government services. The knowledge that we have in relation to this project is limited to information that we have been able to retrieve from existing records and correspondence. Bill Davies has done an extensive research of all the documents and I would suggest that you direct your questions to him. He might be able to answer them better than I.

**Mr. Penikett:** Okay, Mr. Davies, putting the very general question now, if you like, to seek a global response at this point and then we can get into more specifics in the supplementary questions if we can. Mr. Davies?

**Mr. Davies:** I believe a good percentage of the overrun on that project were caused by what are referred to within the public works sector as changes in the scope of work.

**Mr. Byblow:** Let us start dealing with more specifics. You indicate that the changes are, in part or in whole, responsible for the variance from \$3 million to \$8 million.

**Mr. Penikett:** We are having great difficulty hearing here. Could you speak a little closer to the mikes because otherwise we will not be able to hear you at all.

**Mr. Davies:** To go back to that question, I would say that a large percentage of the overrun was attributed to the changes in the scope of work from what it was originally understood what the project would consist of through to the development of the project to the larger facility at the conclusion of the project.

**Mr. Byblow:** How did those changes come about? Were they initiated by the Department of Education, by the client department?

**Mr. Davies:** I think I would have to reply positively to that, because the scope of work, the requirements of the facility, and so on, in standard practice, are usually defined by the client department, whereas the Public Works branch is looked at as the designer/constructor.

**Mr. Byblow:** To review the development of that project, the first evidence we have of it are in estimates tabled in 1979 that call for an anticipated \$3,000,000 expenditure. The Auditor General's letter refers to early 1979 knowledge within the department that the project, at that point in time, would cost \$4.2 million. Mr. Davie, perhaps I could put that question to you. Why would the department not disclose the \$4.2 million anticipated cost that was known in early 1979 when the capital estimates were tabled in the fall of 1979?

**Mr. Davie:** I am in the same position that was mentioned

earlier. I have had to research the files, and that kind of thing, and I have done that, in order to try to get some picture of what happened. I think it is quite true that the scope of the project did change. I think it changed, from my reading of things, early on.

At one point, it seems to me that the planning that was in place — and this was prior to either figure you just mentioned — was geared towards an elementary school. This goes back before 1979. It seemed, in looking at population trends then, the prediction was that there was a need for an elementary school. Then a policy change took place within the Department of Education in terms of the continuation of the junior high concept. In looking at population figures, and in looking at development projects — if you will remember, these years were boom years, and areas along the highway were identified for housing lots and therefore it was indicated that families would move there — the planning changed to be one for a junior high school.

Immediately, somewhere along the line, you have a change which probably was in the order of almost double the size. Then, of course, the estimate was tabled.

I think you are quite right in your comment that it was identified at that point that the project would be more expensive by somewhere close to another million dollars. Even that estimate, probably, was wrong at the time, because in planning for a junior high school, there are some components you have to have which you do not have in an elementary school. It is clear, when you are dealing with the age range of students, that you have to have shops, for example; you have to have science labs; you have to have typing rooms. All of these throw off quite an amount of additional cost.

Together with that, at some point in the process, as the changes came in, a need for a bigger gymnasium was identified, again, because of the higher sports content you get into in a junior high school. Gymnasiums are expensive. They also throw in a need for other kinds of infrastructure and different kinds of classroom accommodation.

I realize that that is not it in a nutshell. It is not too specific, but it gives an indication of the worst changes, along the line, in the order of magnitude of this project. These changes, I think, also, were contributed to, in some degree, by a process which was really in its initiation stages at that time, in as much the school committees involved in Porter Creek did have a heavy on-going involvement in making recommendations. Through that process, again, some of the project did change.

**Mr. Byblow:** I suppose, in a nutshell, Mr. Davie, the first appropriation of funds did not resemble, in any way, what the final project was intended to be. I suppose the concern of legislators is that with inadequate information, it becomes a very frustrating exercise to see the re-appropriations appear each year on an expanded project that was to have been less than half that cost.

About the change that was taking place within the department in terms of the planning process to meet the needs of the school system, you refer to the splitting of the grades, and the change from an elementary school concept to a secondary, or a junior high. My question on that is: were any other forms of meeting those needs physically costed out? Was an elementary school costed out? Was a senior high costed out, with respect to the entire Whitehorse region? What analysis was done before the go-ahead took place on this \$8 million project?

**Mr. Davie:** Other scenarios were looked at. I do not know if they were looked at in as comprehensive a fashion as maybe they should have been. In reviewing files — and I must stress that none of the main actors in this are present within the department, so that one has to review files and try to get some understanding of the process — other scenarios were looked at. For example, additions to existing schools at that point in time were looked at as a possibility.

**Mr. Byblow:** Excuse me, Mr. Davie, were they costed out? Was there any cost benefit analysis done?

**Mr. Davie:** I cannot answer that completely. I can only see, when I review things that other options were looked at. As to the costing out of these options, I would not know. I think a lot of what was occurring at that time, a number of years ago, was probably at a conversational level between people as opposed to the written

level between people. There are gaps that one can identify in terms of a process.

**Mr. Byblow:** Mr. Davie, would it be a fair assessment to make that the project, having changed so massively in 1979, 1980 and 1981, ought to have been re-submitted to the legislature as a new project?

**Mr. Davie:** That could be one interpretation. My understanding is that as the changes came about in this project, additional appropriations were made. I understand that that is an approach to the legislature, although it is not a new project approach to the legislature. I should add to this that at some point, somebody was thinking right, at least in terms of school populations. Had that school not been built, it is clear that we would have to build other additions; would have to have an addition at F.H. Collins School. We would probably have needed a junior high school of some kind, and the population figures of today bail that out. When you look at the junior high schools we have, they are full. There is no empty classroom space. In fact, we are reaching a point where that could be a problem in the foreseeable future if we have a population increase.

**Mr. Byblow:** With respect to your comment, Mr. Davie, that may be so, but the question I must pose is: could the same space have been provided for less money? That is what we do not seem to know.

**Mr. Davie:** You are asking me a question that I really do not have the technical ability to answer. I think a general answer to that would be: in almost every situation, there are variations in cost, depending on the quality of the product you are trying to produce and what you have in it. I could not specifically say that, yes, something could have been built in another way for less money.

**Mr. Byblow:** With respect to the recommendations provided by the Auditor General on page 23, your comments reflect the procedures that are being worked on with Government Services to help future projects not to get into this similar situation. What is the current status, as you understand it, from your department, with respect to capital projects and your involvement?

**Mr. Davie:** We have a very positive view of what has been happening, especially in the last two years with the Department of Government Services in terms of the tracking and monitoring of projects. We feel that — I think we are termed "the client department" involved in capital projects — we have a tracking system. We have internal policies in place which will allow us to review every stage of the project. We have signing authority which involves terms for different aspects of the project.

At this point in time, I think it would be very safe to say that the kind of thing under review with the Porter Creek Junior High School could not take place. I think Government Services may have more to add to that, because I know that they are in the process of producing a manual, for example. They already have processes in place, but even much more refinement is about to take place in the future.

**Mr. Byblow:** Mr. Vantell, could you advise us of the status of the manual in question?

**Mr. Vantell:** Yes, we produced a project management procedure manual last year. During the summer of 1984, we submitted that to the Auditor General. A subsequent meeting took place in October, between the Auditor General and ourselves. Although we agreed that the manual created quite a bit of improvement to the existing structure of our work, it was agreed that much more detail had to be included in the manual.

The Auditor General sent a representative from Ottawa in January and we came up with a revised procedures manual, which we now have and will be submitting to the minister for approval. From there, it will go to the deputy ministers' review committee. If management board approves the procedures, it will be distributed to the various departments and will be implemented.

**Mr. Byblow:** You then feel that the procedures manual will be applicable to all client departments that your branch may do capital work for?

**Mr. Vantell:** It will refer to all building construction.

**Mr. Byblow:** With respect to municipal and community affairs, where there may be municipal works, municipal and community

affairs have advised us that they have a manual already in place. To your understanding, how does that manual relate in procedures to the one that you are going to be putting into place?

**Mr. Vantell:** I could not answer that question.

**Mr. Davie:** I believe the reference is to the same document.

**Mr. Vantell:** It could be.

**Mr. Penikett:** I think it was indicated to us that the community and transportation manual was based on the earlier draft of the one that you are developing. Mr. Davies is nodding his head. Let me, if I may, just ask a couple of general questions based on my own understanding of this project. Let me direct them to you, Mr. Davie, although I invite a response from the other witnesses as well.

It seems clear when we look at this that what was originally voted in the legislature was for the creation of an elementary school. What we ended up with was something quite different: a junior secondary school. They are two very different things, and there are questions in my mind about the needs analysis at the time the elementary school decision was taken. I know that the Auditor General has recommended a project management process, which goes through five steps: a need analysis, predesign, design, the contracting, and then a review stage. I understand that, to some extent, these steps may be embodied in the new procedures developed by government services. Could I ask you though, Mr. Davie, to what extent, even in an informal way, were those steps followed? You referred a few moments ago to some chats — I think that was your word — that went on. I think that since they may not have been very well documented, these conversations at least seem to have been very expensive conversations, in terms of their consequences. To what extent were the procedures that are being recommended followed, if at all, or do you think that they were essentially not followed, as we now understand the steps recommended by the Auditor General?

**Mr. Davie:** Interpreting from a lack of written information that these chats took place — I am presuming that, somebody had to be talking to somebody — I think that there is no denying, in my view, from what I have seen, that the steps were not followed like they would be today.

**Mr. Penikett:** Let me just followup on that question, Mr. Davie. In terms of your understanding of the steps that are recommended today, going through the steps from the needs analysis, predesign and design, could you briefly give us an understanding, were you building a new school now, of what your role in each of those steps would be — not the Government Services' role, but the client department's role.

**Mr. Davie:** The client department, at this point in time, would develop a project request. In order to develop that project request, they would have had to have done some research into the need or use. If it were a school, they would have had to have made decisions well in advance as to whether it would be an elementary school or a junior high school. They would have had to have made very clear decisions in terms of what that school should contain, in terms of space, equipment and so on.

This would not be done in isolation; it would be done involving quite a number of people. Even before the project request, it would involve public works, because public works would be providing very valuable technical information. Technical information would be things like sound proofing in a music room and that kind of thing.

**Mr. Penikett:** Can I just go back a step to what we might call the needs analysis. Presumably, that would be founded in the demographic information that the department has, such as has been described in the previous day's evidence. It would be the evidence that there is a prediction of an emerging increase in population of a certain school age, whether it was for elementary or for junior high, that would cause you to make the request. Is that correct?

**Mr. Davie:** That would be right. It would be that kind of analysis. It would involve economic development and people like that who do research into population trends.

**Mr. Penikett:** Going into the pre-design stage, you would make the request for an elementary school, for example, of a certain type and size — for 500 students, or whatever. Is that when the dialogue

would begin with Government Services?

**Mr. Davie:** No. It would begin before that. Government Services would be helping us to draw up the initial request. There would be some involvement there. The real involvement would come at the point when the request was actually there and design plans were being asked for through public works.

There is a very important ingredient that would be in place now, and which had begun to be in place at the time of this school, and that is that there is a clear policy in the department now as to the involvement of school committees and the education council. These are structures which are in place; therefore, we use them in order to get their input. They would be very heavily involved in all stages of the project, in terms of giving advice.

**Mr. Penikett:** I would like to invite Mr. Vantell and Mr. Davies to respond to this next question. Five stages were described, which had been recommended by the Auditor General with respect to capital projects. We have the needs analysis, the pre-design, the design contract and the final stage of the formal review process.

Clearly, the Auditor General has reached certain conclusions about the project, and made certain recommendations. The appropriate departments have responded. Could I ask you both if, following the completion of the construction of this project, if there was any formal review of the development of this project by either or both of the departments in question here?

**Mr. Vantell:** I do not think that system was in place at the time.

**Mr. Davies:** I believe what you are referring to is a post-construction evaluation report, and to the best of my knowledge that document has not been compiled.

**Mr. Penikett:** So there has been no such thing in respect to this project?

**Mr. Davies:** To the best of my knowledge, no.

**Mr. Penikett:** So when you were responding to the Auditor General's recommendations, in fact you were not doing it on the basis of your own review, you were, in fact, simply reactive in that case.

**Mr. Vantell:** Yes.

**Mr. Penikett:** Okay. Mr. Davie, was your department involved in any kind of review, just in terms of questioning your own procedures about the original need analysis, for example, taking you back to your point about an elementary school becoming something else?

**Mr. Davie:** We did not do a post-construction review, as I would understand the term "post-construction review", which would be a highly technical thing. Obviously, when you have a new school, and it is operating with staff and a principal and students, we have our own internal mechanisms to make sure that the right things are in place in that school. So, to that extent we had a mini review, but it is not a post-construction review. Also, when it was brought to our attention, of course, and before we knew that we would be before this committee, we did review all files that we could find pertaining to this so that we could have some understanding within the department of how this project had taken place, but we did not have a post-construction review as such.

**Mr. Penikett:** Can I ask you, just to pursue that a little bit further, Mr. Davie, you indicated there was some kind of assessment to the operation of the school once it was in commission, or in service. From time to time, on the street, and this is strictly a lay-person's question, one hears comments about the appropriateness of certain design features in that school. For example, there is an extremely well stocked photography lab, as I recall, which is not being used. There are other people who have commented about the carpeting, or one thing or another. Have you done, through the school committee or any other device, any kind of formal assessment of your client response, or your customer response, to the various features, design features that may be in that school, not in terms of changing that school, but as object lessons for future projects?

**Mr. Davie:** To say that there had been a formal evaluation would be wrong. I recall quite well the night the school was opened because I was there, and the public was there, and they were being toured around the school, and I picked up some of the things that

you picked up. It depended on which member of the public you were listening to. Some were very proud of the fact this school had equipment they did not have when they went to school, others were saying there was too much in there. The fact is, through the principal and the school committee for that particular school, we have an ongoing dialogue. There has not been a lot coming back to us at all about inadequacies or problems; minor things happen in all schools. Through that mechanism, which is very much in place there, the consultation with school committees, we constantly have a play-back.

**Mr. Penikett:** I understand that, Mr. Davie. I am just trying to focus on the learning experience, or the benefits of experience in terms of future designs. Apart from the fact that these public reactions, or public response, might enter the folk wisdom of the department, there is no formal way of recording that this particular feature seemed to work out, this particular feature was popular, this particular feature seemed to be not so popular, public response seemed to be that this was a luxury item, that perhaps was not necessary. There is no formal way of doing that, in terms of building the experience of the department?

**Mr. Davie:** There is no formal mechanism which would notate this in some kind of way for future record, but I think it would be wrong to say that it does not happen. The school building is a living thing, therefore changes are made in it constantly. Even a change of a principal in a school means that some changes take place through a year. A change in requirements of the curriculum means that changes would take place, so to that extent, it would be an open communication for ongoing changes. But there is no formal outline, or whatever, that might lead to a wiser decision in the future.

**Mr. Penikett:** In reviewing the files on this, you drew the conclusion that there have been certain chats at significant stages. Is it possible, were you asked to, — and I am not asking you to — to date those events with any precision?

**Mr. Davie:** There could be a skeletal outline, which would have dates, but it would be fairly inadequate.

**Mr. Byblow:** Extending from the discussion with the chairman, Mr. Davie, in your assessment, and to your knowledge, would it be fair to say that there may have been over-riding political interference, or political judgment made in the case of the Porter Creek school that would have eliminated, or short circuited, things like the needs assessment analysis, or other aspects of procedure that were not followed.

**Mr. Penikett:** I think, Mr. Byblow, you would have to rephrase that question in order for it to be acceptable. If I may suggest, an acceptable form of the question might be: were those key decisions made, in retrospect, by ministers or by deputy ministers?

**Mr. Davie:** When you read the administrative file, you read the decisions made by bureaucrats.

**Mr. Penikett:** They may be consequences of chats with either people on the street, or cabinet ministers?

**Mr. Davie:** It could well be, but that would not be something you would extract from a file when you research the background of something.

Obviously, decision-making is also made at other levels, because it is not quite possible to appropriate additional funds for projects without going through some kind of process.

**Mr. Byblow:** I have an additional question for Mr. Vantell. In light of your over-riding importance in the project management procedure, does your branch have any provision for training programs in project management?

**Mr. Davies:** Perhaps I could respond to that directly. All employees at the junior management level of public works have attended a two day project management seminar over the past winter, which was presented by the project management institute. Plus, we are involved in other training programs for individuals, as required.

**Mr. Penikett:** Mr. Davies, could you describe the project management institute a little bit more? I do not think we have heard reference to it before.

**Mr. Davies:** The project management institute is an organization in the private sector, is national and is involved in research and

training in the project management field. It was our feeling that they had something to offer, and as a consequence, a program was offered for our people.

**Mr. Penikett:** Could I ask you if your experience with this organization indicates that the project management procedures that they recommend are somewhat in accord or very much in line with the kind that are recommended by the Auditor General? Or similar?

**Mr. Davies:** I believe my statement would be that they are quite compatible.

**Mr. Byblow:** One last question. In the instance of the new law building, an outside firm has been retained for the construction and overseeing of that entire project. Is that a project management function that the firm will be engaged in?

**Mr. Davies:** The project management function, in that case, will remain with the Department of Government Services, but the construction management, which is one tier down in the overall operation, will be the responsibility of the construction management firm.

**Mr. Penikett:** I think, unless other members have supplementaries on this point, we have covered this ground, and maybe what I could do is excuse Mr. Davie and thank him for spending so much of his time with us, and pray that it has not been too unpleasant an experience. I will excuse Mr. Davie and turn the floor over to Mr. Brewster.

*Mr. Davie is excused*

**Mr. Brewster:** Thank you, Mr. Chairman. I would like to start out on a memo that was sent by the Department of Finance, file 4190, which is a response to the Public Accounts Committee from the Department of Community and Transportation Services, Department of Government Services, and Department of Finance. On page 2, we will go back to the project management policies, could you give me a date when this project management manual will be approved?

**Mr. Davies:** I think it will be approximately the end of March this year.

**Mr. Brewster:** The end of March?

**Mr. Davies:** March or April.

**Mr. Brewster:** I notice in your response in the letter that it would be completed by April, 1985. Do you figure it will be on time?

**Mr. Davies:** Yes.

**Mr. Brewster:** I would like to go now to the letter from Department of Government Services, file 7041.

**Mr. Penikett:** Do you have that document available, Mr. Vantell?

**Mr. Vantell:** I did not hear.

**Mr. Brewster:** It is a letter from government services, file 7041-4.

**Mr. Penikett:** If you do not have it in front of you, Mr. Vantell, we can provide you with a copy.

**Mr. Vantell:** I do not have that, no.

**Mr. Brewster:** On the front page, down at the bottom, the objectives of the Department of Government Services as stated in the main estimates have not changed, but now clearly reflect its current activities. Does this mean that the handibus is no longer with your department?

**Mr. Vantell:** That is correct. It is now the responsibility of the Department of Health and Human Resources.

**Mr. Brewster:** The only other question I would have is under program objectives. You state that they have not changed, but if you notice, in 1983-84, there are about six lines of objectives. In 1984-85, there is about a line and a half. Do you not think that is a considerable change?

**Mr. Vantell:** They have not been changed.

**Mr. Brewster:** They have been changed through the fact that you have moved the handibus. Is this not correct?

**Mr. Vantell:** That is correct, yes.

**Mr. Brewster:** Do you now provide safety and security programs and emergency measures organizations for Yukon?

**Mr. Penikett:** Is this a new objective, Mr. Vantell?

**Mr. Vantell:** I did not hear the question.

**Mr. Brewster:** That is the old one, and you do not have this in

1984-85.

**Mr. Penikett:** There seems to be a change in the objectives as described in the estimates.

**Mr. Vantell:** I am not aware of any changes.

**Mr. Penikett:** Perhaps, for the record, we should refer to both documents and read them into the record so it is absolutely clear.

**Mr. Brewster:** The program objectives in the 1983-84 operation and maintenance budget:

"To maintain all government-owned buildings at their original construction, or subsequently improved standard.

"To plan, design, construct and inspect all capital building projects for the Government of Yukon.

"To acquire, allocate and maintain office accommodation for all government departments throughout Yukon.

"To provide safety and security programs in emergency measure organizations for the Yukon Territory.

In operation and maintenance for 1984-85, the program objectives are:

"To construct buildings and work on behalf of the Government of Yukon.

"To maintain such buildings in accordance with approved standards reflecting government and community needs."

Do you not think there is quite a change in those objectives?

**Mr. Cawley:** Yes, there have been some revisions to some of the activities within Government Services. I think what Mr. Vantell is maintaining and stating is that the main objective of Government Services, which is to provide services within the government, has not changed dramatically. There has been some refinement within Government Services, and it is true that safety and security and emergency measures had a revision. The emergency measure component of Government Services has now moved to Community and Transportation Services.

**Mr. Brewster:** I will leave that as it is and go on to reservation services. The operating cost for the year 1983-84 was \$27,500 for a net saving of \$29,000. This is only the direct cost, is it not? You have not charged out anything for lights, for maintenance, for floor space?

**Mr. Cawley:** That is correct. We have not costed the aspects of supply services in that depth for the various components that comprise supply services. We look at the main thrust of cost, which is salaries or rental of equipment. The cost to operate the building have not been attributed to each function within supply services.

**Mr. Brewster:** It makes it very hard for us when we are trying to figure out whether the cost of this is cheaper than to turn it over to private enterprise or keep it in government. When you give us a saving, you have not projected all the costs out. Business could not do that. They have to pay for their lights, they have to pay for people to clean their buildings, or heat. Do you not think there is a portion of this that should be charged out to this department?

**Mr. Cawley:** I do not disagree with your request. What I am trying to point out is that it would be very difficult to attribute true costs to that aspect of supply services. For an example, we have one heating cost. We heat the main function of supply services, which is in the Marwell area, with electrical heating. That heating provides heat for a warehouse, which has a very high ceiling, which is a very broad space — a very large area. Then, we heat the section of the print operation, which is the Queen's Printer, which is again a semi-warehouse operation, and then we move into the office complex of supply services, which looks after purchasing, asset control, transportation — which is the pool car operation, as well as the operation for travel arrangements. The Queen's Printer administration is in that office complex as well. The heating is provided to the total building through electricity. To take the square footage and run that back into the annual cost for heat, I do not think would give us a realistic true cost for the operation, per square foot of the administration component. It certainly would give you an indication of what the square foot costs are, but the variables in the building that I operate out of are fairly extensive, so square footage would not be the answer. You would probably have to look at cubic feet. The transportation reservation component is an operation provided by one person-year with one desk. The area is shared by the pool fleet administration component, and that is one

person-year and one desk. The two functions are interchangeable during absences or breaks in the work load during the day, so there is some crossover of responsibility. That is the basic reason why we have not tried to attribute any of the heating costs or cleaning costs — and the only other costs that we bear would be the removal of garbage — to this small aspect of supply services operation, because of the variables within the building.

**Mr. Brewster:** I think that you would agree with me though that actually your net overall saving of \$29,000 is not really correct.

**Mr. Cawley:** That is true.

**Mr. Penikett:** Could I just ask you as a supplementary, Mr. Cawley, to emphasize Mr. Brewster's point. If it is difficult to establish true costs, then you would have similar difficulty in establishing true savings? Would you agree?

**Mr. Cawley:** Only if you are looking at net savings.

**Mr. Penikett:** All right.

**Mr. Brewster:** On page 3 of this letter, why did the medical air fares go down in 1984-85, and government reduced fares go up in the seven month period?

**Mr. Cawley:** The figures on page 3 are anticipated based on data at the date this document was compiled. This certainly is not a final statement of what the fare structures are going to be. It is an anticipation based on the data received to the date we compiled the document. I am not really sure that, in the end analysis, it will hold true.

**Mr. Brewster:** In 1983-84, the medical evacuation was \$700,000 and you have gone through seven months and now you are down to \$299,500.

**Mr. Cawley:** I understand that. I do not have a clear indication as to why this has occurred, or what the difference is.

**Mr. Brewster:** Why do you have a drop in government applied rate for hotels from 46 percent in 1983-84 to 44.2 percent in 1984-85, in the percentage there?

**Mr. Cawley:** Do we have a drop in the rate we are paying?

**Mr. Brewster:** You have a government applied rate savings of 46 percent on hotels. Then when we come to 1984-85, you have now got it as 44.2 percent. Why did it drop like that?

**Mr. Cawley:** The government has established through the new *Financial Administration Act* a clear definition of utilization of hotels. We are now using a more greatly reduced rate for hotels, or to put it in clearer terms, we are using hotels that are less costly than previously. In the previous year — no that is not correct, because we have a reduction. I do not know. I have not analysed that. We saved 47 percent in the previous year. We are now saving 44 percent.

**Mr. Penikett:** If I may be permitted to observe, Mr. Cawley, it is interesting to achieve increased saving from \$16,600 in the year under review to \$22,000 in April 1, 1984 to October 10, 1984. In order to increase those savings it was also necessary to dramatically increase the expenditure by some \$20,000.

**Mr. Cawley:** Yes.

**Mr. Brewster:** You state at the bottom of the letter that your increased savings in 1984-85 was due to aggressively going after excursions. Why were you not doing this 1983-84?

**Mr. Cawley:** We were not always given sufficient advance knowledge of travel. The excursion rates have some timeframes on them. We were not as aggressive in our approach to individuals who are in travel status, or to departments. We were leaning more strongly towards a service relationship with the client departments. In the current year, we are leaning more aggressively towards a control to setting up standards and directing individuals on what they should or should not be doing in relation to their travel status. That has provided us with a reduction.

**Mr. Brewster:** Why did you not do the same thing in hotels? If you look at the hotel rate paid — \$36,100 in 1983-84 and in 1984-85, it was \$50,000 and that is only for seven months.

**Mr. Cawley:** It becomes more difficult to restrict individuals in their choice of hotel accommodation. It depends on where their meetings are going to be held and the type of conference they are attending. To rigidly apply a standard on hotels could increase travel costs in relation to ground transportation, so that aspect of

control has not been as rigidly applied as the air factor.

**Mr. Penikett:** Let me confess, Mr. Cawley, I am still a little puzzled about the validity of claiming savings which would have occurred anyway. Let me make this point: I travel outside this territory, if I am on any kind of business with the Legislature, I check into a hotel and they ask me where I work; I tell them and they then automatically give me a government rate. It does not require an agency, such as you are operating here, to obtain such a saving. I am sure that is the case for many people who are travelling.

I am wondering aloud about the validity of claiming some things which would be available in any case.

**Mr. Cawley:** Our experience has shown that the savings in accommodation have not been granted to government employees in travel status to its fullest extent. As you are probably aware, there are a number of rate structures that hotels apply to guests who stay there. On many occasions, government employees were not granted the true federal government rate reduction. In a number of instances, the hotels were booked to capacity, and government employees had to seek other accommodation at the time they arrived at their destination, and which was not granted at the government rate.

Through our process of confirming, in writing, the availability of space, the individual in travel status has a copy of this written confirmation, and the hotels provide the proper rate structure and the appropriate rooms more readily.

**Mr. Penikett:** You are essentially using the federal government rate outside the territory. If a public servant goes to Watson Lake, one has, in the past, heard complaints that they have been told that they have to stay in such-and-such a hotel. If that is an expression of this control mechanism you are talking about?

**Mr. Cawley:** We have not provided that level of control within the territory because the community hotels have not all provided listings of a government rate.

**Mr. Penikett:** Let me be precise. If you go into a community, within or without the territory, are they told to stay at hotels which have a government rate?

**Mr. Cawley:** This travel section that I operate has not done that within the territory.

**Mr. Penikett:** So, within or without the territory?

**Mr. Cawley:** We only do it outside the territory.

**Mr. Brewster:** Maybe I am a little confused here. You book an airplane ticket. You book the hotel, through your agency, then when you have done all this work, you turn this over to the travel agency in town, and he picks up the ten percent from the airplane company. Is that correct?

**Mr. Cawley:** That is correct.

**Mr. Brewster:** I have one more question that I would like to ask. You state that you look after medical evacuations. Who actually calls these airplanes or these helicopters out, you or northern health service?

**Mr. Cawley:** Northern health services does, because that type of evacuation is done on weekends, by and large. We have called, and do call, carriers, when it is within the week. Transportation looks after all recruitment of small aircraft, which is a separate function from the reservation aspect of transportation. It is done twofold, but by and large the northern health service looks after it, because it is usually on a weekend.

**Mr. Brewster:** In other words, they bill this back to you then, do they?

**Mr. Cawley:** They would bill it back to the Department of Health and Human Resources.

**Mr. Brewster:** If they bill it back to them, as I understand it, you look after the booking of these medical evacuations, is that not correct?

**Mr. Cawley:** That is correct, but we do not pay any costs that are incurred for travel status of the individuals, regardless.

**Mr. Brewster:** Okay.

**Mr. Ashley:** Mr. Cawley, I would like to ask you if a government secretary for anybody from higher up asks the secretary to call to receive the government rate at a hotel, will they not receive that government rate?

**Mr. Penikett:** Let me ask you a different question, Mr. Cawley. If the government rate is not granted at the federal level there is a procedure to get an adjustment from the hotels which are on record as offering a government rate. Does your central reservation system here not have a similar procedure?

**Mr. Cawley:** I suppose they would. We do it, because there are various rates applied to the federal government employees, which we take advantage of. The federal directory has two parts to it: the white pages and the green pages. The directive that we operate under is that all travel status shall be incurred in the white pages of this directory, which is a lesser rate than the green pages; it is different hotels.

**Mr. Penikett:** Let me ask you a different question, Mr. Cawley. If the government rate is not granted at the federal level there is a procedure to get an adjustment from the hotels which are on record as offering a government rate. Does your central reservation system here not have a similar procedure?

**Mr. Cawley:** Yes we do.

**Mr. Penikett:** Have you had any success with such collections?

**Mr. Cawley:** Yes, we have.

**Mr. Penikett:** Could you indicate to what order of magnitude?

**Mr. Cawley:** They are very limited, because, since we have been operating the system, the disparities between those rates is very minimal, but when it does occur, we challenge the hotel. When they refuse reservations, we challenge them as well, and prove that we had confirmed accommodation.

**Mr. Penikett:** There is some cost involved in those collections. Could you indicate whether you have recovered \$100 or \$500 or \$5,000 or \$10,000 in that way, approximately?

**Mr. Cawley:** I would suggest that the range is between \$100 and \$5,000. It is not above \$5,000, but it is more than \$100.

**Mr. Penikett:** I just might point out that the legislative office here has also done the same thing for me on occasion.

**Mr. Ashley:** On inside territory travel, I believe — and correct me if I am wrong — you send out forms to the hotels and they apply a government rate, is that correct?

**Mr. Cawley:** We are just in the process of doing that now. We have not done it in the past. We are doing a survey to establish a rate for Yukon employees.

**Mr. Ashley:** I was under the impression that that had always been done in the past.

**Mr. Cawley:** In a very minor sense. We are now in the process of doing it more extensively.

**Mr. Ashley:** Have you have set the policies on that yet.

**Mr. Cawley:** No, because we are still in the process.

**Mr. Falle:** Mr. Davies, you are in charge of the engineering department for YTG, is that true?

**Mr. Davies:** That is correct.

**Mr. Falle:** Not too long ago, I read in the papers, when we were about to have our new government building, you gave it out to a project managing contract. A statement was made in the paper that we did not have the expertise, nor the engineering ability to do it. I think if I were an engineer, I would be quite upset. Is that a policy matter or what? It is off the subject, but I just wanted to know what capacity we had in your department.

**Mr. Davies:** We have quite a capacity to do projects within the public works branch. We also do a lot of very small projects, so when we are going into the larger and more complicated projects, we are looking at the implementation of the projects by a more complicated procedure, which has advantages to this government from time and cost points of view.

**Mr. Penikett:** Is the hotel list of government rates that you were talking about a moment ago, Mr. Cawley, not circulated to all government departments?

**Mr. Cawley:** I believe it is. We do have a circulation list.

**Mr. Penikett:** Given that that information is then in line department's hands, then is it at least theoretically possible for them to take advantage of that information?

**Mr. Cawley:** Yes it is.

**Mr. Penikett:** If there are no further questions, then I guess we will excuse these witnesses. Thank you, Mr. Vantell, Mr. Cawley, and Mr. Davies, on your first visit here. I will not say I hope to see

you back, because that upsets people, but it has been nice having you and we appreciate you coming back again and providing us with the answers. Thank you very much, Mr. Vantell. Witnesses are excused. We will take a ten minutes recess and then return with witnesses from the Department of Economic Development and Tourism.

*Witnesses are excused*

*Recess*

**Mr. Penikett:** Order. We are entertaining this morning, Mr. John Ferbey, from the Department of Economic Development and Tourism. I would ask you to lend your ears, Mr. Ferbey, to Mr. Falle, who will be leading us. Without further ado, I will turn the floor over to Mr. Falle.

