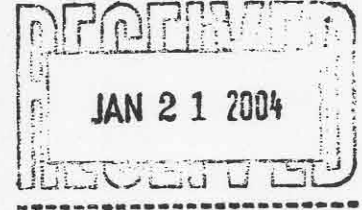


APPENDIX B:
**YUKON DEVELOPMENT
CORPORATION**

January 19, 2004

Mr. Floyd McCormick
Clerk to the Public Accounts Committee
Yukon Legislative Assembly
c/o Box 2703
Whitehorse, Yukon Y1A 2C6



Dear Mr. McCormick:

Re: Public Accounts Committee Review of Crown Corporations

Further to our recent email exchange and the December 15, 2003 letter to me in my capacity as Chief Executive Officer, Yukon Development Corporation from Mr. Todd Hardy, Chair of the Standing Committee on Public Accounts, I am writing to confirm it is my understanding from following up on this matter some weeks ago that Mr. David Morrison, Chair of the Board of Directors for Yukon Development Corporation will address the Committees' request for information and participate in the PAC hearings as required on behalf of the corporation.

I am on long-term leave and have not been formally speaking for the corporation since December.

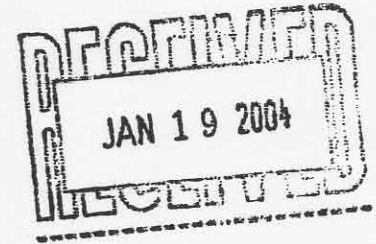
There is a lot of published documentation available to assist the Committee in its work such as the 2002-2006 Corporate Plan (October 2002), the 2002 Annual Reports for Yukon Development Corporation, Yukon Energy and Energy Solutions Centre Inc. (June 2003), Information for Directors (Handbook, August 2003), the 2003 Progress Report for Canada's Climate Change Voluntary Challenge and Registry Program (October 2003), and the Programs and Services Directory (December 2003).

Yours truly,

Duncan Sinclair
Chief Executive Officer

- c. Mr. Todd Hardy, Chair, Standing Committee on Public Accounts
Mr. David Morrison, Chair, Yukon Development Corporation
Mr. Angus Robertson, Deputy Minister, Department of Energy, Mines and Resources

January 15, 2004



Floyd McCormick
Clerk, Standing Committee on Public Accounts
Yukon Legislative Assembly
Box 2703
Whitehorse, Yukon
Y1A 2C6

Mr. McCormick,

We are in receipt of a letter dated December 15, 2003 from MLA Hardy. Mr. Hardy requested that a written response to three questions regarding Yukon Development Corporation ("YDC") be forwarded to you by January 23. The following sets out the detailed responses of YDC to these three questions.

"1. What is the mandate of Yukon Development Corporation? In responding to this question please describe how your mandate has changed since the Yukon Development Corporation was formed and why such change has taken place."

YDC is established as a Legislated Corporation by the *Yukon Development Corporation Act* of 1986. The objects of the Corporation set out in 1986 were as follows:

- "4. The objects for which the Corporation is established are to participate with the private sector in the economic development of the Yukon, and in particular,
- (a) to develop and promote the development of Yukon resources on an economic and efficient basis,
 - (b) to promote employment and business opportunities for the Yukon residents,
 - (c) to acquire the undertakings and assets of the Northern Canada Power Commission in the Yukon, and to enter into arrangements with other electrical utilities to promote the efficiency and cost-effectiveness of the electric power utility planning and operations in the Yukon, and
 - (d) to carry out development policy directives issued to it by the Commissioner in Executive Council."

Yukon Development continues to operate within this mandate, with only 2 changes since 1986:

- *An Act to Amend the Yukon Development Corporation Act* dated 1993 revises section 4 part (c) noted above to read:
 - (c) to assure a continuing and adequate supply of energy in the Yukon in a manner consistent with sustainable development, and

- Order In Council 1993/107 provide a Policy Directive to YDC as follows:
 - “ 1. Yukon Development Corporation shall, in undertaking new initiatives, restrict itself to energy related activities designed to promote the economic development of the Yukon, and in particular designed to:
 - (a) assure a continuing and adequate supply of energy in the Yukon in a manner consistent with sustainable development;
 - (b) alleviate the effects of any energy shortage that may occur in the Yukon; and
 - (c) promote the establishment, development and operation with the Yukon of industries or undertakings that are, by their nature, energy-dependent through the provision of cost-effective energy or energy-related infrastructure.”

“2. How is this mandate being met? In responding to this question describe how you measure compliance with our mandate and how you assess the degree to which you are complying with your mandate.”

Yukon Development’s operations are broad, covering the activities undertaken directly by the Corporation as well as two subsidiaries, Yukon Energy Corporation (YEC) and the Energy Solutions Centre Inc. (ESC). A detailed summary of the various activities is provided in the respective 2002 Annual Reports (attached).

Yukon Development undertakes a number of activities to ensure Corporate activities are planned and operated in a coordinated fashion, and are consistent with the mandate set out in the YDC Act and Orders-in-Council. These activities include:

- Long-term Corporate strategic planning is undertaken on an ongoing basis.
- Annual planning sessions are held with the Board of Directors and Senior Management.
- Periodic public meetings are held to discuss with the Yukon public the activities of the Corporation and its subsidiaries.

“3. How does the Yukon Development Corporation account to: a) the legislative assembly, b) individuals who use your services directly, and c) taxpayers generally? In responding to this question please describe the nature of this accountability and how it is communicated to those listed.”

- (a) Yukon Development Corporation accounts to the legislature through the Minister Responsible for the Yukon Development Corporation. YDC is required to submit its Annual Report to the Minister by June 30th each year and in turn the Minister tables the Annual Report in the legislature. In addition, appearances before various committees and the Committee of the Whole are scheduled on a periodic basis to report on the activities of the Corporation.
- (b) The Auditor General audits the accounts of YDC, YEC and ESC and these accounts are tabled in the Legislature as part of the Annual Report.
- (c) The individuals which primarily use the services of YDC are Yukon ratepayers through YDC's subsidiary Yukon Energy. The terms for provision of electrical service is governed by the Electrical Service Regulations approved by the Yukon Utilities Board. Yukon Energy operates within these regulations, and provides copies to any customers that requests them.
- (d) YDC accounts to taxpayers generally through normal reporting, through meeting the terms of the *Corporate Governance Act* and the *Accountability Act*, and through the legislature via the measures indicated in a) above. In addition, the special nature of the Yukon Energy operations are regulated by the Yukon Utilities Board. This regulation includes normal annual reporting and detailed reviews (typically including public hearings) prior to any change in electrical rates. The Yukon Utilities Board processes are open to the public.

I hope this adequately addresses the questions Mr. Hardy posed regarding the operation of YDC.

Yours Truly,



David Morrison
Chair