**Mr. Falle:** Mr. Ferbey, good morning. Have you the standing committee's report?

**Mr. Ferbey:** I did not bring it with me.

**Mr. Penikett:** Perhaps you might say the page number, Mr. Falle.

**Mr. Falle:** Yes. Page number 16. I am going to refer to this document quite a bit on this.

**Mr. Ferbey:** What page please, Mr. Falle?

**Mr. Falle:** Page 16, the fundamental principle of human resource management is to establish clear goals and objectives against performance, so that performance can be measured. I want to know, Mr. Ferbey, if your department has done anything to establish these goals since our last meeting?

**Mr. Ferbey:** Certainly we have reviewed our objectives, Mr. Falle, and amended them to reflect what we consider to be more concise and clear objectives of the department. That was done at the request of the people who put the estimates together, and it was being done throughout the government.

**Mr. Falle:** The last time you appeared before us, Mr. Ferbey, we were very curious about several areas. One of the areas was, we found that we thought it would be fundamental for managers to plan and budget for their activities before commencing a project. You were not very clear last time whether or not this was being done. Has the department done anything to improve this?

**Mr. Ferbey:** That was not being done. At the moment, it is not being done, but our plans are to put it into effect for the first of April. We have done a basic management information system, internally, that hopefully will give us costs of projects and enable us to set priorities based on the kind of information we get back from that system.

**Mr. Falle:** Can you give us more information on this sound project management information system that you refer to?

**Mr. Ferbey:** I guess it will be defined as a cost-based analysis of each project we undertake: the number of hours that a researcher spends, for example, looking at a particular topic that we are asked to research.

After we have accumulated some of the data, we would hope that we would be able to determine whether certain kinds of research that we have been doing are really worth the money. If, for example, we spent \$5,000 in a researcher's time and supplies, and not much use is made of that particular study, if we look at it in comparison to future requests, we should be able to make certain kinds of decisions about whether it is going to be worth doing the research.

**Mr. Falle:** So your basically trying to ensure that the resource is not wasted on projects for which there is no cost benefit?

**Mr. Ferbey:** I would hope so.

**Mr. Falle:** Are there any ways, within the department, to analyze this?

**Mr. Ferbey:** At the moment, no, there are not.

**Mr. Penikett:** Could I ask you about the system you are trying to put in place as of April 1?

Could you elaborate a little bit on the answer you gave Mr. Falle to the extent to which the system will allow activities to be quantified so they support the resources requested in the estimates?

**Mr. Ferbey:** I am not sure I can answer that question.

**Mr. Penikett:** Presumably, when your minister is coming to the

Legislature to ask for a certain amount of money, that is based on information that you, to some extent, provided by your needs. In order for the Legislature to continue to support those needs, you will need to justify the expenditures that have been made in a previous year and consequently assume that there are going to be similar expenditures, or greater expenditures or less expenditures in the coming year. The measure of the product in this function, or the performance, if you like, is going to be the justification for whether it is an activity the Legislature wants to continue to finance.

**Mr. Ferbey:** I think, yes, we will be able to answer it in certain areas — requests for information, for example, of a statistical nature. The information system we are putting in place has a listing for providing information to the public. The researcher will indicate the time he spends answering a question, whether it happens to come from the public, whether it happens to come from the government, or whether it happens to come from the opposition. We will be able to have fairly good records of the resources that were required to do that particular job.

If it appears to be running over the total of time that we have had assigned for that duty and responsibility, it, in my view, would be justification for requesting additional resources.

**Mr. Penikett:** So the people doing the work have a log of what they have done, and when you are making representation to the Legislature in the main estimates, that will be based on the work experience and therefore, you will be documenting the kind of resources you need in order to continue these kinds of activities, based on the volumes of work that have been completed?

**Mr. Ferbey:** Yes.

**Mr. Penikett:** And that will be represented in the 1985-86 estimates?

**Mr. Ferbey:** We will not have any records until after 1985-86.

**Mr. Penikett:** So we do not expect this information to be included until 1986-87, at least.

**Mr. Ferbey:** Right.

**Mr. Penikett:** That is all I have on that.

**Mr. Falle:** Is this the evaluation program that the Department of Finance has initiated?

**Mr. Penikett:** This is with respect to recommendation number 10.

**Mr. Falle:** That is right. Is this the evaluation system that you are operating under?

**Mr. Penikett:** Could I just remind you of the operative sentence: "Since the department appeared before the Standing Committee on Public Accounts in February, 1984, the Department of Finance has initiated an exercise to create a mechanism for the development of a comprehensive government-wide approach to program evaluation". You then said, "In view of the actions proposed by the Department of Finance, the Department of Economic Development and Tourism has deferred any immediate departmental action on the recommendation".

**Mr. Falle:** Basically my question was: is the program that you are speaking about, the evaluation program, the same program that the Department of Finance is implementing government-wide for evaluation purposes?

**Mr. Ferbey:** The first program I talked about will tie into the evaluation. When performance indicators of our effectiveness are established under the evaluation program, then we can go back to the information that we will have collected under the answer to recommendation 9, and be able to determine whether we got value for our money. At the present time, the actual evaluation aspects, Mr. Falle, are still under separate consideration without a tie-in. A committee has been established since I wrote the response to the recommendation, by the Department of Finance, on program evaluation, and just this week an individual from our department has been appointed to that committee on program evaluation to set that whole thing in motion in the government. I would hope that we will be one of the first departments that will be involved, so that we can establish performance indicators for certain programs in our department, and over the next year or year and a half, be able to evaluate their effectiveness.

**Mr. Falle:** Do you have any idea, or can you give us any indication what time you expect this to happen?

**Mr. Ferbey:** No, I am sorry, I cannot. The lead in program evaluation is being undertaken through Finance with outside consultants.

**Mr. Falle:** So you would not be able to answer when, either?

**Mr. Ferbey:** I would hope that by the first of April of 1986, our department would be in a position to have had performance indicators outlined for some of the programs in our department, so that during the 1986-87 fiscal year we could evaluate the effectiveness.

**Mr. Falle:** Okay. One of the things that sort of make me wonder, and I have to ask some questions on it, on recommendation number 10, the last sentence was: "Once the new re-organization is functionally ....", what re-organization are you talking about there? Are you talking about the re-organization that the government just went through?

**Mr. Ferbey:** I was talking about the overall government re-organization where tourism was included with ourselves, Mr. Falle.

**Mr. Falle:** How does this affect your department directly?

**Mr. Ferbey:** We have had to re-do the administration. There was double administration, basically; two directors of administration. It is in that area that there have been primary changes, in that we have to consolidate the responsibilities between the two areas. The other change is that the small business component that was under economic research and planning has been moved to Tourism, as tourism and small business.

**Mr. Falle:** Are you presently trying to indicate a kind of a study in your own mind to evaluate whether or not this move has been beneficial?

**Mr. Ferbey:** No, we have not looked at that. We have not finalized the amalgamation. We still have vacant positions. It was not until mid-January that the directors were appointed, and we still have a number of vacancies, Mr. Falle, so we are trying to bring our staff complement to what it should be and move from there. I would say, on a personal basis, the amalgamation of small business and tourism will probably be cost beneficial and of value. Often, when you look at some of our small entrepreneurs in the territory, it is very difficult to differentiate whether they are tourism related purely, or in the small business sector. I think dealing with them from one centre of responsibility will be an advantage.

**Mr. Penikett:** I do not want to venture into supplementary policy discussion, Mr. Ferbey. Let me just ask you, though: you have described some changes in the department's organization. Are the specific recommendations of the recent government re-organization study, as they impact on you, documented for you, and are they a matter of public record?

**Mr. Ferbey:** You mean the way we should have put it together?

**Mr. Penikett:** No, you have just described some changes that are going on in the organization of your department. We assume from your answer to Mr. Falle's questions that they are the result of the government-wide re-organization. We are curious as to whether there is a document which was given to you as the chief administrator showing how it should be implemented in your own department.

**Mr. Ferbey:** We did have a consultant's report on both the Department of Tourism and our department, with recommended changes.

**Mr. Penikett:** Those relevant sections, are they a matter of public record?

**Mr. Ferbey:** I cannot answer that question.

**Mr. Penikett:** Perhaps we could put it as notice. Let me ask you a couple of quick questions. You indicated that the Department of Finance has initiated an exercise to create the mechanism for the development of a comprehensive government-wide approach to program evaluation. Beyond what you have said before about your department designating someone to be on the committee, could you tell us anything more about this exercise as it affects your department?

**Mr. Ferbey:** Well, from a personal perspective, I think that it is long overdue. I think we will run into some difficulties establishing performance indicators under the program evaluation, but it will provide us with an opportunity to look at the

effectiveness of all of our range of programs. It is time consuming and I think it is going to require more resources.

**Mr. Penikett:** Is that the major impact on your department then? You think that, in the short run, you will require more resources in order to get a handle on your performance?

**Mr. Ferbey:** No, I would not want that to come across to the committee at all. I would hope that the major impact on our department would be a matter of our being able to use public funds to the best possible advantage. Only by evaluating our programs are we going to be able to determine how good our use of public money is.

**Mr. Penikett:** I think we would agree with that.

You mentioned the government reorganization study, which, I think you said, was a consultant's report. You seemed to indicate to us that you are aware that that recommended certain things. Are those the changes which happened in your department, or was there another stage in the process there?

I will explain why I am asking. This keeps coming up throughout these hearings. We keep hearing evidence of the reorganization and we are trying to get a better understanding of its impact.

**Mr. Ferbey:** Before government reorganization was considered, we had initiated a study of the department itself through Peat Marwick. There was some question of whether we had the most effective organization within the Department of Economic Development. Peat Marwick came in and made certain recommendations because we do have a broad range of responsibilities in the department. We were ready to embark on the implementation of these recommendations when government reorganization took place. In fact, we were dealing with two reports on our department.

**Mr. Penikett:** Were they both by Peat Marwick?

**Mr. Ferbey:** Yes, they were, as was the Tourism one.

**Mr. Penikett:** Peat Marwick did a study of your department and recommended certain changes. You were about to make those changes when Peat Marwick came along with another study which caused the government to do different changes?

**Mr. Ferbey:** No, we were able to tie the first one in, with very minor changes, into the final reorganization, as it was outlined by Peat Marwick.

**Mr. Penikett:** We would hope so, since it was done by the same consultant. Just to get that straight, Mr. Ferbey, can you just give me the approximate dates of each of those steps we just went through there?

**Mr. Ferbey:** The final study of the Department of Economic Development was June and July last year, 1984. We started the department one in January of 1984. Then, the overall government one came in between and the final reports were June and July.

**Mr. Byblow:** With respect to the re-organization studies, it seems to me that in the late fall of 1983 was the first Peat Marwick study for the tourism and economic development re-organization.

**Mr. Ferbey:** That was the Tourism one, Mr. Byblow. Yes, they had an internal one prior to the final re-organization as well. That was started in the late fall of 1983. The Economic Development one was not started until the new year.

**Mr. Penikett:** I just would ask you, Mr. Ferbey, if it is possible to provide the committee with the specific recommendations as they affect your department coming out of both these studies. It would be a matter of some interest to us if they can be provided. I ask you to take that question as notice.

**Mr. Falle:** On page 19, recommendation number 10: "The department should include in its estimates documents, wherever possible, planning activities supported by information performance indicators justifying its request for funding in order to create a basis for future accountability". On this main recommendation, Mr. Ferbey, what has been done in your department?

**Mr. Ferbey:** We basically have not moved in that area, other than participating in the committee that finance has set up to do the program evaluation outlined throughout the government, Mr. Falle.

**Mr. Falle:** So you have not done anything on this recommendation so far?

**Mr. Ferbey:** No.

**Mr. Falle:** In your letter, recommendation number 11, you have supplied us with, Mr. Ferbey, this was a very interesting

statement I read from your department. Could you tell me if you followed this statement through, and your department followed the statement through, how did the Yukon Data Book get passed?

**Mr. Penikett:** Is the question clear to you, Mr. Ferbey?

**Mr. Ferbey:** Yes, I think so, and I understand it. I suppose the point that one has to make is that the Yukon Data Book was a first-time effort, and we recognize that there might be inadequacies, or there may be errors, certainly. I have to apologize publicly to Mr. Brewster, there were errors made. We do not know whether in fact some of the errors were a result of printing errors we missed. Some of the data has to be up-dated, and because this is an ongoing effort, we are trying now to ensure that there is a broader update on provision of that information, Mr. Falle.

**Mr. Penikett:** Mr. Ferbey has hit a nerve here.

**Mr. Ashley:** In this data book, the statements made on mining and agriculture were, to me, extremely negative and that data book is something which is supposed to invite people to come into Yukon. To me, the worst statements that could ever have been made were made in that book. I would put it to you that you should have someone update that thing in a positive light, rather than a negative light.

I believe the reason for it was to encourage people to come here and to look at investing in Yukon. Particularly in the mining field, you would not have found a person who would have come here if they were to have read that book, if that is all that they judged on. And all the farmers may as well pack up and go home.

**Mr. Ferbey:** With respect to agriculture, we used the last information that came as a result of Agriculture Canada's official information on it. I gather, since it has been brought to our attention, that it is going to be revamped in a more positive sense.

I must say that we sent out the data book to every department in our government that had the direct responsibility for these areas. We made whatever revisions that were suggested. In the mining sector, that is our responsibility and the lack of a positive approach certainly is totally the responsibility of our department and we will attempt to improve that.

The other one will go back to all the departments. Hopefully, we will get the most up to date, positive information that is available. I think copies have been sent to all of the MLAs as well, asking for their input into revisions and updating.

**Mr. Ashley:** Placer mining, in particular, is a has-been industry as far as that book is concerned. It is something that I would draw your attention to. We are trying to update that industry, but at the same time, it is one of our major industries. I believe it brought in \$40,000,000 worth of business into Yukon last year. If it is not the only, it is one of the major, things we do have going here. If you read that book, it would be pretty hard to get anybody to invest in Yukon in that regard.

**Mr. Ferbey:** Your comments are noted.

**Mr. Brewster:** I would like to follow a little bit along that line. I presume that your department was aware that we have had a man studying agriculture. He has made arrangements with people all over Yukon; he has exact, up to date data, much better than Agriculture Canada, which is probably from the old agriculture farm, which has been closed down for 20 some years. Was this man ever consulted?

**Mr. Ferbey:** I cannot say that the man was consulted, but certainly all the information was sent to the department the man works in with the request that the material be reviewed, and amended, and returned to our department with the up-to-date information, Mr. Brewster.

**Mr. Falle:** What I am trying to stress to Mr. Ferbey is that the recommendation number 11 does not specifically deal with the Yukon Data Book. It deals with public documents, and the accurate information within. The data book happened to be one that I took great exception to. I did not like it in a way. It went against what our ministers said, against what our government is talking about, and just painted a very bleak picture of the Yukon in several ways. In these public documents, I want to stress the importance that you do scrutinize them before publication. That is where I am coming from on that, and I would hope that recommendation number 11 is carefully observed.

**Mr. Byblow:** Mr. Ferbey, the quality of the printing is excellent.

**Mr. Penikett:** I want to go back to where we were last year, in terms of the performance indicators. Last year, as you recall, we enjoyed a conversation, you and I, about the management of researchers. Even given the small numbers involved, the normal procedure, in my experience, of giving researchers a certain amount of time to perform a task, those time allocations normally based on the manager's assessment of the importance of the task, or the urgency of the task. At the time last year, you indicated that there was no such system even as informal as that in place. This year you have indicated that a new system of performance indicators is not going to be in place for some time. You have related it specifically to the program evaluation exercise, which is related but not identical. Since, as you will recall, Mr. Ferbey, we were most concerned last year as you have told us today, with the economy and efficiency and effectiveness of the functions performed by your department, and you, as the manager responsible, the most concerned person, can you tell us anything about what has happened in the interim period between last year's evidence and the time hence, when the new system will be in place, or the changes you see coming in as a result of the studies that finance is doing; that is, in terms of the way you are managing it this now, and in terms of the year under review, what has changed about the way that work is done?

"You may have trouble remembering the original question when I am finished.

**Mr. Ferbey:** No, I think that you were suggesting that we may not have been prioritizing time allocations of researchers based on the subjects to be researched.

**Mr. Penikett:** I hate the word "prioritized". I think "budgeting time" would be more my concern.

**Mr. Ferbey:** In an informal manner, ever since I appeared before the committee last year, we have attempted to informally budget the time of researchers with respect to particular research projects. I must say, though, at times it has been based on a priority of a particular project. If it has been given top priority, and, sort of, unlimited resources, one that I can think of is that we have done a fair amount of work on Cyprus Anvil in that way.

**Mr. Penikett:** I understand you have done some informal budgeting of time, and I understand that in a case like Cyprus Anvil where events changes from month to month, or even week to week, you may have had to respond in a crisis management way. You indicated earlier that you had had some problems in terms of managing the time of your staff because of public requests, or opposition requests, or requests that were not predictable, even though the pattern of those kinds of research needs might happen over time.

Is that the hardest part of budgeting your researchers' time?

**Mr. Ferbey:** No, I think part of budgeting researchers' time is tied up with the capability of the researcher as well. We do not have resources that cover the broadest perspective of subjects that we deal with. We have generalists who may have some minor specialization in certain areas, and the kind of time that has to be budgeted in their specialized area is minimal in comparison to a topic that they may not be terribly aware of. I think it is one of the things that straps us in some instances. It may take longer than it should if it was an individual with broader knowledge in that area.

**Mr. Penikett:** I take your point. If you are dealing with the problem of Cyprus Anvil, what you really need to take a look at the problem is some hard-headed economist but you might have a generalist instead. The generalist might take twice as long to do the work as someone whose professional skills were in the precise area?

**Mr. Ferbey:** Yes.

"**Mr. Penikett:** Given that we are dealing with economic development, and given that the economic crisis is continuing in Yukon, that must put a lot of pressure on your department. What skills do you have in your department, among the researchers, in terms of the economic skills, economic literacy, let me put it that way?

**Mr. Ferbey:** The director of policy, planning and research has a background in planning as a major, and economics as a minor. There are no actual economic researchers in the branch at the

moment. With resignations and transfers recently, positions are advertised. Our first economist is coming on staff the 4th of March.

**Mr. Penikett:** You at present have no economists, no person with a graduate degree in economics?

**Mr. Ferbey:** Not in economic research and planning. In energy and mines, we have a director who is a graduate in economics.

**Mr. Penikett:** Other members of the committee may have some questions, but let me just touch on one other point that you made in your January 16th letter, Mr. Ferbey, which is in respect to the econometric model that we spent some time talking about. Mr. Falle might have some supplementaries. You indicated in your letter, and I may quote here, "We do not have the personnel to devote time to exploring the fullest potential of this thoughtfully-developed model". Could I ask you if you have any plans to do this, and what kind of skills would be required to do this that you do not presently have in your shop, and whether there is any plan to change this situation, or to be able to utilize the capacity of this model, hopefully?

**Mr. Ferbey:** I think that is no problem. The statistical services person, Glen Grant, who put it together, is staffed up now with the exception of one individual. They are in a position to be able to use it. One would expect when policy, planning and research are staffed up, they will also be able to use it. I think that we will be in a much better position.

**Mr. Penikett:** Since January 16th when you wrote, "Our only regret is that with the limited resources we do not have the personnel to devote time to exploiting the fullest potential of this model", you are saying that is now changing, or has changed?

**Mr. Ferbey:** It is changing, yes.

**Mr. Penikett:** At what point do you think you might be exploiting the fullest potential?

"**Mr. Ferbey:** I cannot give you a date. I could probably say over the next six to eight months. When you get new staff who do not have a feel for the north, and most of them are outside hires because we were not able to hire locally, it is going to take that long for them to become acquainted with the model, with our situation here and be effective in its use.

**Mr. Penikett:** We may want to pursue that again next year.

**Mr. Falle:** I would like to follow up on Mr. Penikett's question. The type of personnel you are looking for to handle this new machine, what does that person have to have for qualifications?

**Mr. Ferbey:** I do not think it is a matter of one individual. Hopefully a number of individuals in the department are going to be able to use the model. We are not limiting it to one individual, but it has to be an individual with some understanding of basic economic principles, multiplier effects in our economy, how they relate to the mining sector, how they relate to the tourism sector, spin-off benefits, this sort of thing.

**Mr. Falle:** You made a very interesting statement. A person from the outside would have to familiarize himself, or herself, with the Yukon. I put to you the question that there are an awful lot of people in the Yukon who are familiar with the Yukon and maybe familiarizing themselves with this model might be a better way to go. I just hope that we get some kind of accurate forecasting, and whatever has to be done in the future, I hope you will follow up with it.

**Mr. Ferbey:** I would like to comment. Any vacancies we have had in the department recently, — there has been some delay in filling them — we have run them locally before ever considering running them outside, and when there have not been certifiable candidates, as determined by the Public Service Commission, we have had to do the advertising outside. I agree with you; if there are local people who have the qualifications and experience required, I would be the first one to hire them, Mr. Falle.

**Mr. Penikett:** Mr. Falle will be out at lunch time looking for an economic planner specializing in computer models.

I have not been precise enough in my questions — none of us have — in terms of recommendation number 10. Let me read it to you again: "The department should include in its estimates document wherever possible, planned activities, supported by performance indicators, justifying its requests for funds in order to

create a base for future accountability".

You have indicated to us that you do not expect, until the estimates of 1986-87, to be able to fully meet this recommendation and you tied your inability to do that to the time it will take to complete the performance indicators, or evaluation thing, which Finance is initiating.

In respect to the estimates that we shall next see this spring, will the information that has previously been contained in the estimates be improved, in some respect or in any respect, in regards to performance indicators and measuring the product of your shop?

Mr. Ferbey: I would have to say that it would probably be the same, Mr. Penikett.

Mr. Falle: Regarding statistical information and data, Mr. Ferbey, there is a limited capacity, I understand, in the department to get it all. Have you any idea when the statistical data base data will be improved?

Mr. Ferbey: The statistical services people have three new staff members who are contract people under one of the programs for northern oil and gas. It is a three-year term. We are hopeful that over that three years a basic data base for the Yukon will have been established; home grown, Yukon done. They are working on Yukon economic accounts at the present time with Statistics Canada, which is, I guess, one of the base tools that political people, bureaucrats, and the like, use in the areas of forecasting, projections and planning. We have never had economic accounts for the two northern territories, so Mr. Grant and his staff are embarking on one of the sort of base areas that are going to be required.

Mr. Falle: You said that you anticipate this to happen within the next fiscal year, or year and a half? Two years?

Mr. Ferbey: No, I said that we should have the base in place within the three year period of their contracts.

Mr. Penikett: At that point we will have the tools, but it remains a question of whether we will have on staff the people with the skills to use those tools. That may still be an open question, Mr. Ferbey?

Mr. Ferbey: That might be an open question, because they are contract. But if we are effective in doing our performance indicators, and detailing the kind of work we do, the potential for obtaining those resources should be able to be justified, and not encounter any difficulties. I think this is where we are moving towards.

Mr. Penikett: Mr. Ferbey, our time has expired. I think we have asked all the questions we wanted to. I want to thank you for being here with us this morning. I appreciate the frankness with which you have responded. Witness is excused. The meeting is now adjourned into executive session.

*Witness excused*

*The Committee adjourned at 11:30 a.m.*

## **Yukon Legislative Assembly**

# **PUBLIC ACCOUNTS COMMITTEE**

Thursday, February 21, 1985  
9:30 a.m.

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Issue No. 8 (Sixth Sitting)

25th Legislature

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## **Standing Committee on Public Accounts**

**Chairman:** Mr. Tony Penikett, M.L.A.

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

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

(Mr. Clarke Ashley substituted for Mrs. Firth)

Missy Follwell  
Clerk to Committee

### **Expert Advisors from the Office of the Auditor General:**

Raymond Dubois, Deputy Auditor General

Harold Hayes, Principal

### **Witnesses:**

#### **Workers' Compensation Board**

Mr. Brian Booth, Chairman, Workers' Compensation Board

#### **Public Service Commission**

Ms Geri Walshe, Director, Compensation

Ms Dorothy Drummond, Manager, Employee Records & Pensions

Mr. Carey Conway, Manager, Training Development

#### **Health and Human Resources**

Mr. Bill Klassen, Deputy Minister

Mr. Alan Davidson, Director, Health Services

#### **Community and Transportation Services**

Mr. Peter Kent, Deputy Minister

Mr. Chris Knight, Director, Lands and Housing

Mr. Mel Smith, Manager, Property Assessments

# **EVIDENCE**

Thursday, February 21, 1985

**Mr. Penikett:** Meeting number eight, sixth sitting, formal hearings, Public Accounts Committee is called to order.

We have a whole bunch of things we are trying to do this morning.

**Mr. Booth:** We are wanting to talk to you about follow-up recommendations for the 1984 report. Hopefully, we can move expeditiously on this question. For that purpose, I am going to ask you to submit to the tender mercies of Mr. Falle.

**Mr. Falle:** Good morning, Mr. Booth.

At the formal hearings last February, the board advised the committee that performance was measured in terms of the speed in which the claims were adjudicated. This comes from *Hansard*, February 10, page 4.2. It states that statistics were kept.

Are these statistics not extracted from the files to provide the information included in schedule A, B, C and D of the 1983 annual report?

**Mr. Booth:** Yes, they are. They are extracted manually.

**Mr. Falle:** Since the file claim shows the date the files were opened and the date they were closed, you have a physical way of dating when they are opened and when they are closed?

**Mr. Booth:** Yes, we do.

Effective January, 1984, we put on the word processor the open date and the amount of earnings, the month of occurrence, the nature of industry, part of the body injured, whether there was a pension award or physical impairment rating, the date it was closed, the date it is re-opened, the total loss days, and if it is medical aid claim only.

**Mr. Falle:** Does this not indicate the time taken to adjudicate the claim?

**Mr. Booth:** It does, from the date it is opened till the date it is closed, Mr. Falle, yes.

**Mr. Falle:** How many types of claims does the board have?

**Mr. Booth:** How many types?

**Mr. Falle:** Yes. I would imagine that on, I think it is, schedule E, where we have different types of claims on parts of the body where we get hurt, I think that is probably one type of claim, is it not?

**Mr. Booth:** That is correct.

**Mr. Falle:** Yes. I am referring to permanent injury types, and I just want to know what types of basic categories you put the claims into.

**Mr. Booth:** In the categories of the parts of the body, at the present time.

**Mr. Falle:** Would it not be possible to log the time taken for adjudicating each type of claim?

**Mr. Booth:** Yes, we can since 1984, because we are now recording the open date and the closing date.

**Mr. Falle:** Basically what we have been asking for is some kind of an indication, Mr. Booth, of how long it takes for your board to adjudicate a certain claim. You seem to have all the information here. Could you put it together for us?

**Mr. Booth:** The only problem is that, again, there are so many variables in an individual treatment, that we often wonder if that really would give you any factual adjudication time.

Each person's type of injury has a significant impact in how serious that injury is. Each person's healing is different. As I say, we can tell by recording the loss of time days on each claim, to give you more significant figures, depending on how long it has been in adjudication.

**Mr. Falle:** If you have an ankle injury, for instance, a back injury, wrist injury or elbow injury, there must be some kind of coordination. If you have 100 of them, you should be able to find out what the average is. If it goes over, it does not matter, but you should be able to come up with some kind of statistic.

**Mr. Booth:** Certainly. Yes, we can do that.

**Mr. Falle:** The board advised the committee that a review had

been undertaken of active files to determine the time taken to process claims. Mr. Booth, I want to try to get you and your board to give us some kind of indication on how long it takes for certain injuries and to give us a ratio among different types of injuries, such as if it is an ankle, or if it is a back. What is the longest a back takes? That is one of the questions I want to ask.

**Mr. Booth:** It depends on the severity of the accident. That is the main consideration. In the past, the medical profession's regular treatment was six weeks' bed rest. In the past four or five years, this has changed completely, where the medical profession is now saying that they should be back to work in three days, that they should be active and that will speed up recovery.

**Mr. Falle:** What is meant by the term "physical and permanent rating schedules"?

**Mr. Booth:** That is when the treatment is reached without finality and the worker has a remaining disability which will now be permanent. The medical profession then give us the degree of the disability as per the rating schedule. It is laid down in percentage terms.

**Mr. Falle:** Does not the schedule, in effect, establish a standard for each type of disability referred to in the schedule?

**Mr. Booth:** It does give a period of time that the medical profession feels where it should have reached a permanent stage. But again, that depends on the individual. It does not apply to everyone. As you are aware, what may take me two weeks to recover from a knee injury, may take somebody else six weeks. Each person has a different healing capacity, according to the medical profession.

**Mr. Falle:** Can not the average time taken to process the type of disability be shown as a measurement of performance against the standard?

**Mr. Booth:** Yes, it could. Once it reaches that period of time, as per the permanence schedule, the claim is referred to our medical consultant, who reviews it to see whether the person has reached a permanent stage, and if a decision can be made on the permanent physical impairment.

**Mr. Falle:** For all other claims proceeded on by the board, could not the average time taken to process these claims be used as a standard for the following years, to provide comparison information for us?

**Mr. Booth:** Yes.

**Mr. Falle:** Schedule A indicates that you had 59 claims in 1983. Could this information not be graphically compared, maybe a bar graph or something, to allow us to have some comparison say, within the last four or five or ten years, to be able to show a trend?

**Mr. Booth:** Yes, they could be compared, as I say. As I am trying to point out, I do not know what factual information that will give you because of the fact an individual can take longer to heal. As mentioned in my report, the geographical location, the time it takes to get in to see a specialist — because once you reach a permanent disability stage, you have a serious injury, and therefore you have to have treatment by specialists, whether they be orthopaedic specialists. As you are aware, there are not resident specialists in the Yukon, and therefore they have to be referred to the outside. It can take sometimes two months to get an appointment with specialists. This, again, would delay it, whereas if it is a minor injury, then you are getting the treatment here. Yet he could have the same injury, the same type of accident, the same back problem, but it would be not the same back problem; a different degree of disability. So if you were comparing one to the other, it would not, I am trying to say, give you the actual comparison, because it would be unfair.

**Mr. Penikett:** Would a summary of the time-lost days arising from claims be useful to indicate in the annual report?

**Mr. Booth:** As I mentioned, we have started to record those, as of January 1 of 1984, so that next year we can compare them.

**Mr. Penikett:** Let me go back to the main point in terms of the performance indicators. I think we are missing a point when we talk about the treatment time or the recovery time for your clients. That is obviously an important measure of the performance of the board, but the more important one, I think, is the question we were originally dealing with of the workload, or how your employees

were dealing with claims.

Essentially, the kind of arguments you are making about why you cannot do this, and why this is difficult because of the individual nature of the cases, the individual attention and so forth, were essentially the same arguments made to us by Human Resources some years ago when we were asking for the same kind of indicators, or performance measures, in respect to their caseload. I think you would agree that this is, in some ways, similar. Someone may have an economic or social problem which continues for quite a long time.

**Mr. Booth:** Correct.

**Mr. Penikett:** You can perceive, over a period of time, on average, that a certain kind of client requires a certain amount of your time from employees, whether it be a social worker or a case worker in Workers' Compensation. Correct?

**Mr. Booth:** Right.

**Mr. Penikett:** Human Resources now concedes that it is also possible to measure the degree of difficulty of the different kinds of social work cases. I would assume that it would also be the case in Workers' Compensation cases.

**Mr. Booth:** Yes.

**Mr. Penikett:** If you concede those two points, and given that you already have the data base, which you clearly indicated, I cannot see why you cannot give some kind of performance indicators.

**Mr. Booth:** I am not saying that we cannot do it. We certainly can do it.

**Mr. Penikett:** But without any great cost, which is the final argument you have against doing it.

Human Resources originally came to us and said, essentially, that they could not do the same thing. They have subsequently found that they can. I would recommend to you the study they have employed to look at how they can do it efficiently and effectively. I submit, even though your employees are highly valued workers, and I know some of them personally and have worked with them, I do not believe that, as small as your shop may be, you have an adequate method of measuring their performance, or evaluating their performance, unless you have these objective indicators. Would you agree with that?

**Mr. Booth:** I have no problems in that.

**Mr. Falle:** I just want to confirm, Mr. Booth, that you did state that you would undertake to give us some comparisons from year to year.

**Mr. Booth:** Yes, we will.

**Mr. Penikett:** Is there any last comment you would like to make, Mr. Booth?

**Mr. Booth:** No, other than to say that I would certainly check the human resources performance indicators. The only concern that I have is that once you start putting into place performance indicators, I think you take away that individual concern and service from the claimant, and I hope that does not happen. That is my only concern.

**Mr. Penikett:** There is absolutely no necessity for that.

**Mr. Falle:** Mr. Booth, I understand what you are trying to do. If a person has a broken leg, and another person has a broken leg, the time healing does not necessarily have to be the same. But over an average, they should give you some kind of indication. One of the things I wanted to come back to, just for a second, is, I imagine from the time you open a file — you indicated in *Hansard* — that the file is opened when the case is brought to your attention and closed only when the case is closed. I would suggest to you that the time that file is open, all your people that do your work are not spending full time on that single file.

**Mr. Booth:** No.

**Mr. Penikett:** I am not absolutely sure that it has been formally tabled, or if it is a public document, Mr. Booth. You may want to enquire about something called social case work time allocation indicators in the Department of Human Resources, which is a summary of studies they have done.

Thank you Mr. Booth. Witness is excused.

*Witness excused*

**Mr. Penikett:** The committee will take an informal recess for a

minute or two to see if our next witness is available. If it is, we will move right into that, which is the Public Service Commission.

### *Recess*

**Mr. Penikett:** We will now proceed with the Public Service Commission and welcome as witnesses Ms Geri Walshe, Dorothy Drummond and Carey Conway.

We hopefully will not take too much of your time this morning. Basically, we just want to follow up recommendations from last year's report, which will be in the hands of Mr. Brewster.

**Mr. Brewster:** Thank you, Mr. Chairman. We will deal mainly with this document here, which you have sent us. There is no file number on it. Do you have the document?

**Mr. Penikett:** That is, for the record, the response of the department to the recommendations.

**Mr. Brewster:** On recommendation number one, have these procedures been developed as of yet?

**Ms Walshe:** I gather that they are being worked on at the moment.

**Mr. Brewster:** Could you tell us roughly when they will be ready to be implemented? What dates?

**Ms Walshe:** I am at something of a disadvantage here. These particular procedures are the responsibility of Ms Pat Cumming, who unfortunately, was unable to be here today. So I cannot answer any more completely than that, I am afraid. I understand that she is working on them and it is the intent to implement them in the spring of this year, but exactly where they are, I cannot say any more than that.

**Mr. Brewster:** Do you think the department could possibly send us a letter? Thank you. We will go down to recommendation number two. In the last paragraph, do you mean that the information will be included in the 1985-86 estimates?

**Ms Walshe:** That depends on what happens with the implementation of our computerized human resource information system. I think that is what Mr. Besier was referring to in that last comment, which indicates that we would also be able to pick up, at a later date, counts of how many people were terminated and then re-employed after a six month period. It is very difficult for us to collect that information at the moment, because it all has to be done manually. We are looking at the moment to put in a position control system. Hopefully that will be in line September or October of this year, and as soon as it is in, we will be able to provide this sort of information that you are looking at here in considerable detail.

**Mr. Brewster:** We will now go to the next page, recommendation number three. In this one your response indicates it is difficult to get reliable indicators for central agencies. We suggested a number of different areas that we thought would not be that hard to get indicators for. Do you agree with that, or do you think it is impossible?

**Ms Walshe:** We have tried an experiment in some small areas in the department, to see what sort of information can be picked up and how readily and so on. I believe Mr. Besier's response here is that the government generally is looking at developing performance indicators through a system of program evaluation and that the commission would be part of that government-wide program, and would look largely at developing performance indicators in that context. Outside of the small areas that we have looked at in the PSC, I think that this response still stands.

**Mr. Brewster:** I might mention that Health and Human Resources indicated that they could not do this, yet they came along with a very comprehensive book with their indicators. From the response we received from them, they seemed to think it was a good idea that they had done that.

I have another question. I noticed a television ad, "Northern Careers". Is this done by us or the federal government?

**Ms Walshe:** I have no idea. I would think that it is the federal government.

**Mr. Conway:** Yes, it is a federal government program.

**Mr. Brewster:** We do not have any input into that at all?

**Mr. Conway:** Our Public Service Commission is involved, frequently, in placing northern careers participants. When the

federal government is unable to find a career assignment for these individuals within the local federal service, they contact us and we find them a place. If the individual is interested in forestry, there is a federal program here and they are busy with that. If the individual, who is studying resource management, is looking for work with small and large game biologists, they are placed with their own renewable resources people.

The program is federally funded. We only help by providing opportunities for people to study.

**Mr. Brewster:** My main concern there is that if we can spend money like that to bring people in, why are we not training the people who were born and raised in Yukon?

**Mr. Conway:** The northern careers program is for individuals north of 60.

**Mr. Brewster:** I suggest that they should change the advertisement. I am an average person, and when I hear that on the radio, it sounds like they are trying to bring people into the north.

**Mr. Penikett:** I think that was probably a comment.

**Mr. Brewster:** A comment, yes.

**Mr. Penikett:** Maybe I could ask a bit of a rude question. We seem to hear continual references this year to this government-wide project relating to program evaluation. Could I ask to what extent the fact that there has been a government-wide program initiated has been a reason not to proceed independently with one of your own?

**Ms Walshe:** That is a very difficult question. You are really putting me on the spot, here. I do not know. I would assume that it would have been a factor. When the government does develop its service-wide program evaluation program, presumably there would be criteria which would be applicable to all departments, and certain measures which would be consistently applied, no matter what the department or the agency was.

I imagine that departments may be reluctant to establish a set of systems which they may then have to amend later on to make them consistent with the overall approach.

**Mr. Penikett:** There is nothing that the Public Service Commission has done that might be a model for the government-wide program?

**Mr. Conway:** Only in as much as we have undertaken project management training for, first of all, the construction area, and now the administrative area. Certainly, a major component of the training that is being offered, government-wide, to all the departments includes that whole aspect of monitoring the program, and ensuring that projects are brought in on time, on budget and so on.

That, in itself, is a type of program evaluation on an ongoing basis.

**Mr. Penikett:** I should allow Mr. Brewster to just record the observation that this committee has been given somewhat inflated expectations about this government-wide program evaluation. I guess we are expecting enormous things from it, and not just great things.

Are there any other questions on this point? Mr. Brewster, are you satisfied?

**Mr. Brewster:** Yes.

**Mr. Penikett:** Could I just ask one last question? One of the other things we have heard about repeatedly in this last couple of weeks has been the government-wide re-organization. Could you just indicate to us, particularly as it relates to the year under review, what role did the Public Service Commission play in initiating this re-organization?

**Ms Walshe:** The government re-organization was a recommendation that came out of the task force some time ago that was looking at government productivity. Management board requested that there be a review of the government organization. The Public Service Commission's involvement was really limited to the chairman of the Public Service Commission being a member of the steering committee that was established to look at the terms of reference for the hiring of the consulting companies, then to select the consulting company and then, in effect, to monitor the project in terms of making sure the consultants brought in their report on time, and within budget — that sort of thing. The recommendations from the consultants went directly to Cabinet.

**Mr. Penikett:** I take it you were more directly involved in the job evaluation project?

**Ms Walshe:** The job evaluation project is a totally different subject.

**Mr. Penikett:** But you were more directly involved in it?

**Ms Walshe:** Oh, absolutely, yes. We initiated that one.

**Mr. Penikett:** Any other questions? No questions.

I would like to thank the witnesses, Ms Walshe, Ms Drummond and Mr. Conway. We appreciate you taking the time to be here this morning. Sorry we had to draw you away from whatever fun you were at in your offices. Hope it has not been too unpleasant. Thank you.

The committee will take a short recess again. We are going to be entertaining some people from health and human resources.

#### *Recess*

**Mr. Penikett:** We will have the meeting come back to order. I regret, Mr. Davidson, I will have to inform you that are required to address the House uncovered — I think is the expression.

We are having a brief discussion here this morning, we hope, with Mr. Bill Klassen and Mr. Alan Davidson, who are deputy minister and director of health services, respectively. We hope that we will not take very much time, but let me explain what it is that we are after.

As you know, every year the committee looks at a couple of departments or a couple of issues in the government, which we do independently of any reference from the Auditor General, or any other direction from the House.

This year we were looking at government revenues. We spent most of our time, naturally enough, on the subject with the Department of Finance; however, there were two areas where the Department of Finance begged off. One of them was the question of property and school taxes; the other one was the area of Yukon health care insurance premiums. That is what we want to talk about this morning. I want to have Mr. Ashley ask you a couple of questions.

**Mr. Ashley:** Mr. Klassen, I would like to ask you, in line with the Yukon health care insurance plan, if you could give me a description of the procedures you use for the general recording and collecting of the premiums?

**Mr. Klassen:** I will probably defer on most of that to Mr. Davidson. You are probably aware that the premium for a family is \$27.50, and for a single individual, it is \$20.00. The individuals have to be registered in the health care insurance plan. You are probably also aware that we have been going through a re-registration process. You have probably all received your new blue cards in the mail.

I will ask Mr. Davidson to go into the detail of the process itself.

**Mr. Davidson:** Essentially, this is an accounting system. Really, what we do is set up accounts with people we call subscribers, and another way of identifying them is as heads of households. Essentially what they are is persons who have dependents, and these dependents could be dependents in one of two ways. One would be a dependent for income tax purposes, by virtue of being below the age of majority, or because of disability. Or alternatively, simply someone who is in a care relationship with another person. The subscribers themselves, with how ever many dependents they might have attached to them, are captured for premium purposes in one of two ways. The principle way is through employer groups. The mechanism here is that every employer in the territory is obligated under the *Health Care Insurance Plan Act* to report to the health care insurance plan all members on their payroll. Together with this report of all persons who are on their payroll, they also provide forms to health care insurance plan indicating whether or not these persons are otherwise covered. A normal example, of course, would be someone who is already a dependent of another subscriber, in which case the employer gets a form attesting to that from that employee, and they then are not obligated to remitting the premium on behalf of that individual because they have a dependent as opposed to subscriber status. In any event, from this flow of paper from the employers, we are able

to identify who ought to be subscribers on that particular employer's payroll. On the basis of that, the computers then establish remittance statements for those employers, which go out identifying the premium obligation for the subscribers on their payroll. The employers then remit against those remittance statements premiums for the subscribers who are on their payroll. There is a reconciliation process, employees come on and off the payroll, or as their status may change from that of a subscriber to a dependent because of changes in family constellation, or however that may work.

Everything else is residual. Anyone who is not caught in this way, through employer payroll remittance, is placed on what we call open accounts, which means they relate to the health care plan as an individual as opposed to remitting to us through an employer group. These individuals are obligated to remit their premiums directly to the health care insurance plan, and they receive the statements periodically from the health care insurance plan, indicating their premium liability. They are issued with a little book, something like a bank book, where their obligations and remittances are recorded. People cross back and forth between these two statuses, because a person may be on individual account for a period of time, and become employed by an employer group, and be put on a group, and when they leave employment, go back to individual accounts. Their status shifts back and forth. Is this the kind of information you want?

**Mr. Ashley:** Yes, that is correct. You have given us a pretty good description of the steps throughout the operating plan. You mentioned that there is a major revision that you are doing. I would like to know what your objectives for that are, and the current status of that?

**Mr. Davidson:** We have nearly completed the major project. It is actually a registration process and it certainly bears a relationship to premiums, but it was not set up to address the issue of premiums.

Every individual who is eligible for coverage under the health care plan for hospital benefits and medical benefits is supposed to be registered. The statutes require registration with the health care insurance plan. Of course, we did have a file of these registrants, which include not only subscribers for premium purposes, but also all members of the plan, so all dependents are within that file as well.

That file, as it was built up, historically, had a great many difficulties. There were a lot of errors and omissions. There were also administrative and computer problems with the way in which that file was operated. What we are trying to address at this stage is the registration file, to ensure that the information we have on that file reflects only those Yukoners who are eligible for health care coverage, and in respect to those Yukoners, we have correct information — that is, that the names, ages and place of residences is, in fact, correct.

This does bear a relationship to premiums. It is rather one step removed. The relationship that compares to premiums is that if we have a more adequate address file, or place of residence file, in particular, it makes it much easier for us to collect premiums because we are better able to find the individuals who owe us money. It is that kind of relationship, as opposed to a direct one, on premium collection.

**Mr. Ashley:** Has this program come within the estimated costs, from when you first estimated it?

**Mr. Davidson:** In fact, the project, to this stage, is under the original cost estimate, with one exception. The original budgeting for the project did not include a number of forms which we needed to facilitate its implementation, so there was a management board submission which went up about six months ago requesting some additional administrative funds for the purpose of forms revision. Part of that was not within the original proposal.

The total amount, I believe, was in the order of \$43,000, and that covers the additional incremental cost, not only for the re-registration itself, but also the operations for roughly another year, because of the inventory of forms and materials that were acquired with those funds.

**Mr. Ashley:** I believe you said that it was almost completed. Can you give us a date?

**Mr. Davidson:** The cards are being issued now. Most people will be in receipt of them, although there are some still yet to go out. We will be running the old registration system in parallel with the new one, honouring the old health care insurance cards, until the end of March of this year. The actual full turnover date, with implementation of all elements of the new registration system, is April 1st.

**Mr. Ashley:** April 1, 1985?

**Mr. Davidson:** Yes.

**Mr. Penikett:** I have just a quick question about this, Mr. Davidson. Occasionally one has heard complaints around town about the cards. Have you had very many complaints in your office about the accuracy of information on them, and so forth?

**Mr. Davidson:** Actually, very few. There were some, numbering perhaps a dozen, who requested information on the cards be changed. The principle cause of this was when we sent out the re-registration packages, we asked people to verify that the information as it was printed off the computer in those packages was correct. A significant number of people simply signed the re-registration package, without correcting the information. What happened was that the information that was already erroneous was re-printed on the card, because persons did not realize that they were supposed to amend it if it was in error. All cases, with the exception of five that have come to my attention, respecting Destruction Bay, have been of that type. In the case of Destruction Bay, there was some kind of as yet unexplained problem with the way in which the programming was done for the printer and a number of the cards went out with the community name partly scrambled, or abbreviated, or this kind of thing.

**Mr. Penikett:** In my case, the old information was correct. I filled out the form very carefully, and there were only two errors in my card: the spelling of my name and my age. But I have not complained because I kind of like being two years younger — not really. I was just wondering if there have been many complaints of that kind.

**Mr. Davidson:** No, as I say, to date the number is roughly a dozen, and they are things that can actually be very easily corrected. We are planning with public affairs an advertisement to that effect, because since it is all on the computers, and the labels can be generated very readily off the computer, anyone who has any problems with what is on their card, if they call us, on the same day we can key in the changes into the computer, and within a week a new label should be out in the mail. The new label can be overlain on the old, and then the situation will have been rectified.

**Mr. Penikett:** Mr. Brewster, did you want to say anything?

**Mr. Brewster:** No.

**Mr. Ashley:** I would like to get into the net costs. The net costs of programs seem to be dramatically increasing. Certainly, in 1981-82, the net costs were \$779,000. In 1983-84, they are \$1,519,000. This is double in three years. Can you explain why.

**Mr. Davidson:** I have to apologize, because the numbers are not even familiar to me.

**Mr. Penikett:** Could we just stop you there. This is important, because they are from your records. We are looking at your information — this is from the estimates and the accounts. In 1981-82, the contributions from national health and welfare were \$891,000. The premiums were \$2,257,000. The costs were \$3,939,000. For the next year, premiums were \$2,651,000. The costs were \$4,712,000. For the year under review, the premiums were \$2,315,000 and the costs were \$4,796,000.

**Mr. Davidson:** The numbers you cited are ones that I am familiar with. I was not sure how the numbers Mr. Ashley had presented were related.

**Mr. Penikett:** These are the net costs that we did from those numbers.

**Mr. Davidson:** I see. It is the difference from the total revenue to the operation of the plan.

Actually, that is fairly easy to explain. There are two principal factors at work here. One is price and the other is volume. If we take a look at the actual administrative costs of the health care plan, they have grown by a very very small amount. Administration has stayed between three and four percent of the total cost of the

program, or less than that amount.

The burgeoning cost relates to the provision of medical services. It is what we are actually being billed by the doctors. This is where the major increase is coming from. There are two things here. One, of course, is the fees being billed. The other is the volume of services, both of which have grown fairly dramatically.

There is another issue here that is worth pausing on. It is not just that the price or the fee that a physician is able to charge for a particular service has increased. That has increased, but, more fundamentally, it is the nature of the kind of service that the physicians are providing that has changed fairly dramatically, so that what we have seen and what we can document is a significant shift from simpler kinds of procedures to more complex ones.

There are a lot of factors involved here. Chief among them are things like medical technology and developments, surgical and otherwise. If I could take an example, without consuming too much of the committee's time, within our own context, many patients in Whitehorse General Hospital are now receiving, certainly, far more diagnostic work as a result of any admission, or even as an out-patient. Within the hospital, if they undergo major surgery, the chances are quite good that they might be on programs that include the use of intravenous therapy, and so on.

All of these are actually direct add-on costs. What is being provided is significantly more sophisticated.

I think there is a comment that has to be made here. There is certainly some question about whether or not the efficacy of the treatment is enhanced by the degree to which the costs are escalating. That is an issue everywhere in the country, because this is a feature of the development of medical technology and the sophistication of procedures that are being undertaken.

That is really in essence what we are seeing here. Equally, on the out of territory side, there has been a major impact as well. Largely, rather than from a volume point of view, from a price point of view: the escalation in physician's fees, and again, the sophistication of the medical acts that are being performed.

**Mr. Penikett:** Although we are dealing with revenue here, Mr. Davidson, presumably you are trying to control these costs?

**Mr. Davidson:** Unquestionably. There are a number of strategies we have in place to try to contain those costs.

**Mr. Penikett:** Let me ask you about one of those strategies. I had a complaint this morning from someone who, at this hospital in town, had surgery yesterday and is essentially being told to leave today. Is that the kind of thing that we are doing to try to control costs?

**Mr. Davidson:** Yes, indeed it is. The average length of stay in the hospital . . .

**Mr. Penikett:** . . . this did not please the person very much.

**Mr. Davidson:** The average length of stay has dropped from the order of 7.5 to 8.3 days down to below five days at Whitehorse General Hospital. That is over a period of less than three years.

**Mr. Penikett:** Mr. Ashley?

**Mr. Ashley:** In the same vein, but it actually has to do with National Health and Welfare, how was their proportion worked out? I see it has remained fairly constant. It goes up a couple of percentage points maybe, but nothing compared to what our real costs are.

**Mr. Davidson:** The National Health and Welfare transfer was regulated until recently under the fiscal transfer established program financing act. That act was replaced by the *Canada Health Act*, roughly a year ago, by the parliament of Canada. Within it is a formula which establishes what the transfer payments to provinces and territories will be. It is a very complicated formula, but its principle elements turn on growth in the gross national product and population. That explains why there has been very little growth in terms of the funding, because Canada's GNP has been fairly flat over the last several years. In terms of the Yukon, we have seen some negative population growth. In consequence, the fiscal transfer from Canada has been holding basically constant. At one point, we may in fact start losing money because of the loss of population from the territory.

**Mr. Ashley:** Have you tried to re-negotiate it, or is it a ten year term, or what is happening?

**Mr. Davidson:** The agreement itself was the result of five years of fairly protractive negotiations between the provinces and the federal government, as part of the fiscal framework re-negotiation that was undertaken in the early 70's. I doubt very much if those cost-shared arrangements are likely to be re-opened in the near future. They are also enshrined, of course, in federal statutes, under the *Canada Health Act*. They are rather difficult to change.

**Mr. Penikett:** Further on that, Mr. Davidson, you talked about doctors' fees having gone up, as well as the tendency towards high-tech, high-cost medicine. Do you have a collective agreement with the doctors, or something akin to a collective agreement?

**Mr. Davidson:** Yes, indeed. The fees are negotiated between this government and the Yukon Medical Association.

**Mr. Penikett:** Were they subject to the six and five rule?

**Mr. Davidson:** Yes, they were.

**Mr. Penikett:** Are those fee increases in line with those standards, even though the doctors' volumes may have gone up, the fees per visit, or whatever they are based on, was governed by the six and five rule?

**Mr. Davidson:** That is correct. That is why the principal impact has been volume and the mix of services, as opposed to the price for discrete services, which has been constrained within the general guidelines.

**Mr. Ashley:** Revenue from premiums show, in the territorial accounts on page 51, \$2,549,224. The Yukon Health Care Insurance Plan Annual Report, on page 31, show \$2,315,323. Can you explain that?

**Mr. Davidson:** No I cannot.

**Mr. Ashley:** Will you get back to us with it?

**Mr. Klassen:** Yes, we will provide you with an answer to that.

**Mr. Ashley:** Can you state the amount of premiums receivable at March 31, 1984?

**Mr. Davidson:** I am sorry, I do not understand the question. The amount that we actually received, or the amount that was outstanding? What the arrears amounted to?

**Mr. Ashley:** Firstly, I would like to have you explain how you determine your rates, and then I will get back to that question.

**Mr. Davidson:** The rates are set by order-in-council. The basic mechanisms here are that the Department of Health and Human Resources, in conjunction with the Department of Finance, take a look at the costs of the health care plan, and the predicted revenues and recoveries — that is, the existing rates and the amount of money we are expecting under established program financing and so on. The effort is made, in terms of the advice that is given to management board respecting these rates, to try to keep the premiums at roughly half the cost of the delivery of the program.

The reason for this is historic. When Yukon joined the federal *Medical Care Act* in 1972, the federal government was prepared to pay 50 percent of the cost of delivering the program. When the premiums were put in place here as a funding mechanism for health care insurance and they were obviously targeted at recouping the other 50 percent.

As matters stand, at the moment, the transfers from Canada in various forms, amount to somewhat less than 50 percent of the total cost, given the escalation of the costs, and the containment by Canada under the established *Program Financing Act*, of the amount of money they are prepared to transfer.

We have not tried to increase premiums to cover that gap, so what we have, typically, in any given year, is a five to seven percent gap, that is covered out of general revenues of the territorial government.

These, of course, are decisions that are made by management board and cabinet. What we do is provide the financial projections as to what various rates would do, in our estimation, to the revenue picture. Then, the government elects which of those regimes it would like to implement.

**Mr. Ashley:** They make the policy decisions then?

**Mr. Davidson:** Yes.

**Mr. Ashley:** How often do you carry out a review?

**Mr. Davidson:** The review is done at least annually. In the past there have been more frequent kinds of review, largely triggered by the Department of Finance, because typically, they are more on top

of this than we are, tracking in the government's overall revenue picture. It has happened that the Department of Finance has triggered reviews on their own, suggesting that there ought to be an increase, or interim increase, or that kind of thing.

**Mr. Penikett:** You should know that they told us to talk to you about this.

**Mr. Ashley:** Another question is basically the one I asked before. Can you tell us what the premiums receivable at March 31, 1984 were?

**Mr. Davidson:** Are you asking what we actually received, what we collected?

**Mr. Ashley:** No, the receivable amount; what is actually owing to you?

**Mr. Penikett:** Do you know what the total receivable was?

**Mr. Davidson:** Actually, I do not. There are several reasons for this. At March 31 in particular, it is difficult to give a reasonable estimate, let alone a hard amount. The way in which the premium liability is calculated and tracked by us, is by keeping track of subscribers, family subscribers at one rate and individual subscribers at the other, on a monthly basis. So it is simple multiplication, the number of family subscribers against the prevailing rate, and the number of individual subscribers against their prevailing rate, and the total thereof. Over a 12 month period, it is simply times 12, and that is the calculation. The number of those subscribers changes, and changes significantly, so this is really something of a fiction, to try and calculate what the total premium liability is. It is further complicated by the fact that at our year end, when we are trying to collect all the potential outstanding revenue from subscribers, and we are going through re-billing processes and that sort of thing to try and collect this amount of money, it is at that time that we are apprised of subscribers who are no longer here, together with their dependents. Some of them, unknown to the plan, were no longer here for good portions of the 12 month period. Their obligation was actually fictional rather than real. We did not know that they ought not to be paying premiums because they were no longer resident of the Yukon until after year end. The attempt to locate them and collect on this money takes place at year end. It is normally the end of April, anyway, before we readjust the files and take out subscribers who ought not to have been in them because of having relocated. So, what happens at year end is we often show a liability on paper of something in the order of \$1 million. After we have done the billings and tried to track the people, that liability falls back to the order of about \$200,000, because a good part of the liability was only on paper because the people were not here and not actually obligated to pay. That was something the plan did not know. It is very difficult to come to grips with this. What I have done, and what we do fairly regularly, is take a look at how the plan is performing on this score. I do have figures for period seven of this year. I would be quite happy to provide those if they would be of interest to the committee.

**Mr. Penikett:** We have a time problem, Mr. Davidson, and perhaps you could table them. Is that possible?

**Mr. Davidson:** It is. They are in hand written form. I will have them typed and tabled.

**Mr. Ashley:** At what point in time can you give us what the actual premium receivables were at March 31? At some point, you should be able to do that, such as at the end of April?

**Mr. Davidson:** We have attempted to do this. Virtually every year, during the budget debates, this question has been raised. Every year we have provided a figure in that context, because it has been raised as a question. With the kind of caveats I have attached, that there are questions about the extent to which these obligations are real and that we still have some persons showing who owe us money who, in fact, do not. That remains something of a problem.

**Mr. Ashley:** At some point in the year you must have it cleaned up so you know what you made in 1984, or what was actually owing in 1984, or in the previous year?

**Mr. Davidson:** Certainly we always know what we have made, and that is always kept track of. The big difficulty is knowing that we have recorded correctly all of what ought to have been paid, and that certainly is a problem. I may add here that we do not have a fully integrated accounts receivable on premiums. The premium

collection system is essentially manual, and all of this is tracked in hand-maintained ledger books, which you will find behind the counter in health services branch. That is part of the reason for this kind of problem. The next phase of the computer project the health services branch is involved in is getting all of the receivables on the computer system, and integrated with the government's general ledger. They currently are not. This receivables operates totally autonomously on manually maintained ledger books. The registration system had to be overhauled first, so that we were sure we had a proper file of who was actually here and ought to be remitting. The next phase of the project is to develop this fully computerized premium system, which will give standing balances at any given point, in which we would have some considerable degree of confidence. We are not at that stage yet, unfortunately, with the manual system that is in place.

**Mr. Ashley:** How long do you think it is going to take to get to that stage?

**Mr. Davidson:** The work is already underway. The preliminary analysis of that new system has been done by systems. They have now got an RFP out for a firm to do the work, with the expectation that by this autumn, in any event, that work will be done. It was originally targeted for implementation this April 1st, but because of staffing problems, principally in computing and systems, they have not been able to carry the project on. It is now going out to private consultants to be done by the private sector.

**Mr. Penikett:** How long does it take you to close your books now, with the manual system?

**Mr. Davidson:** None of those books have ever been closed. It has been maintained on every person who has been resident of Yukon.

**Mr. Penikett:** I mean in terms of year-end. You talked about the receivables of what may be a \$1 million, but are shrunk down to \$200,000. What kind of time period does it take to cover that final calculation?

**Mr. Davidson:** It is usually the end of April or early May, by the time everything is back.

**Mr. Penikett:** So it is a couple of months.

**Mr. Ashley:** On the amount of premiums you write off as uncollectable, during 1983-84, can you tell me what that amount was, aside from that \$200,000?

**Mr. Davidson:** We have never written anything off on premiums. The only time adjustments are made on the liability side is if we have reason to believe that the person had left and did not have an obligation to pay. If it was established that any person was here, their obligation for premiums has been maintained back to 1972. None of it has ever been written off. For this reason, people will find, much to their aggravation, that we will send out invoices to them at year-end indicating that they owe \$3.10, or something of that sort. That obligation may date back to 1972, but it is never written off and we are still trying to collect it.

**Mr. Ashley:** Do you have a procedure for writing something off?

**Mr. Davidson:** No, there is no write-off procedure, other than the one I have identified. If the account was there erroneously because the person ought not to be paying by virtue of the fact that he was not here, that then is removed from the books. Otherwise, no.

**Mr. Penikett:** Could you provide an amount of the premiums receivable? Could that amount be included in the government's financial statements at March 31, even though you know it is contingent?

**Mr. Davidson:** Yes, it could be.

**Mr. Ashley:** Can you tell us to what extent premium assistance was provided during the year?

**Mr. Davidson:** Yes, I can. First, I have some comments. There are really three forms of premiums assistance that are set up under the regulations. One is eligibility for full premium assistance, which means that we waive the premium entirely for that subscriber. The second is partial premium assistance, where the waiver is 50 percent of the prevailing rate for that subscriber. The third is a universal waiver for senior citizens where the premium is waived entirely.

**Mr. Ashley:** You can give us these numbers in writing?

**Mr. Davidson:** Yes, I can.

**Mr. Ashley:** Can you tell me how frequently you have employer's records examined by inspectors appointed under the regulations?

**Mr. Davidson:** I cannot give you further statistics here. We could do that under advisement. The relationship is frequently not one of inspection in the sense of going out and seizing books or that kind of thing. More typically what happens is when there is a question of the accuracy of either what is being remitted, or what is being documented by the employer, there is telephone contact with those employers, which is regular. Most employer groups are in touch with our registration and premiums unit at least on a monthly basis, to sort out reconciliation problems, problems of back-up of forms, that kind of thing. Actual formal inspections occur very rarely, and they occur only where there is some evidence that the employer is either defrauding the health care plan, or defrauding his employees by failing to remit money that he has collected from them or that kind of thing. They are quite occasional, in terms of going out and actually going through all the books.

**Mr. Ashley:** How do you actually know if all the premiums are collected?

**Mr. Davidson:** The principle mechanism here is that for any subscriber in the health care plan an account is set up for them. They are either invoiced directly or through their employer. Anyone who is receiving benefits under the health care plan, is within it, and we have an account for them, so we follow their financial obligations that way.

**Mr. Ashley:** How do you estimate your premium revenues? How do you actually do your estimates on that?

**Mr. Davidson:** We take the current subscribers we have in the various categories, which are printed off regularly so we know how many of these we have, how many are single, how many are family, and so on. We estimate what is likely to happen in terms of the numbers of those subscribers, based on the population projections that economic research and planning generate through the government, more broadly. We make an attempt to estimate how many people, more or less, are likely to be eligible for premium assistance, because of the economic circumstances. On that basis, once those kinds of things are factored in, it is simply a multiplication exercise against the number of subscribers and the rate. This can only be done after we have got management board indication of what the rate will be. It is that kind of exercise.

**Mr. Ashley:** Thank you, Mr. Davidson.

**Mr. Penikett:** I have one other supplementary question I would like to ask, Mr. Davidson. I previously asked you if the amount receivable at year end could be included in the government accounts. There is an amount in there now. Could you tell me what that number represents?

**Mr. Davidson:** I would prefer to have a look at it and make sure the answer was correct.

**Mr. Penikett:** In view of what you have told us about a computer discrepancy between conceivably a \$1 million paper receivables and \$200,000 actual receivables, and know, from what you said, no absolute certainty that there are not some marginal receivables in there, depending on when people left the territory, from an accounting point of view, it is interesting to know what that number means. You have taken that question as notice?

**Mr. Falle:** Mr. Davidson, earlier in Mr. Ashley's question, you stated that in order to save money, the plan was trying to have people spend less time in the hospitals and to cut costs as much as they can because of the cost factor rising so dramatically. Some of the reasons you stated were the doctors' fees and the hospital fees. Specialized services was one of the major reasons for the increased costs.

The health care card is actually a credit card. You may call it what you like. We pay \$27.50 a month to have this credit card, but we have absolutely no idea of the cost for a visit to the doctor or the hospital. When you go to the doctor's office, he wheels it through his little machine and you are signing a blank cheque. You sign it and he fills in what he or she basically wants. The patient has absolutely no idea what it costs. That is the end of it. You do not

see it and the patient does not see it. I would suggest that if you want to make people aware of the actual costs, they should get a copy of the bill and endorse it only when it has been filled out. In this way, they will be aware of the financial burden your visit to the doctor has put on the taxpayer. I would suggest that there may be a saving there, if people were aware of the hospital costs.

**Mr. Penikett:** That was not really a question.

**Mr. Falle:** No, just a suggestion. I get them in every now and again.

**Mr. Penikett:** I will not ask you to respond to that, unless you are enthusiastic to do so.

**Mr. Davidson:** It is something that has been raised previously and there are some valid reasons for putting that sort of system into place, but there are also costs in that as well. If we start having to give people a monthly account of what they cost the system, that has administrative costs.

**Mr. Penikett:** Some jurisdictions do it, is that not correct?

**Mr. Davidson:** I am not certain.

**Mr. Penikett:** I think Ontario gives you a bill.

**Mr. Davidson:** The two principle examples are Ontario and Alberta. It is something that the health care plan is looking at doing here. The issuance of statements is fraught with certain kinds of dangers. The classic danger is in the access of information to, say, a spouse, of those services that their spouse may have received that they may not know of, thereby violating the rights of that spouse, or children. This is the kind of thing.

The evaluation that has been done in Alberta and Ontario of this kind of technique has not indicated that it has been very successful, as a cost control measure either, as the people are not directly paying that account; its magnitude does not seem to distress them unduly.

**Mr. Penikett:** The new card in force does not have the embossed or raised numbers anyway, so you could not use it in a credit card way, could you?

**Mr. Davidson:** No.

**Mr. Penikett:** Could I just ask you one other question, on that subject. Is it not possible, given that you negotiate with the doctors a certain fee schedule to make that fee schedule very public, and achieve the same effect as Mr. Falle is talking about, so that people know when they go to a doctor for what they may regard as a routine visit, it is costing the community a certain amount?

**Mr. Davidson:** Yes, indeed, that is possible. We did make some effort a short time ago. We put a number of pieces into the paper, including some advertisements, giving sample prices at current fees: what was the cost of a gall bladder, or what is the cost to go to the office, that sort of thing.

**Mr. Penikett:** Ontario has posters in the waiting rooms, I am informed, advising people what the basic services of doctors cost.

**Mr. Davidson:** That may be. I am not aware of it.

**Mr. Penikett:** Other questions? Okay. Thank you very much Mr. Davidson, Mr. Klassen. Unless you have any last words we will excuse you now.

**Mr. Klassen:** Thank you. We will be providing you with that information, as soon as we can get it together.

**Mr. Penikett:** We appreciate you taking time off from your day.

*Witnesses excused*

**Mr. Penikett:** The committee will take a recess for a five minute fast coffee break.

*Recess*

**Mr. Penikett:** I apologize for the chairman's tardiness. I had a constituent calling me about a matter of high principle: money.

What we want to do this morning, if I can explain, Mr. Kent, in the course of welcoming you back as deputy minister, and Mr. Knight as director of lands and housing, and Mr. Mel Smith, manager of property assessments, is to complete a subject that we did not originally intend talking to you about. That is revenue. As you know, we do, every year, look at a couple of issues, or a couple of departments, as a review for the committee without reference from the Auditor General, without reference from the

legislature. This year, one of the two things we have been looking into is revenue. We spent a lot of time with finance, and we have just completed a short section with health and human resources. The two areas that finance did not want to get into lengthy discussion were about property taxes and school tax revenue, and health care insurance premiums. That is why we had to come back to talk to you a little about that.

Hopefully, we will not take too much time. Let me see if I can direct the questions quite quickly to you, Mr. Kent, if you would like to refer them to Mr. Smith or Mr. Knight, just indicate that and we will try to go through this fairly quickly.

Could I just, first of all, get an outline from you of the respective responsibilities of the Departments of Finance and Municipal and Community Affairs, with regard to the assessment, levy and collection of school and property taxes?

Mr. Kent: A simple answer to that is that the Department of Community and Transportation Services performs the assessments on properties. That list of properties and assessment is sent to Finance. That is the end of our role. They are responsible for collecting the taxes and dealing with outstanding taxes that have not been paid.

Mr. Penikett: How does the department ensure that all properties in Yukon have been assessed?

Mr. Kent: There is no absolute certainty that you have every property. For example, any kind of leases or land dispositions that are made by the federal government, or ourselves, are sent down to Mr. Smith. All building permits are sent down to Mr. Smith. Then there are inspections and observations as they make their field inspections.

Mr. Penikett: That is clear.

In respect of land dispositions, or quasi dispositions of land under the *Quartz Mining Act* and the *Placer Mining Act*, conceivably, from time to time, even way out in the bush, you can have quite substantial properties erected. Are you automatically advised of those, when claims are staked, or development work is done on claims?

Mr. Smith: No, sir.

Mr. Penikett: Are you satisfied that you are able to identify those properties? How are they identified to you?

Mr. Smith: Mineral claims are exempted by the legislation under which we operate, so we are not concerned with that. The only concern we have is the assessment of placer mines, if you like, or quartz mines.

Mr. Penikett: I was not talking about the land assessment; I was talking about the improvements on the land.

Mr. Smith: The only way we find them is by going out and inspecting.

Mr. Penikett: How do you find out they are even there?

Mr. Smith: We simply drive down all the roads.

Mr. Penikett: There may be some places that are off the road, and unless they are close to some road, you may not find them?

Mr. Smith: We do obtain all the information we can from any of the federal mining inspectors.

Mr. Penikett: In addition to the land transactions and the building permits, you also have mining inspectors identifying properties to you?

Mr. Smith: Yes, we will go and ask the mining inspector who is working in the area where they are located.

Mr. Penikett: There are certain kinds of improvements on mining properties, for example, which, in other jurisdictions, are called capital equipment, rather than improvements to the land. They may be semi-portable but they are not transportation of large kinds of mining equipment, even semi-portable mills, for example. That kind of thing. Have you assessed those, or are they basically exempt from this?

Mr. Smith: We have not assessed them.

Mr. Penikett: Do you have any idea whether there is a lot of that property or whether it is a small problem here.

Mr. Smith: From our observation, there would be very little fixed machinery, if you like, that we would consider assessable. At this time, we do not assess it.

Mr. Penikett: Basically, as a matter of policy, it is exempt?

Mr. Smith: Yes.

Mr. Penikett: Are there any criteria from which certain properties have to be assessed?

Mr. Smith: I am not sure I understand your question.

Mr. Penikett: I am asking you a question I already know the answer to. I am referring to the assessment manual. You are using Alberta's assessment manual, right?

Mr. Smith: Yes. There is a regulation which states that we shall use the Alberta assessment manual.

Mr. Penikett: From time to time, we citizen representatives hear complaints about the procedures or criteria in that manual. Is the department happy with it right now, or is it under review in any way?

Mr. Smith: Basically we are happy although we will be adopting a new manual this year. That is simply because Alberta has put out a new manual.

Mr. Penikett: So this will be a new Alberta manual?

Mr. Smith: Yes, it is. It just simply updates construction costs to more current ones.

Mr. Penikett: Okay. Let me ask you this and in view of what Mr. Kent said, you may not see it as your responsibility, but let me ask you: do you ensure that all assessed properties have been taxed?

Mr. Smith: No, sir.

Mr. Penikett: Can you just briefly tell us what is the member composition of the assessment review board, assessment appeal board, and give us something about the years under review, 1982-83, 1983-84, how many appeals to this board were made, approximately?

Mr. Smith: In 1983-84 I believe there were five assessment review boards established, and they heard a total of about 250 complaints.

Mr. Penikett: What percentage of those were successful?

Mr. Smith: Off the top of my head, I would say one third.

Mr. Penikett: Okay.

Mr. Smith: From the assessment review board to the assessment appeal board, there were approximately ten appeals.

Mr. Penikett: How often are properties re-assessed, Mr. Smith?

Mr. Smith: Every year, in theory, but as you can appreciate, we cannot inspect every property every year. We make the attempt to visit and re-inspect every property within a five year cycle.

Mr. Penikett: So in theory it is every year, but in fact it is something closer to five. Mr. Kent?

Mr. Kent: No. Re-assessments are often made annually, not on the basis of inspections, but on the basis of market and sale information.

Mr. Penikett: Okay, I may want to return to that point. Is it a third of the re-assessments that are based on field visits, Mr. Smith, judging from what you have previously said? What percentage of the re-assessments are based on field information as opposed to the market information referred to by Mr. Kent?

Mr. Kent: A hundred percent. The inspector takes five years to do the complete cycle of visiting every property.

Mr. Penikett: So, once every five years the assessment is based on a field visit?

Mr. Smith: There could be exceptions to that. A piece of property such as one where a building is being constructed on it when we inspect it in the fall of one year — it may only be half built — that is marked progressive and it is inspected again the next year. If it is still not completed, it is inspected again the year after that, until it is completed.

Mr. Penikett: Is that the only type of situation in which adjustments in the assessment are basically made?

Mr. Smith: No. We also receive a copy of all building permits from all municipal jurisdictions and the territorial government. Each one of those is inspected in the year that the permit is issued. If construction has not started yet then that property is marked progressive and inspected the next year.

Mr. Penikett: You will be acquainted with these terms, Mr. Smith. I want to ask you what is the extent of the abatement and remission of property and school taxes, and who gives the approval and what is the number and the amount of abatement and remissions

in 1983-84? Plain folk would understand that to be adjustments and cancellations, rather than the technical terms.

» **Mr. Smith:** I am not able to answer that question.

**Mr. Penikett:** Is it information that you have available in the department?

**Mr. Smith:** No, I believe that would be available in the Department of Finance.

**Mr. Penikett:** And you are not routinely apprised of that in any way?

**Mr. Smith:** No.

**Mr. Penikett:** The assessment stands even if the taxes on a property are cancelled or are adjusted?

**Mr. Smith:** That is correct. It is my understanding, though, that abatement of school tax only takes place if the municipality or the taxing authority somehow abates general tax.

**Mr. Penikett:** When I was a city councillor years ago, they actually used to do it to the school tax, even though it was not their revenue, but that is the territorial revenue, basically.

**Mr. Smith:** Yes.

**Mr. Penikett:** I think we were provided with a sheet of paper which talks about the delinquent taxes. I guess that came from finance. It says that, of the 4,502 property tax accounts, 809 had outstanding balances of between one and \$60,000, which is about 18 percent. To be blunt, that is basically not your problem.

**Mr. Smith:** That is correct.

**Mr. Penikett:** You have indicated that new assessments took place in Haines Junction, Watson Lake and Faro in 1984, is that correct?

**Mr. Smith:** Yes, that is correct.

**Mr. Penikett:** I remember reading in *The Whitehorse Star* of April 9, 1984, about over-assessment occurring and I would be interested in hearing your comments on that. Do you remember that?

**Mr. Smith:** No, I do not.

**Mr. Penikett:** I was recently in Watson Lake talking to some of the municipal officials who were of the view — two things, I seem to recall — that some public properties had been under-assessed, and therefore, under-valued, and that some of the private properties were over-valued in view of their location, age and so forth. They were hiring an appraiser to take a second look at the problem.

Can you tell me something about the different formulas that might be used in respect to that community, for example, of a public building and a private building of similar size and similar age. Could you just indicate something about that?

**Mr. Smith:** We are having a bit of a problem in that area. It stems primarily from the fact that the Alberta assessment manual does not include assessment rates for public buildings. Usually, public buildings are a little more elaborate and cost a little more to build than private ones, generally speaking.

**Mr. Penikett:** There is one there that, I think, has been assessed at \$400,000, which the local people believe would cost a lot more to replace than that.

» Is that the kind of problem you are talking about?

**Mr. Smith:** That particular one I do not think there is anything very much wrong with it. Currently, my staff are looking into this quite a bit deeper, and we are finding that by using other building costing manuals that do have rates for public buildings, hospitals and schools, which are kind of special purpose buildings, we find that we have been under-valuing these properties in many cases. The problem really did not come to light prior to all of these communities collecting their own taxes. In other words, the territorial government, which owns most of these buildings, was simply not paying taxes to itself. It has only become a problem in recent times, except in the City of Whitehorse, Dawson and Faro. Those communities looked at those types of buildings two or three years ago and made sure that you were in the correct areas of assessment.

**Mr. Penikett:** Has that caused you at all to re-consider the usefulness of the Alberta manual?

**Mr. Smith:** It has, only in the area of this type of building.

**Mr. Penikett:** What are you doing? Are you considering amendments to it, or does the new version take this problem into

account?

**Mr. Smith:** We are simply trying, by the use of these other manuals that have these, to come up with a percentage factor that we would apply to the Alberta manual to cover these kinds of buildings.

**Mr. Penikett:** So if you succeed in doing that there will be a new regulation which will say, in effect, that the Alberta assessment manual is the manual of record plus some other documents?

**Mr. Smith:** No, sir. I think the legislation says that we have to assess buildings at Whitehorse replacement costs, so the regulation could not undermine the legislation. We would simply be hoping that our continued research will identify a fixed percentage, and maybe the Alberta manual only brings this building to 50 percent of Whitehorse replacement cost, and we have to add 50 percent to get the correct figure.

**Mr. Penikett:** I see, yes. As I understand it, a study is currently being done on the assessment and taxation system. Could you indicate something about what is the purpose of this study and its current status?

**Mr. Kent:** I know of no such study, sir.

**Mr. Penikett:** Oh. Maybe we should not have told you. I am only kidding. We had it indicated to us somewhere that there was something like that going on.

**Mr. Smith:** Mr. Chairman, I think I know what is meant by that. The Department of Finance are currently doing a study on their tax billing system and tax collecting system, in the light of more computer adaptation to that. That brings in the assessment function, which may be put all on one system, if you like, the assessment and tax would be one program. I think that might be what you are referring to.

**Mr. Penikett:** And you are aware of that?

**Mr. Smith:** Yes.

**Mr. Penikett:** Do you have any idea of how far along it is, from your point of view, Mr. Smith?

**Mr. Smith:** It is only at the proposal stages, from my understanding.

**Mr. Penikett:** I am sorry to have been so abrupt this morning, but we have a real time problem. If I have seemed a little pushy, it is because of the time problem. Let me just see if any other members of the committee have any questions on this score. Okay. Mr. Brewster has one on another subject, as Mr. Byblow does; anyone else on property assessment?

Let me leave that then, if I may, Mr. Kent. I think Mr. Brewster has a question which relates to an answer you provided to the committee in writing from the previous round. If I can permit him to put the question, and if you are not able to answer it now, we will accept an undertaking to do it another way. Mr. Brewster?

» **Mr. Brewster:** I notice, on your breakdown in this letter, you wrote that there were additional costs associated with wages and overtime that has not been charged out against the cost of that well. Is this correct?

**Mr. Knight:** The staff time referred to in the memo was staff time which was appropriated over a number of different projects or undertakings in the community at that particular point in time. It is virtually impossible to really identify specifically what could be appropriated to the well project. It was not a significant amount, in terms of the amount of staff time.

**Mr. Brewster:** I do not see where you have rooms or meals or anything like that charged against that well in Beaver Creek.

**Mr. Knight:** That would be included in the \$6,241 for ancillary material, labour, and so on.

**Mr. Brewster:** That is included?

**Mr. Knight:** That is correct.

**Mr. Brewster:** In the last paragraph on the first page, in what year would those replacements have been made for those new units you were going to put in. Would it have been the next budget year?

**Mr. Knight:** I believe they would have been scheduled for replacement in 1983-84.

**Mr. Brewster:** What would you have ordinarily done with the old heaters that had been replaced?

**Mr. Knight:** I would imagine that if there was no economic

value to them, they would have been scrapped.

**Mr. Penikett:** With remarkable precision, Mr. Byblow is going to now ask you a question about the manual.

**Mr. Byblow:** When you were appeared before the committee last week, we talked about the project management procedures manual that you provided to the committee. You indicated that that was going to be the procedures that your branch was going to follow in your projects. Since then, we have had several other branches appear before the committee. The Government Services manual, which is to be coming out shortly, appears to be the manual that is desirable for all government branches to use. What undertaking can you give us that you will review your manual in light of the Government Services manual that is to be out within the month?

**Mr. Kent:** I will do so, sir.

**Mr. Byblow:** Very briefly, Mr. Kent, is your department undergoing any reorganization changes now in light of the overall government reorganization that we have been hearing about over the hearings that has taken place over the last year?

**Mr. Kent:** Was my department involved in that reorganization?

**Mr. Byblow:** Is it now involved in any further reorganization?

**Mr. Kent:** No, we are just implementing the changes that were put in place five months ago.

**Mr. Penikett:** Thank you, Mr. Kent and Mr. Knight and Mr. Smith. I apologize for having asked you back, but we did want to complete this question of revenue. The witnesses are excused, unless they have any last words.

I do formally make comment about the speed and efficiency with which we received transcripts of the hearings this year. I think it has been a remarkable achievement for Mr. Robertson, Lois Cameron, and the rest of the crew. We are very grateful for that.

I also want to remark that this may be the last appearance at the table of the committee of Mr. Raymond Dubois, Deputy Auditor General. I hope that will not be the case. In case it is, I want to make sure that this committee extends its appreciation and thanks, as we do to the other members of the Auditor General's office, who may be back with us.

With that, unless you have any parting words, Mr. Kent, we will excuse you.

**Mr. Kent:** Thank you very much, sir.

**Mr. Penikett:** Committee will stand adjourned into executive session.

*Committee adjourned at 11:30 a.m*

## APPENDICES

## APPENDIX 1

### Responses from Departments

- Department of Finance
- Public Service Commission
- Department of Economic Development
- Department of Community and Transportation Services
- Public Affairs Bureau (Executive Council Office)
- Department of Finance
- Department of Justice
- Department of Renewable Resources
- Department of Government Services
- Department of Justice
- Department of Health and Human Resources
- Workers' Compensation Board



Department of Finance  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File: 4190-3-1  
Your File:

1985 01 04

MEMORANDUM TO: Pat Michael, Deputy Minister  
Legislative Assembly Office

ATTENTION: Missy Follwell,  
Legislative Assistant

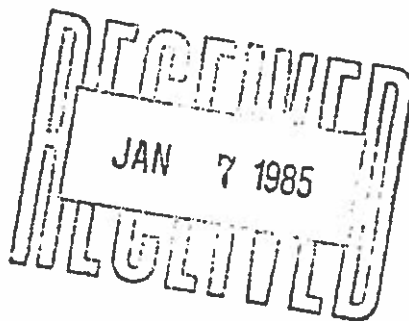
SUBJECT: RESPONSE TO THE P.A.C. - DEPARTMENT OF FINANCE

Attached are the responses to the P.A.C. prepared by the Department of Finance, as requested.

F. B. Fingland  
Deputy Minister

FBF/hw

Attachments



## DEPARTMENT OF FINANCE

### • Public Accounts Committee Recommendation

#### Page (i) of Preface to the 1984 Report

"The Committee spent a considerable amount of its time this year on the outstanding issue of project management. As various witnesses appeared before it, the Committee became increasingly concerned about the question of "authorship" of the "Government's Response" in the Report of the Auditor General with regard to a 1983 recommendation of the Committee requesting a management audit of two capital projects. Although the Department of Finance has the ultimate responsibility for the accuracy of the responses, there was concern the content of some responses could have been provided by another department and that the Department of Finance may not have verified the statements submitted. The Committee views the publication of the erroneous response very seriously."

### • Departmental Response

The government does not agree with the foregoing quotations from the 1984 report. The Department of Finance should not have ultimate responsibility for the accuracy of departmental responses to the Auditor General. All departments are responsible to their respective Ministers and ultimately to the Management Board and the Cabinet for the responses to the Auditor General, as in other matters. A special role for the Department of Finance in the chain of command would dilute ministerial authority, centralize power in the hands of a service agency, and create confusion for program managers.

- Public Accounts Committee Recommendation  
(outstanding from 1983)

Transfer of responsibility and funds - Finance

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

The Department of Finance responded that "Authority to do so has been incorporated into the new Financial Administration Act."

- Departmental Response

The new Financial Administration Act establishes the rules governing the transfer of funds, including transfers from one department to another. Sections 22(1) and 22(2) of the new Act provide as follows:

22. (1) The Management Board may by directive control or limit payments from votes, and for that purpose it may by directive

- (a) identify allotments, programs or projects within a vote, and distribute money among programs and projects,
- (b) transfer money between allotments, programs or projects within a vote,
- (c) distribute money among activities within a program or project, or authorize a public officer to do so, and
- (d) transfer money between activities within a program or project, or authorize a public officer to do so.

30. (3) The Management Board may by directive authorize public officers to sign certificates, subject to such terms and conditions as the Management Board considers necessary.

31. (3) The Management Board may by directive authorize public officers to sign requisitions for payment subject to such terms and conditions as the Management Board considers necessary.

5,

o give effect to these powers, the Management Board has issued the Signing Authority Directive (attached) which came into effect on June 26, 1984. New contract regulations are still in preparation but are expected to be ready for implementation early in 1985.

PUBLIC SERVICE COMMISSION

1984 PUBLIC ACCOUNTS COMMITTEE REPORT

During the May 1984 Public Accounts Committee hearings, the Committee made four (4) recommendations pertaining to the Public Service Commission. As well, the Committee made several observations.

1. Recommendation

The Commission should establish procedures as soon as possible to monitor the practices and procedures exercised by departments through delegated authority to hire casual employees.

Response

In each instance when the hiring of casual employees is delegated to a line department, a written authorization is drawn up and signed by a Public Service Commission officer and an officer in the line department. The authorization sets out the responsibilities of both parties and the procedures which must be followed. Procedures to monitor will be developed in early 1985 and implemented by April 1985.

2. Recommendation

The Commission should disclose in public documents the total number of casual hires, the number of casual appointments made by departments through delegated authority, and the number of appointments terminated after six months and then re-engaged.

Response

The total number of casual hires have been disclosed in the Yukon Government's annual report and operations and maintenance main estimates for a number of years.

A record of all casuals hired, by departments, is being kept by the Public Service Commission. We will go through that manual to extract the number of casuals hired through delegated authority and include that figure in the future main estimates.

It must be remembered that the figures list numbers of casuals hired rather than individuals hired. Thus there is duplication since the same person may be hired two or three times and each hiring action is counted. The only way to count the number of appointments terminated after six months and the re-engaged is to actually review each person's file.

It is expected that this information will be available and will be included in future main estimates.

3. Recommendation

The Commission should include in its Estimates information, wherever possible, planned activities supported by performance indicators justifying its request for funds in order to create a base for future accountability.

Response

We intend to address the problem of performance indicators sometime in 1985 as part of the government wide project to develop performance indicators and a system of program evaluation. This will require the services of a specialist, either someone already employed with this government or from outside of government, to provide a training course to Public Service Commission managers and develop indicators. It is extremely difficult to develop reliable indicators for central agencies. Nevertheless, we are committed to do what can be achieved in this regard.

4. Recommendation

The Commission should disclose in public documents the full cost of its Training and Development Program, including the cost of educational leave and the number of employees taking that leave.

Response

The Commission will provide this information in its main estimates.

Other Concerns Expressed by Public Accounts Committee

1. The Committee will follow up on the revision and implementation of the new classification plan.

Monthly bulletins have been issued to all government employees, except teachers, to keep them advised of the progress of the job evaluation study. The scope of the study has been expanded to include both bargaining unit and management plan personnel.

The job questionnaires are now virtually all in. The job evaluation committee has been formed and is meeting now to evaluate approximately fifty (50) benchmark positions against which all the remaining jobs will be evaluated.

The original schedule which visualizes the implementation of the new plan by April 1, 1985 is being adhered to.

2. The Committee requests the Commission to report back to the Committee the extent to which revisions to the classification plan reflect affirmative action goals.

It is too early yet to state to what extent the new classification plan can meet affirmative action goals. There is no doubt however that the new plan will be designed to provide for:

- career opportunities for employees;
- enhanced job access for local residents;
- greater recognition of skill level rather than the means or environment within which that skill was attained.

Once the plan has been developed and approved, information regarding the plan will be provided to all employees. The same information can be provided to the Committee if it so desires.



Department of Economic Development  
Box 2703, Whitehorse, Yukon, Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File ED 2000-REP-1  
Your File

January 16, 1985.

MEMORANDUM TO: Missy Follwell, (A-9)  
Clerk, Public Accounts Committee.

FROM: John Ferbey, (F-1)  
Deputy Minister,  
Economic Development and Tourism.

REFERENCE: 1984 Public Accounts Committee Report.

---

Further to your letter dated October 16, attached please find my comments respecting the action taken or planned on the recommendations in the Report pertaining to this Department, viz. nine through eleven.

Should you or the Committee require any clarification of my comments, please contact me.

A handwritten signature in cursive script, appearing to read "John Ferbey".

John Ferbey,  
Deputy Minister.

Attach.

#### RECOMMENDATION 9

As indicated to the Standing Committee on February 14, 1984, the Department of Economic Development contacted the other eleven provincial and territorial jurisdictions in Canada to determine what measures, if any, were utilized for project management in the area of economic and socio-economic research and analysis. Only two jurisdictions, viz. Manitoba and British Columbia (on a pilot basis only) have implemented project management mechanisms. A review of the mechanisms from the two provinces was undertaken and it was determined that both systems were far too sophisticated for our requirements. However, the systems did provide the basic framework for the development of a management information system for the Department of Economic Development (and Tourism).

This basic framework has been refined and has been reviewed by a variety of government agencies, e.g. internal audit, to ensure that the quantification and costing parameters are in keeping with government accounting practices. The framework has also been informally reviewed by a private sector consulting firm and we have been advised that it is a sound basic project management information system.

It is the intention of the department to implement the system effective April 1, 1985.

#### RECOMMENDATION 10

The Department of Economic Development (and Tourism) has not taken any action on this particular recommendation. Since the Department appeared before the Standing Committee on Public Accounts in February, 1984, the Department of Finance has initiated an exercise to create a mechanism for the development of a comprehensive, government-wide approach to programme evaluation. In view of the actions proposed by the Department of Finance, the Department of Economic Development (and Tourism) has deferred any immediate departmental action on the recommendation. Once the Department of Finance has defined a government-wide process for departments to follow in developing and implementing a programme evaluation plan, provision will be made by this department to initiate the process internally. The Department of Economic Development (and Tourism) is, however, prepared to act as a "volunteer" department when the process is carried out on a pilot basis. In preparation for involvement in programme evaluation, the Department will begin work on performance indicators once the new organization is functioning smoothly.

#### RECOMMENDATION 11

The Department of Economic Development (and Tourism) has reviewed its data gathering and data dissemination procedures particularly as these effect public documents. Every effort has been made to ensure that in future, the data which appears in one public document is consistent with that found in any other public document. In addition, the accuracy and clarity of the information will receive careful scrutiny before publication.



Department of Economic Development & Tourism  
Box 2703, Whitehorse, Yukon, Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File ED-2000-REP-1  
Your File

January 16, 1985.

MEMORANDUM TO: Missy Follwell  
Clerk to Committee on Public Accounts.

FROM: John Ferbey, (F-1)  
Deputy Minister,  
Economic Development and Tourism.

REFERENCE: 1984 Public Accounts Committee Report  
Yukon Econometric Model.

---

With reference to the Committee's request for an indication of our level of satisfaction with the Yukon Econometric Model, I offer the following:

- the total cost for the econometric model was \$40,000 and under funding arrangements of the Yukon River Basin Study, YTG share was \$2,000. This arrangement was much to our satisfaction given we have possession of the model.
- The model has been updated with newly acquired data from a joint project we are involved in with Statistics Canada (Economic Accounts for Yukon and Northwest Territories). This update makes the model both more accurate and timely.
- a major research project titled "Economic Growth in Yukon, 1983 to 2003" was undertaken--a copy of this has been circulated to the Public Accounts Committee. This work was based directly on the model and has proven to be a useful long-term planning tool.
- research on the placer mining industry undertaken by our department utilized this model extensively to develop multipliers and indicators of impact of the placer mining industry. Performance has been consistent and reliable.

Overall, during the short life of this economic analysis tool, we have used it for impact analysis and forecasting. Considering our investment of \$2,000, I feel YTG has acquired an exceptionally high quality analytical tool for a nominal expenditure. We are pleased with the performance of our econometric model and the uses to which we have applied it.

Missy Folwell,  
Clerk to Committee on Public Accounts.

January 16, 1985.

Page 2 -

Our only regret is that with limited resources we do not have the personnel to devote time to exploiting the fullest potential of this thoughtfully developed econometric model. A model involving over one hundred equations and identities (many of which are simultaneous) require a time investment to become completely familiar with that unfortunately we cannot afford ourselves. Having said this, I feel we have overall used the model most effectively and efficiently within our present resource constraints.

Thank you.

A handwritten signature in cursive script that reads "John Ferbey".

John Ferbey,  
Deputy Minister,  
Department of Economic  
Development & Tourism.



Department of Community  
and Transportation Services  
Box 2703, Whitehorse, Yukon, Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File 2842-31  
Your File

1985 01 21

Ms. Missy Follwell  
Clerk to Public Accounts Committee  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, Yukon  
Y1A 2C6

Dear Ms. Follwell:

In the 1984 Report, the Public Accounts Committee had three concerns respecting the Department of Community and Transportation Services. The responses to these concerns are identified below.

1. Letter of 1984.03.13 from you to Mr. Larry Blackman respecting "Long-Term Planning".

"The Department designs and constructs roads to the standard approved by Management Board in the Capital Plan, which standards are based on Roads and Transportation Association of Canada (RTAC) standards for "Geometric Design Standards for Canadian Roads and Streets". The Department has established a 20 year program of capital works which will bring all roads now maintained by the Department to the stated standards at the time of construction. The plan is based on available data and the knowledge of existing conditions including classification, projected traffic volumes, accident statistics and maintenance costs as measured against standards approved in the Capital Plan.

The degree of accuracy of projections decreases directly with time from year one (1984/85). Years 6 to 20 are in relatively rough form, that is in working paper form. Years of data collection and documentation are required to produce a formal document; other than annual extension of the 5 year program.

It is our opinion that the program meets the basic "guidelines" stated by the Committee in their letter of March 13, 1984 as listed in items 1 thru 5 and 7. Item 6 is rather hypothetical and cannot effectively be a part of the operating plan. Any new road proposed for addition to the system must be assessed on the basis of justification and government policy. Such additions to the system would be financed by either rescheduling planned work or by the provision of additional funds. The decision to proceed would be based on information available at the time, government policy and objectives."

2. Long Term Planning - Gathering of Information for a data base and development of an action plan for effective planning and control of capital construction and maintenance activities.

"The Department is collecting data required for planning and programming system improvements. A technician is now on staff whose principal responsibility is upgrading collection and developing analysis programs for planning data."

3. Determination of Applicability of Project Management Processes developed by Government Services to projects undertaken by this Department and following them as far as possible.

"The response to this recommendation will be dealt with collectively by Finance, Government Services and Community and Transportation Services."

In the Auditor General's Report on "any other matter" for the year ended March 31, 1983 the following recommendations were made.

1. Road Equipment Replacement Account/Fund (Three Recommendations).

Three recommendations were made respecting the operations of the Road Equipment Replacement Account/Fund.

The Government of Yukon's comments indicated that the account had operated as a special reserve account, the recommendations had called for a fundamental change, and that the new Financial Administration Act that was to come into effect on April 1, 1984 would formalize the revolving fund.

"The Financial Administration Act, effective 1 April 1984, that is currently in effect established the Road Equipment Replacement Fund as a revolving fund. Appropriate expenditure controls are in effect. Should revisions to the operation of the Fund be required, these will be known after the fund has been allowed to operate for a period of time."

2. The Department should submit its land development costing policies immediately to the Government for approval.

"The costing policies were submitted to the Government and approved by Cabinet document 84-09-2 dated March 01, 1984."

3. The Department should ensure that the land development costs inventory is completed by March 31, 1984.

"The Department, in its comments, indicated that it was impossible to meet this time frame and agreed to meet the March 31, 1985 deadline. The required work will be complete by the March 31, 1985 deadline."

4. The Capital Estimates of the Department should disclose the proper funding requirement for land development cost expenditures in any fiscal year.

"The Department, in the 1985/86 Capital Estimates, has disclosed recoveries expected through land sales for the year thereby disclosing the proper funding requirement."

5. The cost of the land development inventory, when determined by the Department, should be disclosed in the Capital Estimates.

"The Department is working on this area of the inventory in conjunction with item (3) above. In this vein, the project will be completed by March 31, 1985 for disclosure."

6. The development cost of land for sale should be disclosed as an asset of the Government.

"Once all land development costs have been accurately determined in March, 1985, it is the Department's intention to disclose the cost as an asset of the Government of Yukon."

7. The Department of Finance should closely monitor progress on establishing the land development costs inventory.

"The Department of Finance has been advised on a regular basis of progress being made on the land inventory."

8. Assistance to municipalities for all capital projects should be covered by formal agreements with appropriate terms and conditions.

"The Department has instituted a simple form agreement for the provision of assistance to municipalities for all capital projects. This procedure has been in effect since April 1984."

9. Municipal Service Grants - A procedure should be established to ensure that Regulations are being drafted or revised concurrent with legislative changes.

"Detailed regulations for municipal services and grants were prepared and came into effect April 13, 1984."

10. The basis for computing C.M.R.'s and any limitations on rental increases arising from Collective Bargaining Agreements should be clearly described in public documents.

"The Corporation gave an undertaking that this information would be disclosed commencing with the 1984/85 fiscal year. This was not done in 1984/85. The concept of C.M.R. is no longer utilized but the market rate concept is utilized. The information will be disclosed in the 1985/86 Main Estimates and will reflect prior year or the most current information available."

11. C.M.R.'s established for locations other than Whitehorse should also be based on independent appraisals of the housing market at locations where it is possible to do so.

"This recommendation has and will continue to be performed at market rates."

12. The formula used to establish C.M.R.'s in locations other than Whitehorse should be reviewed annually.

"This recommendation is no longer relevant with the change to market rates."

13. The financial impact of rent restrictions on the Staff Accommodation Program arising from Collective Bargaining Agreements should be quantified.

"The Corporation is prepared to disclose this information in the supplementary information to the Main Estimates and the annual financial statements commencing with the 1985/86 fiscal year. The information provided will be as current as possible, but may be as much as one year in arrears, dependant upon the collective bargaining process."

14. The Corporation should issue notices of rental increases as soon as C.M.R.'s are established.

"Government's comments for this recommendation still stand today."

15. The Corporation should amend the rental agreements with employees so that they are consistent with Collective Bargaining Agreements, which in effect have been ratified by employees.

"Government's comments for this recommendation still stand today."

I trust the above comments meet the concerns of the Public Accounts Committee.

Yours truly

A handwritten signature in black ink, appearing to read 'Peter Kent', with a stylized flourish at the end.

Peter Kent



Executive Council Office

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File  
Your File

January 22, 1985

MEMO TO: A-9  
Patrick Michael  
Acting Clerk to Public Accounts Committee

FROM: Dennis Senger  
Chief Public Affairs Bureau  
A-8

RE: RESPONSE TO PUBLIC ACCOUNTS COMMITTEE

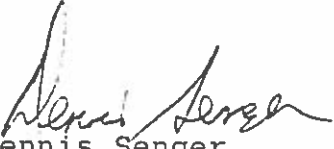
My apologies in the brief delay in getting back to you.

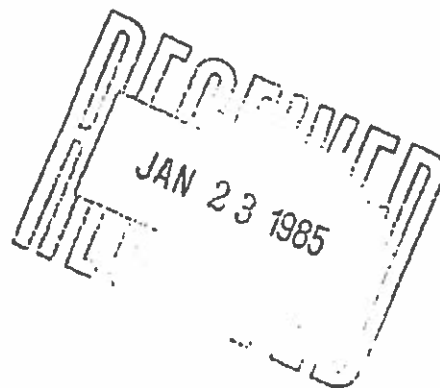
Could you please advise the committee that several alternatives were examined over the 1983-84 fiscal year to determine the ways and means by which unit cost data could be determined.

Arriving at unit cost data is a particular challenge because of the unique nature in which the bureau operates within the government. Very little of its actual activity is ever traced back to, or credited to, the activities of the bureau staff.

We have now chosen to develop a reporting system similar to that used by advertising agencies, accountants and law firms as a means of billing clients.

The bureau will implement, effective April 1, 1985, a reporting system similar to those used by advertising agencies, accountants and law firms as a basis for billing their clients. Unit cost data generated by the system is expected to be available for inclusion in the 1986-87 estimates.

  
Dennis Senger  
Chief  
Public Affairs Bureau  
667-5431





Department of Finance  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File: 4190-3-1  
Your File:

1985 01 22

MEMORANDUM TO: Pat Michael, Deputy Minister  
Legislative Assembly Office

ATTENTION: Missy Follwell  
Clerk Assistant

SUBJECT: RESPONSE TO THE PUBLIC ACCOUNTS COMMITTEE

- Department of Community and Transportation Services
- Department of Government Services
- Department of Finance

It was recommended by the Audit Committee and agreed by the Management Board that the responses to four items in the Public Accounts Committee Report for 1984 should be prepared jointly by the above-mentioned departments. The responses have now been agreed upon by the departments concerned, and these are attached.

---

F. B. Fingland  
Deputy Minister

FBF/hw

Attachment



## COMMUNITY AND TRANSPORTATION SERVICES

- Public Accounts Committee Recommendation  
(outstanding from 1984; arising from 1983)

### Project Management Processes

The Department of Municipal and Community Affairs should determine the applicability of the project management processes developed by the Department of Government Services to projects undertaken by the Department of Municipal and Community Affairs and follow them as far as possible.

- Response

The department has prepared the procedures attached as Appendix 'A' regarding project management for all municipal engineering, municipal administration and lands projects.

## DEPARTMENT OF GOVERNMENT SERVICES

- Public Accounts Committee Recommendation

### Construction Program Co-ordination - Public Works (now Government Services)

The Department of Highways and Public Works should be responsible for the co-ordination of the government's construction program.

The Department of Government Services advises that it is now responsible for the co-ordination of all government building construction programs. The Departments of Highways and Transportation, and Municipal and Community Affairs also have construction programs for road and municipal works respectively. With this fragmentation, there does not appear to be a central authority with knowledge of the government's overall construction program and plans for long-term expenditures.

It would, therefore, be appropriate for the Department of Government Services to clarify this matter with the Department of Finance and report back to the Committee on it.

- Response

The co-ordination of the government's construction program is the responsibility of the Management Board and a government-wide directive governing interdepartmental relationships and responsibilities in this regard is currently being developed. It is not a matter for clarification by the Department of Finance. In the first instance, the accountability and responsibility of each department should flow from the department to its Minister and from the Minister to the Management Board. Any variation of this fundamental requirement should be subject to the direction of the Management Board.

- Public Accounts Committee 1984 Recommendation  
(arising from 1983)

Project Management Policies and Procedures

The department should submit its Project Management Policies and Procedures to the Auditor General for review and comment once approved by Management Board.

- Response

The project management procedures were submitted to the Auditor General for review and comment during the summer of 1984. A subsequent meeting took place on October 29, 1984 between three representatives of the Auditor General, the Director of Public Works and the Deputy Minister. It was agreed that, although the present procedures are an improvement, much more detail is required. It was agreed that a final policy manual could be completed by April, 1985. This will be designed to dovetail with the proposed new government-wide directive currently being developed for Management Board approval on the responsibilities of the Department of Government Services and its client departments.

- Public Accounts Committee Recommendation  
(outstanding from 1981)

Construction Program Co-ordination - Public Works  
(now Government Services)

The Department of Highways and Public Works should be responsible for the co-ordination of the government's construction program.

The Department of Government Services advises that it is now responsible for the co-ordination of all government building construction programs. The Department of Highways and Transportation, and Municipal and Community Affairs also have construction programs for roads and municipal works respectively. With this fragmentation, there does not appear to be a central authority with knowledge of the government's overall construction program and plans for long-term expenditures.

It would, therefore, be appropriate for the Department of Government Services to clarify this matter with the Department of Finance and report back to the Committee on it.

- Response

See response to Construction Program Co-ordination - Public Works.



Department of Justice  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260  
OFFICE OF THE DEPUTY MINISTER

Our File  
Your File

1985 01 23

MEMORANDUM

TO: Pat Michael  
Acting Clerk to  
Public Accounts Committee

FROM: W.E. Byers, Q.C.  
Deputy Minister  
Justice

RE: Response to Public Accounts Committee

I thank you for your memorandum of the 16th instant.

Attached please find the responses you are seeking and you will note that they were prepared for me by Mr. Duncan on November 7, 1984. These were forwarded to Mr. Sewell in November and I am at a loss to explain why they have gone missing.

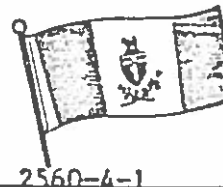
Please accept our apologies and if for any reason the enclosed responses are insufficient or inadequate let me know immediately.



W.E. Byers, Q.C.  
Deputy Minister

Encl.

# Government of Yukon



BOX 2703, WHITEHORSE, YUKON Y1A 2C6

TELEPHONE 403-667-5811

TELEX 036-8-260

2560-4-1

## ADMINISTRATIVE SERVICES

OUR FILE  
YOUR FILE

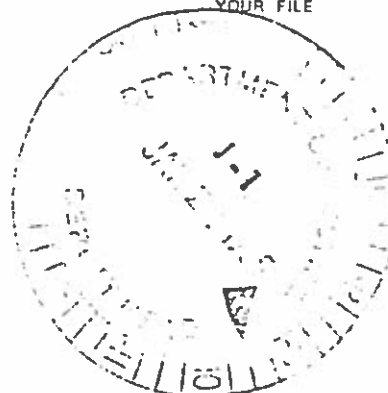
84 11 07

## MEMORANDUM

TO: J-1 (W. E. Byers, Q.C.)

FROM: J-3

RE: Responses - Public Accounts Committee Report  
May 1984 - Outstanding Recommendations



As per Mr. Pearson's communication of 84 10 26, attached hereto are brief responses for the Department of Justice.

As outlined in the above-mentioned memo, the responses are to be forwarded to Terry Sewell of the Department of Finance by 84 11 16.

✓  
T. F. Duncan,  
Judicial Administrator.

Attachment

TFD/ptp

## DEPARTMENT OF JUSTICE

### RESPONSE TO QUERIES - THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

#### 9. YUKON COURTWORKERS - JUSTICE

At the Spring Session of the Legislature, the then Minister, the Honourable C. L. Ashley, advised the House that the question of including the Yukon Courtworkers service in the Legal Aid program had been investigated and rejected.

A committee, established by the Minister to advise him on the future operation of the Legal Aid program and which resulted in the eventual passage of the Legal Services Society Act, strongly advised against the recommendation.

That committee was composed of four members of the local Bar, one official from Government of Yukon and one official from the Federal Department of Justice and did contact the comparable organizations in neighbouring jurisdictions, in particular British Columbia. A strongly negative reaction was expressed by them to the proposal which was in keeping with the consensus of the committee itself. Perhaps, because it saw its independence threatened, the Yukon Courtworkers themselves were not in favour of the proposal either and so informed the Chairman.

In view of this, the Minister determined that the items should continue to be identified as separate items in the Justice Estimates tabled at the 1984 Spring Session. He was satisfied that, although the two functions were complimentary, there was no overlap. He was also cognizant of the fact that the Yukon Courtworkers is funded by Government of Yukon, but operates in a clearly independent mode. It would be very difficult to maintain this image if it had a common administration with a purely government-operated programme.

#### 12. PRODUCTION OF DOCUMENTS - JUSTICE

As was reported by Mr. Duncan i.e. the Public Accounts Committee, Yukon was cooperating with the Canadian Centre for Justice Statistics in the collection of data for the production of uniform national statistics. At the time, a project caseload - Level 1, a component of National Criminal Court Statistics, was underway.

The first report has just been approved for issue and I attach an extract from that for the Committee's perusal.

Following on that, the Provinces of Quebec, Saskatchewan and British Columbia are engaged in a pilot project - workload measures project - court management studies. The project will be seeking to provide indicators in three areas:

- a) Caseloads
- b) Staff resources and costs
- c) Courtroom resources

and will be available to all other jurisdictions.

## PROJECT OBJECTIVES

The objective of the project is to develop court workload measures which will assist those involved in court management to:

- (1) Evaluate their own services in terms of quality, efficiency and costs. This information may be of use in assisting managers to equitably allocate resources.
- (2) Compare their services, caseloads and costs to those in other jurisdictions; by sharing such information, each province is able to learn from the experience of the others. This also provides each jurisdiction with the option of selecting approaches which have produced desirable results, and conversely, rejecting those which may not prove useful.
- (3) Monitor the demands placed on the courts. In addition to providing decision makers with timely and accurate descriptive information on court operations, monitoring changes in demands for court service will assist in making decisions on the allocation of court resources.
- (4) Measure the impact of proposed legislation. By measuring the impact of changes in legislation, or in the community being serviced, the courts are better able to take appropriate measures and respond to anticipated changes.
- (5) Forecast future court requirements relating to resources, manpower, costs, etc. The medium and long term planning activities include forecasting. Sound historical data which is comparable between jurisdictions can assist in forecasting future court resource requirements.

NOTE: The data discussed in the remainder of the report deals with caseload data that was reported to the Centre for the period, January-December 1983. Tables displaying Provincial Court data by Statute Type and Disposition for January-December 1983 can be found in the Appendix.

### III. CONVICTIONS AND ACQUITTALS

Convictions and acquittals provide an interesting disposition category to examine because this category generally represents criminal charges that have proceeded further through the trial process. In many instances, these charges have consumed more court resources than charges receiving other dispositions.

Criminal Code charges should be examined separately from the other statute categories because there is no option to dispose of these charges by voluntary payment of fine.

In the Provincial and Territorial Courts of seven jurisdictions (P.E.I., N.S., ONT., SASK., B.C., YUKON and N.W.T.), the percentage of Criminal Code charges that resulted in a conviction or acquittal during 1983, ranged from 53% and 54% in British Columbia and Ontario, respectively, to 89% in Prince Edward Island. The lower percentages in Ontario and British Columbia may be attributed to the rather large number of charges that were stayed and withdrawn in these provinces. Table 5 displays the convictions, acquittals and total charges disposed for all Statute Types in Provincial and Territorial Courts in these seven jurisdictions for 1983. Of the total number of charges that proceeded by either a conviction or an acquittal, in the above mentioned jurisdictions, the proportion of Criminal Code charges resulting in a conviction was greater than 90% in all provinces except British Columbia, where it was approximately 83%.

The offences under the statute types: Other Federal Statutes, Provincial Statutes and Municipal By-Laws are of a hybrid nature because the more serious offences require a court appearance whereas the less serious offences may be disposed by a voluntary payment of fine. Thus, the number of voluntary payments of fine are added to the number of convictions so that the total number of convictions can be calculated.

In the Provincial and Territorial Courts of six jurisdictions (P.E.I., N.S., ONT., SASK., YUKON and N.W.T.) the percentage of Other Federal Statute charges that resulted in a conviction or an acquittal during 1983, ranged from 74% in the Northwest Territories to 97% in Prince Edward Island. British Columbia is excluded from the calculations because voluntary payments of fine data are not available for this province. The percentage of Provincial Statute charges that resulted in a conviction or an acquittal during 1983, ranged from 91% in Saskatchewan to 99% in Prince Edward Island. For Municipal By-Law charges, the range is from 70% in Ontario to 97% in the Northwest Territories. Note that for Prince Edward Island, the voluntary payment of fines for breaches of Municipal By-Laws are not counted in caseload data. Such payments will be recorded if made pursuant to a summons. Of the total number of charges that proceeded by either a conviction or an acquittal, in the above mentioned jurisdictions, the proportion of charges resulting in a conviction was greater than 95% in all provinces for Other Federal Statutes, Provincial Statutes and Municipal By-Laws.

Table 5. Convictions and Acquittals in Provincial and Territorial Courts in 1983<sup>1</sup>

STATUTE	DISPOSITION	JURISDICTION						
		P.E.I. <sup>2</sup> <sub>3</sub>	N.S. <sup>2</sup>	ONT. <sup>4</sup>	SASK.	B.C. <sup>5</sup>	YUKON	N.W.T.
CRIMINAL CODE	Convicted	2,040	11,201	165,902	33,011	52,383	1,409	4,024
	Acquitted	47	1,253	17,511	1,766	10,420	144	231
	Total charges disposed	2,351	20,788	337,361	45,554	118,582	2,167	5,491
OTHER FEDERAL STATUTES	Convicted	1,405	2,496	66,382	3,105	8,913	207	291
	Acquitted	5	102	1,547	90	789	10	13
	Total charges disposed	1,451	3,012	86,697	3,818	15,169	252	410
PROVINCIAL STATUTES	Convicted	9,592	44,201	1,583,189	51,398	47,956	4,771	2,886
	Acquitted	25	451	35,479	422	5,243	11	31
	Total charges disposed	9,680	46,262	1,712,679	57,029	71,149	4,903	3,153
MUNICIPAL BY-LAWS	Convicted	5	1,280	1,320,644	14,621	4,916	1,070	598
	Acquitted	-	61	-6,228	516	1,017	23	7
	Total charges disposed	5	1,533	1,888,848	15,922	9,408	1,517	622

1. Convicted includes voluntary payment of fines for Other Federal Statutes, Provincial Statutes, and Municipal By-Laws.
2. Prince Edward Island and Nova Scotia did not report for the period, January - March 1983.
3. The voluntary payment of fine for breaches of Municipal By-laws are transacted through the clerk of the municipality and are therefore not counted in the caseload data. Such payments will be recorded if made pursuant to a summons.
4. For the province of Ontario: Ottawa Carleton did not report for the period July - September 1983 and December 1983, and Peel did not report for the period March 1983. For the province of Ontario, a charge is considered to be disposed of as each individual charge is disposed of.
5. For the province of British Columbia, the Court Management Information system records multiple counts of a charge as one charge. For example, three counts of break and enter in a single incident would be recorded as one charge of break and enter.

Voluntary payment of fine data are not available.



Department of Renewable Resources  
Box 2703, Whitehorse, Yukon, Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File 6000-20  
Your File

1985 January 23

MEMORANDUM

TO: Patrick L. Michael  
Acting Clerk to Public Accounts Committee  
Yukon Legislative Assembly Office

RE: Public Accounts Committee

-----  
Attached is this department's response to the Public Accounts Committee's comment on Performance Measurement.

This response was submitted to the Audit Committee and received the approval of Management Board.

If you have any questions do not hesitate to contact me.

Yours truly,

A handwritten signature in dark ink, appearing to read "Tim McTiernan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tim McTiernan  
Acting Deputy Minister

TMc:lhk:wm

Attachments

DEPARTMENT OF RENEWABLE RESOURCES

Reply to Public Accounts Committee

---

Committee Comment:

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.

The Department of Renewable Resources advised in writing that Management Consultants have been engaged to review the mandate of the Department, its goals and organization structure. The review is to be completed by March 31, 1984. The Committee expects its recommendation to be fully addressed in the 1985/86 Estimates.

Response:

1. Peat, Marwick and Partners have completed their study of our department. Attached is a copy of the suggested organization structure. (Appendix A) Recruitment, as required to comply with the new organization structure is complete.
2. Budget procedures for the department were revised for the 85/86 fiscal year. (Appendix B)

Objectives were defined and structured heirarchially for every level of program and activity from department-wide to project specific.



Department of Government Services  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File 7041-4  
Your File

OFFICE OF THE DEPUTY MINISTER

1985 01 25

Public Accounts Committee,  
Yukon Legislative Assembly,  
Box 2703,  
Whitehorse, Yukon Y1A 2C6

Attention: Patrick Michael, Acting Clerk to Public Accounts Committee

Dear Sirs:

PUBLIC ACCOUNTS COMMITTEE REQUESTS

Further to your memo of January 16, 1985, the following is submitted. It is our understanding that the balance of the items for response by Government Services have been forwarded to you by the Department of Finance.

Re P. 29, Item 1 and 2 - Revision of Objectives

The objectives of the Department of Government Services as stated in the main estimates have not been changed but now clearly reflect its current activities.

...2

RP 39-Government Reservation Office

The coordination of government travel through Government Services Reservations Section ensures consistent compliance to Government travel regulations. This agency controls travel for medical evacuation, non-government personnel, government agencies and employees. All travel is done within prescribed policies and by the most economical method available. Prior to 1981 and the implementation of the Central Transportation Agency, travel warrants were issued by various departments throughout the government. Decentralized transportation procedures produced inconsistent application of government travel regulations and/or the use of excursion rates. In the 1980/81 fiscal year, government travel amounted to \$937,901. The use of excursion fares during this period amounted to \$9,000; this represents less than one percent of the total expenditure.

Reservations Office Activities for Fiscal Year 1983/84

April 1, 1983 to March 31, 1984, 2100 travel related transactions

Financial Breakdown

Regular Fare Structure	\$1,159,400	
Actual Fares Paid	<u>1,119,500</u>	
Net Savings		\$39,900
3.6% of total are excursion related		
Regular Hotel Rates	\$ 52,700	
Hotel Rates Paid	<u>36,100</u>	
Government applied rate savings		<u>\$16,600</u>
46% of hotel were paid at government rate		
GROSS SAVINGS		<u>\$56,500</u>
<u>Operating costs of Reservations Office</u>		
Salaries & Benefits	\$ 21,800	
Equipment Rental	<u>5,700</u>	
Total expenditure		<u>\$27,500</u>
NET OVERALL SAVINGS		\$29,000

NOTE: Government related airfare \$ 419,400  
 Medical Evacuation Airfare \$ 700,100

TOTAL \$1,119,500

Reservation Office Activities for Fiscal Year 1984/85April 1, 1984 to October 10, 1984

Regular Fare Structure	\$ 700,000	
Actual Fares Paid	<u>653,000</u>	
Net Savings		\$47,000
Representing 7.2% of total fares paid at excursion rate		
Regular Hotel Rate	\$ 72,100	
Hotels paid at Gov't rate	<u>50,000</u>	
Rate Savings		<u>22,100</u>
Representing 44.2% of hotels paid at government rates		
GROSS SAVINGS		\$69,100
<u>Operating Costs of Reservation Office to Period 7</u>		
Salaries and Benefits	\$ 12,325	
Equipment Rental	<u>2,826</u>	
Total Expenses		<u>\$15,151</u>
NET SAVINGS YTD		\$53,949
NET SAVING PRO-RATED TO YEAR END: (53,949/7 x 12)		\$92,500
NOTE: Government related airfare	\$353,500	
Medical Evacuation Airfare	<u>299,500</u>	
TOTAL		\$653,000

The use of excursion fares is being aggressively applied by the travel office, resulting in a marked increase in the net savings for the 1984/85 fiscal year. The use of the central travel agency ensures the consistent application of government policies and procedures. The central agency ensures that an aggressive approach to market availability of reduced airfare and hotel accommodation is taken advantage of.

Yours truly,



Sam Cawley,  
A/Deputy Minister.



Department of Justice  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File 3200-1  
Your File

1985 01 28

MEMORANDUM:

TO: Patrick L. Michael  
Acting Clerk to the  
Public Accounts Committee

FROM: Patricia A. Harvey T-1  
Assistant Deputy Minister

RE: Public Accounts Committee Recommendations

In response to your letter of January 16, the following is the status of the three recommendations concerning the Consumer and Corporate Affairs Branch of the Department of Justice. In addition, an updated response is given regarding the Committee's recommendation on the transfer of OH&S function to the Workers' Compensation Board.

1. "The occupational health and safety officer should be transferred from the Department of Consumer and Corporate Affairs to the Workers' Compensation Board."

The Yukon Government has reviewed this recommendation and determined that the present location of the occupational health and safety officers with the Consumer and Corporate Affairs Branch is the most appropriate.

The majority of jurisdictions in Canada have affected a separation by establishing separate health and safety units, usually within Departments of Labour. This separation has been necessitated because the two distinct, unrelated and often conflicting mandates cause a lack of direction which in turn results in poor overall service for the following reasons:

- a) While Boards may effect limited reductions in injuries through intelligent administration of their insurance function, it has been found that accident reduction is based on principles far removed from insurance. Attempts to combine the principles of insurance administration with the principles of accident prevention have failed in all jurisdictions.

- b) It was found that the potential for compromising claims decisions, based on information resulting from accident investigations conducted by in-house personnel, was far too great and led to numerous employer/employee Board conflicts.
- c) Many Boards were accused, usually incorrectly, of directing injury reduction efforts solely at the workers, based on the assumption that since the employer "foots the bill" he can overly influence Board decisions. While these allegations were largely unfounded, they persisted and led to numerous conflicts until the separation of functions was affected.
- d) Boards, in keeping with their insurance mandate, were concerning themselves only with the prevention of injuries and therefore provided a limited service to employers, employees and society generally. The cost of injuries, while very substantial, is minor when compared to total accident costs. The separations allowed prevention personnel to direct their efforts to reducing all accidents.

The Government of Yukon has made substantial efforts in the design of programs, legislation and, most importantly, of a basic accident prevention philosophy over the past months. Every effort should be made to ensure that this progress continues without interruption.

2. "The department (Consumer and Corporate Affairs) 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.

Consumer and Corporate Affairs Branch presently has underway a process of systematic review of all legislation under its administration. It is expected that the entire review will take from five to seven years as in excess of fifty pieces of legislation are involved. The issue of enforceability will be addressed as each statute is reviewed.

3. "The department (Consumer and Corporate Affairs) should establish unit cost performance indicators for those activities where statistical information is available."

Unit cost indicators are regarded to be of limited value in the lower volume activities of the Consumer and Corporate Affairs Branch. Instead of this approach, the Branch has chosen to focus on work flow review, development of procedures and examination of data systems.

The department will also be examining evaluation approaches in conjunction with the overall Government of Yukon thrust in this area.

To date, work flow studies have been carried out and procedure manuals developed for the administration unit and Consumer Services. A systems review is presently underway on the existing data base which is expected to lead to the development of a more up-to-date and comprehensive system. As noted in the department's 84-03-22 memo to the Committee, initial implementation is scheduled for later in 1985. Effective January 1st, Labour Services has implemented a program compiling a further data base to measure work flow and establish parameters to measure unit performance.

4. "The department (Consumer and Corporate Affairs) should establish performance standards for inspections and investigations, depending on their complexity, and measure the performance of the Occupational Health and Safety Officers against them"

The Labour Services Section has developed the basis for measuring performance standards for inspections and investigations. The system is now operational and data is accumulating on the performance of the unit. As has been stressed in previous communications to the Committee, the duties of the officers are significantly different from provincial counterparts. Thus, direct comparisons are not valid.

The major duties undertaken by the occupational health and safety officers may be classed as: a) inspections; b) investigations; c) instructions; d) consultation; f) administration; g) certification. Activities, based on critical need, are scheduled on a weekly basis and drawn from a list of worksites documented earlier this year. Class "A" hazard worksites require a minimum of 2 services per year while Class "B" and "C" worksites should be serviced annually. This is not a strict criteria as many worksites may, and often do require more service.

Activities have been balanced between inspections, consultations and instructing. It has been found that given the developmental stage of occupational health and safety services in Yukon inspections do form a larger proportion of these services and will continue to do so for several years.

The actual efficiency of the officers is based on a number of criteria which are monitored and reviewed by the Administrator of Labour Services. These include: a) the performance of scheduled to actual activities; b) the priorities given to assessed


critical need; c) the balance struck between inspections, consultational and instructing; d) response time to unexpected incidences; e) the level of documentation provided in reports. While some of these criteria will be reflected in the activity level as reported through the units statistics, other measures will remain qualitative in nature.

It must be stressed that the duties of these officers are part of an integrated accident reduction program developed by the branch. It is a dynamic environment wherein the emphasis will shift to meet new and unexpected demands. An example of this would be the number of inquiries concerning dangerous substances. These unexpected and time consuming demands have been responded to through a shifting of the units mix of duties.

The primary focus of the program, educating employers, employees and the general public on occupational health and safety matters in turn creates additional demand. As people become more aware of the importance of safety, the number of inquiries and requests for inspections has increased.

The Occupational Health and Safety unit has demonstrated measurable results in risk reduction. Visible proof of this is shown by the reduction in Workers' Compensation Board assessment rates for 1985.

I trust this additional information is satisfactory to the Committee.

  
Patricia A. Harvey  
Assistant Deputy Minister  
Department of Justice



Department of Health and  
Human Resources  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File: 1800-7  
Your File:

85/02/07

Missy Follwell  
Clerk Assistant  
Yukon Legislative Assembly  
A-9

RE: PUBLIC ACCOUNTS COMMITTEE

Dear Ms. Follwell:

In response to your request for comment on action to comply with the Public Accounts Committee recommendation respecting social worker performance indicators (1982 Report), I am pleased to advise the Committee that time allocation performance indicators of social case work practice have been developed within the department following completion of a comprehensive work flow study and selective time studies late in 1984. In the near future, I will be able to provide the Public Accounts Committee with a summary report on this project. The time allocation indicators address social case work activities during the actual year subject to evaluation, that is calendar year 1984.

While the Department is quite prepared to share the report of our findings and discuss its contents with the Committee, this information will not be reflected in the 1985-86 Main Estimates, although a format compatible with the program activity statistics already provided in the main estimates has been utilized. While our results are, we believe, reasonably sound due to the rigor of the research and statistical analysis procedures employed, they are only valid for the period addressed by the work flow and time studies. The length of explanatory narrative necessary to ensure that the indicators are clearly understood is such that we have determined, in consultation with the Department of Finance, that these point-in-time indicators of social case work practice are not appropriate for inclusion in the main estimates summary format.

Through the latter stages of the work flow study, a number of major legislative, program delivery and organizational factors evolved, significantly changing the framework within which our social workers function and the specific tasks they perform in managing their case work. Committee members will be familiar with the new Children's Act and the new federal Young Offenders Act for example, as major initiatives which have impacted social worker responsibilities and activities.

As the Committee will note in the description of findings in the summary report, to follow, the Department has nonetheless already been able to utilize the study results to re-examine staffing levels in certain program areas and realign priorities and procedures in others.

In my view, the Department has now satisfied the spirit and intent of the 1982 recommendation of the Public Accounts Committee. I am available to discuss the summary report on time allocation performance indicators of social case work with the Committee should this be desired.

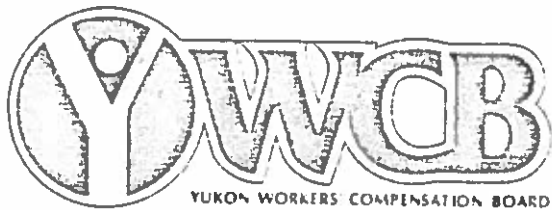
The continuing interest of the Committee in quantifying social case work practices has been appreciated. Thank you.

Yours truly,

A handwritten signature in dark ink, appearing to read 'W. J. Klassen', written over a horizontal line.

W. J. Klassen  
DEPUTY MINISTER  
Health & Human Resources

WJK:lw



SUITE 300 - 4110 4TH AVENUE  
WHITEHORSE, YUKON Y1A 4N7  
TEL: (403) 667-5645 TELEX: 036-8-260

FILE NUMBER: 3500-27

*File d 3500-27*

February 18, 1985

MEMORANDUM

TO: Ms. Missy Follwell  
Clerk to the Standing Committee  
on Public Accounts

This is further to your telephone call February 11, 1985, regarding Recommendation No. 7 of the Public Accounts Committee Report which reads: "The Board should develop a performance measurement system including comparisons with previous years of the time taken to process claims and of changes in the rates of accidents which would be summarized in the Board's Annual Report."

Again, we would like to state that the establishment of performance indicators and standards for claims is complex and indeed nearly impossible.

As stated before, the Board does have in place a system whereby supervisors, the Claims Review Committee, and the members of the Board, review claims and assessment files at random to ensure that the staff is performing the quality of work necessary to adjudicate the files in time and with quality service. Further, when dealing with claims you are dealing with an individual and each case can take longer in the healing process than others. We also have in place policies for physiotherapy treatment, for back claims where after a certain period these files are reviewed by our Medical Consultant to ensure two things:

- (1) that the claimant is receiving adequate treatment for his injury, and
- (2) that he is not on compensation longer than required because of not receiving proper medical care.

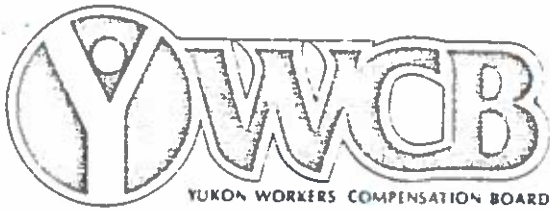
We feel that with the small volume of claims we are still able to give personalized service to our claimants and to establish performance measurement system would be very costly, as a consultant would have to be brought in to put the system into place. We feel if this occurs then we will lose the personalized service that we can now give.

I hope this further explanation is satisfactory and meets your concerns.

*B. Booth*

B. Booth  
Chairman

BB/kr



SUITE 300 - 4110 4TH AVENUE  
WHITEHORSE, YUKON Y1A 4N7  
TEL: (403) 667-5645 TELEX: 036-8-260

FILE NUMBER: 3500-27

October 22, 1984

Ms. Missy Follwell  
Clerk to Committee  
Yukon Legislative Assembly  
Box 2703  
Whitehorse, Yukon  
Y1A 2C6

Dear Ms. Follwell:

In reply to your letter dated October 15, 1984 in regards to the Public Accounts Committee Report of 1984.

5. RECOMMENDATION

The Board should include in its Annual Report a description of the various classes and disclose the specific industries within each class, the assessment rates of each class for that year and for the previous years, and details, by class, of those actual assessable payrolls compared to those of the prior year and to those estimated.

COMMENT

We are pleased to report that the Board has included in the Annual Report for 1983 a description of the various classes and the industries within the classes, the assessment rates, assessable payrolls and the previous figures for comparison.

6. RECOMMENDATION

The occupational health and safety officer should be transferred from the Department of Consumer and Corporate Affairs to the Workers' Compensation Board.

COMMENT

The Government is presently reviewing all aspects of Occupational Health and Safety and drafting new legislation on the subject to replace the Accident Prevention Regulations pursuant to Workers' Compensation Act.

7. RECOMMENDATION

The Board should develop a performance measurement system including comparisons with previous years of the time taken to process claims and of changes in the rates of accidents which would be summarized in the Board's Annual Report.

COMMENT

The establishment of performance indicators and standards for claims is indeed a complex subject. It is obvious from discussions with other jurisdictions that it is nearly impossible.

It is in the area of quantitative measurement that numerous external variables begin to impinge upon the setting of meaningful performance standards. Variables include: Caseload size, availability of medical services, assessment and training facilities, medical specialists and the geographical distribution of the caseload.

The only method available is regular case (claim file inspections) reviews, annual performance reviews. Regular meetings with staff and claimants are consistently the most effective means of assessing the quality of work performed by the Workers' Compensation Board staff. It therefore is not possible to develop a performance measurement of the time taken to process claims with comparisons.

8. RECOMMENDATION

The Board should disclose in its financial statements the allowance for doubtful accounts and the actual write-offs for the year.

COMMENT

The Board have disclosed in the Financial Statements for 1983 the allowance for doubtful accounts and the actual write-offs for the year.

Yours truly,



B. Booth  
Chairman

BB/mm

cc: W.E. Byers, Q.C.

## APPENDIX 2

Auditor General's Report  
on "any other matter" for  
year ended March 31, 1984



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

January 30, 1985

The Honourable Don Taylor, M.L.A.  
Speaker of the Yukon Legislative Assembly  
Box 2703  
Whitehorse, Y.T.

Dear Mr. Taylor:

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.C. 1970, c. Y-2.

The report deals with "any other matter" arising from my examination of the accounts and financial statements of the Government of the Yukon Territory and the Yukon Housing Corporation for the year ended March 31, 1984 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

encl.

**REPORT ON "ANY OTHER MATTER"  
FOR THE YEAR ENDED MARCH 31, 1984**

I have completed the audit of the accounts and financial statements of the Government of the Yukon Territory for the year ended March 31, 1984. 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. These requirements were met in my report to Council of October 5, 1984 in respect of the fiscal year ended March 31, 1984.

I have also examined the financial statements of the Yukon Housing Corporation and the Yukon Liquor Corporation for the year ended March 31, 1984 and the Compensation Fund (Yukon Territory) for the year ended December 31, 1983 and have reported thereon to the Commissioner of the Yukon Territory, and, in the case of the Yukon Liquor Corporation to the Executive Council Member responsible, as required by their respective Acts. 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 financial control systems and such tests as were considered necessary in the circumstances. 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 co-operation extended to my officers during the audit.

During the year the Public Accounts Committee of the Yukon Legislative Assembly held its fifth series of formal meetings during the period from February 7 to 16, 1984. In accordance with procedures adopted by the Committee, senior officers of my Office attended these meetings to provide assistance to the Committee. The Fifth Report of the Committee was tabled in the Assembly on May 3, 1984. The Fifth Report contained 13 recommendations and included follow-up on both the status of implementation of prior years' recommendations and a status report on my 1983 Report on "any other matter".

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 to your attention the following matters which have been discussed with the Government Leader. The Report includes the Government's comments against the related recommendations. Also included are matters related to the Yukon Housing Corporation together with the Corporation's comments against the related recommendations.

## DEPARTMENT OF FINANCE

### 1. Year-end Closing

When making year end audit plans and arrangements we have stressed the need for the Department of Finance to have draft final financial statements and supporting schedules available to us before starting the year end audit work. This facilitates the effective planning and execution of the audit and enables us to report on a timely basis to allow tabling of the Territorial Accounts within the statutory deadline.

Unfortunately, other priorities in the Department of Finance this year, had a negative impact on the control of the year-end closing procedures and the timely preparation of the final draft financial statements. For example, certain schedules were not available until half way through our year end field audit in June 1984 and delayed completion of our work. Operating grant, EPF contribution and income tax adjustments were not finalized until the last week of our field audit although the information for making the adjustments was available in April 1984. Furthermore, a number of material audit adjustments, including improper cheque cut-off, which has been a problem area at the previous two year ends, had to be made before we could complete our audit. Restated comparative figures for 1983 were not sent to us until the end of September 1984. A second visit was necessary in the week ended October 5, 1984 to complete our field work and finalize the financial statements.

In order to permit timely tabling of the Territorial Accounts and allow us to carry out an effective audit, it is essential that year-end closing procedures and preparation of financial statements be given the necessary priority so that we can fulfil our responsibilities on a timely basis.

#### Recommendation

1. Target dates for completion of the various phases of the year-end closing and preparation of schedules and draft financial statements should be established and monitored by a senior officer, independent of the accounting function.

#### Government's Comments

1. Target dates for completion of all phases of the year-end closing are established each year by Finance. These are contained in the year-end instruction manual printed by Finance and sent to all departments prior to each fiscal year-end. The manual is also made available to the Auditor General's staff each year. The year-end closing is monitored by a senior officer of Finance in consultation with the office of the Internal Auditor. In view of the highly technical nature of the process of closing, it is not practical to have a monitoring officer independent of Finance.

The year-end closing of fiscal 1983-84 was no exception to these established procedures. As in previous years, all personal leave was suspended and there were no "other priorities" in Finance during the closing period that interfered with the process. Despite a two-week delay in closing the computer master-files, it is documented that the preparation of draft financial statements was accomplished in time for the field audit that commenced on June 11, 1984, as planned. Although the manual typing of some of the schedules continued during the field audit, all the pertinent information was available in the computer print-out format. With reference to the EPP, operating grant, and income tax figures, the finalization of the adjustments was delayed although the information was available earlier. However, as indicated in the preamble to this recommendation, these adjustments were completed before the conclusion of the field audit which was not delayed beyond its planned dates.

With respect to the material audit adjustments including the cheque cut-off, these are the outcome of the audit findings and cannot be captured before the audit is conducted. The second visit undertaken by the auditors was basically to complete the audit of Yukon Housing Corporation which was behind schedule, and over which the Department of Finance had no control.

Facts indicate that the field audit was successfully conducted and completed on June 29, 1984,

as planned. There was no indication given of any delays at the conclusion of the audit or in the subsequent four months during which the Territorial Accounts were being finalized.

It is our understanding that the normal auditor-client relationship is one in which the auditor should prepare and present to the client a proposed audit schedule. The purpose of this is to enable the client to plan properly for the audit and to organize the necessary staff. A schedule of this kind for fiscal 1983-84 was requested in conversation with the Auditor General's staff but nothing materialized. Since a timetable of this kind is essential for the orderly completion of the annual audit, it is hoped that one will be provided in future years.

2. Appropriations Overexpended and Appropriation Acts

Under the Financial Administration Act in force to March 31, 1984, overexpenditures of appropriations were deemed to be interim appropriations for which supplementary appropriation approval would be sought from Council during the following fiscal year. The new Financial Administration Act, proclaimed effective April 1, 1984, contained no such automatic appropriation provision. The following appropriations were overexpended at March 31, 1984:

<u>Operations and Maintenance</u>		
Vote 16	Government Services	\$ 30,592
<u>Capital Expenditures</u>		
Vote 2	Highways and Transportation	578,178
Vote 9	Executive Council Office	960

The amounts over-expended have been identified within the Territorial Accounts in the Schedule of Appropriations, Expenditures and Unexpended Balances. In accordance with provisions of the Financial Administration Act in effect prior to

the major revisions to the Act, effective April 1, 1984, the over-expenditures would have been deemed to be an interim appropriation to be submitted as a supplementary appropriation for approval by Council during the year ended March 31, 1985. However, the Department of Finance believes that there has been no overexpenditure of appropriations for 1983-84 since funds appropriated to a department for both capital and operation and maintenance expenditures do not constitute separate appropriations but represent one appropriation for each department from which total expenditures (both capital and operations and maintenance) could be made. On the basis of this interpretation no overexpenditures did arise as, in each case, the total departmental appropriation was sufficient to cover total departmental expenditures. However, the Department's position is not consistent with 1983-84 Supplementary Estimates No's 1 and 2 which supported the Fourth and Fifth Appropriation Acts, 1983-84. These Supplementary Estimates included separate summaries of capital and operation and maintenance expenditures which provided revised vote totals for each department and agency. The details, broken down between capital and operation and maintenance expenditures, were included in Schedule B to each of the above Acts. Although the amounts were not voted on by the Legislature, Section 3(2) of each Act states categorically that the sums appearing in Schedule B are the total sums that have been appropriated. Each sum listed must, therefore, be deemed as a separate appropriation or item. The amounts overexpended in the above-mentioned appropriations would, therefore, require an authorizing vote to comply with the requirements of Section 38(2) of the current FAA but no additional funding would be required. This would be provided through transfers between votes of the departments concerned.

Schedule A to the Fifth Appropriation Act, 1983-84, 1984 c.8, identified a net requirement of \$997,000 comprising sums required of \$7,415,000 offset by sums previously appropriated but not required of \$6,418,000. Although the gross requirement was identified in Section 2(1) of that Act, the Legislature voted the funds on a net basis which had the effect of authorizing transfers between votes. Schedule "A" made no reference to other transfers of funds between votes in the amount of \$933,000 since they related to responsibilities transferred from one department to another and did not require additional funding. A similar situation occurred in respect of the Fourth Appropriation Act 1983-84, 1983 c. 21, when Schedule A made no reference to funds transferred of \$1,425,000. These types of transfers should also be identified in Schedule A to provide a complete reconciliation with the details listed in Schedule B.

Recommendation	Government's Comments
1. Schedule A should include funds transferred between votes in respect of responsibilities transferred from one department to another.	1. It is recognized that the Appropriation Acts could be presented more clearly and a move in this direction has been made in the Fourth Appropriation Act 1984-85.  However, as indicated in the preamble to this recommendation, it is the position of the Department of Finance that no overexpenditure of appropriations for 1983-84 occurred.

Recognizing that the automatic interim appropriation provision in the old Financial Administration Act would no longer be in effect after March 31, 1984, contingency financing was included in the Fifth Appropriation Act 1983-84. This was made known to the Legislative Assembly when the bill went through the House. It should not be necessary to place the same appropriation before the Legislature twice.

The preamble to this recommendation states further that each sum listed in Appendix B of the Appropriation Act must be deemed as a separate appropriation or item. It is not clear that this is the case. It is equally arguable that section 2(1) of the Act authorizes additional expenditures for each department up to the limits set out in Appendix A, and these amounts provided financing in excess of departmental expenditures in every case.

Section 18(2) of the current FAA provides that a vote does not authorize any payment to be made in excess of the amount specified in the vote except for year end payments which, as provided by Section 38, are to be made from a vote for that fiscal year. It is not abundantly clear from these Sections what happens if the payments exceed the amount specified in the vote. To overcome this problem a contingency provision of \$1,292,000 was included in the amounts appropriated by the Fifth Appropriation Act. However, instead of having a separate vote for this item in Schedule A to that Act, the amount was allocated to each vote. Had this amount been the subject of a separate vote, under the control of Management Board, which clearly identified what it was for, how it was to be used and accounted for, the problem with the appropriations overexpended could have been avoided. This approach would also have provided a better control of year end expenditures.

### Recommendation

2. A separate vote to cover any contingency provision should be included in Schedule A of the related Appropriation Act and placed under the control of Management Board.

### Government's Comments

2. A separate vote to cover contingencies under the control of the Management Board is clearly an alternative to the course of action adopted in the Fifth Appropriation Act 1983-84. At this stage, however, the Government would prefer not to proceed with a separate contingency vote. It would be cumbersome to administer and may not be necessary with a fully automated commitment control system for which planning is currently underway.

### 3. Signing Authorities

We have observed in previous years on the improper certification under Sections 19 and 20 of the Financial Administration Act when processing accounts for payment. This continues to be a problem area. We noted many instances in 1983-84 when contract progress payments made by the Public Works Branch of the Department of Government Services were certified by officers, either, with no delegation of authority, or, who had exceeded the limit delegated to them. Violation of signing authorities was also noted in payments by other government departments. Proper certification of expenditures under Sections 19 and 20 of the Financial Administration Act is an important control element when processing accounts for payment. Control is seriously weakened if the authority is exercised improperly.

### Recommendation

1. Action should be taken to ensure that payments are not processed without proper signing authorities.

### Government's Comments

1. Problems of certification in previous years, including the certification of contract progress payments, emanated from lack of clarity in the Directives and lack of training of the financial staff.

The Signing Authorities Directive issued pursuant to the new Financial Administration Act identifies all financial signing authorities, their limits, and the process of delegation. Amended control procedures for the processing of contract progress payments are already in place and the Department of

Finance has initiated training programs for the financial staff of all departments to ensure that all payments are processed in compliance with the Directive.

#### 4. Commitment Control

The Financial Administration Act, assented to on November 3, 1983, has been proclaimed in force with effect from April 1, 1984. Section 18 states that:

- (1) No payment shall be made at any time from the Consolidated Revenue Fund for any purpose unless a provision of this or another Act authorizes the payment to be made for that purpose at that time.
- (2) A vote does not authorize any payment to be made in excess of the amount specified in the vote... except as provided by sections 26 and 38, after the end of the fiscal year to which the vote applies.

Section 29 further provides that:

- (1) Every public officer shall keep records of commitments for the expenditures chargeable to each vote or fund for which he has been assigned responsibility under paragraph 22(2)(b).

A review of existing commitment systems maintained by departments indicated that:

- salaries, wages, and employee fringe benefits were not being committed;
- not all purchase orders and contracts were being entered into the commitment system;
- commitment records were not being maintained for all programs; and
- departments were not being informed of commitments made on major capital projects, managed on their behalf by the Public Works Branch of the Department of Government Services.

Commitment records, if maintained properly, provide departments with the information necessary to stay within the funds appropriated under their votes. We understand that the Department of Finance is in the process of developing a computerized commitment/expenditure system.

### Recommendation

1. The Department of Finance in developing the new system, should take into consideration the deficiencies referred to above.

### Government's Comments

1. The Financial Administration Act proclaimed in effect from April 1, 1984, has no bearing on the fiscal year ended March 31, 1984. The examination of that fiscal year and any comments thereon should be in relation to the statute in force during that fiscal year.

Sections 18, 26 and 38 of the new Financial Administration Act deal with "Payments", and these sections do not apply specifically to the subject of Commitment Control.

Section 29 of the Act, which deals with "Commitments", clearly states that the responsibility for records of commitments lies with the public officers responsible for each vote or fund. Specific observations with regard to this responsibility should be cited under the appropriate department.

The main thrust of the recommendation appears to be aimed primarily at the development of new commitment control systems. It is agreed that current deficiencies should be taken into account in developing new systems of commitment control.

### 5. Accounting Policy - Employee Pay and Termination Benefits

The accounting policy is to record employee pay, except for teachers' salaries, on an accrual basis. The accounting policy with respect to teachers' salaries, which are earned over the ten-month school year but paid on a twelve-month basis, is to record them when paid. No liability is recognized at the year end for the earned but unpaid teachers' salaries. This policy is inconsistent with the accounting policy for government expenditures including salaries of other employees, which are recorded on an accrual basis.

Recommendation

Government's Comments

1. The accounting policy with respect to teachers' salaries should be to record them on an accrual basis, the same as for other government expenditures.

1. We agree with this recommendation. Earned but unpaid salaries of the teachers will be recorded on an accrual basis at the end of the fiscal year starting with 1984-85.

Under the terms of each Collective Bargaining Agreement, employees are eligible for payment of certain termination benefits and for unused vacation and sick leave. Payments for termination benefits are based on length of service and salary at the date of termination. Any payments for unused portions of vacation and sick leave at the date of termination are also based on the salary at that date. The calculations are based on personnel records maintained by the Public Service Commission, and on leave and attendance records maintained by other government departments. The accounting policy is to record such payments on a cash basis and not recognize any liability for unused portions of vacation and sick leave and termination benefits earned by employees at the end of the fiscal year.

The Financial Administration Act provides for use of the accrual basis of accounting for all government expenditures. Recognition of an accrued liability for employee leave and termination benefits is necessary so that the Government's financial statements can more properly reflect the Government's financial position. For this purpose, we have had a number of meetings with the Department of Finance and the Public Service Commission on this subject in the past two years. Last year, problems were being experienced with reconciling the leave and attendance records and in determining an appropriate basis for making the accrual. The leave and attendance records of other government departments were being audited by the Public Service Commission during the year. The work was incomplete at the year-end. We have been advised that it should be feasible to complete this work and to determine an appropriate basis for making the accrual by March 31, 1985.

Recommendation

Government's Comments

2. The Department of Finance should ensure that an accounting policy for the accrual of employee leave and termination benefits is established and operative by March 31, 1985.

2. We agree with this recommendation in principle. The implementation of the ongoing accrual, however, is quite complex and involves all departments. While every effort will be made to implement this recommendation, it is not possible to make a commitment that it will be done by March 31, 1985.

6. Manuals and Procedures

The Finance Operating Manual contains accounting policies and procedures on various operating activities of the Government and should be kept up to date. The

Department has no procedure for reviewing and updating the Manual with the result that no updating has occurred since the Manual was issued in 1979. Since that time, there have been many significant changes in accounting procedures, particularly for payroll and general disbursements. For example, the general disbursement section of the Manual contains out of date procedures on batch processing, accounts payable processing, cheque signing and control. Furthermore, this section does not include policies and procedures to deal with long outstanding cheques, undelivered cheques and approval of bank reconciliations. If new control policies and procedures are implemented, or revised from time to time, a review and update procedure for the Manual would provide the means for incorporation into the Manual.

Recommendations	Government's Comments
1. Procedures should be established to systematically review and update the Manual.	1. Updating the Financial Administration Manual has been deferred pending introduction of a new Financial Administration Act and the related regulations and directives. This will continue as a low priority until completion of computerized financial systems. Changes in the financial operating procedures, in the meanwhile, have been such that a complete rewrite and not merely an update of the manual is required. It is agreed, however, that a new manual should be issued and procedures for a systematic review and update be developed at the appropriate time.
2. Policies and procedures dealing with the revised payroll and disbursement system, long outstanding cheques and approval of bank reconciliations should be incorporated into the Manual as soon as possible.	2. Procedures dealing with payroll and disbursement, outstanding cheque reconciliation, and bank reconciliation approval will be included in the Manual when it is rewritten. It is recognized that, in addition, individual manuals are needed for specific computerized systems and some progress is contemplated in this area in the coming year.

## DEPARTMENT OF HIGHWAYS AND TRANSPORTATION

### 7. Engineering Services Agreement

Construction and engineering costs for Federal highway projects are recoverable from DIAND under an Engineering Services Agreement. This Agreement provides for accountable advances to be made to the Government. Because of the administrative complexity of obtaining individual project approval for each advance, no accountable advances were received during the year.

Costs recoverable under the Agreement in 1983-84 amounted to \$6,577,000 including an accrual of \$1,171,000 for expenditures incurred from February 1 to March 31, 1984. Two progress claims were submitted to DIAND and paid during the year. The first covered expenditures of \$1,965,000 incurred from April 1, 1983 to July 20, 1983, paid on December 2, 1983. The second covered expenditures of \$3,441,000 incurred from July 21, 1983 to January 31, 1984, paid on March 21, 1984. The expenditures, until paid by DIAND, were in effect being financed by the Yukon Consolidated Revenue Fund for extended periods of time. This has a limiting effect on the Government's cash flow and working capital.

#### Recommendation

#### Government's Comments

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| 1. Accountable advances should be obtained from DIAND or billings should be made on a monthly basis. | 1. It is the Department's intention to take full advantage of the advance provisions of all agreements. |
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### 8. Road Equipment Replacement Account/Fund

The operations of the Road Equipment Replacement Account/Fund have been referred to previously in our management letters, the most recent being December 7, 1983, and in our Reports to Council most recently for the year ended March 31, 1983. Charges for the use of road equipment, including an implicit depreciation factor, are reflected as expenditures of user departments and are credited to the Account together with any proceeds from the sale of equipment. The Account is charged with operating expenditures and purchases of replacement equipment when incurred. We had recommended inter-alia that the Account be operated in the same way as other revolving funds of the Government. The Government, in responding to our recommendations, mentioned that the Account had operated as a special reserve account since its inception and that it should be allowed to operate under the new Financial Administration Act as a partial revolving fund for a reasonable period of time before making legislative changes. The Account became a Fund effective April 1, 1984.

Our audit of the operations of the Account disclosed the following matter.

Expenditures without proper authority. In accordance with the policies established for the operations of the Account, the balance in the Account at any time should be a credit balance. The balance is equivalent to the implicit depreciation factor recovered in the charge-out rates established for use of the equipment and may be used to acquire replacement equipment.

Expenditures charged to the Account in two consecutive accounting periods resulted in the Account being overexpended in those periods by \$452,000 and \$486,000 respectively. Although corrected in subsequent periods, the Department, during the period in question, was approving expenditures for payment even though funds were not available in the Account to meet those expenditures.

Recommendation	Government's Comments
1. The Department should not approve payments in excess of funds available.	1. The Department operated prior to April 1, 1984 on the understanding that a deficit in mid-year was allowed; that is, year-end balance was the operating criterion. This practice has been changed under the new Financial Administration Act.

9. Dust Palliatives Revolving Fund

The Dust Palliatives Revolving Fund was established in 1974 by the 5th Appropriation Ordinance, 1973-74. The amount charged to the Fund at any time is not to exceed an authorized limit of \$1.2 million. In addition, under the new Financial Administration Act, which became effective April 1, 1984, the value of the inventory is not to exceed the authorized limit.

The balance of expenditures charged to the Fund at March 31, 1984 was \$1,442,000 (1983 - \$685,000). It was represented by inventories of \$1,913,000 (1983 - \$890,000) less accounts payable of \$471,000 (1983 - \$205,000). The amount charged to the Fund exceeded the authorized limit by \$242,000 at the year end. The value of the inventories on hand at the year end also would have exceeded the authorized limit by \$713,000, had the new Financial Administration Act been effective during the year. This situation arose from placing an order with a supplier of calcium chloride in January 1984 in the amount of \$1,681,000 without regard to the authorized limit of the Fund. The order was roughly equivalent to twelve months consumption of calcium chloride. We have been informed that subsequent to the year end the limit of the Fund has been increased to \$2 million.

Recommendations	Government's Comments
1. The Department should establish maximum and minimum levels for storing and reordering calcium chloride.	1. Calcium chloride is not stocked for use as are most stores items and therefore maximum and minimum stocking levels do not apply.
2. The Department should establish procedures to ensure that the Fund limit is not exceeded at any time.	2. The Fund has been established at \$2,000,000 in the Financial Administration Act to allow a change in delivery schedule precipitated by closure of the

White Pass and Yukon Railway. With the rail closure, the total tonnage required had to move up the highway system. Scheduling was changed to require delivery of the annual tonnage prior to March 31 before the spring break-up rather than in two movements bracketing the fiscal year-end. Procedures are now in place to ensure the Fund limit will not be exceeded.

#### 10. Motor Vehicle Licencing

Motor vehicle licence plates and decals are serially numbered. They are issued by the Department or through Territorial Agents and controlled on a numerical basis. Cash received from the sale of plates and decals is recorded in cash blotters by an employee and reconciled with the issues recorded by the control clerk.

We found the following internal control deficiencies in licencing procedures:

- unissued decals held by Territorial Agents were not being returned to the Department at the end of each renewal year;
- a physical count of the unissued plates and decals held by the Department was not being made and, together with the unissued plates and decals held by Territorial Agents, reconciled with the control records to account for the cash received; and
- the employee responsible for preparing the cash blotter has overall control of licence plates and decals.

Recommendations	Government's Comments
1. Territorial Agents should return unissued decals to the Department at the end of each renewal year.	1. Territorial Agents now return unused decals to the Motor Vehicles Branch at the end of the renewal year.
2. The Department should undertake a physical count of unissued plates and decals at the end of each year and reconcile the inventory with the control records.	2. Physical count of unissued plates and decals will be done at the end of the current year and reconciled with issue records.

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| 3. The Department should establish overall control of plates and decals through a person independent of the cash function. | 3. Commencing February 1, 1985, (new license year), the decals will be maintained and reconciled by the Finance and Administration Branch and the cash collection and reconciliation will be performed by the Motor Vehicles Branch. |
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#### DEPARTMENT OF MUNICIPAL AND COMMUNITY AFFAIRS

##### 11. Land Development Costs Inventory

Our Reports to Council for the past three years have 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 Government's substantial land inventories. The Government's policy is to charge these costs to expenditure when incurred and to recognize revenue from the sales of land at the time of sale. The Department estimated the land development costs inventory at March 31, 1983 to be \$18 million.

In responding to the recommendations in our 1983 Report to Council, the Department referred to discrepancies and inconsistencies between the land inventory records and Land Registry which had to be investigated. The investigation was extremely time consuming and, although a considerable amount of work had been done, a more realistic time-frame to complete this work would be March 31, 1985 instead of March 31, 1984 as recommended by us. The Department is working towards meeting this objective. In the meantime the Government, in 1984, approved the Department's land costing policies. Should the Department meet its objective of completing the land inventory by March 31, 1985, the Department will be in a position to implement the other recommendations made by us. These recommendations relate to disclosure in the financial statements of the development cost of land for sale as an asset of the Government and, commencing with the 1985-86 Capital Estimates, disclosure in the Capital Estimates of the proper funding requirement for land development cost expenditures and the cost of the land development inventory.

##### Recommendation

##### Government's Comments

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| 1. The Department should take every action to ensure that the development costs of land for sale are determined by March 31, 1985. | 1. The Department is taking every action to ensure that the development costs of land for sale are determined by March 31, 1985. The 1985-86 Capital Estimates disclosed the recovery component of land developed for sale. The financial statements for the 1984-85 fiscal year will disclose the value of the finished land inventory and the development inventory as an asset of the Government of Yukon. |
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## 12. Land Sales

The Regulations governing the administration and disposal of Yukon Lands, authorized by OIC 1983/192, include various provisions with respect to land sales.

The provision in respect of the determination of the sale price of land requires that it is to be based on development costs, with each lot bearing an equitable portion of the costs including such costs as carrying charges. Our review of the land inventory indicated that the Department in determining the sale price of land does not include carrying charges attributable to the cost of land held in the work in process inventory. The Department is, therefore, not complying with the requirements of the Regulations. This omission is significant as the total estimated cost of the land inventory at March 31, 1984 comprised finished land of \$7 million and work in process of \$11 million. Transfers are made from work in process to finished land when the lots are fully developed and should include such costs as carrying charges at that time since much of the land designated as work in process has been under development for many years. For example, the main portion of the costs of the Hillcrest development is included in work in process at a total cost of about \$9 million. The costs were primarily incurred between 1979 and 1980.

### Recommendation

1. The Department should include the carrying charges in the work-in-process land inventory as development progresses so as to ensure compliance with the Regulations.

### Government's Comments

1. The Department will include, commencing April 1, 1985, the carrying charges in the work-in-progress land inventory as development progresses.

## DEPARTMENT OF EDUCATION

## 13. Departmental Objectives

The departmental objectives according to the 1983-84 Main Estimates are:

- to provide primary, elementary and secondary education for school age children in Yukon;
- to facilitate the development of Yukon's human resources by providing an adult training and continuing education program and a manpower planning and services section;
- to provide recreation programs for Yukon residents.

In 1983-84, the Department was actively involved in the field of job creation and retention although it was not referred to in the departmental objectives. During the year, all departments, at the request of Finance, had redrafted their objectives where necessary, for inclusion in the 1984-85 estimates. However, our review of the 1984-85 Main Estimates indicated that these activities again had not been included in the departmental objectives. The Department should ensure that all significant activities are reflected in its objectives to more fully support the funds being requested.

Recommendation	Government's Comments
1. The objectives included in the Main Estimates should include all significant activities of the Department.	1. It was our opinion that this Department's job creation and retention activities were inherently included in the objective specifying the provision of a manpower planning and services section and that specific mention of our job creation and retention activities should not be required in our outlined objectives. However, we have amended our objectives to encompass provision of employment development and job retention programs in the 1985-86 Main Estimates.

#### DEPARTMENT OF RENEWABLE RESOURCES

##### 14. Licences/Permits

Prenumbered forms are used for the control and receipt of cash for fishing, hunting, trapping and other licences or permits issued by the Department and other vendors. Cash return forms are submitted either on a weekly or monthly basis and are verified by the Revenue Clerk with the attached duplicate copy of the licences or permits issued to ensure that the amounts have been accounted for. At the end of the season, the licence or permit forms, assigned to the Department or vendors, that have not been used are recalled and entered in a control log. However, our review of the system indicated that the unused prenumbered books in the Department and those submitted by the vendors at the end of the season were not being reconciled with the cash returns, nor, was the numerical sequence of the licences or permits issued being accounted for.

Recommendation	Government's Comments
1. The numerical sequence of all used permit or licence forms should be accounted for and reconciled with the revenues recorded.	<p>1. The Department currently records licences issued, licences returned unused and total licences used. The deposits are reconciled to licences sold individually but not in total at the end of the licence season.</p> <p>The Department will establish a reconciliation form; classify the vendors by volume/revenue collected; reconcile all large vendors and, on a sample basis, the smaller vendors.</p>

## DEPARTMENT OF HEALTH AND HUMAN RESOURCES

### 15. Social Assistance Program

Payments for food, clothing, incidental, shelter, fuel, utilities and items of special need under the Social Assistance Program are governed by rates included in Schedule A of the Social Assistance Regulations passed in 1972 and amended from time to time by Order in Council. These include the following rates that have not been amended by Order in Council since the Regulations were passed:

- fuel allowances for one and two persons of up to \$240 annually and for three or more persons of up to \$300 annually; and
- similarly for utilities of up to \$220 and \$350 annually.

In both cases, authority is provided to increase these allowances to minimum actual costs where hardship would otherwise result. The rates for shelter, which have not been amended by Order in Council, are also governed by the 1972 Regulations Schedule A. These authorize rental allowances for single persons and families, based on actual costs, up to stated maximums for furnished and unfurnished accommodation, with or without utilities. A further provision is that the Director of Social Welfare may increase the rental allowances to minimum actual costs, upon being satisfied that extreme hardship would otherwise result.

Pursuant to the authority provided for in the Regulations, the Director, in January 1984, authorized an increase for rental allowances, including fuel and utility allowances, where extreme hardship would otherwise result, of up to \$225 monthly for single persons. Similarly, monthly increases of up to \$450, \$500 and \$600 respectively were also authorized for two, three and more than four person families. The increases authorized do not distinguish between furnished and unfurnished accommodation, with or without utilities, and make no reference to actual rents, as contemplated by the provision for shelter allowance. Furthermore, the increases authorized deal with numbers of persons instead of single persons and families.

#### Recommendations

1. The Director of Social Welfare should authorize separate increases for fuel, utility and shelter allowances consistent with the provisions of Schedule A to the Regulations.

#### Government's Comments

1. Schedule A to the Regulations is out-dated and is currently being revised in order that allowances paid no longer fall in the "exceptional" category, unless they are really exceptions. The policy instituted in January 1984, was of an interim nature pending the revision of Schedule A to the Regulations. The extreme hardship clause was cited as the authority for the policy.

- |   |  |
|---|--|
| 2. The existing provisions for fuel, utilities and shelter allowances in Schedule A to the Regulations should be kept reasonably current at all times by amending Order in Council. | 2. The proposed revisions to the Social Assistance Regulations will be drafted to address the issue of keeping allowances current. |
|---|--|

### CAPITAL PROJECTS

Two capital projects of a completely different nature were selected for audit examination this year; the Department of Education Porter Creek Junior Secondary School project and the Department of Municipal and Community Affairs Watson Lake Sewage Lagoon project.

The two projects were undertaken in different time periods and are at different stages of completion. Our examination consisted of a review of the project files and records and discussions with various officers of the Departments involved in the project. We did not, however, review the technical aspects of the projects. The projects examined were assessed against the following criteria:

- Responsibility and accountability should be clearly defined and communicated.
- Requests for funds should be supported by accurate and complete documentation.
- Final approval should be based on full information.
- Project implementation should be properly controlled.
- Completed projects should be reviewed.

The Porter Creek Junior Secondary School involved the construction of a new secondary school in Whitehorse planned by the Department of Education. The project was initiated in 1978 and was ready for first occupancy in January 1983. The principal expenditures on this project arose between 1981 and 1982. Certain additional costs for landscaping and playgrounds for completion of the project were incurred during 1983-84. It was undertaken for that Department by the Public Works Branch of the then Department of Highways and Public Works. The Branch has since been transferred to the Department of Government Services.

The Watson Lake Sewage Lagoon project involved the improvement of sewage facilities for Watson Lake and was undertaken by the Department of Municipal and Community Affairs. The planning and implementation of the project was undertaken by the Municipal Engineering Branch of the Department based on a number of studies carried out by an outside consultant. It was originally initiated in 1978 and reactivated in 1982 with most expenditures to date having been incurred during 1983-84. Stage 1 of the project is expected to be completed in 1984-85 and involves modification of existing systems and construction of a long term sewage lagoon. Stage 2 will involve construction of an outfall from the lagoon when warranted by the system.

In the course of our examination, we noted a number of problems related to the management of the School project which are commented on below. They were primarily attributable to the lack of clearly documented project management control procedures. Our examination of the Sewage Lagoon project revealed that decisions and procedures were well documented, including the consultant's report and formal application to the Water Board for clearance of the project. We will follow-up on completion of Stage 1 of the project in 1984-85 and report, if necessary.

#### 16. Porter Creek Junior Secondary School

The Capital Main Estimates for 1980-81 disclosed an estimated cost of \$3 million for this project. Costs to completion in 1983-84 approximate \$8.6 million. Comments follow against the criteria referred to above.

Responsibility and accountability should be clearly defined and communicated. More specifically this criterion requires that responsibility and accountability for analysing needs, setting objectives and goals, conducting feasibility studies, developing proposals, exercising control over design and construction and reviewing completed projects should be clearly defined and communicated at the beginning of the project.

This major project involved a significant sharing of responsibilities between the Department of Education, which was responsible for the initial planning and the development of final estimates, as a basis for seeking funds from the Legislative Assembly, and Public Works Branch of the Department of Highways and Public Works, which participated in the project planning and was responsible for implementation of the construction phase of the project.

In the planning stage, Public Works Branch provided initial estimates of construction costs and conducted site surveys but its responsibility and accountability was not clearly defined as demonstrated in the following section. The same situation prevailed in the implementation phase, commented on later, for which Public Works Branch was responsible.

Requests for funds should be supported by accurate and complete documentation. More specifically this criterion requires that, for each capital acquisition, there should be a clear written statement of objectives, which should be related to the appraisal of needs; alternative courses of action should be evaluated impartially on the basis of revenue, benefits and life cycle costs; capital cost estimates at stages of the planning process should be realistic and complete; and a revised estimate, based on actual design should be prepared before obtaining final approval.

The objectives for the Porter Creek Junior Secondary School based on our review were perceived to be as follows:

- to provide additional junior secondary school capacity;

- to pursue the neighbourhood school concept;
- to pursue the 6-3-3 split concept for grades 1 to 6, 7 to 9, and 10 to 12; and
- to provide a community recreation facility.

These project objectives, except for the need to accommodate approximately 500 additional junior secondary school students in the area, were not clearly stated, neither were they used in the appraisal of needs.

Alternative courses of action, such as, either, renovation of the Jack Hulland elementary school to serve as a junior secondary school and construction of a new elementary school in Porter Creek, or, expansion of the Jeckell junior secondary school, were referred to in the departmental submission. However, they were not fully analysed and costed, to permit an impartial evaluation of the proposed project prior to submission for final approval.

Proposed capital projects and related estimated expenditures are approved by the Legislative Assembly on the basis of summary project information included in the Capital Estimates tabled in the Assembly. The Capital Estimates for 1980-81, tabled in November 1979, in which funds for the Porter Creek Junior Secondary School were first requested, disclosed an estimated project cost of \$3 million, of which \$.8 million was for funding in 1980-81, based on information provided by the Department of Education. However, the Department had in early 1979 estimated the project cost to be \$4.2 million excluding costs for consultants, site purchase, road construction and the playground. We also noted that there was no formal evidence of any review of the departmental estimates having been conducted by the Department of Finance, prior to inclusion in the Capital Estimates, in order to confirm the reliability of the information. Revised estimates subsequently prepared in January 1980 indicated the estimated cost to be \$7.6 million comprising:

	<u>\$ million</u>
Construction cost	\$6.4
Architects and engineers fees	.5
Land acquisition	.2
Playground and landscaping	.1
Equipment and other costs	<u>.4</u>
	<u>\$7.6</u>

A comparison of the annual estimates and total estimated project cost as disclosed in the Main and Supplementary Estimates from the inception of requests for funding of the project in 1980-81 follows:

<u>Estimates</u>	<u>Annual Estimate</u>	<u>Total Estimated Project Cost</u> \$ million
1980-81 Main	\$ 800,000	\$3
1981-82 Main	200,000	\$5.8
1981-82 Supplementary	3,609,000	Not disclosed
1982-83 Main	2,400,000	\$7.6
1982-83 Supplementary	1,276,000	Not disclosed
1983-84 Main	150,000	\$7.9

Final approval should be based on full information. This criterion suggests that, when a project is first conceived, approval should be given only for funds required to conduct feasibility studies, develop a design and prepare cost estimates. Final approval for expenditures on construction should be given only when adequate and complete information is available following completion of design, scheduling and assessment of site conditions so that the cost can be based on realistic estimates, which are basic to analysis such as cost benefit studies and cash flow forecasts.

Procedures in place did not apparently follow the two-stage approval process called for in the criterion, as evidenced by the manner in which the information was disclosed in the Estimates, as referred to above, with the result that approval of the project was obtained without the benefit of full and complete cost estimates.

Projects implementation should be properly controlled. This criterion suggests that managers should exercise control over projects during design and construction to ensure that facilities of the approved size and quality are completed on schedule and within the authorized budget. Adequate systems should be used to control changes in design and to report progress, highlighting accountability for decisions taken and results achieved.

In order to exercise proper control over project implementation, responsibilities and accountabilities should be clearly defined and communicated and accurate and complete information regarding the status of the project should be available on a current basis. While the Department of Education had the overall responsibility for the project it was not always formally informed by the Public Works Branch of the status of the project. There was no formal reporting system to provide the Department with regular information on progress of the construction in comparison to plan; difficulties, if any, being experienced and possible changes in completion date; comparisons of actual to estimated cost; details of change orders and balance of funds available. The only documentation on file was a memo of October 31, 1981 providing a summary of consultants fees from June 1980 to September 1981 amounting to \$494,000, and another dated April 23, 1982 which showed project costs of \$3.8 million to March 31, 1982 and an estimate and cash flow for 1982-83 in the amount of \$3.7 million.

Completed projects should be reviewed. This criterion suggests that each major capital project should be reviewed upon completion in order to ascertain whether appropriate procedures were applied, economy and efficiency were observed and objectives were achieved; to evaluate the performance of managers; and to develop recommendations for planning and controlling similar projects in the future.

No post completion review had been completed for this project neither is one planned according to our information.

Recommendations	Government's Comments
1. A review of the Porter Creek Junior Secondary project should be carried out with a view to developing recommendations for planning and controlling similar projects in future.	1./2. Draft capital project management procedures have been developed by the Department of Government Services and were submitted to the Auditor General for review and comment during the summer of 1984. A subsequent meeting took place in October 1984 and it was agreed that more detail is required. A final policy manual is to be completed by April 1985 and will take into account the observations and advice of the Auditor General in his Report on Any Other Matter, including, as far as possible, our experience with the Porter Creek Junior Secondary School project.
2. Capital project management procedures currently being developed by the Government should be completed as soon as possible and should include sufficient detail to meet the project management criteria referred to above.	

#### YUKON HOUSING CORPORATION

##### 17. Inadequacies in Implementing New Micro-Computer Information System

During the year, the Corporation implemented a new micro-computer information system. Implementation was effected with little regard to control over the implementation process or of the need for adequate management and audit trails. This led to extra audit effort so that we could meet our objective of reporting on the Corporation's financial statements. The Corporation came near to losing effective control of its operations. For example, no claims were made on Canada Mortgage and Housing Corporation for the 1983 calendar year until well after the year-end, as referred to in 2 below.

A major problem with micro-computer systems is that it is not possible to achieve the same degree of control over their operations, as is the case with large computers. A measure of control, however, can be achieved through supervisory control and segregation of duties for the operations of the micro-computer. Under section 4 of this letter on the subject of cheque issue and cancelled cheques, we note that cheques after being signed were being returned for mailing by the person

responsible for input of the data and preparation of the cheque. Perhaps only one of these persons should input data, with another person determining the total and approving the data to be input. Another person, independent of the input, should approve the validity of the output.

Recommendation	Corporation's Comments
1. The Corporation should establish a proper segregation of duties to ensure independent control of the output.	1. The Finance and Administrative duties of the Corporation have now been assigned to the Director of Finance and Administration, Department of Community and Transportation Services, and his staff. The management of computer resources has been segregated from the major financial users and a computer usage policy will be established.

The following control deficiencies were noted on which it is possible to take corrective action:

- persons, and the purposes for which they may use the computer, are not being authorized in writing;
- computer systems and procedures have not been documented so that they can be incorporated into a users' manual;
- changes were made to the computer software but documentation was not always retained by the Corporation;
- primary data files do not have adequate physical controls (locked up); and
- back-up plans have not been made to cover all parts of the system from the software and documentation through to the person operating the system.

Recommendations	Corporation's Comments
2. The Corporation should establish priorities and develop procedures for correcting the above deficiencies as soon as possible.	2. Computer systems and procedures are now in the process of being documented in the Financial Administration Manual.

All computer software has been purchased in "packaged" form and any customizing thereto has been fully documented and maintained by the vendor. The Corporation has no intention to

customize any key financial programs (General Ledger, Accounts Receivables and Payables etc.) without full documentation being retained. The Corporation will attempt to obtain full documentation from the vendor on the software in it's possession.

Procedures have now been implemented to secure back-up of all primary data files and source programs in a separate location.

Back-up plans to deal with all contingencies are currently being formulated.

3. A Senior Officer should monitor progress on development of the necessary procedures to ensure that they are dealt with quickly.

3. The Director of Finance and Administration, Department of Community and Transportation Services will monitor progress on all procedural developments.

18. Year-end closing

We agreed to defer our year-end audit visit until July 16, 1984 to provide the Corporation with sufficient time for year-end closing and preparation of financial statements. Despite repeated assurances that everything would be ready for our visit, the preparation of the financial statements and supporting working papers was far from complete or adequate. Draft financial statements were not available when we began our audit. Many of the working papers were incomplete or inaccurate and some contained 'balancing adjustments' which were not readily explainable. In order that the delays being encountered by Corporation staff would not result in undue delays in finalizing our audit we undertook a great deal of additional reconciliation and clean-up work to assist the staff. When we left on July 31, 1984 our audit was incomplete. Draft financial statements were still not available and adjustments were still required to many of the supporting working papers. We did not receive draft financial statements until September 12, 1984. Because of the problems encountered we had to make a second visit in the week ended October 5, 1984 to complete our field audit work. Early identification of problems encountered and implementation of plans to resolve them could have minimized these delays together with more effective planning for year end closing, establishing priorities and closer monitoring of progress.

Recommendations	Corporation's Comments
1. Year end planning should commence prior to the year end and standardized procedures and pro-forma working papers should be developed to ensure the timely preparation of complete and reliable financial statements.	1. Every attempt will be made to close the year-end in a timely and orderly fashion for 1984-85. Implementation of standardized procedures and pro-forma working papers which will commence in 1985-86, will permit a timely and orderly closing in subsequent fiscal years.
2. Target dates for completion of the various phases of the year end closing should be established and monitored by a senior officer, independent of the accounting function.	2. It is the intention of the Corporation to develop target dates for completion of all phases of the year-end closing in the form of an instruction manual. It is also the intention of the Corporation to meet with the Auditor General's staff before the year-end to plan year-end audit requirements and establish target dates for the Corporation to meet those requirements, as well as for the Auditor General to complete his audit and issue his report on the Corporation's financial statements. This plan will be monitored by senior officers of both parties.

19. Claims on Canada Mortgage and Housing Corporation

The Corporation recovers from Canada Mortgage and Housing Corporation (CMHC) a share of the operating losses on CMHC approved community housing projects for each calendar year. Under the terms of the related agreements, interim claims based on estimates can be made in December and generally result in an initial settlement of 95% of the claim. Until settlement is received the Corporation is in effect, financing costs shareable by CMHC over a twelve-month period. In our management letter of December 2, 1983 for the year ended March 31, 1983 we noted that the Corporation was exploring with CMHC the possibility of making claims and receiving settlement on a quarterly basis. If this were not possible, we had recommended as an alternative that the Corporation should attempt to obtain accountable advances from CMHC which could be accounted for on a quarterly basis.

The Corporation on January 25, 1984, in response to last year's management letter, advised that local CMHC representatives had agreed to the Corporation submitting quarterly claims, once the information system was in place to produce accurate and timely information for the preparation of such claims. Our

comments on implementation of the new Computer System indicate that such a system was not in place during the year. It is also evidenced by the increase of \$722,000 in the amount recoverable from CMHC which was \$1,484,000 at the year end compared with \$762,000 last year. The amount outstanding at the year end included \$1,096,000 for CMHC's estimated share of operating losses for the calendar year 1983, in respect of which an interim claim had not been submitted during the year. This situation has an adverse effect on the Corporation's working capital, which was being used to finance the amount recoverable from CMHC, and necessitated additional working capital advances from the Government. The 1983 claim for CMHC's share of operating losses was submitted on August 15, 1984 and paid by CMHC on September 7, 1984.

Recommendation

Corporation's Comments

1. The Corporation should establish a system to ensure that claims on CMHC are prepared and submitted on a quarterly basis, as agreed to by CMHC.

1. A system will be established so that claims on CMHC are prepared and submitted on a quarterly basis for the fiscal year 1985-86.

20. Inadequate Internal Control System

An adequate system of internal control is the principal safeguard against irregularities and errors. Without such a system, the Corporation exposes itself to considerable risk, such as with the implementation of the new Computer System referred to in 1. above.

In last year's management letter we referred to a number of internal control deficiencies on which we had made recommendations. These related to control of blank cheques, purchasing function, signing authorities, invoices not being voided after payment, bank reconciliations and journal vouchers not being approved. In the Corporation's response of January 25, 1984, it indicated that action had been taken on each of these points except for the purchasing function, referred to further below. In this case, it was indicated that corrective measures would be implemented with the new financial management information system.

This year's audit again revealed that signing authorities were being improperly exercised, invoices were not being voided after payment, and bank reconciliations and journal vouchers were not being approved. This may have been due to timing delays in implementing the recommendations in last year's management letter. However, in the case of blank cheques we noted that, while they were now being stored in a locked cabinet, the key is kept in an unlocked drawer and is readily accessible to anyone. We also noted the following control deficiencies during this year's audit.

Cheque issue and cancelled cheques. Blank cheques in use were being stored in a safe, together with the signature plate and a signature stamp instead of being stored and controlled separately. Cheques requiring the signature of the General Manager were being returned to the person responsible for the input of the data and the preparation of the cheque for mailing, instead of being mailed independently. Four cancelled cheques, HA17925 to 7 and HA17960, were said to have been destroyed and could not be accounted for.

Recommendations	Corporation's Comments
1. The signature plate and signature stamp should be kept in the safe in a locked box under the control of a person independent of the cheque issue process.	1./2. Signature plates and stamps are now being stored in a safe under the control of the Director of Finance and Administration, Department of Community and Transportation Services, who is independent of the cheque issue process.
2. Duties should be segregated to ensure that one person cannot carry out all the functions related to cheque issue.	
3. Cancelled cheques should be voided but not destroyed.	3. All cancelled cheques will now be voided but not destroyed.

Purchasing function deficiencies. No formal commitment control system exists to ensure that funds are available to meet the proposed expenditures. We noted several instances of non-compliance with the Contract By-law, Sections 6(4) and 13(4). Contracts over \$500 executed without the approval of the Board are required to be reported in writing to the Board under Section 6(4) but this was not being done. A contract exceeding \$18,000 was executed without public tender, contrary to Section 13(4) which requires that contracts over \$10,000 are to be the subject of public tender.

Recommendations	Corporation's Comments
4. A commitment control system should be established and maintained to control expenditures.	4. The Corporation agrees that a commitment control system is worthwhile, and every attempt will be made to implement a commitment system in the future.
5. Procedures should be established to ensure compliance with the Contract By-law.	5. Procedures are now being developed to ensure compliance with the Contract By-law.

Inadequate control of rental revenues from Housing Associations. Housing rentals are collected by Housing Association managers and deposited in Association bank accounts and subsequently transferred by them to the Corporation. Semi-monthly reports on rents collected by the Associations are sent to the Corporation's Program Administrator.

We noted two cases where significant delays occurred in Association's transferring their bank balances at March 31, 1984 to the Corporation. Carmacks Housing Association did not transfer its bank balance of \$7,500 until June 7, 1984. Dawson City Housing Association did not transfer its bank balance of \$9,700 until June 19, 1984. There was no evidence to indicate review and follow-up on the semi-monthly reports provided by Housing Associations as well as reconciliation with the remittances received.

Recommendation	Corporation's Comments
6. The Program Administrator should ensure that rental revenues collected by Housing Associations are remitted on a timely basis and reconciled with their remittances.	6. Procedures are being developed to ensure that rental revenues collected by the local associations are remitted on a timely basis for subsequent reconciliation on a scheduled basis.

21. Completion of Financial Administration Manual

In last year's management letter we referred to the Financial Administration By-law of January 1, 1981 which outlines the Corporation's financial policies and requires the preparation of a Financial Administration Manual. The Manual is to be reviewed by the Territorial Treasurer and approved by the Board of Directors. We noted that, while efforts had been made to develop the Manual, it was essentially in draft form. It did not, however, give sufficient recognition to financial controls and the need for regulations. Neither did it deal with a number of matters referred to in the By-law such as property accounts and interest on late payments. We recommended that the draft Manual should be reviewed to ensure that it meets the By-law requirements and adequately covers key controls and reconciliation procedures, including financial and management reporting. After review and preparation of the necessary procedures, we recommended that the Manual should be reviewed by the Territorial Treasurer and subsequently approved by the Board of Directors.

The Corporation on January 25, 1984, in response to last year's management letter, advised that the financial management system was currently in the process of conversion and would result in significant changes to procedures and controls. When the controls were in place on completion of the conversion, the controls would be documented.

We have made reference under the above sections of this Report to:

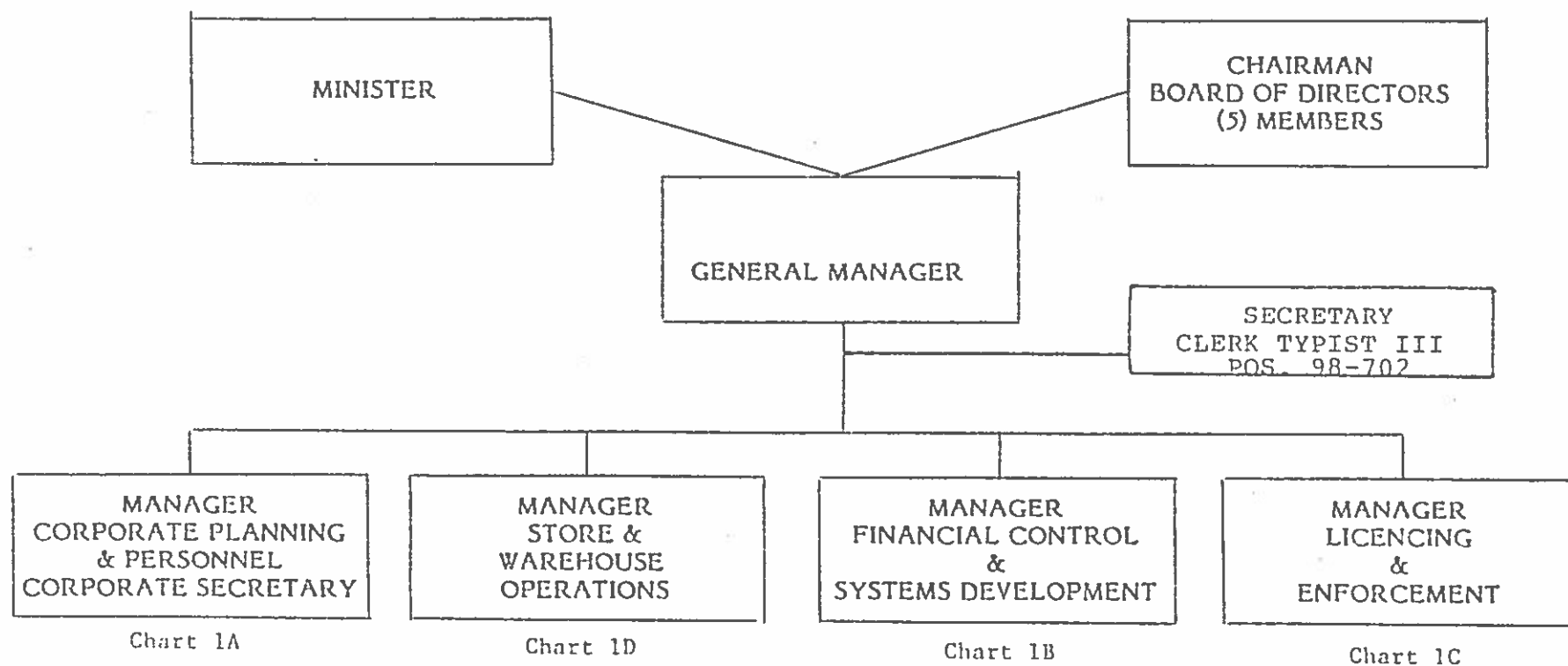
- Segregation of duties and deficiencies in implementing the new computer system (section 17);
- Delays in submitting claims on CMHC (section 19); and
- Internal control deficiencies (section 20).

These sections point to a dire need to get the Financial Administration Manual prepared as soon as possible so that it can be reviewed by the Territorial Treasurer and approved by the Board of Directors. Until this is done, and the staff are fully aware of Corporation policies and procedures, the Corporation will continue to have serious control problems.

Recommendations	Corporation's Comments
1. The Corporation should review the existing draft Manual to see that it deals adequately with all policies and procedures.	1. It is the intention of the Corporation to review to existing draft Manual with a view to identifying any inadequacies with respect to policies and procedures.
2. Priorities should be established to develop any missing policies and procedures.	2. Priorities in terms of missing policies and procedures will be established in 1985-86.
3. The development of the missing policies and procedures should be closely monitored.	3. This will be monitored by the Director of Finance and Administration, Department of Community and Transportation Services.

DOCUMENTS TABLED

YUKON LIQUOR CORPORATION  
ORGANIZATIONAL CHART



12AC # 5  
85-04-13



Department of Justice  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File  
Your File

PAC # 6  
85-02-14

1985 02 14

MEMORANDUM:

TO: Missy Follwell  
Clerk to the Public Accounts Committee

FROM: W.E. Byers, Q.C.  
Deputy Minister of Justice

RE: Public Accounts Committee Hearings

The following are the responses to the questions raised by Mr. Falle relating to the relative revenue by alcohol category.

The relative sales for each of the three categories of alcohol for 1983-84 are as follows: spirits, 40%, wine 14%, beer 46%.

The total liquor tax transferred to the Government of Yukon for the fiscal year 1983-84 was \$1,287,000 as shown on page 10 of the Annual Report. Using the above noted percentages for the three types of alcohol, the tax relating to each may be calculated as follows: spirits \$514,800, wine \$180,180, beer \$592,020.

The net profit (revenue) transferred to the Government of Yukon may be calculated in a similar manner. Total revenue for 1983-84 was \$4,513,000 as shown on page 8 of the corporation's Annual Report. A deduction of 772,000 must first be made for the cost of bottle deposits. The adjusted net profit is thus \$3,741,000. Using the above-noted percentages for the three types of alcohol, the net profit relating to each category is as follows: spirits \$1,496,400, wine \$523,740 and beer \$1,720,860.

The Department of Justice is aware of the limitations of these calculations by alcohol category. However, the statistical system is currently manual and no means exist to allow greater specificity. The Yukon Liquor Corporation is presently in the project identification stage for the development of a comprehensive computerized system. It is anticipated that such information will be gleaned from that system once it becomes fully operational. No time frame may be attached to this project at present.

W.E. Byers, Q.C.  
Department of Justice

## STAFFING ENTITLEMENT FORMULA FOR YUKON SCHOOLS

EFFECTIVE JULY 1984

A staffing entitlement formula for all Yukon public schools was established by Executive Council to become effective for the 1984-85 school year and thereafter. There were several reasons why this decision was taken:

- 1) to ensure that a level of staffing was provided to each school sufficient to deliver quality education;
- 2) to ensure that staffing was equitable from school to school and among the various levels; and,
- 3) to provide comprehensible information to principals and school committees on how staff is allocated.

## TEACHING STAFF

A. Kindergarten

Half day kindergarten sessions will be established according to the following schedule. One half time teacher will be assigned to each session.

Six students and less (1-6)	no session
Seven to twenty students (7-20)	1 session —
Twenty-one to forty students (21-40)	2 sessions —
Forty-one to sixty students (41-60)	3 sessions
Sixty-one to eighty students (61-80)	4 sessions

After kindergarten staff has been assigned to a school additional sessions will be added only when the average of the numbers of students in the various existing sessions in that school exceeds twenty five (25).

## Examples

School A - projected Kindergarten enrollment - 39 students  
 39 students falls in (21-40) category = 2 sessions = 1 teacher  
 In September 43 students show up for kindergarten  
 Does the school get another session?

To determine the answer, take the average of session sizes and see if it exceeds 25.

Suppose that the 43 students are in sessions of 22 and 21.  
 $22 + 21 = 43 \div 2 = 21.5$ ; this is less than 25 so that an additional session will not be established.

School B - Projected Kindergarten enrollment - 20 students  
20 students fall into the (7-20) category = 1 session = .5 teacher  
In September 26 students show up for kindergarten  
Since there is only one session with 26 students and this exceeds  
25, the school will be given another session.

B. Elementary (in Urban Schools Grades 1-6; in Rural Schools Grades 1-7)

1. Where the projected elementary school population for September exceeds 75 students, teachers will be assigned according to the following formula.

- a. Grades 1-3: one teacher for every twenty-three students to a maximum of one teacher for every twenty-eight students.

Example

School C (Urban) has a projected elementary school population of 170; of these 84 are in Grades 1 to 3. To get the teacher entitlement do as follows:

$84 \div 23 = 3$  teachers. Now the number of students per teacher may not exceed 28 so multiply  $28 \times 3$  to get the maximum number of students permissible with 3 teachers.  
 $28 \times 3 = 84$ ; 3 teachers is correct.

would

In September 85 students show up; with 3 teachers this

amount to 28.3 ( $85 \div 3$ ) students per teacher and so exceed the maximum. Another teacher must be added.

- b. Grades 4-6 (Urban) or 4-7 (Rural): one teacher for every twenty seven students to a maximum of one teacher for every thirty two students.

Example

School D (Rural) has a projected elementary school population of 110; of these 65 are in grades 4-7. To get the teacher entitlement do as follows:

$65 \div 27 = 2$  teachers. Now the number of students per teacher may not exceed 32 so multiply  $32 \times 2$  to get the maximum number of students permissible with 2 teachers.  
 $32 \times 2 = 64$ ; since there are 65 students another teacher must be added to give 3 teachers.

In September only 59 students show up and as this falls within the range for two teachers ( $59 \div 27 = 2$  and 59 is less than 64, the maximum permissible for 2 teachers), the staff in September will be reduced by one.

2. Where the projected elementary school population for September is 75 students or less, teachers will be assigned according to the following schedule (Grades 1-6 Urban and 1-7 Rural)

under 11 students - no entitlement  
11 to 25 students - 1 teacher  
26 to 50 students - 2 teachers  
51 to 75 students - 3 teachers.

C. Secondary (Urban Grades 7-12; Rural Grades 8-12)

1. Where the projected secondary school population for September exceeds one hundred (100) students, teachers will be assigned according to the following formula.

One teacher for every twenty three (23) students to a maximum of twenty eight (28) students.

Example

School E has a projected secondary school population of 310. To get the teacher entitlement do as follows.  
 $310 \div 23 = 13$  teachers; with 13 teachers the maximum permissible number of students is  $13 \times 28 = 364$  and as 310 is well within this no additional teachers must be added.  
In September 342 students show up and as this falls within the range for 13 teachers (up to 364) no additional teachers need be added.

2. Where the projected secondary school population for September is one hundred (100) students or less, teachers will be assigned according to the following schedules.

- a. For schools enrolling any combination of grades 7 (Urban only) 8, 9, or 10

under 11 students - no entitlement;  
11 to 25 students - 1 teacher  
26 to 50 students - 2 teachers  
51 to 75 students - 3 teachers  
76 to 100 students - 4 teachers.

- b. For schools enrolling any combination of secondary grades which include Grades 11 and/or 12

up to 50 students - 5 teachers  
51 to 100 students - 6 teachers.

## ADMINISTRATIVE STAFF

Administrative staff are allocated over and above the teaching staff according to the following schedule. In calculating the total projected September enrollment for a school, kindergarten numbers are divided by two before being added to the non-kindergarten total.

Students in School	Administrative Staff
0-40	.1
41-80	.2
81-120	.3
121-160	.4
161-200	.5
201-240	.6
241-280	.7
281-320	.8
321-360	.9
361-400	1.0
401-440	1.1
441-480	1.2
481-520	1.3
521-560	1.4
561-600	1.5
601-640	1.6
641-680	1.7
681-720	1.8
721-760	1.9
761-800	2.0

## SCHOOL COUNSELLORS

School counsellors will be assigned to secondary schools according to the following schedule.

175 - 250	.5 counsellor
250 - 525	1 counsellor
525 - 800	2 counsellors

Secondary schools which do not qualify for a school counsellor will have such services provided by existing staff. Assistance is available to them through the Student Services Coordinator attached to the Department of Education. There is no allocation for school counsellors at the elementary level.

## LIBRARIANS

Librarians will be allocated to schools based on the projected September enrollment. Regardless of changes in the enrollment of a school after the initial projection, the librarian allotment will be neither increased or decreased during the course of the year. To derive the total enrollment of a school, kindergarten numbers are divided by two before being added to the non kindergarten total.

Total Student Enrollment	Librarians
0 - 75	no allocation
76 - 200	.2
201 - 400	.5
400 - 800	1

## SPECIAL EDUCATION

Special education teachers and paraprofessionals are not allocated on a formula basis. Characteristics and numbers of the students in a school will determine whether that school receives the services of a learning assistant, special class teacher or remedial tutor. Concerns about the need for special education personnel should be addressed to the regional superintendents.

## DEPLOYMENT OF STAFF WITHIN A SCHOOL

Considerable latitude exists for a school principals in consultation with their school committees to deploy the staff given to them under the entitlement formula in the manner best suited to meet local needs. Any major deviation, such as increasing class size so as to free a teacher to deliver a specialist service, should receive prior consent from the regional superintendent. Care should be taken to see that the program of studies is followed.



Department of Education, Advanced  
Education and Manpower

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File:

Your File:

February 19, 1985

A COMPARISON OF THE SCHOOL LEVEL PROFESSIONAL TEACHING FORCE DEPLOYED DURING THE  
1982-83 AND THE 1983-84 SCHOOL YEARS

The following document compares the number of professional staff actually deployed  
at the school level during two school years, viz., 1982-83 and 1983-84.

	Regular Teachers	Special Ed. Teachers	Native Language Teachers	TOTAL
1982-83(at April)	266.33	22.0	2.0	290.33
1983-84(at April)	259.85	25.0	2.0	286.85

---

Reduction in Professional Staff from 1982-83 to 1983-84	3.48
---	------

NOTES TO ABOVE:

1. "Regular Teachers" includes classroom teachers, principals, librarians and counsellors.
2. "Special Ed. Teachers" include learning assistants and special class teachers in 1982-83 and learning assistants, special class teachers, alternate education class teachers and teachers of the gifted in 1983-84.
3. The monies identified in Supplementary Main Estimates Number One for Gifted Education and Alternate Education were used to pay the salaries of the co-ordinators and to purchase materials for the program as well as to cover the costs of travel for the co-ordinators and professional development for teachers.
4. Since "Special Ed. Teachers" work directly in classrooms with students, the addition of more has the implication of reducing the requirement (or the workload) for "Regular Teachers".
5. Please note the following in regard to information provided to the Public Accounts Committee in Appendix A7.
  - a) The figure of 266.33 regular teachers derived from the Organization Chart date April 1983 is an actual figure based on a count of regular teachers



deployed at that time.

- b) The figure of 255.45 regular teachers derived from the Organization Chart dated April 1984 is an estimate prepared in the previous school year of the likely number of regular teachers required to operate the schools during 1983-84. This figure should not be confused with the actual figure shown in the table above.
6. The reduction in professional staff from school year 1982-83 to school year 1983-84 of 3.48 P.Y. represents a monetary value of \$81,200. In a budget of well over \$20,000,000 this amount represents a small increase to the total financial resources of the education system.

*R. Wallace*

Ron Wallace  
Assistant Deputy Minister



Department of Finance  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

PAC #19(a)

Our File 4410-1  
Your File

1985 02 20

MEMORANDUM TO: Patrick Michael  
Clerk of the Legislative Assembly

ATTENTION: Missy Follwell

SUBJECT: PROPERTY TAX RECEIVABLE

Attached is a schedule for the Public Accounts Committee showing a breakdown by area of the property tax receivable as at March 31, 1984.

There were a total of 4502 property tax accounts, 809 of which had outstanding balances varying from \$1.00 to a high of \$60,323.43.

I trust this information meets with your requirements.

F.B. Fingland  
Deputy Minister

RH/wn

cc: C.W. Pearson  
Minister of Finance



GOVERNMENT OF YUKON  
STATEMENT OF ASSETS AND LIABILITIES  
AS AT MARCH 31, 1984

ACCOUNT 99 -- 4122 ACCOUNTS RECEIVABLE - PROPERTY TAXES

Summary of Taxes Outstanding  
Property Taxes

<u>Area No.</u>		<u>Taxes and Penalty</u>	<u>Interest</u>	<u>Balance</u>
05	Quad 105 A,B,D & E	91,805.58	27,704.29	119,509.87
06	Sundry Yukon	368.62	44.20	412.82
07	Beaver Creek	1,011.28	171.66	1,182.94
09	Burwash Landing	691.94	331.87	1,023.81
13	Carcross	1,404.17	140.69	1,544.86
15	West Yukon	40,933.73	15,189.86	56,123.59
16	Dawson Area	68,511.21	21,233.02	89,744.23
17	Herschel Island	110.00	8.10	118.10
25	Destruction Bay	7,930.20	4,510.17	12,440.37
27	Elsa	.78	Ø	.78
29	Faro Mine	4.96	Ø	4.96
33	Haines Junction	28,259.56	9,381.30	37,640.86
39	Keno	18,931.28	10,606.79	29,538.07
47	Mayo	36,901.26	16,039.95	52,941.21
48	Mayo Area	2,115.48	440.09	2,555.57
50	Carmacks	3,083.20	664.18	3,747.38
51	Old Crow	365.68	33.75	399.43
53	Pelly Crossing	2,247.19	236.01	2,483.20
55	Ross River	5,024.88	1,540.51	6,565.39
65	Teslin	8,936.03	3,776.05	12,712.08
68	Watson Lake	57,216.95	14,676.47	71,893.42
75	Cancelled Leases	74,212.35	56,301.74	130,514.09
95	Quad 95	954.43	65.95	1,020.38
Computer error small balances 1.00 - 10.00 deleted		503.14		503.14
		<u>451,523.90</u>	<u>183,096.65</u>	<u>634,620.55</u>



Department of Community  
and Transportation Services  
Box 2703, Whitehorse, Yukon, Y1A 2C6  
(403) 667-5811 Telex 036-8-260  
SPORT, ARTS & RECREATION

Our File  
Your File:

February 27, 1985

**MEMORANDUM**

TO: Missy Follwell  
Clerk Assistant A-9

FROM: Rick Butler  
Manager L-1

RE: Clarification of 1983/84 Estimates

As requested by Mr. Ashley in Public Account Committee proceedings of February 19, 1985, I provide the following information to help clarify the 1983/84 estimates for Recreation.

1. The grants appearing under the subtitles Community and Pool on page 56 are not detailed in any further form on page 48 or 49. Recreation contributions to community authorities (\$127,000) are, however, detailed on page 47.
2. Under the subtitle Sport, Games and Fitness on page 56, the contributions to territorial sport governing bodies for 1983/84 (\$209,000) includes the sum of the following:
  - the amount on page 48, under Yukon Recreation Advisory Committee Contributions disbursed to Sport Governing Bodies - \$130,000;
  - plus \$79,000 which was approved beyond the Yukon Recreation Advisory Committee's jurisdiction for cost of sports governing body travel to the 1984 Arctic Winter Games in Yellowknife.
3. Similarly, under the same section on page 56 for 1982/83, the \$134,000 amount includes the sum of the following:
  - the amount on page 48, under Yukon Recreation Advisory Committee Contributions, disbursed to sport governing bodies - \$128,000;
  - plus \$6,000 which was approved beyond the Yukon Recreation Advisory Committee's jurisdiction for cost of travel respecting Canada Winter Games in 1983.

4. Under Sport, Games and Fitness on page 56, the contributions to both the Yukon Sports Federation for general programs, and Arctic Winter Games Corporation are not contained in any further form on page 48. The grant of \$10,000 to Yukon Sports Federation for Arctic Games administration is, however, included as part of the \$39,000 Recreation Branch costs of the 1984 Arctic Winter Games (as detailed on page 48).
5. Under the Arts Section on page 56, the contributions to territorial arts programs for 1983/84 of \$63,000 is detailed on page 49. The 1982/83 forecast of \$36,000 in the same section was reported in the Branch work sheets as \$35,300. This was inconsistently rounded off to \$36,000 on page 56 and \$35,000 on page 49.

It is apparent that details which appear in the estimates must be better explained. The problem is that budget work sheets, which the Branch submits, contain much more information than what appears in the final published estimates. For purposes of brevity, the detailed information is summarized. This summarizing process is largely to blame for the lack of clarity. The 1985/86 Estimates will contain clearer information.

Thank you.



Rick Butler

cc: Jim Davie, Deputy Minister, Education



Department of Health and  
Human Resources

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File:

Your File:

# MEMORANDUM

1985.02.28

*Rec'd 35-3-17*

TO: Chairman  
Public Accounts Committee

FROM: Deputy Minister  
Health & Human Resources

RE: Proceedings of Public Account Committee - 1985.02.21

---

Please find appended supplementary information respecting the enquiries of the Public Accounts Committee into Health Care Insurance Plan premiums. I trust this is the information the Committee requires.

W. J. Klassen

WJK/jf

EXPO



1. Complaints Concerning the New Health Care Insurance Cards

There have been only a few complaints respecting the new health care insurance cards, and those have been dealt with by telephone. Errors to date have resulted from members returning the old information, uncorrected, thus perpetuating mistakes in the computer file. The case raised by the Leader of the Opposition was investigated, with the input documents re-checked, and found to be of the same type.

2. Discrepancy Between Revenue Reported - 1983/84

The figure of \$2,315,323 shown in the Annual Report was drawn directly from the General Ledger. The Department of Health and Human Resources was not notified by Finance of adjustments made - by the Auditor General's office - after the closing of the General Ledger for 1983/84. Those adjustments account for the full difference.

Finance has agreed to provide the Department with information in the future respecting adjustments which occur following the closing of the General Ledger.

3. Report on the Frequency & Nature of Examination of Employer's Records

For the period June 1984 to February 1985, payroll record investigations have been undertaken by the Health Care Insurance Plan Inspector. Employer record investigations are limited to payroll records unless other records are required to establish premium liability.

Two circumstances precipitate such an investigation. First, if a company is found to be unregistered and liable for health care premium remittance on behalf of the Company employees, explanation of the Employer responsibility under the Health Care Insurance Plan Act is provided, along with the necessary documentation forms and an investigation of payroll records is undertaken to establish outstanding premium liability in arrears. Most frequently, an appointment is made by the Inspector to perform such an investigation at an alternate time which is mutually convenient to both parties. The Inspector has authority to issue a \$30 ticket on the spot for failure to remit premiums, but to date, no such tickets have been issued. An additional imposed financial penalty has not been required to obtain compliance under the Act.

Second, if a company is registered and has premium liability in arrears, an investigation may be undertaken to establish whether the Employer has failed to deduct premiums from Employees and/or whether the Employer has subsequently failed to remit the deducted premiums (which could constitute a case of fraud). The same steps to arrange for the records investigation and provide information regarding responsibility under the Act, are taken as outlined earlier. To date, only one (1) Company has been prosecuted in Court for failure to remit premiums. The form letter that would be used as an initial contact with out-of-Whitehorse Employer groups is appended to this submission.

#### 4. Receivable Shown at Year End

The receivable shown in the Territorial accounts is arrived at by an accounting convention. Some years ago, it was demonstrated that the receivable at year-end consistently approximated 5% of the amount collected over the year. Given the enormous manual task of trying to calculate from the ledgers the actual amount each year, the convention has been applied. That convention will be dropped when the premium system is computerized, as the actual will be available.

The comments made verbally by the Director of Health Services respecting the amounts receivable were directed at the total receivable as distinct from the year end receivable for a particular year. The total receivable is the figure which has little reliability, as it cannot be demonstrated that historical liabilities were real rather than a function of a failure to close an account or to identify a shift from Group to Individual account. It is proposed that a mechanism be established to write-off much of that historic liability which dates back to 1972.

\* \* \* \* \*

# PREMIUMS

## Calculation Of Premium Liability/Receivables

TOTAL SUBSCRIBERS AT PERIOD 7		12,436		
1. TOTAL FAMILY SUBSCRIBERS	6,118	RATE	TOTAL \$	
FULL PREMIUM	5,242	\$27.50	\$144,155	
PARTIAL ASSISTANCE	17	\$13.75	\$ 233.75	
FULL PREMIUM ASSISTANCE	133	0	0	
SENIORS	726	0	0	
2. TOTAL LIABILITY - FAMILY			\$144,388.75	
3. TOTAL SINGLE SUBSCRIBERS	6,318	RATE	TOTAL \$	
FULL PREMIUM	5,961	\$20.00	\$119,200	
PARTIAL ASSISTANCE	28	\$10.00	280	
FULL ASSISTANCE	58	0	0	
SENIORS	271	0	0	
TOTAL LIABILITY - SINGLE			\$119,500	
3. TOTAL MONTHLY PREMIUM LIABILITY			\$263,888.75	
4. AVERAGE REVENUE PER PERIOD TO PERIOD 7			\$257,700.00	
5. THEREFORE: Average Monthly Arrears of			\$11,800.00	
	FULL ASSISTANCE		PARTIAL ASSISTANCE	
	1983/84 1984/85		1983/84 1984/85	
FAMILY	48	133	6	17
SINGLE	46	58	17	28
REVENUES TO PERIOD 9		\$2,005,340		
PROJECTED		\$1,524,000		
VARIANCE		\$ (481,340)		
OLD PROJECTION				
(Year End)		\$2,200,000		
REVISED PROJECTION				
(Year End)		\$2,345,000		
ANTICIPATED REVENUE OVER PROJECTION		\$235,000		



Department of Economic  
Development and Tourism

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File: EDT 84-28  
Your File:

March 15, 1985

*Re: 25-23-15*

MEMO TO: MS. M. FOLWELL  
SECRETARY  
PUBLIC ACCOUNTS COMMITTEE

FROM: JOHN FERBEY  
DEPUTY MINISTER  
ECONOMIC DEVELOPMENT & TOURISM

SUBJECT: P.A.C. Request re: Government  
Reorganization Recommendations

I have discussed the Committee's request with my Minister and wish to advise you that the consultant's reports are not considered to be in the public domain. As a result, I am unable to comply with the request.

John Ferbey,  
Deputy Minister.

EXFO





Public Service Commission  
Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File  
Your File

1985 March 14

*Rec'd 25.03.85*

Mr. T. Penikett,  
Chairman,  
Public Accounts Committee.

Dear Mr. Penikett:

Re: Delegated Authority - Casual Hires

The Public Service Commission is in the process of finalizing procedures for the hiring of casuals both under delegated and without delegated authority.

These procedures are part of a Recruitment Manual that is being developed for use by all departments. There will be a review of the manual by the Departmental Administrator's Liaison Committee on March 19, 1985 and it should be in place by the end of March.

Yours sincerely,

  
J. N. Besier,  
Public Service Commissioner.

PC/jp

EXPO





*Yukon Legislative Assembly*

Box 2703  
Whitehorse, Yukon  
Y1A 2C6

February 25, 1985

Mr. Jim Davie  
Deputy Minister  
Department of Education  
Government of Yukon  
Box 2703  
Whitehorse, Yukon  
Y1A 2C6

Dear Mr. Davie:

During the Department's appearance before the Public Accounts Committee on February 18th and 19th, 1985, you were advised that the Committee may require some additional information. The following summarizes requests by the Committee for that information:

1) Transportation - the Committee requests a copy of the Diversified Transportation Ltd. busing contract and relevant cost information related to the contract for the years 1982/83 and 1983/84.

2) Personnel - the Committee wishes a further clarification of personnel redistribution in the Public Schools Branch for the year under review (1983/84). According to the organizational charts provided, there is no identification of gifted and alternate program teachers, or consultants, in April of 1983. However, by April of 1984, there are 6 new gifted and alternate program teachers, as well as four new "consultant" positions.

Your memo to the Committee of February 19, 1985, does not address the creation of these new positions, in relation to the apparent reduction of "regular" classroom teachers. What actual reduction of regular classroom teachers took place in the year under review (exclusive of gifted and alternate personnel)?

3) Advanced Education and Manpower:

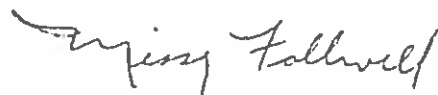
a) Yukon Campus - Please provide a breakout by course category of the 186 students who took courses during the year under

review. Please indicate by category students who took different numbers of courses, types of courses, and full-year students. Also, indicate the number of practising and non-practising teachers participating in the categories provided.

- b) Statistical discrepancies - The Committee notes that statistical information provided in the Yukon Government Annual Report varies with information provided in the Branch Annual Report. Could you please explain these discrepancies and offer an explanation as to why this occurs.
  - c) Vacant positions - Exactly which vacant positions were filled during the year under review that, according to the hearings, accounted for the majority of personnel cost increases? If the positions existed but were simply vacant, why is an increase required between budget years for such positions?
  - d) Recoveries - Please advise the origin of each of the recovery items listed on page 54 of the Main Estimates. Are any of these "revenue" items, as opposed to recoveries?
- 4) Maintenance - Does the Department maintain a preventative maintenance program in its schools? If so, how is it budgeted for and carried out?

The Committee looks forward to hearing from you at your very earliest convenience. Thank you.

Sincerely,



Missy Follwell  
Clerk to Committee



Department of Education, Advanced  
Education and Manpower

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File  
Your File

March 18, 1985.

*Rec'd 03-19*

MEMORANDUM:

TO: Missy Follwell A-9  
FROM: Jim Davie E-1  
RE: Public Accounts

---

In response to your letter of February 25, 1985, the Department has prepared the responses for a number of the items requested by the Public Accounts Committee. The remaining items are being finalized by the Finance and Administration section of the Department and will be forwarded to you as soon as they are completed.

With respect to your letter, the following are the answers, on a point by point basis:

1. Attached as Appendix 1, please find the contract summary sheets for the Diversified bussing contracts for 1982/83 and 1983/84. Appendix 2 provides information on the current dollar costs and the constant dollar costs of the contract from 1975/76 to 1984/85.

3. ADVANCED EDUCATION AND MANPOWER

a) Yukon College Academic Program:

Attached in Appendix 3 is the summary record of the students in each course category and the number of full-time and part-time students, for the academic year 1983/84.

It should be noted that 174 active students are reported in the attached information, whereas the statistics provided to the Public Accounts Committee indicate 186 active students. This discrepancy of 12 students can be explained by the

EXFO

fact that the student count used in the preparation of the Public Accounts report was for the fiscal year end (ie. March 1984), while the figures in the attached College information reflect the academic year statistics at the end of the winter term. The data indicates that 12 students dropped out of courses between March and early May.

The Department regrets that specific information on the number of practising and non-practising teachers participating in each course category is not available. The occupational history of College students is not presently kept on record. However, the post-secondary academic program at the College has 2 main mandates:

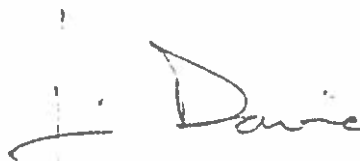
- 1) to provide a first and second year University level program; and
- 2) to provide courses for the professional development of teachers.

With this in mind, it is likely that a large portion of the students in the 300 and 400 level courses offered by the College would be teachers, as these courses are specifically aimed at that target group.

#### 4. MAINTENANCE IN THE SCHOOLS

The school services section of the Public Schools Branch has four people responsible for minor maintenance at the schools and school yards in the Territory. They have instituted a preventative maintenance program for the school heating systems and the school playground equipment. However, the majority of maintenance in schools is the responsibility of Government Services and the Public Accounts Committee may wish to consult with Government Services to determine the extent of preventative maintenance in the schools in their area of jurisdiction.

I hope that this information will be of use to the Committee. As indicated above, the remaining material will be forwarded as quickly as it is prepared.



Jim Davie  
Deputy Minister  
Education, Advanced Education  
and Manpower

## APPENDIX 1

YEAR: 1983/84

ORIGINAL CONTRACT:	DATE <u>June/83</u>	AMOUNT: <u>86,000.00</u>
REVISED:	DATE <u>August/83</u>	AMOUNT: <u>91,900.00</u>
REVISED:	DATE _____	AMOUNT: _____
REVISED:	DATE _____	AMOUNT: _____
REVISED:	DATE _____	AMOUNT: _____

### TO INCLUDE:

### ORIGINAL CONTRACT

- 11 72 passenger school buses serving Whitehorse Schools as assigned
- 2 72 passenger school buses operating in Watson Lake area
- 1 54 passenger school bus servicing Carmacks area
- \_\_\_\_\_ Kindergarten - Whitehorse a.m.
- 4 Kindergarten - Whitehorse p.m.
- 1 Kindergarten - Watson Lake
- 1 Kindergarten - Carmacks
- \_\_\_\_\_ To provide school bus service between Keno, Elsa and Mayo

### ADDITIONS:

To provide bus service between Keno, Elsa and Mayo for 1983-84 school term

YEAR: 1982/83

ORIGINAL CONTRACT: DATE January/82 AMOUNT: 965,138.92

REVISED: DATE September/82 AMOUNT: 854,873.70

REVISED: DATE \_\_\_\_\_ AMOUNT: \_\_\_\_\_

REVISED: DATE \_\_\_\_\_ AMOUNT: \_\_\_\_\_

REVISED: DATE \_\_\_\_\_ AMOUNT: \_\_\_\_\_

ADDITIONAL: DATE: September/82 AMOUNT: 23,101.64

TO INCLUDE:

ORIGINAL CONTRACT

- 13 72 passenger school buses serving Whitehorse Schools as assigned - including late runs
- 2 72 passenger school buses operating in Watson Lake area
- 1 54 passenger school bus servicing Carmacks area
- Kindergarten - Whitehorse a.m.
- 4 Kindergarten - Whitehorse p.m.
- 1 Kindergarten - Watson Lake
- 1 Kindergarten - Carmacks
- 1 To provide school bus service between Keno, XENSA and Mayo Schools  
72 passenger bus

REVISED CONTRACT DECREASES THE ORIGINAL AMOUNT OF THE CONTRACT AS FOLLOWS: (Change Order)

To delete 1 - 72 passenger school bus serving Whitehorse school.

To delete 1 - 72 passenger school bus operating between Keno City and Mayo School

SECOND SERVICE CONTRACT:

Issued September/82: To supply bussing from September 1 to September 15/82 for Keno/Mayo (service and severance)

To supply two busses interim facilitating relocation of Porter Creek Junior Secondary pupils (September 1 to October 31, 1982)

## APPENDIX 2

File: Bus Study Yukon

CONTRACT COSTS 1974/75 TO 1984/85

YEAR	% INCREASE	CONTRACT CURRENT \$	% INCREASE	CONTRACT CONSTANT \$ (1971 DOLLARS)
75/76		387,157		387,157
76/77	4.00	402,644	-3.80	372,446
77/78	26.93	511,068	17.32	436,963
78/79	29.02	659,393	19.97	524,209
79/80	12.39	741,061	2.92	539,492
80/81	10.94	822,125	.12	540,136
81/82	.59	826,949	-10.44	483,765
82/83	3.38	854,874	-6.17	453,938
83/84	7.61	919,900	1.32	459,950
84/85	13.24	1,041,665	8.48	498,953

# APPENDIX 3

## 1983-84 Current Course Enrollments

The current enrollment of a course is based, whenever possible, on the preliminary class list (P.C.L.) minus the formal withdrawals to date. The P.C.L. reflects the actual registrations in the course as noted by the Registrar's Office, U.B.C., shortly after it begins whether it be September or January.

Since Geography 102 and Mathematics 100 ended in December, the 12th of that month was the last date at which their enrollments could be assessed.

Finally, attrition is calculated as a simple percentage:

$$\frac{\text{Current Enrollments}}{\text{Initial Enrollments}} \times 100 = \text{Attrition Rate}$$

Because the above figure does not take into account "vanishing acts" (students who simply do not return to class and do not submit a formal withdrawal) it is helpful to note the number of active students -- those who regularly attend classes and who can be expected to receive a grade. Then the completion rate can be forecasted as a simple percentage:

$$\frac{\text{Active Enrollments}}{\text{Initial Enrollments}} \times 100 = \text{Forecasted Completion Rate}$$

<u>Course</u>	<u>Initial Enrollment</u>	<u>Withdrawals</u>	<u>Current Enrollment</u>	<u>Attrition Rate %</u>	<u>Active</u>
Biology 102	11	3	8	28	(6)
Economics 100	12	2	10	16.5	(10)
English 100	30	2	28	6	(24)
English 201	9	1	8	11	(8)
English 303	5	1	4	20	(4)
French 110	6	1	5	16.5	(5)
Geography 102 (1½)	17	3	14	17.5	(14)
Geography 103 (1½)	15	2	13	13	(12)
Geology 105	15	2	13	11	(12)
History 135	15	2	13	13	(10)
Linguistics 200	11	1	10	9	(7)

<u>Course</u>	<u>Initial Enrollment</u>	<u>Withdrawals</u>	<u>Current Enrollment</u>	<u>Attrition Rate %</u>	<u>Active</u>
Mathematics 100 (1½)	12	3	9	25	(9)
Mathematics 101 (1½)	7	0	7	0	(6)
Psychology 100	20	1	19	5	
Psychology 206 (G.I.S.)	14	0	14	0	(15)
Sociology 200	13	0	13	0	(9)
Education 479	17	2	15	6	(13)
Education 312 (1½)	6	0	6	0	(6)
Education 317 (1½)	4	0	4	0	(4)
TOTAL	239	25	214	11%	174
	Initial Enrollment	Withdrawals	Current Enrollment	Attrition Rate	Active

Anticipated Completion Rate, i.e. a grade of F, P, 2, 1 given - 72%.

## II. Comparisons: 1982/83 - 1983/84

### A. 1982/83 Yukon Campus Enrollment

Total # of students including extrasessional enrollments: 110

Total # of course registrations including extra-sessional enrollments: 213  
(191/22)

Full time	20	Arts	30
Part time	90	Educ.	52
	110	Other	28
			110

### B. 1983/84 U.B.C. Programs, Yukon College Enrollment (To Date)

Total of students including extrasessional enrollments: Not yet accountable

## 11. B. Continued

Total # of students for Winter Terms I & II, to date: 109

Total # of course registrations NOT including extra-  
sessional enrollments: 239

Full time	23	Arts	63
Part time	<u>90</u>	Educ.	30
	113	Other	<u>18</u>
			113

C. # Registrations/Student

1982/83: 1.9

1983/84: 2.1 (without extrasessional enrollments)

D. Average Class Size

1982/83: 191/19 = 10.5 students/class

1983/84: 239/17 = 12.57 students/class (to date)

E. # Students/Course

<u>Course</u>	<u>1982/83</u>	<u>1983/84</u> <u>Initial Enrollments</u>
Anst 100	9	--
Anth 200	4	--
Biol 102	--	11
Econ 100	15	12
Educ 313	11	--
Educ 408	9	--
Educ 417	7	--
Educ 427	15	17
Educ 489	7	--
Engl 100	20	30
Engl 201	8	9

11. 1. # Students/Course Continued

<u>Course</u>	<u>1982/83</u>	<u>1983/84</u> <u>Initial Enrollments</u>
Engl 303	6	5
Fren 110	--	5
Geog 102	--	19
Geog 103	--	15
Geol 105	17	15
Geol 310	3	--
His 135	10	15
Ling 200	--	11
Math 100	7	12
Math 101	5	7
Phil 100	15	--
Psyc 100	17	20
Soci 200	--	13
**Psych 206 (GIS)	5	13
Educ 312		6
Educ 317		4
	191	240

Extracurricular  
Spring, 1983

Educ 305	7
His 201	8
	15
Spring 1983	
Educ 210	7



Department of Education, Advanced  
Education and Manpower

Box 2703, Whitehorse, Yukon Y1A 2C6  
(403) 667-5811 Telex 036-8-260

Our File: 1400-42

Your File:

March 25, 1985.

*Rec'd 85-03-28*

MEMORANDUM:

TO: Missy Follwell  
FROM: Jim Davie  
RE: Public Accounts

As a follow-up to my letter of March 18, 1985, I have received the remaining information to answer the questions that the Public Accounts Committee requested via your letter of February 25, 1985. As you realize, some of the materials required some research and we are just now able to satisfy the requests.

With respect to your letter, the following are the answers, on a point by point basis:

- 2) Personnel - Request for clarification of personnel distribution in the Public Schools Branch.
- At the time the organization chart dated April, 1983 was prepared, we did not have a structured Gifted or Alternate program. However, there were two teachers in the Work Experience Program (located at F.H. Collins). These two positions were included in the numbers for regular teachers.
  - The Gifted and Alternate programs were established and structured in the fall of 1983. Funding for these new thrusts in Education was received via the "new project and program proposals". The implementation of these new programs together with an internal branch re-organization resulted in the restructuring of some existing positions, the creation of two additional positions and the forming of an "Educational Consultant" unit under the direction of the Director of Instructional Services (previous working title was Director of Student Services). The Educational Consultant positions are outlined in the organization charts as follows:



April, 1983

Superintendent of Curriculum  
Intermediate Supervisor  
Primary Supervisor  
Regional Supt. (Rural South)

April. 1984

became  
Consultant for Curriculum  
became  
Consultant for Intermediate  
Grades  
became  
Consultant for Primary Grades  
became  
Consultant for Alternate  
Programs  
New Position  
Consultant for Special Education  
New Position  
Consultant for Gifted Programs

- As outlined above, the April 1983 figures on that organization chart included the two Work Experience teachers with the figure for regular teachers. These two positions are reported as Alternate Program Teachers in the April 1984 chart. Also, on a close perusal of the April 1984 organization chart for the Public Schools Branch, I have discovered a few minor errors:

- Alternate Program teachers should have been reported as 2.0 in area 1 and 0 in area 2.
- There should have been a position of Oil Burner Mechanic reporting to the Building Maintenance Foreman.
- There was an error of 1 in the addition of P/Y.

I am attaching a revised chart including the above corrections.

- Thus when you compare the numbers of professional teaching staff between the two charts, you get:

	<u>April 1/83 Chart</u>	<u>Revised April 1/84 Chart</u>
Principal & Regular		
Classroom Teachers	264.33	255.45
Alternate Program Teachers	2.0	2.0
Special Education Teachers	22.0	21.55
Gifted Program Teachers	-	2.0
Native Language Teachers	2.0	2.0
Total Professional Teaching Staff	290.33	283.0

- It should be remembered that the April 1, 1984 organization chart was based upon the 84/85 Main Estimates. These estimates were prepared in the previous November/December and were a forecast based upon our best estimate of requirement. Also, as the number of teachers may change, and as the largest change takes place in September of each year, it was the practice of the Department of Finance to report the average number of teaching positions projected rather than the total. Therefore, the figure of 283.0

for total teaching staff for the 84/85 fiscal year and as reported on the April 1/84 chart was arrived at as follows:

<u>Month</u>	<u>Regular Teachers</u>	<u>Special Ed.</u>	<u>Native Lang.</u>	<u>Gifted Prog.</u>	<u>Alternate Prog.</u>	<u>Total</u>
Apr. '84	259.3	21.55	2.0	2.0	2.0	286.85
May	259.3	21.55	2.0	2.0	2.0	286.85
June	259.3	21.55	2.0	2.0	2.0	286.85
July	259.3	21.55	2.0	2.0	2.0	286.85
August	259.3	21.55	2.0	2.0	2.0	286.85
Sept. '84	252.7	21.55	2.0	2.0	2.0	280.25
October	252.7	21.55	2.0	2.0	2.0	280.25
November	252.7	21.55	2.0	2.0	2.0	280.25
December	252.7	21.55	2.0	2.0	2.0	280.25
Jan. '85	252.7	21.55	2.0	2.0	2.0	280.25
February	252.7	21.55	2.0	2.0	2.0	280.25
March	252.7	21.55	2.0	2.0	2.0	280.25
	3,065.4	258.6	24.0	24.0	24.0	3,396.0
Total no. ) of teaching) ÷ 12 months. )	÷ 12	÷ 12	÷ 12	÷ 12	÷ 12	÷ 12
Average no.) of teachers) as reported) 255.45 in Budget ) Book )	255.45	21.55	2.0	2.0	2.0	283.0

- Thus, the total number of classroom teachers, exclusive of Gifted, Alternate and Native Language teachers, was 286.33 in April, 1983 and 280.85 in April, 1984 - a decrease of 5.48. We might point out that the number of students at March 31, 1983 was 4,638 and 4,480 at March 31, 1984 - a decrease of 158.

### 3b) Statistical Discrepancies

Some of the discrepancies and reasons are as follows:

- (a) The Public Schools Branch Annual Report advises a total of 4,480 students. This is the number of students reported by the schools in March, 1984. The Government's Annual Report advises a total of 4,453 students. This is the number reported by the schools in April, 1984.

- (b) The Advanced Education & Manpower Branch and Government Annual Report statistical discrepancies are as follows:

	<u>Advanced Ed. Annual Report</u>	<u>Government Annual Report</u>
Journeyman Certificates issued		
- to apprentices	16	21
- to trades people	60	71
Journeyman receiving Inter-Provincial standards Red Seal	54	65
Canada Student Loans #	172	169
Canada Student Loans \$	472,158	466,818

An explanation for these discrepancies will have to be obtained from the appropriate individuals in that Branch.

3c) Vacant Positions - Advanced Education & Manpower

- As explained during the hearings, while the major reason for the increased personnel costs were vacant positions, there were also a number of other reasons (return to 10-day fortnight, increased P/Y, effect of educational leave at reduced salary). A detailed breakdown of the \$495,000 increased personnel costs are as follows:

\$117,000	Branch Administrator
95,000	Position Vacancies (Assistant Deputy Minister, Program Officer, Clerk Typists, Curriculum Development Officer)
22,000	Return to 10-day fortnight
49,000	Manpower Planning & Industrial Training
28,000	New position for operation of Job Creation & Retention Programs
21,000	Return to 10-day fortnight
329,000	Adult Education (Yukon College)
83,000	Additional monies received for additional BTSP courses.
73,000	Return to 10-day fortnight
173,000	Position Vacancies (Director, Yukon College, Assistant Director - Programs, Assistant Director - Extensions, Administrative Officer, Instructor vacancies).
<hr/> \$495,000	Total increased personnel costs

- The following is our response to the question "If the positions existed but were simply vacant, why is an increase required between budget years for such positions?"

It must be remembered that the figures reported under 1982/83 forecast are not the original Main Estimate figures for that year. These figures are prepared approximately two or three months prior to year end (in conjunction with the Period 9 Variance Report) when most of the year has already been completed and when the vacancy factor is known. Perhaps a simple hypothetical example would best serve to illustrate what we are getting at here:

When the budget for 82/83 was prepared we might have anticipated that a certain position would be filled at a salary of \$40,000. However, due to unforeseen circumstances, that position was vacant for 9 months (April to December). Thus the actual salary expense for 82/83 would only be \$10,000 (rather than \$40,000) and it is the \$10,000 figure that is used in the 82/83 Forecast Column of the 83/84 Main Estimate book. However, as we anticipate no vacancy on this position in 83/84 we require \$40,000 in the 83/84 budget for the position.

The above example serves to illustrate what can happen when there is a high number of vacancies.

3d) Recoveries

- The origin of each of the recovery items listed on Page 54 of the 83/84 Main Estimate book are as follows:
  - a) Schools Program Administration \$44,000  
This comprises of the following:
    - rental of facilities to the Department of National Defence for the Cadet Camp.
    - rental of facilities to various organizations, institutions, corporate and private concerns.
    - isolated instances of rental of apartments in schools to teachers.
  - b) Student Accommodation \$52,000  
This comprises of room and board charges to parents and guardians of students residing at the St. Elias Student Residence. Also included was rental revenue from the Department of National Defence.
  - c) Remedial Tutors \$ 3,000  
This is a recovery of a portion of salary, text-books and tuition for Remedial Tutors attending post-secondary educational institutions. Recovery is made from Renewable Resources through the DREE program.
  - e) French Language \$194,000  
This is a recovery of a portion of the costs of various French Language programs from the Secretary of State. Recovery is based on total expenditures to an authorized maximum.
  - f) Teacher Training \$ 32,000  
Recovery of charges to students for such things as books, student council charges, etc.

- g) Advanced Education & Manpower \$2,072,000  
This figure comprises of a number of different items, as follows:

- \$1,868,000 - Recovery of course costs from CEIC (Canada Employment and Immigration Commission) via the Adult Occupation & Training Agreement.
- 27,500 - Sale of meals in cafeteria. While this could also be classified as a revenue, we have chosen to leave it as a recovery as the cafeteria is really not set up to be a revenue producing entity. Prices of meals are based upon cost of supplies. We might also mention that the meals are prepared by students under the direction of instructors as part of the Food Services course requirements.
- 76,000 - Extension services fees. Tuition charges for evening courses (based upon course costs).
- 27,500 - Recovery from students for books and materials.
- 55,000 - Room and board payments from students living in the Yukon College dormitory.
- 18,000 - Course fees. Tuition charges for students taking full time courses but not sponsored by CEIC (based upon course costs).

- While it might well be said that items a), b), and some of g) above would more rightly be classified as a revenue rather than a recovery, we would point out that in each of these cases the charge is based largely upon the concept of recovery of O & M costs and the purposes of these items are not to produce a revenue.

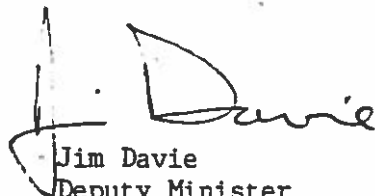
Finally, with regard to point 4 on maintenance, I have some further information.

The Department of Government Services, Public Works Branch, Building Maintenance Division, is responsible for maintaining all school buildings. We have a very small maintenance crew working in the School Services section. The purpose of this crew is to provide a highly mobile unit which can react quickly to emergency situations and to undertake minor improvements not included in the Public Works mandate. The only preventative maintenance programs administered directly by this Department are:

- a) preventative maintenance of heating systems is maintained by the Oil Burner Mechanic. Funding is included in the Maintenance activity of the Public Schools Branch.

- b) a service contract is maintained with Total North Communications to service all micro-computers in schools.
- c) a service contract is maintained with Whitehorse Business Machines to service office machines (typewriters, dictaphones and calculators). This contract is administered by the Department of Government Services.

I hope this information meets the needs of the Public Accounts Committee.



Jim Davie  
Deputy Minister  
Education, Advanced Education  
and Manpower

CH:lk

Attachment:

