

EVIDENCE**Whitehorse, Yukon****Thursday, February 11, 2010 — 10:00 a.m.**

Mr. Mitchell: I will now call to order this hearing of the Standing Committee on Public Accounts of the Yukon Legislative Assembly.

Today the committee will investigate the Auditor General of Canada's report entitled *Yukon Housing Corporation — February 2010*.

I would like to thank the witnesses from Yukon Housing Corporation for appearing. I believe Mr. Rudy Couture, the chair of the Housing Corporation board, will introduce them during his opening remarks.

Also appearing before the committee today is Thomas Ullyett, who is the acting assistant deputy minister for Social Services in the Department of Health and Social Services. Also present are officials from the Office of the Auditor General of Canada. They are Andrew Lennox, Assistant Auditor General, responsible for territorial governments, and to Andrew's right, Eric Hellsten, principal of the Vancouver regional office.

I will now introduce the members of the Public Accounts Committee. The committee members present for today's hearing are Steve Nordick, who is the vice-chair of the committee, Steve Cardiff, Hon. Glenn Hart, Hon. Marian Horne, Don Inverarity and me, Arthur Mitchell, the chair of the committee.

The Hon. Patrick Rouble is also a member of the committee. Mr. Rouble has been involved in the committee's preparations for this hearing, but cannot be present today due to other commitments. In preparing for this hearing, the committee has been assisted by Floyd McCormick, who is the Clerk of the Legislative Assembly, and Linda Kolody, who is the Deputy Clerk.

The Public Accounts Committee is established by order of the Legislative Assembly. We are a non-partisan committee with a mandate to ensure economy, efficiency and effectiveness in public spending; in other words, accountability for the use of public funds. Our task is not to challenge government policy, but to examine its implementation. The results of our deliberations will be reported back to the Legislative Assembly.

To begin the proceedings, Mr. Lennox will give an opening statement, summarizing the findings of the Auditor General's report. Mr. Couture and Mr. Ron MacMillan, president of the Yukon Housing Corporation, will then be invited to make opening statements. Committee members will then ask questions, as is the committee's practice. We devise and compile the questions collectively. We then divide them up among the members. The questions each member will ask are not just their personal questions on a particular subject, but those of the entire committee.

At the end of the hearing, the committee will prepare a report of its proceedings and any recommendations that it makes. This report will be tabled in the Legislative Assembly along with a transcript of the hearing.

Before we start the hearing, I would ask that questions and answers be kept brief and to the point so that we may deal with as many issues as possible in the time allotted for this hearing. I would also ask that members and witnesses wait until they are recognized by the Chair before speaking. This will keep the discussion more orderly and allow Hansard and those listening on the radio or over the Internet to know who is speaking.

It may be helpful if witnesses identify themselves the first time they speak. I would also remind all witnesses and people attending in the gallery to please turn off your cellphones and BlackBerrys.

We will now proceed with Mr. Lennox's opening statement.

Mr. Lennox: Thank you for the opportunity to discuss our report tabled in February with respect to the Yukon Housing Corporation. With me today is Eric Hellsten, the audit principal responsible for this audit.

We undertook this audit as the fourth in a series of audits under a long-range plan to carry out performance audits of the Yukon government's departments and agencies. The audit examined whether the Yukon Housing Corporation has adequately managed its social housing, staff housing and lending programs. For the purposes of this audit, adequate management means: (1) that programs are being delivered in keeping with the corporation's legislative mandate, policies and procedures; (2) social and staff housing units are suitable — that is, they have the appropriate number of bedrooms for the size and makeup of resident households for serving the changing needs of residents; (3) housing units are being adequately maintained — that is, they do not require major repairs; and (4) the corporation has strategic planning, risk management, governance and performance measurement processes to assist it in meeting the housing needs of all Yukon residents.

The corporation administers and maintains a housing stock of 532 social housing units in Whitehorse and nine other communities, as well as 147 staff housing units located in communities other than Whitehorse.

The corporation has also issued loans totalling more than \$40.9 million under the home ownership and home repair programs.

We examined the social housing program for the period from April 1, 2007 to September 4, 2009. Our examination of the other programs covered the period from April 1, 2008 to September 4, 2009. Audit work for this report was substantially completed in September 2009. The observations and recommendations section of the report describes our findings and our recommendations for improvement. Our findings pertain to day-to-day operations. They are presented under four headings that cover the corporation's main programs: social housing; maintenance of housing stock; home ownership and home repair loan programs, and staff housing program.

We also reported on the corporation's strategic management, which we presented under two headings: strategic planning and corporate governance, and performance measurement.

For the social housing program, we found that the Yukon Housing Corporation has properly assessed applications for

social housing, using its rating system in accordance with its policy.

Social and staff housing units are generally being well maintained, and they are not in need of major repair; however, the corporation has determined that many of its units have exceeded their life expectancy and have to be replaced. Funding under the federal economic action plan has helped replace these units, but the large number of social housing construction projects to be undertaken within the territory in the next two years presents a significant risk that the corporation will need to manage and mitigate.

Under the home ownership and home repair loans programs, the corporation has adequately managed its lending programs, as it has a good collection record and few defaults on its loans; however, we found that loans are made without documenting that the applicant has been unable to obtain bank financing or has never owned a home — two key things that are required by the corporation's legislative mandate, policies and procedures. The risks of joint-venture loans also need to be better identified and mitigated.

For the staff housing program, until recently, there was little coordination among the corporation, the Public Service Commission and individual departments to identify future needs for staff housing. The corporation has recognized that many of its housing units for government staff are aging and will eventually need to be replaced; however, it currently has no plans to build or acquire additional units. Although the waiting list for staff housing in communities is short, the lack of housing there for key personnel could undermine efforts to recruit and retain staff.

From a strategic management perspective, we found that the corporation lacks integrated housing strategies. In other words, the corporation needs to do a better job of determining the type and number of social and staff housing units that are needed in each community. The lack of such strategies increases the risk that the new housing projects will not address the real housing needs in the Yukon. For example, many people living in social housing units have more bedrooms than they need. At the same time, there is a shortage of one-bedroom units in Whitehorse, and applicants in the victims of violence priority group have waited up to 15 months for housing.

When planning the replacement of its housing stock, the corporation needs to address the imbalance between the mix of housing in its portfolio and the kinds of units that are needed.

The corporation also does not have adequate strategic planning and performance measurement processes to help it determine how it is performing and meeting the housing needs of Yukon residents, and it is only beginning to develop a risk-management process.

There are also significant weaknesses in the capacity of its financial accounting and reporting systems to provide timely, complete and reliable information for decision-making. These weaknesses affect the corporation's ability to deliver effectively and efficiently.

We made 18 recommendations. We are pleased to note that the corporation has agreed with our recommendations and

has committed to taking appropriate action to address them. Mr. Chair, your committee may want to invite representatives from the corporation, the Department of Health and Social Services, and the Public Service Commission to elaborate on the specific action plans that they have developed to implement our recommendations.

Mr. Chair, that concludes my opening statement. My colleague and I would be pleased to answer any questions that members may have.

Mr. Mitchell: Thank you, Mr. Lennox.

Mr. Couture: Good morning. As chair of the Yukon Housing Corporation Board of Directors, I am pleased to appear this morning to respond to the performance audit conducted by the Auditor General of Canada.

I'll start by introducing the Yukon Housing Corporation's officials in attendance this morning. They are as follows: Ron MacMillan, our president; Dale Kozmen, vice-president; Don Routledge, senior program advisor; Ron Brown, director of housing operations; Mark Davey, acting director of finance and administration; and Mark Perreault, director of program delivery. Together we endeavour to respond to your questions. If you require additional information, it will be prepared and sent to you without delay.

Mr. Chair, I would also like to recognize and thank the staff of the Auditor General of Canada for their efforts with Yukon Housing Corporation's performance audit. This includes Andrew Lennox, Eric Hellsten, John Sokolowski, Erika Boch and Shari Laszlo. It is important for government departments and corporations to embrace external audits, because they do create an opportunity for professional advice and assistance. The guidance and information we receive will assist Yukon Housing Corporation in delivering programs and services that are reflective of the housing needs of Yukoners.

The implementation of the recommendations can help us operate in a more strategic environment, so that our board of directors has the critical information required to make decisions that are effective, efficient and economic.

Mr. Chair, in reviewing the recommendations, I was pleased with the extensive concepts and ideas put forward. I also welcome the challenge for the corporation to undertake effective reviews, implement solid approaches and then monitor and report on their effectiveness.

The audit was a new experience for Yukon Housing Corporation and it provided a lot of insight on our organization. I want to acknowledge and thank the staff of Yukon Housing Corporation for their active involvement and participation in the performance audit. They provided the audit team with their knowledge and expertise, many supporting documents and, of course, responded to many follow-up questions and requests for information.

Over a period of several months, we provided information and discussed our programs and services. We always did so in an open and transparent manner, and this is reflected in the quality of the performance audit. I want all members of the Public Accounts Committee to understand how well the board of directors and the staff of the corporation work together as a

team. This very positive relationship is important to the clients we serve.

Mr. Chair, in closing, I want to thank all members of the Yukon Housing Corporation Board of Directors for their ongoing commitment to the effective, efficient and economic programs and services that address the housing needs of Yukoners.

Mr. Mitchell: Thank you, Mr. Couture.

Mr. MacMillan: Mr. Chair, as president of Yukon Housing Corporation, I am pleased to appear this morning to respond to the performance audit conducted by the Auditor General of Canada. We have tabled Yukon Housing Corporation's implementation plan with the Public Accounts Committee in response to the recommendations put forward by the Auditor General of Canada. This implementation plan provides members of the Public Accounts Committee with additional information, including milestones on how the corporation will proceed with the analysis and implementation of all of their recommendations. There is a significant amount of work to be carried out to respond to all of these recommendations. We shall do our very best to meet the timelines that we have inserted in this implementation plan.

If this committee has additional directions for the corporation when it reports its findings to the Yukon Legislative Assembly, they will be merged with our implementation plan and that new version will be distributed to this committee.

It is important for us to maintain an ongoing reporting relationship with the Legislative Assembly on the implementation of the recommendations contained in the performance audit. For this reason, as of this year, our annual report will contain information on our progress to date.

This will ensure that all Members of the Legislative Assembly have relevant information on our responses. It will also be valuable for the Office of the Auditor General of Canada when it undertakes an analysis in future years on how we have implemented the recommendations.

The annual report will be of use to the Public Accounts Committee if it later chooses to call officials from Yukon Housing Corporation to appear as witnesses and to provide information on implementing the recommendations.

During the course of the performance audit, the staff of the Auditor General of Canada made a number of observations regarding accounting issues of the corporation. As members of the committee are aware, Yukon Housing Corporation has experienced challenges in completing the 2007-08 and the 2008-09 financial statements. We have hired additional staff, and we continue to work daily with the staff of the Auditor General of Canada to complete and subsequently table the financial statements.

We extend our apologies to the Members of the Yukon Legislative Assembly and to the Government of Yukon for the delays that have occurred. We are steadfast in our resolve that these financial statements must be accurate and reflect the financial position of Yukon Housing Corporation. As soon as these statements are approved by the Auditor General of Canada, they will be presented to each Member of the Yukon Legislative Assembly.

Before I conclude my opening remarks, I wish to draw attention to some of the positive references in the performance audit on the performance of Yukon Housing Corporation. For example, the conclusions state that Yukon Housing Corporation has adequately managed its social housing and staff housing programs. In addition, the corporation has adequately managed its lending programs, as it has a good collection record and few defaults on its loans.

I wish to thank the staff of the corporation for their hard work and commitment to the delivery of effective housing programs to Yukoners and, as a personal note, I sincerely thank our staff for all the work they put in — Don Routledge was our lead — with the Auditor General on this file, as well as all our other directors and managers who are here today, and the many other people in the organization who put a lot of work into providing information to the Auditor General.

Just before I close, Mr. Chair, I will do my best to answer questions that are put forward to me. I have a wealth of experience around me and, if you give your permission, I'd like to draw upon that from time to time, to be able to provide more complete and adequate answers to you and to members of the committee.

In conclusion, I thank you for the opportunity to address this committee, and we now welcome your questions.

Thank you.

Mr. Mitchell: Thank you, Mr. MacMillan, and it's fine for whoever is best to answer the questions to do so, but if you would indicate to whom you are deferring, then the chair can recognize that person again for the benefit of Hansard and those listening.

We're going to start in the area of social housing programs with Mr. Cardiff, and I would just preface this by saying that in the area of issues that involve the Department of Health and Social Services — Mr. Ulyett, if there are any questions you feel you need to defer to the deputy minister, please say so and we'll re-ask those questions again this afternoon when the deputy is present.

Thank you.

Mr. Cardiff: Good morning, everyone. Thank you for coming today to participate and to answer our questions and shed some more light on the Auditor General's report.

In paragraph 16, the report says, "Since 2007, the Corporation has been constructing the Applicant and Tenant Online Management System. At the time of the examination, only limited components of the applicant portion of the database were in use. We found that the information in the applicant database was incomplete, and data sets were neither final nor accurate."

I note in your responses and in the plan that there has been some progress toward that and that there was a contract issued in January. Our questions are several, so I'm going to bunch them up a little bit. I will ask a few, await your response and then will ask some more.

What is the intended objective of the system? What is the intended use of the data? What is in place at this point in time and what remains to be done? When was the initial completion

date and the budget? What are the current forecasts for the costs of this system?

Mr. MacMillan: Thank you, Mr. Chair. I will answer a few of those — what I can — and then I would ask permission to turn it over to Ron Brown, who is our director.

Mr. Cardiff and Mr. Chair, this is part of an ongoing, multi-phase project for this particular system. It started in 2007. The system is not completed as yet. Our plan is that the final construction phase for the database project would be completed by March 31 of this year; then after that, the database would be implemented in Whitehorse for testing and analysis. Subsequent to that, it would be rolled out individually to each rural community, including system turnover, support, training and development. The project is scheduled to be completed over the next — my information is over the next 24 months, but we certainly hope to have it completed before then. Right now, it is true, as the Auditor General has said, this system is not complete. We have some information on this system and the other information we have is in hard copy in our files. We feel that as we progress we would like to move over to the new system as soon as possible, but in the meantime we are very careful to ensure that we rely not only on the data that's in the system, but also the data — that we have a hard copy so that nothing is missed. I do believe that the Auditor General did acknowledge in the report that in the samples they have tested, there has been no indication that anybody has been disadvantaged because of the system being in progress and not being completed.

Maybe I could ask Ron Brown, our director of housing operations, if he has anything to add to that.

Mr. Brown: The specific issue where it says the database was inaccurate had to do with our priority rating system and, in that system, after the database had begun, we decided to give extra points on the priority listing to people who had been in the units for a long time. So for every year they were in the unit, they would get an extra point on their priority listing and move them farther up the list.

That being a small item and the fact that it wasn't actually affecting the people on the waiting list, the database just kept counting after people were already in housing, so that's where the inaccuracies were. We were aware of those and could work with those and knew that we would make those corrections at a future time when we were making other corrections to the database.

I believe the report also confirmed that it wasn't affecting anybody on the waiting list in any negative way.

Mr. Cardiff: I'd just like to acknowledge the response around the completion dates. The other question I didn't hear an answer to was around the budget for this project. This has been a project that was started in 2007, and it's projected to take another 24 months. You said you hoped it would be complete sooner. We're just wondering if this is normal for this type of project to take that long. Why is it taking that long?

We'd like to know how the integrity of the data will be ensured. You touched on the fact it was going to be rolled out to the communities so, for example, if a tenant of the Housing Corporation owes money in one community but moves to an-

other, will the corporation staff in that community be aware of that?

Mr. Brown: I'll try to answer those one at a time, Mr. Chair. The reason the database is taking some time is because we're developing it in-house and will be developing it to make sure that it meets the intentions that we want it to. It's a multi-phase base. The first one has to do with information directly related to clients on the waiting list before they get into housing. So different statistical information — information as to how long it's taking to get people into housing, how long it takes for the approval process — it also has that priority rating system built into it so that when the board goes through that system and gives the clients priority rating, that's also built into the database and into the waiting list.

The reason the database is taking some time is because we are developing. The other part of the database which has to be worked on yet is the part that has to do with rent assessment and collections, so that we have that all electronically in one system. Some of that now we do manually; some we do through another spreadsheet, so we're just trying to make sure that all those pieces fit together and build it as we have time and resources. As I said, we're doing it in-house so it does take a little longer, but we found with the first phase of the database that it's very helpful to us in what we can already use. So it is working; it's just that we want to make sure that it works, so we're building it slowly and making changes as we need to. When we find out that something isn't quite right, we adjust that, or take note of it and will adjust it when the time comes.

Mr. Cardiff: Is there a budget figure for the project?

Mr. MacMillan: I'm sorry, I don't have that with us, but we will provide that to you right away in terms of what we have spent in our projected budget to complete the project.

Mr. Cardiff: In paragraph 24 of the report, it states that the corporation is overdue in undertaking a program evaluation. The report notes that the social housing program evaluation was not commenced. Paragraph 20 notes that according to the social housing agreement with the Canada Mortgage and Housing Corporation, the evaluation must be completed by October 1 of the fifth year following the previous evaluation. The previous evaluation was completed in 2004. We would like to know why. We understand that it was started at the end of November. We would like to know why it was not started on time, what the corporation has done to respond to this, what the corporation has done to respond to the recommendations in the 2004 program evaluation and what changes it has implemented to its operations as a result of that.

Mr. MacMillan: It's unfortunate that the report was not started by the time that the fieldwork — I think the fieldwork of the Auditor General was completed around the first part of September of last year, 2009. It is true that the report was not completed by that time. Shortly after that, we did issue an RFP — request for proposals — to have the report completed. A contract has been awarded to complete that evaluation and my understanding is that the report will be submitted by the end of next month. By the end of March 2010 that report will be presented to us for observation.

I suppose there are never any real excuses for not doing something on time. We weren't too far out of time on this particular one; nevertheless, it's true we didn't quite make it. My understanding is that the report from 2004 was presented in the mid to the latter part of September 2004.

I guess, just to put things a little bit in context, Mr. Chair, 2009 — and again, there are no excuses — was an exceptionally busy year for us. In January of last year, the federal government announced its economic stimulus plan — Canada's economic action plan — and, over a two-year period, part of that plan was \$50 million that was awarded or granted to Yukon to build new social housing, public housing and to upgrade existing housing. That was sort of from a standing start with a very tight time frame, so that did take a lot of our staff and resources to get that underway.

In addition to that, as has been mentioned in the opening remarks, the completion of the financial audit, having the requested information to the Auditor General, has taken a lot of our time, as well as this performance audit.

We tried our best to get this material out, to get the evaluation underway. It's unfortunate that we missed the exact deadline, but we tried very hard to get it as soon as we could. It is underway; it will be completed by the end of March and we will be reviewing it as soon as it's made available.

As far as the follow-up that was done from the 2004 evaluation report, I may just ask another member of our Yukon Housing Corporation team, Don Routledge, our senior program advisor, to respond to that part.

Mr. Routledge: Just to add a little bit to the president's comments on our current evaluation, we have advised Canada Mortgage and Housing Corporation of our time frames, and we have not received any negative feedback or concern from them that we will be reporting to them as of the end of March of this calendar year, which is good to know.

In terms of implementations from the 2004 report, one issue was the reprofiling of our portfolio. The corporation undertook a very comprehensive process when it was determined that after the Canada Winter Games we would now have a 48-unit seniors building at the college. There were extensive consultations with community groups and individuals, and there were tours of the new building. What we tried to accomplish there was to provide affordable, accessible accommodation to seniors who did not necessarily want to live in the downtown core. So we had a number of seniors relocate from other buildings we operate into our new building. We also had a number of seniors who had effectively aged in place. When they first came into social housing, they were not seniors. In terms of aging and the need for accessible accommodation, we were able to take seniors out of non-seniors housing and provide them either with accommodation at the athletes village or seniors-designed units in the downtown core.

That in turn freed up units that were now for the original intended target group, that being families. So there was a good example of how we took to heart the issue of reprofiling and put it into place.

Another recommendation from that report dealt with some type of client feedback, so we initiated a process to monitor the maintenance of our units and the time it was taking, and the response, either positive or negative, from our tenants. After undertaking this performance analysis, we determined that we had a very high rate of positive support from our tenants in terms of our maintenance. We basically decided not to continue because the system we created was very burdensome in terms of the data collection, the processing and analysis of it. So there are two concrete examples of what we did to implement those recommendations.

Mr. Cardiff: Thank you. You actually started to answer the next question. In paragraph 23, you touched on monitoring maintenance and the tenant surveys. The report says that "the Corporation has since discontinued its own annual tenant satisfaction surveys" and that "the Corporation does not formally track tenant complaints about their living conditions."

The committee would like to know from the corporation: what is the rationale for discontinuing the annual tenant satisfaction surveys and why does it not formally track tenant complaints about their living conditions?

Mr. MacMillan: Yes, there were some surveys that were conducted. Overall, we found the results of the surveys to be very positive in terms of client satisfaction with the Yukon Housing Corporation. It was taking a fair bit of time to have those completed. We were getting, overall, a very good response rate. So there was that part of it — taken into consideration through Yukon Housing Corporation's staff, or whether through the Whitehorse Housing Authority or in the communities. We do attend, from time to time, tenant meetings. There are regular staff meetings. We try to share information as much as possible in terms of how things are going with our staff housing. We think that, through our advisory boards and staff in the communities, as well as within the greater Whitehorse area, we get pretty good feedback on client satisfaction and how things are going.

We have annual inspections of units. Both social housing and staff housing units are inspected on an annual basis. Certainly there is an ongoing dialogue there with the technical officers who are doing the inspections. So I guess overall, Mr. Chair, we feel we're getting pretty good feedback on a regular basis from clients in units, so I guess it was assessing priorities. We felt that, given the capacity we had, and given the feedback that we are getting, that we would not continue on with those surveys in the manner that we were doing.

Thank you.

Mr. Cardiff: One more question in this area. In paragraph 25, which is the recommendation, in the corporation's response — and I'll read the response — it says that, "The contract for the evaluation has been awarded and the scheduled completion date is 31 March 2010. The Corporation will consider all recommendations contained in the final report. Options papers will be developed and presented to the Corporation's Board of Directors for their review and consideration within 18 months."

We were wondering why 18 months, why it would take that long to respond. I'll note here you mentioned a couple of times about capacity issues and I think we on the committee understand there are capacity issues, and if there is something you could do or tell us to help us understand the capacity issues and what could be done to help, I think that could be presented in our report as well.

Mr. MacMillan: I don't want to lead us in the wrong direction. Every organization has to decide on its priorities and we felt we are getting good information on an ongoing basis — just going back to the surveys for a moment — and we felt that, based on the information and the dialogue that takes place on a regular basis through various channels, as we've noted, it would be prudent for us to not continue on with the surveys as we did previously. In a sense, we're still surveying in more of an informal manner.

As far as the 18 months is concerned, what we have done throughout the responses is tried to give timelines that we felt were realistic and that we could achieve. You know, we will certainly endeavour and work toward beating those timelines, so to speak, and coming in beforehand. But I guess our approach on this was to try to establish timelines we felt were very realistic to us, and we don't know now what other programs or initiatives may come in that time. So we wanted to make sure that we were realistic and could have it done by then but, at the same time, realizing that we were going to try to come in, not only within those limits, but beforehand wherever possible.

That's probably not giving you enough information. Maybe I could refer to Don Routledge to maybe just give a little more comprehensive answer on that.

Mr. Routledge: Part of the problem that I have is that I will not know the contents of the evaluation until effectively the end of March/beginning of April. So as our president has indicated, I've taken more of a conservative approach for the timelines, because I don't know what they are going to say or come up with. We're going to take that information and then continue on with analysis and options for the board.

What we have done is that we have determined the two areas of the evaluation — the victims of violence and abuse policy, as well as the appeal bylaw, will be the first two sections of the evaluation that we will undertake in our review and analysis, followed by the asset policy and the pet policy. Right now, we are being a little bit conservative, as our president has indicated. If it's possible to speed up this or any other milestone or timeline, we will endeavour to do so.

Mr. Inverarity: Thank you very much, Mr. Chair.

I am going to be looking at maintenance of housing stock. I would like again to welcome you all. By the end of the day you will all be formally welcomed by us also. I think I will move into questions at this point.

The first one I have is situated around paragraph 31 in the report. The report says that "...the Corporation does not have any formal standards to help technical staff assess the seriousness of any of the repairs identified. For example, [the auditors] were told that the Corporation's health and safety standards are

derived from the National Building Code of Canada," but the corporation's standards to be used for inspections have actually not been documented. My question is this: what type of annual inspections are carried out and how did the corporation's staff ensure that the housing units met health and safety standards?

Mr. MacMillan: I just ask permission to have Mr. Ron Brown respond to that.

Mr. Brown: We do our inspections annually. The fact that we don't have a standards document doesn't mean we don't have them. I believe when we contacted B.C. Housing, they don't have documented standards either and they're a much bigger organization than we are. The staff we have has been doing these inspections consistently for many years, so they're consistent because we have the same staff doing them. They're thorough. We have a list we go through on each unit and we also now, based on the auditor's recommendation, have an actual checklist that we just implemented in this last week to see how that will work for us.

Our inspectors all have a construction background so they're pretty familiar with building standards and safety standards. So when we do the inspection, we prioritize on every unit what we consider a safety issue, a health issue, with a high priority, and those are the things where we do that work right away.

It was noted in the audit report that, of the files they checked, I think it might have been 28 — I can't remember exactly — but there were a fair number of files they checked to make sure the health and safety issues identified had been taken care of, and they were.

Could I just ask you if I'm missing something.

Mr. Inverarity: No, we're coming along. I could repeat —

Mr. Brown: If you could just give me the highlights, I was listening and not writing.

Mr. Inverarity: How did the corporation staff ensure that the housing units met health and safety standards — the second half of the question?

Mr. Brown: Like I said earlier, they have a construction background. Health and safety standards are more common sense than anything, and so they go through the unit, they do identify them. As I said, they do identify them with a high priority.

Just for your information, when they do the inspection, we have an electronic spreadsheet we use that identifies the community, the housing unit, the area of repair and specific comments on the repair, the priority with which it needs to be taken care of, the estimated cost of that repair — and that's both in capital and maintenance. So from that spreadsheet, we then take that information, and we put that through work orders into our new electronic maintenance system. Every work order that is generated tracks that work to that unit, so that years from now we can look back and say, "When did we replace the floor? When did we paint it last? When did we replace the cabinets?" — those kinds of things.

It also lists on the spreadsheet whether the repairs are due to normal wear and tear or tenant damage. If it's tenant dam-

age, we charge the tenants back for that. So it's a pretty comprehensive inspection. And, like I said, with the health and safety items, it's pretty much common sense — where there are railings missing, and where there could be things like mould in the house that needs to be taken care of. Those things are fairly common sense, and we do use the National Building Code of Canada to ensure that those health and safety items are repaired to code. I don't know if there is anything else you want to know.

Mr. Inverarity: I think you have answered most of the questions. Just for clarity, though, the corporation's ability to track timeliness of the repairs, the frequency and the cost of repairs are all maintained on one spreadsheet, or are they a group, and where is that data actually kept? I know spreadsheets can get —

Mr. Brown: The timeliness and the costs are tracked in the new maintenance system I mentioned. When that work order is written, it tracks the cost of the repairs, the item, the type of repairs; it tracks the date when the work order was issued; when the work is completed, it'll track the date and the actual cost, not the estimated cost. So we can pull those reports from our maintenance system.

Mr. Inverarity: Thank you for that — very thorough. Paragraph 33, the 2004 social housing program evaluation recommended replacing the electronic spreadsheet used by technical staff with a computerized property management program. The report says the corporation decided to implement a new electronic maintenance tracking system at the end of the fiscal year of 2009.

Why was the recommendation in the program evaluation not implemented earlier? It was 2004-09. I am just curious as to why it took that long.

Mr. MacMillan: Thank you, Mr. Chair. Again, I would ask permission to have Mr. Brown respond to that.

Mr. Brown: Mr. Chair, we made several attempts to get a maintenance system together and were unsuccessful a number of times. This was actually our third attempt to get something that would really work for us. So that's the reason why it took so long. What I talked about before — the electronic spreadsheet — it says it should be replaced. We're still using that electronic spreadsheet because it works very well for inspections. The inspectors have a small computer that they have right with them. The electronic spreadsheet is right in there. It goes through the list they need to inspect, so they go through and identify. But to that we've added the computerized maintenance system that I mentioned earlier, so that the information from our old spreadsheet — which still works very well — we then transfer that information into the actual system that tracks everything. So we didn't do exactly what the consultants said, but from a program standpoint, the spreadsheet was very good. It just didn't go far enough. So when you're inspecting that many units and with the way we've set it up, it's the best way to do it that we have found.

Mr. Inverarity: So this new maintenance system — is it fully implemented now, or is there a time frame as to when it will be?

Mr. Brown: Mr. Chair, we have implemented the first module, which is the work order part of the system. It has many options to it; there are provinces and big companies. I believe Boeing uses the same system for their company, so you imagine that it's a fairly big program with a lot of potential. We don't need all of that. We are implementing what we really needed, which is to track the work to each unit and the costs, so we have implemented that part. We also have to make sure that that system fits with our financial system. We are also working right now, in our financial system, on our purchase order system for capital items. Our maintenance system would also have that module, but it wouldn't fit as well. So as we go on we will look at that system and see where it would be helpful and what module. We don't need to implement all of them, just the ones that would fit us. That's kind of where we are. It's working toward what we need; it's tracking work on the units and tracking costs. It is ensuring that work gets done and doesn't get forgotten. So it's doing what we need it to do right now and what we initially intended it to do.

Mr. Inverarity: How will the data in the system be used to determine replacements for major housing components and are there any scheduled replacements for major housing components?

Mr. Brown: Yes, there are. When we do our inspections, we list both capital and maintenance requirements, capital being the long-term replacement of major components of housing. When we do the inspection, we'll note — say, if we look at a roof, we'll say that it should be replaced in three years. So we note the year that it needs to be replaced — or if it's cabinets or flooring or any of those major components — so we can go back and pull the report from there saying, in the year 2011, how many cabinets do we need to replace, so we can get the report on capital for those major components for that year so we know what can be replaced. We take that and look at our budget and start with the highest priority items and work down.

Right now we're in a bit of a different situation in that we have all the money from the Canada stimulus funding, so we're on full speed ahead and using all that money we can to do all the repairs we wouldn't have been able to do otherwise. We're pretty much on schedule with our capital repairs, so we're pleased to have that and trying to make the best use of it.

Mr. Inverarity: In response to the recommendations in paragraphs 32 and 36 of the report, the corporation indicates that it will document inspection standards and develop a standardized method that will be used during inspections this year. Have you completed the draft inspection standards and, if so, can you describe them for us?

Mr. Brown: Mr. Chair, we haven't started the inspection standards yet other than starting to draft the framework for that. The inspection standards would be such that — at least, I guess, on the most basic level — the life expectancy of different components of the house, the grade of material or specifications on material that we would use and that would fit with cabinets, painting, flooring, interior finish, exterior roofing — all those different things — we'd have a standard for that.

When an inspector goes into a house he could look at, let's say, the flooring and he could go back to a report saying when that flooring was last replaced, and if this is the fifth year and it is supposed to last 10 years, then they know it has another five years that it should last, and if it doesn't then there is some tenant damage that should be charged back.

So there will be standards for, eventually, not just the inspection standards but also standards for equipment, like heating systems — so that we can be consistent in all the communities and in different areas of repair — that we're consistent in what we do and the materials we use.

Mr. Inverarity: With regard to the option papers that are being presented to the board, why are these option papers actually being presented to the board after the standards have been applied in the field? It seems to me that you would want to go to the board first and then implement them in the field. When does the corporation intend on getting the board of directors' agreement with the new standards and methods to these inspections?

Mr. MacMillan: I think the intention — I may be corrected on this — is to draft standards and to try to work through those and then come to the board with sort of a complete package of standards that we have found that have worked. Now, maybe I'm wrong on that. Maybe I'd ask Mr. Brown to clarify that.

Mr. Brown: I think it's the same as when we were asked, in this report, to have a checklist for our maintenance inspections. And we have, just this past week, implemented that, but we're not sure yet how it's going to work in the field. It may be very cumbersome and so we'll look at it again and say, "Okay, we're getting the information we want, but is there an easier way to do this so that it's more efficient?" It will be the same with the standards. Not having written them before and it not being common in the country — I guess — that everybody has those, we'll want to write them to the best of our ability, use them during inspections, see how it actually works in the field and then improve on them wherever we need to, rather than bringing them to the board any number of times. I guess initially we're working on them and it isn't the finished product. Once we believe we have a good finished product, we can then take that to the board and get their approval on it.

Mr. Inverarity: What's your time frame that you expect through this testing period to be — to more or less have them completed to be able to present to the board?

Mr. Brown: I'm just going from memory now, but I think we said in 2010 we would implement the initial standards for inspections.

Mr. Inverarity: That's the testing period that we're talking about — to test the standards to see — ?

Mr. Brown: We would apply those through this coming summer. Once we've gone through an inspection period — which we're doing now and have others scheduled for later — we will refine those; we will analyze them and refine them over the winter and take them to the board. We will have those formally ready for next spring for the inspections that we do then.

Mr. Mitchell: Thank you. It's awkward for me to keep calling on people, but I would just remind the witnesses that Hansard cannot see anyone in this room, nor can the radio listeners. That is the reason for it, thank you.

Mr. Inverarity: In paragraph 37, the report notes that "The Corporation has identified a number of units that also need to be replaced because of health and safety issues." What are these health and safety issues and how is the corporation dealing with them presently to ensure tenant safety?

Mr. MacMillan: Mr. Chair, I will maybe just speak briefly and then ask Mr. Brown to give more detail on this.

I know that Yukon Housing Corporation has developed a very comprehensive rating system for the units in both its social housing and staff housing. In other words, Mr. Chair, it's a case of assessing the buildings in terms of, you know, if the units would have a life expectancy of 10 years or beyond or we're certain that, on the best estimate of our technical officers, they would have a life expectancy of 10 years and so on. Based on that, we are categorizing the units that we do have.

As has been noted, and I think maybe referred to earlier, we have a very experienced group of technical officers who do thorough assessments. The annual reports, both on social and staff housing, are done once a year. I understand that at least two members of the team do the inspection.

This is off the point a little bit, but just to follow up on what Mr. Brown said, we feel we do a very thorough inspection and we do have our lists and do mark off what's priority, what has to be done on a priority basis, and the audit confirms that we do attend to those priority issues.

What the Auditor General is suggesting, and I think it's a good suggestion, is they would just like us to check off all the list just to confirm by document that we have checked everything, i.e. the furnace, the flooring, the roof or whatever it might be. We feel we do that now but I think it is a good idea that we have a list that confirms that we have actually checked off everything and we've actually done that.

We are assessing on an ongoing basis the status of the social housing program. As Mr. Brown has mentioned, the economic stimulus package that was announced last January by the federal government has been very beneficial to us and we certainly appreciate that because it has allowed us, and continues to allow us, to do many of the upgrades and repairs and retrofits to our social housing units and, as well, to embark on and use those funds not only for renovation and repair but also for the construction of new units.

We can give those to you now or later, but we do have the Whitehorse affordable housing unit that's being constructed in Riverdale; we have seniors facilities that are being constructed in Watson Lake and Teslin and Faro; and other projects that will also be underway this year.

I'm not sure, Mr. Chair, if I've responded to the question or not. I apologize if I have not.

Mr. Inverarity: Actually, the first part was fine; you are responding to it. I just have one follow-up on it. We are talking about tenant health and safety — those are the individuals living on the premises. I'm just wondering how the corpora-

tion determines whether or not to shut a particular building down for health and safety reasons — for example, how many have you done in the recent past for health and safety purposes?

Mr. MacMillan: The corporation certainly does take that seriously and we feel we do a good job of that. I would ask Mr. Brown to respond in specific detail to that health and safety issue.

Mr. Brown: I guess the single issue that comes to mind, and it's not that it's prevalent, but where we would shut a unit down and move a tenant out would be if there was a lot of mould found in the house. Sometimes that can be because of lifestyle, like too much moisture in the house and it not getting taken care of. Sometimes it's just because some of those buildings were built in the 1970s and just poor construction and condensation because of the cold.

Offhand, I can think of one or two where mould was the issue. We did move the tenants out and these generally are from the units listed in the 2004 inspection, which were 41 doublewides. We have closed a number of them up — not all due to health and safety reasons, only a couple — because it would cost too much to repair them to a decent standard for the unit that they are, and you still end up with an old, repaired unit.

In that management plan that Ron was referring to, we have six categories of units. In the past, before we had this in place and when units weren't quite as old yet, we would look at the older units and we'd say, "Okay, we have to focus on these older units and bring them back up to standard."

Now that the units are getting older and there are more of them, we have to look at the units from the other side and say, if we can fix 10 units to last 10 more years, instead of pouring all of the money into one that is in really bad shape, we're doing that and we're shutting the one down and disposing of them as we need to. We are looking at replacing some this year through the stimulus funding. Does that help?

Hon. Ms. Horne: We're now moving into home ownership and home repair loan programs, and I would like to note that the corporation has adequately managed its lending programs with a good collection record, and I commend you for that. And I thank all of the staff for being here before us today.

So we go into, as I say, the home ownership and home repair loan programming questions. The report notes, in paragraph 43, that the corporation has a low default rate on its loans. What is the corporation's risk tolerance?

Mr. MacMillan: I'm not sure if I know that. I do know that, as of the end of December 2009, the total outstanding loans were, I think, \$41.9 million as of the end of December 2009. The amount of loans in default was under \$70,000 total. In terms of that portfolio, I think that the statistics I saw just within the last day in terms of the end of January — the balance principal was down a little bit and I think that the amount of default was actually under \$60,000 in terms of that portfolio.

In terms of a risk tolerance, we try as best as we can to limit the risk, to minimize the risk to Yukon Housing Corpora-

tion in terms of any defaults. We do, as the report says, generally follow our lending guidelines, policies and procedures. There are some exceptions that are noted in the report. We do have very experienced lending staff who take a very comprehensive approach to our lending programs and work very hard with our clients to make sure that they can keep up-to-date in terms of loan payments. We do whatever we can to minimize risk, to ensure that we have as little risk as possible.

In terms of our home ownership, our first mortgage loan programs, we take first mortgage security and that's registered. We do whatever we can to minimize risk.

Hon. Ms. Horne: That diligence is shown in the low record and the excellent loan payments.

In paragraph 43, second bullet, the report says that, to be eligible for the existing home ownership mortgage financing program, the applicant must have first been refused financing by a bank. However, in the seven approved mortgage financing program files the auditors examined, they found no evidence that the applicants had been refused bank financing. Why was the corporation not following its own policy?

Mr. MacMillan: In this particular case, I'll say just a few comments and then just turn it over to Mr. Perreault, who's our director in that area. To avoid the time and effort and the embarrassment that certain clients may have in terms of approaching a bank for actual correspondence or actual letters of refusal, we have, through the years, developed a process, again with our very experienced lending staff, who are quite aware of the lending guidelines of banks and financial institutions and are able to determine — in our view, very accurately — as to whether or not a client is eligible for financing or not.

What we have developed — and we have actually just changed our policy in this regard — is to say that instead of bank refused, it is bank ineligible, and what we determine would be a bank-ineligible client. On that basis, we make a determination as to whether or not the individual or individuals qualify for our program. If there is any doubt, as I understand it, that the person would qualify for financing from a financial institution, we would refer them to a bank for their consideration.

It is true that our policy, as written, is probably not in accordance with the practice that we have been following; as a result, we have changed that policy. If I could call on Mr. Perreault, does he want to add anything to my comments, please? Thank you.

Mr. Perreault: I don't have very much to add to that, because that was covered fairly well, other than to place emphasis on the experience of our lending staff. Most of them have experience with private sector lending, and they're very aware of the criteria in the private sector for lending — the eligibility for bank financing. Often, at times, it's very obvious that a client will not qualify for bank financing, yet may fit our lending criteria. Therefore, to save the clients basically the embarrassment or the hardship of going to a bank and actually getting refused and to minimize the time that the bank has to spend on an application that we know is going to be refused, we would accept that client into our programs. But, as stated by

our president, we have worked with our board to change that policy to better reflect our practice.

Hon. Ms. Horne: You've gone into my next question a bit. But maybe I'll go into it, just to get a bit more clarification there. In its implementation plan, the corporation has an update that notes that the board of directors approve changes to existing policy by deleting the statement "bank-refused clients" and replacing it with "clients ineligible for bank financing". What is the change intended to do, and how will the corporation determine that clients are ineligible for bank financing?

Mr. MacMillan: Maybe I'd ask Mr. Perreault to respond directly, if I could, please.

Mr. Perreault: The change to the wording of the policy doesn't affect the criteria. What it does is provide us with an opportunity to apply the policy to better reflect what we're actually doing. As I stated before, sometimes it's very apparent that a client will not be eligible for bank financing; therefore, in previous times, as per our policy, we would have had to have them go to a bank and get a refusal letter to meet that policy. But with the change in this, it will give us the ability to follow our policy and not require a bank refusal letter.

That being said, I need to emphasize again that, if there's any doubt that a client may be eligible for bank financing, we would request acknowledgement from a bank that they are not eligible. So our lenders, as I've said, are very experienced and we ensure that, if it's blatantly obvious as per the bank criteria and guidelines that they would be ineligible, we accept that. If it's not, if there's any doubt, we ask them to go to the bank and provide evidence of that.

Hon. Ms. Horne: Under section 33 of the *Housing Corporation Act* if, in the opinion of the corporation, sufficient money is not being made available by lending institutions or the Canada corporation for housing purposes, the corporation may make loans for home improvement, new construction or the purchase of existing houses. Will this new policy respect section 33 of the act?

Mr. MacMillan: That is something that we are looking at now. I must say that after having reviewed the section that was just referred to — section 33 — that does seem to refer to the fact that, under housing loans, you have to be ineligible or sufficient funding is not being made available by either lending institutions or — it's the Canada corporation that's referred to in the legislation. I think that now means Canada Mortgage and Housing Corporation.

There's another section of the legislation — I'm just looking for it now if I could just for a moment, Mr. Chair — I think section 9 talks about general powers under the *Housing Corporation Act*. Under those general powers, it does give the authority for the Yukon Housing Corporation to "make grants or loans for the purpose of acquiring, constructing, or improving housing." We just haven't finished our research on that to say whether — I'm not sure whether section 33 trumps or overrides this section 9.

I would ask Mr. Perreault if he has any thoughts on that. In section 33, it seems to indicate that if you can't get financing from lending institutions or you can't get financing from

CMHC, that's kind of a prerequisite to coming to Yukon Housing Corporation. Section 9 seems to leave it a little more open. It doesn't have those requirements, but certainly in direct response to your question, the changes that we're making to our policies — and actually we were making them while the audit was in process — will comply with the legislation. I mean, we will certainly do that to make sure that our programs and policies are in compliance with the *Housing Corporation Act* and with the provisions of that legislation.

Mr. Mitchell: Mr. Perreault, do you have anything to add?

Mr. Perreault: I have nothing to add to that, thank you.

Mr. MacMillan: I am not sure, Mr. Chair, if I responded to the question adequately.

Mr. Mitchell: Ms. Horne, I will allow you to carry forward.

Hon. Ms. Horne: Thank you, Mr. MacMillan, it was enough.

This brings me to my next question: are there regular policy reviews being carried out?

Mr. MacMillan: In terms of the program delivery, yes, I would say that we are carrying out program evaluations on a regular basis. They may not be as formal as we should have them, and we intend to do more in terms of our evaluation of our programs and in terms of whether they're suitable to the needs of Yukoners. I know Mr. Perreault has advised me that, even before the audit process started, we were looking at the lending guidelines we have in existence and were making changes to those. We will make changes to those to respond to the recommendations in the audit.

We will conduct on an ongoing basis maybe a more formalized type of evaluation of our lending programs. There's always dialogue or discussion back and forth within the Housing Corporation in terms of the program delivery, and myself and vice-president Mr. Kosmen and others, in terms of these programs and if we should make any changes.

We'll formalize that process more.

Hon. Ms. Horne: Would the corporation explain the other three general deviations from policy noted in paragraph 43 of its approval of applications under the mortgage financing program? The first one, to be eligible for the existing home ownership mortgage financing program, an applicant must never have owned a home. While the corporation may have carried out a land titles search, the Auditor General found no evidence that the corporation had confirmed that the applicant met this criterion.

Mr. MacMillan: I would ask Mr. Perreault to respond to that, please.

Mr. Perreault: It's a little bit difficult to actually identify whether or not someone has actually owned a home in the past. We follow due diligence in that manner; there are a couple of steps we follow. The first one is we ask the applicants to sign an application form stating that, in discussion with our program officers, but also in addition to that, the definition of never having owned a home, we follow the Canada Mort-

gage and Housing Corporation definition. It expands a little bit outside of just the straight line of not having owned a home. I'll give you an example.

If a couple has owned a home and they separate, we would deem one of the couples who maybe didn't end up living in the home or not in the best financial situation from that outcome, as eligible for not having owned a home. But what we do place emphasis on is we do check with Land Titles to ensure that the applicants do not have property in place, that they don't own a home at that time. But what we do place emphasis on is the fact that the client is applying with us. They're having a housing hardship and they're ineligible for bank financing; that criteria we stick to. That, in line with what was just explained with regard to whether or not they owned a home in the past, is what we base our review of the application on.

Hon. Ms. Horne: This is still in the same vein. The corporation's guidelines specify that the maximum area for a purchased or owner-built home is 1,650 square feet. However, none of the seven files the Auditor General looked at indicated whether the homes met this specification.

Mr. Mitchell: Mr. MacMillan or Mr. Perreault.

Mr. MacMillan: Either one of us could answer that, but maybe I'll ask Mr. Perreault to respond to that.

Mr. Perreault: The modesty criteria is set through our modesty guidelines. The homes that were found through the audit were existing homes that were purchased. When a client comes in and obtains financing to build a home, we apply the modesty guidelines as written because we have control of their ability to build within those specific criteria.

When a client comes in to us to purchase an existing home — a bank-ineligible client — they are basically limited by their affordability, and that affordability is usually lower than the market value or the average market price of homes in the territory. So when the client goes out searching for a home, and actually finds a home that is suitable to their needs, that is within their affordability criteria, and doesn't have any extensive amenities, we would deem that as a modest home. So the seven homes that were found were in that category of existing homes. I'm not sure if that sufficiently answers your question.

Hon. Ms. Horne: Yes, thank you. The corporation is not obtaining independent appraisals of the market value for rural properties.

Mr. MacMillan: A few words on that — I can maybe ask Mr. Perreault. As I understand it, in areas outside of Whitehorse — and, again, I may stand to be corrected on this, but I did look at the lending guidelines just recently, Mr. Chair, that Mr. Perreault had provided to me. In part 2 of the lending and loan administration guidelines, there's a section there under "appraisals" — B.2.1.2 — of these guidelines. It says that the program officer — I'm sorry, I'll just read the first part.

It says, in order to qualify for a mortgage, a certified appraisal must be provided verifying the property is of equal or greater value than the offer to purchase. But then it goes on and does say that the program officer in charge of the file has the discretion to waive the appraisal requirement in certain circumstances. The program officer will provide an explanation in the

client file regarding this waiver of appraisal, i.e. for new home construction, rural Yukon properties, or mobile home places and residential lots.

So the way I read it anyway, there is an exemption that I assume would be used sparingly, judiciously, carefully, for the waiver of an appraisal in circumstances that warrant it.

In properties outside of Whitehorse, the cost to build a new unit doesn't always match the market price you could get for the unit afterward. It could match the market price that you could get for the unit afterwards. It could cost you more to build it than you could sell it for afterward. As I understand it, we would base our loan on the cost — you know, submit a verified cost of the house when premises are built. When premises are purchased, it would be based on the market value and the market value would be considered to be the purchase price in terms of what a willing buyer would pay to a willing seller for a property.

Again, as Mr. Perreault has said, our lending people are very experienced. I think they are very familiar with what properties would be either built for or purchased for, so they would be able to detect any anomalies where somebody — if there was any attempt to adjust the purchase price to obtain a certain amount of monies on a loan.

So, yes, there is somewhat of a deviation from getting appraisals for properties outside the greater Whitehorse area. We have indicated, as has been recommended, that we will look at this. If there is an alternative way to do this, we will revise our policies to conform to what we are actually doing. Mr. Perreault, is there anything you wish to add to that?

Mr. Perreault: Maybe just a little piece — an explanation about the value of appraisals in the communities. Oftentimes there are limited real estate transactions that take place in rural communities and the appraisal system is typically based on the comparison to the sale of a previous unit or units sold in that area of equal or similar physical description and value.

In rural communities, oftentimes that's not available, and for us to actually encumber a client with the cost of getting an appraisal, which is going to be set by the price they're paying for the home and the value of the home that's being asked for by the seller, is almost redundant. So that's why we overlook it in that type of situation.

Our program officers do ensure — and we work with real estate agents on a regular basis — that the transaction is reasonable and that the value is not in excess of normal market value for that area.

Mr. Mitchell: Ms. Horne, did you have any follow-up?

Hon. Ms. Horne: No, I don't, thank you.

Mr. Nordick: I'd like to welcome everybody here today. The section we'll be moving on to now is the mitigation of risk for joint venture loans. In paragraph 49, the report says there are "significant risks that the corporation has not adequately identified or addressed. For example, for three projects entered into in the 2008-09 fiscal year under its Joint Venture Program, it did not adequately assess the viability, profitability,

economic outlook and opportunity costs or mitigate the risk of the default on the loan payments.” So the first couple of questions I’d like to ask would be these: how do management and the board of directors of the corporation assess risk, what are the objectives and the criteria for entering into joint ventures, and how do you know they are being followed?

Mr. MacMillan: Mr. Chair, I’ll just say a few comments on this if I could and I would ask Mr. Perreault to add anything. Generally, the purpose of the joint venture loan is to try to attempt to encourage the private sector or not-for-profit sector to be involved in improving the number of affordable housing units in the Yukon and to work with them as best as possible to make sure that happens.

We do follow similar criteria to our mortgage loan programs, although these are usually, by and large, larger projects than a regular house purchase.

The goal here — or, the outcome, I guess, is to try to encourage the private sector to construct more units that are of an affordable nature for Yukon residents. In doing so, we have partnered with them in the past. Maybe I could, just in terms of the actual risk assessment or the process that goes through, ask Mr. Perreault on that. But before that, I will say that in terms of the projects that are mentioned here — I realize that, in fairness to the Auditor General’s office, their field work was completed in early September of last year, but since that time, we’ve had some positive developments, in terms of the three projects mentioned.

One particular project — all of the funding due and owing to Yukon Housing Corporation has actually been paid in full. On another project, referring to second place to a bank loan, a number of units have actually been sold since the field work was completed on the audit, and we feel quite secure in our position in relation to that particular loan. And in the last one, there were four units that we were holding for sale, as we realized that, especially in the condo market, there was a bit of a slowdown last year. We did have those units for sale. We are marketing them more aggressively now. I think of those four units, there are two or three of those units that are presently under agreement for sale.

The outcome has been good. We realize that the Auditor General has made some valuable comments here in terms of the risk assessment process that we take in relation to these projects, which are bigger projects than our normal house financing situation. Maybe I could just ask Mr. Perreault to make some references to that, if I could please, Mr. Chair.

Mr. Perreault: Thank you, Mr. Chair. One of the key outcomes of the joint venture program is the criteria that it actually meets an identified housing need not being met or not otherwise being met by the industry. That is one of the criteria for application. I guess I could go into the process a little bit, and we could talk about the type of joint venture, but the process we follow is basically that proponents come to our office with a proposal. They will meet with one of our directors and discuss what they are proposing to build and what form of assistance they need. That assistance will range from bridge financing to enable a client to get bank financing, to possibly

acknowledge that we’ll purchase some of the units at the end of the project so the client can get bank financing, for example. Once that proposal has been reviewed by the director of that department, we usually take it within our internal senior management team, have a look at it and see if there is any viability to that type of project, meaning is there actually a need identified and is this something we should actually be involved with.

From there, we work with the banks to do underwriting of that project. There are times when we do in-house underwriting and that area was identified by the auditors as an area we should review, and we are reviewing whether or not we should be doing in-house underwriting of those projects when they fall into a category that’s outside of our normal scope of lending. So we are reviewing that.

Once that underwriting has been completed, then we bring the proposal to the board for their consideration and recommendations.

Mr. Nordick: Thank you for that answer. In that answer, you kind of answered my second question with regard to how the corporation currently practises in determining which joint ventures to enter into. I was wondering if you could just go into a bit more detail on that process, please.

Mr. MacMillan: I defer to Mr. Perreault on that process, please.

Mr. Perreault: In that program, actually, because the main criteria is that the proposal or joint venture meet an identified housing need that is not otherwise being met by the industry, it’s often at times the types of projects that are difficult for the clients to fund. The profit margin may be relatively low and so we get a limited number of applications. It’s not like we have a bunch of applications pending that we have to prioritize and decide which of those we should carry forward. They usually come in on an individual basis and there are long discussions with the proponents. Sometimes the proposal will take over a year to put together before we get to a point where we could present it to our board.

So I guess to answer your question, there are a limited number of applications. There is a lot of work that goes into it with each client before we move forward.

Mr. Nordick: Does the corporation have a policy on its purchase of housing stock? What does the corporation do with the housing stock if it’s not sold? Will the corporation rent it, or do you hold on to it until you actually do sell it?

Mr. Perreault: For the acquisition of properties outside of new construction that are being financed through the economic stimulus or through our regular budgeting process, it typically falls into two categories. One is when we repossess a home, when a client is in default to the extent that they cannot manage mortgage payments and we assist them with the disposition of that home. At times we will end up with that property because we’re secured. The other is if we enter into a joint venture and one of the conditions of the joint venture has been purchase guarantees at the end of the construction process. Some of the projects we’ve entered into there — at the end of the construction, all the units weren’t sold and we’ve had to purchase some of the units. Typically what we do with those

properties is we try to obtain — on the repossessed properties — we put those out for disposition at market value to recover as much of the default of the loan as possible. So from that side we follow that policy.

From the side of the joint venture program, if we've acquired property through that process, we will put together a summary of that activity and bring it back to our board for consideration always.

Mr. Mitchell: Mr. Nordick, do you have any follow-up questions?

Mr. Nordick: No, that's fine. Thank you.

Hon. Mr. Hart: I also would like to thank all the individuals here today for attending. With regard to strategic planning, the auditors found the corporation does not have an integrated housing strategy. While the corporation has carried out needs analysis for individual projects, it does not have a complete assessment of what social housing exists in the Yukon, to what extent the need for and supply of social housing has been identified and how the various departments and social agencies are involved in communicating with each other on these matters.

In your response, the corporation has committed to developing a strategic plan within the next 24 to 36 months. I think you'll probably be dealing with this situation — I think we've already had comments with regard to the time period on other questions. We would like to know why you anticipate it taking this long? How do you think your strategic plan will be developed? Then I'll have a couple more questions once we get through those.

Mr. MacMillan: I'll just make a few comments to that and ask Mr. Kozmen to respond more in depth.

We have been discussing this matter of strategic planning for some time. Well, there has actually always been some ongoing discussion with it. Last year, we attempted to get our strategic planning process in place, but it seemed that time ran out and events overtook it, between working on the performance audit — or, completion of our financial audit, as well as responding to the economic stimulus package. We did have a strategic planning process in place, and our facilitator got sick and was unable to come, and we sort of got a bit derailed. In any event, I guess, enough of that, but to say that we realize that strategic and long-term planning is very important.

Again, we have been quite, you know, I guess conservative in our timelines, in terms of what we've put out for timelines. We wanted to put outside timelines, with the goal of coming in more quickly on those. In terms of overall strategic planning — you know, granted, there is more work to be done in that area. On an individual basis, I guess, as Minister Hart as indicated and the audit has mentioned, we do on a more individual basis. For example, on the Whitehorse affordable project that is underway in the Riverdale area — I guess some of that was before I arrived at Yukon Housing Corporation, but there was extensive consultation and work with the community. There was a review of the social housing wait-list and a very comprehensive review of what would be needed for that particular

facility. We feel that, in that particular case, the facility reflects what the needs of the community are.

In terms of other projects, for example in terms of the seniors facilities that we have underway in Watson Lake, Teslin and Faro, we have examined demographics — the trends in terms of demographics, the population statistics and other factors — as well as engaged with the community in terms of what the community feels are the needs and what will be the needs over time. So yes, we feel that, on some of the individual bases, we are certainly doing some work to try to determine what the needs are and trying to respond to those needs. Overall, in terms of the more comprehensive approach, we certainly appreciate the comments of the Auditor General's office, and we will work toward following those.

Maybe, Mr. Chair, if I could, I would just refer to Mr. Kozman to speak a bit more on this area since he is more familiar with it than I am.

Thank you.

Mr. Kozmen: I came to the Yukon Housing Corporation from other government departments, and what immediately struck me was that they have a long tradition of strategic planning, more so than some other areas. For that reason, if I could just possibly defer to Mr. Routledge, who has a lot of knowledge about the history of strategic planning in the corporation, then I could possibly talk more about the integration.

Mr. Routledge: Just to allay any fears, the corporation does have a strategic plan. If you refer to section 64 of the performance audit, the Auditor General reports on that that our strategic goals and corporate objectives in the strategic plan are consistent with our mandate under the *Housing Corporation Act*, with the government's priorities and with Canada Mortgage and Housing Corporation objectives, under the federal economic action plan. The corporation has also linked its activities to the government's four stated objectives: achieve quality of life, the economy, environmental protection and good government.

The undertaking that the Auditor General has recommended is a strategic plan that is at a much higher and much more comprehensive level than anything that the corporation has ever undertaken previously. We've had strategic plans since about 1988, and they were reviewed and updated as the term of the strategic plan expires. When we were putting our response and timelines together, we have to let other projects identified in this performance audit be undertaken. A good example is that the strategic plan is to be linked to our integrated housing studies; therefore, we must go out and undertake those housing studies and then link them to our strategic plan. Another good example — and this was on the advice of the Auditor General's staff — is performance measurements. They indicated to us that our initial time frame of 24 months was probably unrealistic in that we would need more time to gather data, analyze and create targets that were meaningful and reliable.

So we have interrelated activities in our responses that must fit into the strategic plan. If you look at it very closely, there are many individual components that are required, everything from the identification of risk and dealing with the quality

and level of service, competitive strengths and weaknesses — so we're going to approach this project in terms of a component-by-component basis and then bring it all together in a draft report to the board of directors.

The document is the property of the board, so the staff will be preparing all the necessary research and analyses and bringing it forward to the board for review and consideration.

Hon. Mr. Hart: In light of the fact we're going to be spending a lot of time in development of this strategy, as well as you indicated getting the data in place for that overall comparison, I think it's important and we would like to know what the corporation is using right now to identify how you move forward on a day-to-day process.

Mr. MacMillan: As I mentioned previously, Mr. Chair, overall, in terms of our social housing units, we are either — well, I guess first of all, in terms of the renovation, repair and retrofit work that we do on an ongoing basis to our units and in terms of our social housing units, which we are doing a lot of work on now because of the stimulus funding, I think that is based on information through Mr. Brown's branch — housing operations. The information we have in terms of the condition of all of the units, both staff housing and social housing units, is considerable information. So we have an idea of which units we should be putting our money into and which units it would be uneconomical to do so.

So in terms of repair and renovation of existing units, we are basing it on the information we have and which we gather on an annual basis. In terms of new units in the staff and social housing area, again, the Whitehorse affordable housing unit and the construction of that involved considerable consultation, research, discussion and liaison with the community. In terms of that particular project, there was a lot of work done in terms of examining the needs — identified what types of need and what type of facility this should be. Certainly, in that particular project, there was a lot of discussion.

In terms of the — maybe I'm repeating myself a bit, but in terms of the facilities that we're building under the economic action plan or with that funding — Watson Lake, Teslin, and Faro — we've had a number of discussions with the communities. Certainly, in terms of Teslin, there were discussions with that community. And these were discussions that had taken place even before the stimulus funding was announced. So, in addition, in terms of any reports we prepared internally, we looked at demographics, population trends in those communities, and what we understood the need was, in terms of not only our own internal research, but in terms of speaking with the community.

So, based on that determination, in terms of number of units, I know there was reference by the Auditor General's office in the reports to the size of units — the number of bedrooms in units — and we took that into consideration, in terms of the seniors units that we are building. In places like Teslin and Faro, those are more toward the one-bedroom units, as opposed to larger units, and we're basing that on the information we have internally and what we had had in discussions with the community.

So in terms of replacement of other facilities that will take place this year, again, those are based on the fact that the facilities needed to be replaced and our ongoing annual inspections of those.

To answer the question, Mr. Chair, it's based on the information that we have on hand. Certainly more of the long-term projects that have been suggested by the Auditor General will be beneficial to us. But we do feel that — based on the information we have and the information we've gathered sort of on a case-by-case basis — we're headed in the right direction and we're doing a reasonably good job. The more long-term planning or strategic planning certainly will be of assistance in terms of identifying other needs.

I know I'm going on too long here, but we do on an ongoing basis — since I came to the corporation a little over a year and half ago — I've noticed that there are a lot of ongoing discussions between staff at the senior level with organizations — non-profit organizations in the community — in terms of the needs they have, in terms of the types of housing they would like to see built, and also with other departments on staff housing.

We have engaged in a process of discussion with other departments, in terms of the staff housing we think they will need over the next three, four or five years, as best we can, and we're working on that for a presentation to the board and to government at this time.

I could add more, but maybe I've said too much already.

Hon. Mr. Hart: I thank the president for his comments. You were discussing the federal government's stimulus program. The committee had a few questions as they relate to the corporation in conjunction with this also. We would like to know how the corporation is ensuring that the new housing projects being built will address the real needs of the Yukon. You did mention some community involvement. Also, we would like to know, for example, how the individual projects from the federal stimulus money were decided upon and in what order.

Mr. MacMillan: I guess we were somewhat fortunate in the sense that, when the economic stimulus funding was announced at the end of January last year, 2009, we already had two projects underway and we had also had discussions on the possibility of having other projects.

For example, as I already mentioned, with the Whitehorse affordable housing project in Riverdale there had been a lot of background work done on that in terms of this facility — of this complex — and what the needs were. I won't repeat what I've already said, but there had been considerable work done there, so we were able to use funding from the economic stimulus. As you probably already know, there is a two-year time limit on the stimulus funding, so we decided — and the federal government, through Canada Mortgage and Housing, agreed — that we could use the stimulus funding for that Whitehorse affordable housing project. So that worked out really well for us and I think for the community, because we could use that funding for that project.

Before the stimulus funding was announced, we had also had discussions with the community in Watson Lake. We were also giving consideration to the construction of a facility there. In fact, under Mr. Kozmen's direction as vice-president of operations in the latter part of 2008, before we even knew about the stimulus funding, we had set up sort of a capital construction branch within Yukon Housing Corporation to deal with what I think at that time was the Whitehorse affordable housing project and also with the Watson Lake seniors project, which we intended to build. So we took those projects that were sort of the most ready projects and we could apply the economic stimulus funding to them.

I'm not exactly sure of the timelines on this, but as far as Teslin, I think we had — even before, I stand to be corrected — at or about the time, or even before the stimulus funding was announced last January, there had been some informal discussions with the community of Teslin about constructing the seniors facility there. We had certainly talked about it internally and we had been examining, in maybe more of an informal manner — maybe it should have been more formalized — and had discussions about what other communities, given their size and demographics, would be a good place to build projects. Teslin was one of them and Faro — the community of Faro was very supportive of it. The six-unit facility we're building in Faro is all one-bedroom units.

To answer the question, it was the projects we had already considered doing that were eligible for the funding; others we had had some discussions on, albeit maybe informally, and those are the ones we went to next, given the timelines we had. That's what we did.

We also have our contracting or project managing for the Department of Health and Social Services, the children's receiving home, which is being built in the Whitehorse area.

Hon. Mr. Hart: In discussion earlier, we discussed about dealing with the strategic plan. I think it's important that it was identified in 2007. Why didn't we incorporate the strategic plan into your integrated housing strategy as was identified? The other thing I'd like to also ask in conjunction with that is how are the five points identified in paragraph 68 going to be incorporated into your strategic plan?

Mr. MacMillan: I'll certainly take a first stab at this to respond. We agreed with the Office of the Auditor General that identifying needs, the housing needs in the community, matching those against supply, looking at what the gaps are and determining what type of housing should be built are all very important. We certainly appreciate the comments of the Auditor General's office and are taking those into consideration on a go-forward basis.

As I guess I've already mentioned in somewhat of an informal, or singular fashion, we had been looking at that before, in terms of, for example, just the housing projects we have underway right now using economic stimulus funding.

As Mr. Routledge says, we need to develop more of a comprehensive, overriding analysis of this, and I think we're doing it in areas or sections with regard to certain facilities, and we need to tie that together a bit more, in terms of overall hous-

ing needs. I guess, in terms of my input into this, Mr. Chair, I could just say that we certainly appreciate these comments. We realize that it's important to identify what the needs are. We feel that we've done that to a certain extent. We need to do it in a more comprehensive fashion. We agree with that. Well, actually, we've agreed with all of the recommendations here. But we certainly intend to — there are different components, as I understand it, in terms of a housing strategy. I don't know if a lot of jurisdictions out there have an overall, comprehensive strategy. We're sort of looking at an integrated approach, where we might go sector by sector — staff housing, social housing and so on.

Maybe I could ask Mr. Kozmen just to say a few comments on that.

Mr. Kozmen: Housing in any jurisdiction is very complex and kind of multi-faceted. We would like to improve the overall quality of housing and the availability of housing, the suitability of housing, throughout Yukon, but we have to prioritize which of those areas we want to get into.

In 2000, we developed a seniors housing action plan, which was essentially a strategic plan — kind of an integrated housing strategy for seniors. We know how important that is because, from that plan, we developed our accommodating home standards, which was a great success, our senior home and yard maintenance program, which was a great success. It's why we have the seniors projects we have and the standards that are being built into those. It flowed from that one particular strategic initiative.

That's 10 years old and it has stood the test of time. I think it needs to be updated, but it reinforces how important these documents can be in setting a path for the corporation.

The integrated housing strategies that we have to do, and we have to focus on "integrated" — in other words, they could be separate strategies but they have to be tied together by some principles — those principles should be established in the strategic planning process. Those two processes go hand in hand.

The Auditor General has suggested and we have agreed that we have to be more rigorous in our strategic planning. We will be a little bit more detailed on developing what those principles are, and the board of directors has to prioritize which direction they want us to put our emphasis on. We have got a strategic plan for seniors housing. Mr. MacMillan has indicated that we need to look at an initiative for staff housing and how we are going to manage that overall. The board of directors has asked us to look at affordable housing in general. We are also looking at social housing and how we are going to manage that strategically. That is a common theme that came up in the performance audit.

All of these things take a lot of work. It took us, well, a year and a half to develop the seniors housing action plan and it's going to take a significant amount of time. There is public consultation that is involved. There are various levels of approvals and there are financial requirements. So these things are important. They do take time and we are going to put a lot of effort into developing these things, because we know they are important. It will require the board of directors to prioritize

which initiative we want to go forward with because we can't do them all at the same time.

Mr. Mitchell: Just one more question before we recess.

Hon. Mr. Hart: Given the information you just provided with regard to the strategic plan and all the work that has to go into that plan, how are you going to incorporate and coordinate that with the everyday development of the corporation in its everyday work? How are you going to prioritize that process?

Mr. MacMillan: To respond to that, I think we've had — there has been a lot happening with the Yukon Housing Corporation in the last 12 months or so. But I think one of the positive developments that has taken place for Yukon Housing Corporation in that time is the government initiative to separate out the corporate services that supply services to Community Services. When I first came here in 2008 for a period of seven months, I was the acting deputy responsible for Community Services and also responsible for Yukon Housing Corporation and Yukon Liquor Corporation and Lotteries Yukon.

Just about a year ago, government decided that — and what we did — we have joint/shared services. In other words, the policy and communications and the finance and administration and the human resources branches provided services both to Community Services, which is a significant department in Yukon, and they also supplied services to Yukon Housing Corporation and Yukon Liquor Corporation and Lotteries Yukon.

What the decision was — the direction that was given, and I think this is positive for us — is that the policy and finance and HR services would be separated so that now Community Services would have its own corporate services reporting to Community Services only. So Community Services now has its own corporate services and HR and finance and policy and communications that just take care of Community Services.

We have developed our own corporate services group. Some of the staff were separated out, so we have our own corporate services group supplying support in policy, communications, in HR and in finance to the three corporations — Housing, Liquor and Lotteries. In that process we're putting more emphasis on developing our policy and communications branch so we'll not have to worry about — it doesn't have to provide services to Community Services but just to the three corporations, including Housing.

I'm not sure if this is the response we're looking for, Mr. Chair, but we feel that, especially in policy and communications, we'll be able to give better support and more comprehensive support to Yukon Housing Corporation on a go-forward basis to do the types of things we have to do to comply with the Auditor General's report, in terms of strategic planning, more work in terms of integrated housing strategy and so on. We're fortunate in having some really experienced people on staff who have lots of knowledge on all levels of the organization of Yukon Housing Corporation. Mr. Routledge, who has responded to some of the questions, has years of experience in the strategic planning area. So, yes, it will be challenging; there is no question. There is a lot of work in our action plan here in

responding to the 18 recommendations of the Auditor General. There is a lot of work and we realize that. So we're going to try to do with what we have. If that's not enough, we may ask for more resources. But anyway, I think there have been some positive developments that will help us achieve those goals.

Thank you.

Mr. Mitchell: Order please. We will now recess until 1:30 p.m.

Recess

Mr. Mitchell: I will now call this hearing back to order.

Before we resume with the afternoon portion of the public hearing, I would like to take this opportunity to introduce additional witnesses who have joined us for the afternoon. Those witnesses are sitting at the table previously occupied by the Auditor General's team. Stuart Whitley is the Deputy Minister for the Department of Health and Social Services and sitting back opposite are Patricia Daws, who is the Public Service Commissioner and Bonnie Love, who is the director of finance and administration for the Public Service Commission. Mr. Ullyett is sitting next to Deputy Whitley.

Before we resume the hearing, I would again remind committee members and witnesses to keep their questions and answers brief and to the point so that we may deal with as many issues as possible in the time allotted for this hearing. I would also remind members and witnesses, please, to wait until they are recognized by the Chair before speaking. This will keep the discussion more orderly and allow those listening on the radio or over the Internet and Hansard to know who is speaking.

We will now continue with this hearing.

Hon. Mr. Hart: Again, following up, I would like to ask just a couple more questions and then we can go on. Given the major constraints on the time and resources facing Yukon Housing Corporation, how does the board of directors identify emerging issues, and how are they integrated with the ongoing and current projects?

Mr. MacMillan: Maybe I could ask the minister if he would be good enough to repeat that question, please.

Hon. Mr. Hart: Given the major constraints on the time and resources facing Yukon Housing Corporation, how does the board of directors identify emerging issues, and how are they integrated with the ongoing and current projects?

Mr. MacMillan: I'll make an attempt on that. It is true that it is certainly challenging, in terms of operations. The Yukon Housing Corporation is a very operational organization, focusing on its program delivery, which is its lending section — the staff housing and social housing. As well, we have a community and industry partnering section, which deals with a lot of education information to the community, to contractors on energy efficiency, and different and better ways of constructing and doing things. So it's an operational organization.

The best response I have is that, sort of on a daily basis, there are discussions going back and forth between all staff,

including senior staff, in relation to the challenges that we're facing, the things that we're doing, and the things that maybe we should be doing differently — looking at those.

On an ongoing basis, I think we take some issues to the board, or discuss some issues with the board, in terms of what we're doing and maybe what we should be doing. I think we could be doing a better job of that. As I said, last year our plans were to embark on a strategic planning process, which the board, I must say, has requested, and we agree that a strategic planning process is a necessary process for an organization of this type to make sure that we're reviewing our programming. Any changes that we decide upon, or the board decides upon, and where funding is involved, and where government agrees to it, we incorporate into our ongoing programming.

We will work on establishing a better process for that, but I think right now it's more of an informal process, where, on an ongoing basis, issues are brought to the board and are discussed with staff.

There is an executive committee of the Yukon Housing Corporation which meets to discuss both existing issues and ongoing issues. I'll just give you an example, I guess, of what I'm most familiar with in my time with the Yukon Housing Corporation — the economic stimulus. An announcement was made by the federal government at the end of last January 2009 and you know, since that time, we've had many, many meetings, both informal and scheduled meetings of members of our senior team, the people involved in the contracting — our capital division, housing operations, dealing with both social and staff housing. I suppose that's more of a response to a situation that developed as a result of funding being available. But we certainly have done a lot of work on those projects, dealing with all of the issues that are involved in putting together good projects for the Housing Corporation and for Yukon in a short period of time. It's one of those situations where, you know, it's not so much that money is the issue, but timeliness of the issue and trying to get the best projects up and running.

So certainly, sometimes there are advantages in an organization that's a bit smaller because you're speaking and discussing on a daily basis with your colleagues and sort of a bit of a commando-type operation in terms of you can move fairly quickly. We probably could do a better job of documenting some of this, but I just give the economic stimulus initiative as one example of how we've met very frequently, had many discussions and brought matters to the board and to government in terms of what we intended to do and what we would like to do and get approvals for those decisions.

I would just like to refer to Mr. Kozmen, our vice-president, who would like to add a few comments.

Mr. Kozmen: I would just like to point out to the committee that we usually have a larger workload than we have the capability to deliver, but that's what we like to do; we like to do as much work as we can.

I want to identify another project that gives an example of how we deal with the board in terms of prioritizing these projects. For several years now, the board has asked us to put together an affordable housing strategy to deal with the increased

costs for housing for Yukoners. We wanted to embark on that in a serious way. It would take a lot of effort to do so, but what would happen is — we had three flood relief initiatives that came up. We had the economic stimulus initiatives. What we would do in the process is, at each board meeting, we would identify these new initiatives that have to come forward and then we would get at least an acknowledgement that other projects would have to be deferred, such as the affordable housing strategy. So it's not that we didn't want to do that; it's just that with the resources available, we advised the board that it would be difficult for us to proceed on all these initiatives and the board was generally supportive of us dealing with the more pressing matters. So we frequently — as a matter of fact, we have action items in our board agenda and things like the affordable housing strategy come up as a project we haven't completed yet. We provide regular updates on those and we prioritize according to what the emerging needs are.

Hon. Mr. Hart: Finally, on the communication side, we have three questions. The first one is this: does the corporation hold an annual meeting? Number two: how does the corporation communicate with the public? Number three: how do stakeholders contact the board of directors? Are their views reflected or about to be reflected in any overall strategic plan on a go-forward basis?

Mr. MacMillan: Thank you, Mr. Chair. Just on the first question: does the corporation hold an annual meeting? I don't think we do. No, I haven't been at one, anyway, in the year and a half I've been there. So, no, we don't. There are a number of board meetings spread throughout the year. There are no specific dates, and I couldn't give you the exact number of board meetings we do have, but I would say they are — if not every month, then every second month, on average. Sometimes it's just a case of — you know, we don't have board meetings for the sake of board meetings, but when enough issues arise, or when there is a special board meeting required, we'll sometimes have board meetings by conference call with those in the Whitehorse area attending in person. No, it has not been the practice to have an annual meeting, in addition to our regular board meetings through the year.

In terms of communications with the public, I'm not sure I'm answering the question. If not, take me to task on it. Again, I guess, I just go back to the economic stimulus initiative that has taken place over the past year and will continue on for another year. As I mentioned this morning, Yukon Housing Corporation, Yukon Liquor Corporation, and Lotteries Yukon now have their own policy and communications support. It has its own branch that has a branch that supports those three corporations. So we work closely with them in terms of getting our messages out as best we can. On the economic stimulus initiatives, we've tried to be fairly diligent in advising the public on just what we were doing and, through announcements and press releases, trying to get as much information out to the public on what we were doing and what we were putting in place.

As other corporations or other departments, we have an ongoing relationship with the media and the press in terms of inquiries that come into our office and responses that we give

and information that we provide. On a daily basis, if there are any inquiries that we receive from the public or from groups or organizations, we respond to them.

Since I've been with the Housing Corporation, since the summer of 2008 it is now, I've noticed what seems to me an increasing number of organizations and groups that we interact with and have meetings with. A number of those groups and organizations have requested — non-profit groups, social action types of organizations — meetings with us and with the board. I must say, to the credit of our board chair and to the board of directors, if there's a request for an organization to meet with the board, that's always granted. I can't think of a non-profit organization or a social action committee that has made a request to meet with the board that has not been granted.

So the board, at its meetings, always makes time to meet with them — some very interesting presentations and discussions. I can't imagine that the information that we receive on an ongoing basis will not be reflected in our strategic plans or the plans we have for the future. It does seem, to me anyway — and I know I have a short period of time with the corporation — but it seems that those requests — maybe I'm wrong — are more frequent. In addition, we're interacting with other groups or other departments. We've had a lot of meetings with the Women's Directorate, for example, on the Whitehorse affordable housing unit. We have meetings or discussions back and forth with the Department of Health and Social Services, as an example of departments we do deal with on an ongoing basis.

I'm not sure if I've answered the question.

Hon. Mr. Hart: Maybe Mr. Couture, as chair, since he's got some history, could provide further background on that particular question.

Mr. Couture: Can you repeat the question for me, please?

Hon. Mr. Hart: Basically the last question is this: do stakeholders contact the board of directors, and are their views reflected, or about to be reflected, in the overall strategic plan on a go-forward basis?

Mr. Couture: I'm afraid I couldn't hear that properly.

Hon. Mr. Hart: Do stakeholders contact the board of directors, and are their views reflected, or about to be reflected, in the overall strategic plan on a go-forward basis?

Mr. Couture: Mr. Chair, as our president has mentioned previously, we do have several groups that ask to meet with the board, and we do take the time to hear their concerns. Obviously, there are times that we can respond to them and other times that we can't. If there are things that we can't deal with, we try, and if it is something we can put into our strategic plan, that's where it should be.

Mr. Mitchell: As chair, I will ask the next series of questions, starting with the coordination with social agencies and the Department of Health and Social Services. We have just started to touch upon that. For reference, that's paragraphs 73 through 77 in the Auditor General's report.

In paragraph 73, the auditors found that "the communication between agencies working with applicants and with tenants of the corporation was ad hoc and inconsistent." Could you describe the relationship between the corporation and the Department of Health and Social Services, how it's structured and how it's managed?

Mr. MacMillan: I'll do my best to say a few words about this and may call upon somebody else, with your permission, Mr. Chair. There's a reference in paragraph 73 of the report, the second sentence in that particular paragraph, where it says there was "no strategy to coordinate care and management of individuals in need of social housing, social assistance or child protection services."

My emphasis is on the strategy part of it. Certainly, I'm informed — and in my experience during my time with Yukon Housing Corporation — there is a working-level relationship between staff and personnel at Health and Social Services and Yukon Housing Corporation or, in the case of the Whitehorse area, the Whitehorse Housing Authority, in terms of dealing with common tenants.

It's fair to say that we work together, when required, fairly closely to examine and resolve any issues that come up. It's probably the case that we need to develop more of a strategy in this area, and we have committed in our response to working with the Department of Health and Social Services. At the risk of taking too much time, I'll just say our response states that, in consultation with the departments of Justice and of Health and Social Services, the corporation — meaning, of course, Yukon Housing Corporation — will, within nine months, complete a review of process regarding clients on the social housing waiting list.

We're certainly committed to addressing any outstanding issues. In addition to meetings we had previously with the department, we've had recent meetings with the department on some of the issues that the Auditor General's office has raised and we intend to continue meeting to try to resolve any issues that need to be addressed.

Maybe if there was just a follow-up comment, Mr. Chair, I could ask Mr. Ron Brown to say a few words.

Mr. Brown: As the director for the department that would be involved in this, I check with my staff on a fairly regular basis to make sure that we're working together with those in Health and Social Services or other agencies, because we have some very difficult clients, through no fault of their own. There are situations — if there's some kind of a medical situation or other situation — where there is a difficulty for the client; we're not equipped to handle those because we don't have that training. So we contact maybe a care worker or it may be a social worker, it may be somebody from mental health, depending on what the situation is, and try to bring about the best resolve for our mutual client.

So although it's not a formal arrangement, it certainly is done on a regular basis and we count on them fairly heavily in those situations that we're just not equipped to handle. We can handle the housing part of it, but not the programming or the advice they may need or counselling they may need.

Mr. Mitchell: I'm going to ask a related or follow-up question, and perhaps Mr. Whitley may want to weigh in from the perspective of Health and Social Services, because these questions are really involving the relationship between the department and the corporation. What has been the past practice of the corporation, in terms of identifying issues that the two organizations have to work together on? I'd be interested to hear the perspective of both the corporation and the department.

Mr. Whitley: The comments of Deputy MacMillan are appropriate here, because he mentioned that there is a strong working relationship at the operational level between members of our department and members of the corporation. I've had a series of interviews over the last couple of days, just to confirm the nature of those relationships, and as recently as this morning it was affirmed that there is a very strong working relationship, and I have no reason to believe that that is going to suffer in any way in the future. And it does give us a strong foundation upon which to have the kind of discussion that Deputy MacMillan talked about, in terms of regularizing, as the Auditor General recommended.

But just for an example — or a couple of examples — we have an interdepartmental working group on social inclusion and poverty reduction that has started. That's the initiative that the minister announced some time ago. There will be a symposium as a result of a motion in this House very shortly. We worked very closely with the corporation in respect of major projects. I give the children's receiving home as another example of that. We've had, between my ADM, Mr. Ulyett here and his counterparts in the corporation, informational meetings over the past few months, as well as fairly intensive discussions about the auditor's report itself.

There are a couple of other things here; I just can't read their writing, but enough to illustrate the point that there is a strong working relationship. It's expected to continue. It will form the foundation for a more regularized kind of relationship that the auditor is calling for. I'm not sure if that answers your question from our perspective.

Mr. Mitchell: It all helps. Thank you. I'll carry forward. How does the Housing Corporation plan to change its practices in dealing with the Department of Health and Social Services?

We on the Public Accounts Committee recognize that we have received the implementation plan, but it's appreciated if we could get on the record, on a go-forward basis, the changes that are going to be instituted.

Mr. MacMillan: In general terms, as we have committed to in our response to this section, in terms of these recommendations, we will, over the next nine months, work closely with the departments of Justice and Health and Social Services to complete a review of the processes we have in place now, with regard to common clients and, as Mr. Whitley has said, to regularize, or maybe formalize in a more formal fashion the working relationship we do have. As has been stated, I think at the operational level there are a lot of discussions going back and forth, in terms of individual situations.

We could probably — and will — do more, in terms of making this a more formal and a more structured relationship, at the same time trying to balance between not being too tied by process so you don't get done what you want to get done when you're working together as two organizations.

I'm probably not answering your question, but we're certainly committed, as the Auditor General has pointed out, to improve the process between the two organizations. As I say, repeating myself, it's not to say there's not a very good working relationship now, but we feel maybe the process itself could be improved a bit.

Mr. Mitchell: Thank you. I believe that what the Auditor General was looking for was a more formalized process, and you are speaking to that.

Moving on, Mr. MacMillan, in paragraph 74, the report speaks to the fact that the wait-list is relatively small in many of the communities but has been fairly large in Whitehorse. It identifies that, between April 2008 and May 2009, it ranged from 75 to 113 applicants. It notes that in some cases applicants were removed from the list for failing to contact the corporation once a month. It also notes that approximately 25 percent of applicants on the wait-list are receiving social assistance, but the corporation does not verify with the government's Department of Health and Social Services whether these applicants still need housing before removing them from the wait-list.

What is the corporation planning to do to address these issues?

Mr. MacMillan: I guess this is part of the process that, in addition to discussions we have on individual matters, we're going to discuss the narrative and recommendations that have been put forward by the Auditor General's office.

As I understand it from speaking with Mr. Brown and others in the corporation, it's true that we have a policy that clients on the waiting list are supposed to contact the corporation every month to ensure they stay on the waiting list. That's the policy. In actual fact, I think what happens is the corporation and staff try very hard to get in contact with people if they haven't called in or contacted us on that monthly basis to make sure it's not just an oversight or they've forgotten, or something like that. We take the issue of removing somebody from the waiting list seriously. So we do attempt, as best as possible, to contact individuals.

We are looking at the process of discussing with the Department of Health and Social Services just how we would work this out. Instead of trying to contact the client and making sure they don't want to be on the waiting list any more — in other words, they've found other accommodation or have made other arrangements — we have to work with Health and Social Services on this particular issue to determine what's feasible and practical in the situation and, at the same time, to comply with the recommendations that have been made with the Auditor General's office.

In other words, is there more that could or should be required from a practical point of view, other than us trying to contact the clients directly? That's our perspective on it. It's something we're going to work at; it's something we take seri-

ously. I'm not sure whether the department wishes to add to that.

I guess for now that's all of my comments, Mr. Chair.

Mr. Mitchell: Thank you. In paragraph 76 regarding shelter allowance, the report states: "Both the Corporation and private landlords who provide housing to those on social assistance can charge the entire shelter allowance as rent, even if the premises may normally command lower rent."

Could you please explain the different allowances provided to those on social assistance, how these amounts are paid and how these individuals pay their rent? Is there perhaps overcharging that is occurring as a result of the current practice? We'll start with Mr. MacMillan, but it may involve others in the Department of Health and Social Services as well.

Mr. MacMillan: I can just say a few words on this. Certainly Mr. Brown is much more familiar with this arrangement than I am, but as I understand it, generally we do have an arrangement with the department that we do charge the amounts that are provided for under the shelter allowance provisions. This has been ongoing for some time.

From a Yukon Housing perspective, Mr. Chair, our attempt was to try to recover our costs of the Housing Corporation. Mr. Brown can correct me, but I understand that our costs on an ongoing basis are roughly \$10,000 per unit on an annual basis. So that's what our objective has been. The recommendation — we certainly recognize the recommendation stating that the corporation and the Department of Health and Social Services should review the basis for establishing rent for the social housing units. Maybe I could just call upon Mr. Brown for just a few follow-up comments on that.

Mr. Brown: I guess — I mean, there are some things that probably need clarification here. One — this is also including private landlords over whom the corporation has no jurisdiction or we don't really have an involvement in how they charge rents for social assistance clients. And the statement also assumes that there is a market rent, and in the case of a private landlord, there would be a market rent and the shelter component of welfare may be higher than that market rent. So that would make it possible for that landlord to charge that full shelter component, which, in effect, would be more than some other tenants in his building are paying. In our case, we don't have a market rent. We don't have a ceiling rent and so this doesn't really apply to us. We do charge the shelter component and utility component of welfare as allowed in the act. We agreed many years ago that that's how we would handle this. So tenants on a working income or other types of income do pay 25 percent of their gross income for housing. So there are tenants who would pay more than somebody on social assistance and some less. It's not a fair comparison. I don't know if you want any more detail than that or not.

Mr. Mitchell: Thank you, Mr. Brown. I think you've clarified that the different policies would result in potentially different rates within Yukon Housing Corporation-owned housing and there's flexibility to not be able to accommodate the affordability for different tenants. But I guess I would throw it back to Mr. Whitley or Mr. Ulyett, if I might. The committee

was somewhat concerned with the possibility that in terms of those units that are private units, that landlords may be charging the entire amount of the shelter amounts as opposed to the amount that they're charging other tenants for the same basic accommodation.

Is there anything the Department of Health and Social Services does to check on that or does it just pay the entire amount?

Mr. Whitley: This is a complex problem and it is not necessarily as it appears on its face. To start with the provision of space, private landlords make their space available, in most instances, reluctantly to welfare clients. There's a stigma that's attached in many cases — most cases unfairly, but nevertheless there's what I think Mr. MacMillan referred to as a premium that's charged by welfare landlords, because some of their clientele are not desirable tenants. There's not a lot of stock in this city for us to go to the private sector and house some of our more difficult recipients. I say that with respect, because people behave in a fashion that's sometimes destructive or dysfunctional for many, many reasons, and many of those reasons are not of their own making.

As I understand it, the regularizing of the rates that were paid, based on the shelter rate, was established sometime back in 2001. The reason for it was there were differential payments being made by the Department of Indian and Northern Affairs, by the Yukon territorial government, with respect to the rates that were charged by the Housing Corporation. It was felt that, in order to charge the federal government fairly for the cost of providing housing, the rates had to be regularized.

However, those people who were in possession of public housing are charged 25 percent of their gross income. The idea behind that is to give people an opportunity to get off welfare, to accumulate the kind of money and resources they need to escape the welfare trap. To bring those people up to that level would create unfairness.

So in effect, if you were to stand back from this whole scheme and look at it, the rates we pay subsidize the rates that the working poor pay, and the rates that are paid to private landlords, in some respects, could be said to be something of a subsidy to ensure the continuance of provision of private accommodation for welfare recipients.

It's not a perfect scheme and, as Mr. MacMillan has pointed out, we're going to sit down and talk about this and how we can achieve our social policy objectives but, at the same time, achieve some sort of equity in the way in which these rent allowances are paid.

The last point I make is that social assistance recipients don't actually pay their rent. We pay the rent directly to the landlord, be it private or to the corporation.

Mr. Mitchell: Were there any other comments from the corporation on this? No.

We're going to move on now, and Mr. Cardiff will ask the next series of questions.

Mr. Cardiff: I'd like to welcome the other individuals who have joined us this afternoon. The section that we're going to be dealing with at this time is the staff housing program. So

in March 2009, the president of the corporation began to chair a committee of deputy ministers charged with a review of staff housing. Corporation staff will continue to work with the Public Service Commission, individual departments and the inter-departmental Human Resource Management Advisory Committee and will identify, within 18 months, current and future employee housing needs.

This is from the response of the corporation to the recommendations in that section. I'm just wondering if you could provide us with an update on the committee's progress.

Mr. MacMillan: There are, of course, some departments that are more impacted by staff housing requirements than others. Just from looking at the list recently, I believe the two departments that are most impacted are the Department of Health and Social Services and the Department of Education.

So we have had some meetings with other deputies. We are attempting right now, in working with the Public Service Commission and with the human resources committee within government, as best as possible, to determine what the needs would be based on the information we have and the information the departments will give us, in terms of hirings that they know of or think may happen over the next few years — two, three, four, five years. It's too hard to — it's challenging to project too far — try to get a better handle on it, as it were, of the needs out there over time. We're looking at what is the best way to address those needs and to put together a submission — from our perspective at Yukon Housing, Mr. Chair — come back to the board and if it involves funding, then it would have to come back through the Management Board of government to determine if the options that we're putting forward would be acceptable. So we are attempting to determine what the needs will be on a go-forward basis — I guess what the needs are, what we think they might be on a go-forward basis and how we will meet those needs in the communities.

Mr. Cardiff: We have the deputy minister responsible for the Public Service Commission here as well. Ms. Daws, I don't know if you would like to make any comments regarding that.

Ms. Daws: Thank you. Everything that Mr. MacMillan said I concur with. There have been presentations by the Yukon Housing Corporation to the Human Resource Management Advisory Committee.

We talked to all the departments about their needs, and the departments are pulling together their information and presenting it to the Housing Corporation. We will be working with the departments and the Yukon Housing Corporation, as we go forward, to address needs.

Mr. Cardiff: In paragraphs 57 and 59, the report says that, according to the government staff accommodation policy, all vacant staff accommodation should be allocated by the Public Service Commission on a set priority basis. The auditors found that the corporation's involvement in the allocation of available staff housing units is not in keeping with the government staff accommodation policy. Why is the staff accommodation policy not being followed, and how long has the current practice been in place?

Mr. MacMillan: Just in response to the question, I'll do my best to respond and either the Public Service Commission or maybe Mr. Brown from our housing operations could add to it. I think that what has happened through the years here is that what has been happening operationally has maybe taken a bit of a different path or has deviated somewhat from the policies or the guidelines that are actually in place.

The Auditor General's office is correct in that we are not strictly following the guidelines or the policies that we do have in place. I realize that their position is correct. What we are doing is working closely. I guess through the years what has happened is that Yukon Housing Corporation is providing — is in charge of the staff housing, the units and the buildings. Over time, it has just taken over the allocation function and we've overlooked the fact that if that were to be the case — I don't think anybody is in disagreement with that. In fact some years ago there had been quite a bit of work done on that to transfer the policy over — the allocation of the units — to Yukon Housing Corporation, but certain issues intervened and that did not happen. So we have quite a bit of work done on that, but we have overlooked the fact that the policies have not been altered to keep up with or to reflect what is actually happening.

We work very closely with the departments that require staff housing. We rely, to a considerable extent, on the information they provide to us and the consideration they've given internally to their needs and requirements, and we respect those needs and requirements as best we can and as the number of housing units will allow for.

We do coordinate the requests; we do rely upon the departments to be forthright in giving us their needs that they do require. It seems, especially in the last few years, the demands have increased and it has been challenging for us at all times to meet those demands. That's the reason why we're doing our review to come back with some options and sort of a path on a go-forward basis.

Is there anything, Mr. Brown?

Mr. Mitchell: I'm just wondering if Ms. Daws would like to comment on this as well.

Ms. Daws: Yes, please. I'd like to go back a little bit. When this policy was originally initiated, the Public Service Commission did all the staffing, so we recruited for all the positions across the government. Over time, we've delegated staffing to departments, so it became awkward and the Public Service Commission was just an intermediary. The department would staff the position; they'd come to us and say they would need staff accommodation. We would have to go to the Yukon Housing Corporation to get the staff accommodation, then go back to the departments.

It was something that has kind of evolved over time as more and more delegation happened. Right now departments have the delegation for all levels of positions within their department, so we are not directly involved with the staffing for departments, so therefore we're not involved with what the requirements are with respect to accommodation.

That's how that has evolved over time. The Auditor General's office is absolutely correct. The policy says the Public

Service Commission is responsible for the policy, but it hasn't made sense. It just hasn't worked out. As Mr. MacMillan commented, a couple of years ago there was a lot of work done to amend the policy, but events intervened and we haven't done that. There is a commitment from the Housing Corporation in their responses that the Housing Corporation will develop a policy, and then we will remove the policy from the Public Service Commission's books once the other policy is in place.

Mr. Mitchell: I believe, Mr. Brown, you had some information you wanted to provide?

Mr. Brown: It's just a matter of putting this in context. If you read that policy, you'll find that it dates back to 1981 or 1982. It still assumes there's staff housing in Whitehorse; it still assumes that every unit is furnished by the government. None of those things apply. It talks about the key personnel. Priority is always given to people from outside the territory. We assume the department will make the decision whether some of these are key personnel or not, and there are times when they are requesting housing for somebody either working part-time or local in that position, and we suggest that may not be the best use of housing, but we leave the final decision to them.

Where it talks about road crews, as operational requirements dictate, I believe the road crews are all in highway camps now, which may not have been the case in 1981, so that doesn't apply either. What Patricia said is true — and I've been with Housing for over 20 years, so I've seen this all happen — it has kind of evolved and it went from PSC to the departments. We do get written requests from departments every time they want staff housing. We get information on where the person is from, what kind of housing is needed, all of that, so that comes in and, as housing comes available, we allocate that housing.

Generally, if you read in the report, it says that during the period of time that the audit was taking place, or the period of time that the audit covered the 88 requests for staff housing. In another place, it said there were eight people left on the staff housing list. Well, I think we did pretty well if we met 80 of those requests. So, yes, there are demands — more than we can meet, but we're working together with departments as much as we can.

In the last year there have been situations where a department may have had a unit vacant, waiting for recruitment, and they had a number of months before that was going to happen, and another department needed a housing unit in that same community for temporary use, and we've gotten the two departments together and they've worked those things out. It is true — I mean, the policy needs to be rewritten, but it's not hurting the delivery of staff housing because it's outdated — it just needs to be rewritten — so we're following it.

Mr. Cardiff: I think everyone has kind of touched on the next question. For clarity, I'll maybe modify the question a little bit. But the corporation's response in paragraph 59 to that recommendation is the recognition of the fact that the policy is out of date. If it was created in 1981, then, yes, it probably is. It's more practical for the department or the Housing Corporation to work with the departments to determine the appropriate

allocation and that the Public Service Commission is going to abolish the policy when the Housing Corporation develops a staff housing policy to replace it. What we'd like is some assurance — and I believe I've heard that, but I would just to confirm it — that the corporation will be working with the Public Service Commission to ensure that the government's priorities are reflected in that policy and work with the departments to ensure the allocation of housing is fair, equitable and meets the government's priorities.

Mr. MacMillan: We'll certainly confirm that, Mr. Chair. Thank you.

Mr. Cardiff: One more question. The report notes in paragraph 60 that under the *Government Employee Housing Plan Act*, "...the Corporation can help an employee by buying his or her home for a maximum of \$68,400. We found that the Plan has rarely been accessed by Government employees over the past ten years."

The recommendation is that the corporation should consult the government, either about updating it or eliminating it. The corporation's response reads that it would require 24 months to review the policy issues regarding the act. We're wondering why it would require 24 months or if it's even necessary, if it's not being used.

Mr. MacMillan: That's a good question. Again, I think we've put our timelines in here, which, you know, are — I guess we wanted to make sure we'd meet them, so we didn't make them too tight, as a first comment. I think the review that we're doing now internally, in terms of policies and just how we deal with the staff housing issue and the needs that we think will be out there — or we project will be out there over the next few years — is sort of part and parcel of also dealing with the *Government Employee Housing Plan Act*, in terms of what we do or don't do with that. I mean, the Auditor General has correctly said that you've either got to use it or lose it. You either review it and update it or don't have it on the books at all. We respect that recommendation.

Yes, Mr. Cardiff, the response time may be a little long and, as I mentioned earlier, our goal is to come in on a shorter time frame than that. We try to set the outside parameters of any time requirements, but what we wanted to do, or what we're trying to do, is to incorporate the consideration of the *Government Employee Housing Plan Act* with the overall needs assessment and way forward on staff housing in the future.

We're trying to build that as part of that process and not necessarily just do it as a "one off" because what we might decide today or if we made the decision, it might be a different decision when we have our review completed.

Mr. Inverarity: We're going to be dealing with the section on matching supply to demand, primarily paragraphs 18 and 81 — 81 found that no analysis of the long-term needs for existing two- and three-bedroom units was an issue. The report states that about over 50 percent of the applicants are waiting for one-bedroom units, including victims of violence. Some have been waiting between one and three years. The auditors found no analysis of the long-term needs for existing two- and

three-bedroom units or whether there is a need to reconfigure any of them into smaller, single-family units.

Once the single-parent family moves to the new family housing units that are being constructed, it's important because the majority of the applicants on the social housing wait-list are for single rooms, or single bedrooms, and they are single, and they have long wait-list times. But of particular concern are the victims of violence, who are given accommodation, I guess, at the transition homes for up to six months, but are then evicted.

In Whitehorse, victims of violence are requesting one-bedroom units, and it appears the wait-times identified are anywhere from nine days up to 15 months.

My question: how will the planned construction of the new housing units from the federal funding initiative help to reduce the wait-time for one-bedroom housing units?

Mr. MacMillan: I'll make a few comments, if you permit, then maybe ask Mr. Brown to follow up. As I understand it, a considerable number of our housing units were built quite a number of years ago, maybe back in the 1970s and 1980s, so the configuration of the housing units, be they two-, three- or four-bedroom units — what we have is what is. It is what it is. With that in mind, I know there have been some comments throughout the report that under housing — or however you would frame it — “over housing”, I guess it is, in the sense that some of the units are larger than some of the needs right now.

In discussions with Mr. Ron Brown, he said a number of years ago they did look at reconfiguring some of these units we have that have been around for awhile, but given the changes you'd have to make in code requirements, all the other changes you would have to make to change the unit over to a multi-unit if it were a single unit — or change it into a multi-unit — would make it very challenging, both from a code perspective and from a cost perspective. So that's one point I'd like to make.

I understand that in terms of the victims of violence, we have a priority rating in terms of those who are waiting for social housing. The board has approved a priority list as it were. Victims of violence are the number one priority on that list. They are given priority consideration. The seniors who are moving from rural Yukon or that part of Yukon outside of Whitehorse for medical reasons or purposes are given sort of our second priority. Third priority is those who are in temporary accommodation, homeless, semi-homeless situations. Then the next category would be for disability and then others.

I guess the last category would be sort of for those who don't fall into any of the above categories. So certainly in terms of victims of violence, we try very hard. We do, on our points rating system, score the group very high. We do what we can to accommodate the needs and requests as soon as possible. There will always be, for various reasons — individual reasons — anomalies, I suppose, where some would be on this wait-list longer than others. I understand that the average time recently is about, say, three and a half months to accommodate somebody who is in a victim-of-violence situation.

The Whitehorse affordable housing complex was based on a lot of research, which was not specifically directed at the victim-of-violence category, as I understand it, anyway. So there are more multi-bedroom units in that facility than just the one bedroom units.

In terms of outside of Whitehorse, the new facilities we're building are more in the line of one- and two-bedroom units. I think maybe I could just ask Mr. Brown if there are any comments he'd want to make. We realize this is a priority, Mr. Chair, and we are attempting to move in that direction, sometimes probably not as quickly as we'd like.

If you permit, I would just ask Mr. Brown to make a few comments.

Mr. Brown: Once again, I'd like to bring a little context to this. We have a priority waiting list, and it has already been said that victims of violence are at the top. That means they get a heavier weighting automatically, as soon as they're declared victims of violence. That means that it's most likely, if not always the case, that it will be a victim of violence at the top of the one-bedroom list, the two-bedroom list, possibly three or all through there. That person will get a housing unit when one comes available. However, if you're tenth on the list as a victim of violence, every month when they have new applications, those new applications are rated. If they are of a higher need, then the person tenth or last on the victims of violence list — that person on the bottom of the list is always going to have a long wait. In all the years I've done this, to restructure units isn't practical cost wise or just for maximum use either, because I've seen the needs for different-size bedroom units fluctuate within a few years. They just can go all over the place, depending on what your clientele is, and that changes quite a bit. So, when we're looking at housing being a 50-year asset, we have to in some cases, or it's better for us to be more flexible than less. And, as was said earlier — I don't know if this was said, but 70 percent of our housing units are 30 to 40 years old. So that's the vast majority. They were built to be bigger units. So now, there are times when we have people who are over-housed. But, for instance, in a small community like Carcross, where there are only six social housing units, we'd rather have bigger ones, where we can serve everyone, than smaller ones, where we can only serve some.

Also, in the case of any tenant, and in particular the ones on the list for 15 or 16 months — in this case, the ones who were pointed out, the victims of violence — in some cases, they don't bring in information that's required for them to be approved by the board on a timely basis. In one of those cases — and I think it's safe to say because it doesn't identify anyone — it was 10 months before we got all of the information from when the application process started. We can't push that process. It's in the person's best interest to bring in the information we ask for.

In some of those cases, the people in this category are in very difficult situations, so their life isn't normal. They may be fleeing somewhere or having to move somewhere and then come back. They may not have a phone and not a fixed address.

There are all kinds of complications in this, but in the two cases that were mentioned or the two who had the long wait, one was because we just didn't get the information on a timely basis. The other was that the person was just quite a ways down the list and somebody always kept getting in front of that person. So, that's what a priority list is. Whoever has the greatest need gets into the housing that's available. The board still feels that's the best way to go; it makes sense. Unfortunately, we can't help everyone who is on the list, but the ones with the greatest needs get helped. For instance, with the Riverdale project — that has probably been mentioned too — when we looked at reconfiguring units, we went through all of our social housing tenant list — the ones in our social housing and we profiled every household. Then on our waiting list we did the same thing so that we knew the profile of our tenants — how many two-bedroom, how many three-bedroom units that we needed. We designed and built to that profile. So we do the best we can with what we have, but needs are changing all the time and on a fairly short-term basis.

Mr. Mitchell: I'm going to ask the witnesses — I know there is a lot of information that we want to bring forward, but could you endeavour to keep the responses a little shorter? We've got a great number of questions to get through and I'd like to endeavour to conclude this by 3:30 — so if everybody could keep that in mind.

Mr. Inverarity: The issue here is really matching supply and demand. I understand that a lot of the wait-list is single individuals looking for single-bedroom facilities. The original question was whether or not the new single-family residences that are going up over in Riverdale would impact the ability for people who have been on the wait-list as single individuals looking for single-bedroom facilities. Once it's opened, will that free up additional living space so this wait-list would become less — particularly in the case of victims of violence who are looking for a single-bedroom place? Part of that was, does the corporation also have a policy of moving people to smaller facilities that have fewer bedrooms if the mix within that household changes? If the son goes off to school, for example, and you're down to one person in a three-bedroom house, do you consider changing that individual and moving them around, or do you leave them in the facility?

While I expect the answer to the first question, which was will that ease some of the pressure, the answer would probably be yes, but I'm still interested in knowing whether or not you have a policy where you do move occupants about in order to meet the accommodation needs they have.

Mr. MacMillan: Yes, we do feel that the opening of 32 units in the Whitehorse affordable housing project in Riverdale will help to alleviate the situation. From the latest figures I have, there were approximately 70 people in the greater Whitehorse area who are on the waiting list, so if we put 32 units in there, that will certainly be of significant benefit.

Yes, we do have a policy — to the extent that we can — of moving individuals into smaller units.

Mr. Inverarity: What options has the corporation identified during the planning of replacement of its housing

stock to address the imbalance between the mix of housing in its portfolio? In other words, when you start looking at your mix, will you be looking at more single-bedroom accommodations, or will you stay with the one- and two-bedrooms, that sort of thing — or are you looking at apartment blocks, for example, that have single-bedroom facilities in them?

Mr. MacMillan: In terms of the seniors facilities we're now building, we're going toward fewer bedrooms. I mentioned the Teslin facility, which is now under construction, is an eight-unit facility and seven of those are one-bedroom units, and there's one two-bedroom unit. In Faro, for example, it's a six-unit facility and that's all one-bedroom units.

The replacement of a project that we intend to start this year in Dawson City — the majority of those units will be one-bedroom and the rest will be two-bedroom units. Yes, we are already attempting to implement the process toward building units that have less capacity.

Mr. Inverarity: As the corporation has indicated, it will take 24 to 36 months to complete its strategic plan. How will the corporation address the issue of how long victims of violence will remain on the wait-list in the meantime?

Mr. MacMillan: I'd like to think that even though there is a time frame there of 24 to 36 months, I guess I see a strategic planning process as that nothing — I don't want to give the impression that nothing is going to be done until 24 or 36 months is over. This is sort of a work-in-progress — sort of a moving target, so to speak. As we move through that process, we certainly intend to implement changes — that's my understanding, anyway — as we go through those months and the time frame set out.

So the victims of violence, as an example — the individuals who unfortunately fall into that category — we are certainly very mindful of the demands and needs, and we certainly take those into consideration. I'm not sure what I can or can't say. I think I have to respect confidentiality here. But we are working with some organizations right now, as we speak, in terms of being able to work with them to help provide more units in the Whitehorse area, in terms of victims of violence or people who are in unfortunate circumstances.

We don't have all the approvals in place for that right now and we're working through that process. In addition to the \$50 million in economic stimulus funding, there is also an affordable housing initiative that is just under \$2 million — that's over and above the \$50 million — where we can partner with non-profit organizations, what I refer to as "social action type organizations", to provide housing options for clientele they would have.

As I say, right as we speak, we're speaking and discussing with some of those organizations in terms of the housing needs that they have that we would like to support. As I say, we don't have final approvals on those yet, but I can certainly verify that we are working on that area and are very supportive of it.

Hon. Ms. Horne: My question has to do with risk management, paragraph 86. The auditors found that "the Corporation has not identified or addressed other risks, such as maintaining operations with declining contributions from

CMHC; running out of Government funding for lending programs, repairs, maintenance, and capital replacement; and increased heating costs due to global conditions, such as rising oil prices, for example.

Risks to the health and safety of the social housing tenants are also important to identify and address. How is the corporation adapting to the declining revenues from CMHC that are expected to drop rapidly in the coming years?

Mr. MacMillan: Could I have Mr. Kozmen respond to that, please?

Mr. Kozmen: The declining funding arrangements that we have with CMHC and the Government of Canada are common to all provinces and territories. We are working in a joint effort with all provinces and territories, at the provincial-territorial housing ministers level and officials level, and in negotiations with CMHC on addressing that issue.

Now, what's important to recognize is that CMHC has agreed that this is something worth looking at. They have not made a commitment that they're going to address the funding shortfall that we see in the future, but the fact that they have — or at least at the table with us — embarked on a plan to evaluate all the 600,000 social housing units in Canada and what the requirements are for those housing units in terms of upgrading them, is a preliminary step to getting into the negotiations on long-term funding.

In terms of the impact on Yukon, we're fortunate in the sense that the decline in payments from CMHC to the provinces is occurring at a faster rate than it is in Yukon, and it's about 2015 before we see a precipitous drop in our payments from CMHC. So we have a bit of time to hopefully sit down with CMHC and work out a better funding arrangement.

Mr. MacMillan: Mr. Chair, can I just argue — not argue, I'm sorry — but just supplement —

Mr. Mitchell: We don't argue in here until spring, but thank you Mr. MacMillan.

Mr. MacMillan: One program that the Yukon Housing Corporation is very proud of, and rightly so, is the Super-Green construction that Yukon Housing Corporation undertakes and supports, and I understand that's to get to an EnerGuide 85 range, which is a very high energy range. Yes, the price of oil, the changing conditions, as the auditor's office has pointed out, will have an impact and it's something we're always concerned about, but as best we can we're trying to counteract that. Maybe people could argue we should be doing more, but we are somewhat leaders in the country on this, or at least we think we are. We are supporting construction of high-energy buildings, both those we build ourselves and we're encouraging others, contractors and developers in the community, to do the same.

It's amazing the kind of savings that can be realized, depending upon the energy efficiency you build into a home. We're trying to address future increases in cost, oil and other energy cost, by promoting that program.

Mr. Mitchell: Ms. Horne, are you going to carry on, or Mr. Nordick?

Mr. Nordick: The section we'll focus on now is performance information, paragraph 98, the Auditor General recommends that the "Corporation should establish appropriate performance indicators — including short-term and long-term targets — gather performance data, use the data to compare indicators to targets and to help link outputs to desired results, assess the Corporation's performance" and evaluate its programs.

In 2004, this committee questioned the corporation on how it measures its performance. I'd like to ask: how does the corporation measure its performance and what tools are used?

Mr. MacMillan: I'll just refer that to Mr. Routledge, please.

Mr. Routledge: The Auditor General is quite correct; the corporation does not have a great track record in terms of looking at outputs that are achieved through our programs and services. We have focused primarily on internal measurements that reflect more activities and are activity-based, so the corporation appreciates the assistance and the direction that's contained in the report on the types of measurements we should be looking at, and we've developed a series of milestones and time frames for us to do research, do testing, set up targets, integrate them with strategic planning exercises and budgetary exercises.

We sincerely appreciate the professional assistance we received in this area.

Mr. Nordick: You're implying that you're embarking on this process so, upon completion, how will you communicate this to your board of directors, the stakeholders and the public?

Mr. Routledge: In terms of communication, we'll have regular reporting instruments to the financial and risk management committee of the board, to the board of directors itself, to the minister, to the Legislature through our annual report. Once public, the annual report is posted on our website. We will be interacting with our territorial housing counterparts in sharing performance measurement information. Obviously, through the budgetary cycle, the Department of Finance will be looking at our performance measurements.

Mr. Nordick: In paragraph 97, the report notes: "The Corporation has not reported on outcomes such as improvement in the overall housing situation in the Yukon; increasing or stable percentage of satisfied clients; increasing home ownership in the Yukon; or the adequate maintenance of the overall condition of social housing."

Is the corporation planning on carrying out research on these areas, collecting data and reporting on them on an annual basis?

Mr. MacMillan: I agree with the Auditor General's office or we agree, I think, with the Auditor General's office to the extent that the corporation — section 97 or paragraph 97 — says, "The Corporation has not reported on outcomes..." We should be doing a better job on that.

As Mr. Routledge has pointed out, we focused a lot on activities and outputs, and we'd like to think that we've made a difference, in terms of improving through our programming the

overall housing situation in Yukon, that we do have a satisfied clientele and that we've also, again through our programming, increased home ownership in Yukon. Through programs such as our home repair program, which is a very popular program, we are trying to encourage people to improve the private housing stock in the Yukon, some of which was built quite a number of years ago. Through our economic stimulus funding, we are improving the overall condition of social housing.

It's fair to say that we should be doing more, in terms of measuring the outcomes. We're sort of putting the outputs and sometimes I get a bit confused in this area. I think we're doing things, but we're just not measuring the impact of those sufficiently enough — the things we're doing or what the outcomes are on the Yukon public. That's sort of my way of explaining it, anyway.

We'd like to think we're doing a lot of good things. I think we have to work harder at measuring the outcomes we're achieving, so that we can, if necessary, adjust our programs to achieve the outcomes that we want to achieve. We really feel strongly that, through our programming, we are encouraging people to become more efficient, to upgrade their homes and to make them more energy efficient and safer and so on. I think we have to do a better job of measuring that.

Mr. Mitchell: Thank you. I'm going to take the next couple of paragraphs in the report to make it easier for you to follow. It will be paragraphs 101 and 102 on financial and reporting information and then Mr. Hart will take the final section of the report.

So in paragraph 101, the auditor has "found serious transition problems when new information systems were implemented without proper planning, monitoring, and data testing. Old systems were not maintained while the new systems were still being tested for proper functioning."

What was the project management arrangement in place to implement the new system and was the Government of Yukon's information technology services branch involved?

Mr. MacMillan: When we were transitioning to the new information systems — and, of course, to have the correct and proper information systems in place is very important, as has been correctly pointed out in the Auditor General's report. A little bit of context or background here — there have been a number of changes, as we know, and as has been pointed out, I think, by the Auditor General herself in one of the interviews where, in terms of our finance systems and administration branch, which kind of oversees this, we've had a number of changes take place, not only the retirement of the senior financial officer for that branch when this programming was underway, the retirement of the deputy minister — you know, senior personnel changes. What I think was a very positive move, as I mentioned before, is the separation of Community Services and the three corporations, in terms of sharing corporate services.

We're just now in the process of staffing for a new information officer or manager of information services, for our own group and, in the meantime, we're still relying upon the information services group connected with Community Services.

My understanding is this process was driven primarily by our own group — I stand to be corrected on that. One of the comments that was made by the Auditor General's office is that, when we were transitioning to a different system, we did not parallel track the old system until the new system was up and running. I'm informed by others who are more knowledgeable than I am that that may not always be necessary, but there's certainly some prudence in following that course of action and we take into account those comments. In fact, I think we mentioned this morning that, on another system that's being developed in our housing operations, we are following that process.

Hindsight is always the best to follow and, in that, we should probably have taken a more considered approach, or a different approach, than we did on that. My understanding is we were primarily driving this process ourselves. I should say that we are doing testing to confirm the integrity of the system and to ensure the data that is on the new system is the appropriate data and just confirming the integrity of it.

I'm not sure if I've answered your question very well.

Mr. Mitchell: You've largely answered it. You've indicated it was done within the corporation and it didn't generally involve the government's separate IT branch. The other question you've touched upon that I was about to ask, which was why the decision was made to go live with the new system without also maintaining the old system in case there were problems. What I basically heard is you addressed this and more or less said it just was, but that in hindsight that wouldn't be the practice in the future. Is that correct?

Mr. MacMillan: I'd have to rely upon people more experienced than myself in this area, but if that's the preferred route to follow, then I would say that's the route we will follow on a go-forward basis.

Mr. Mitchell: In paragraph 102, the report says that, between June and August 2008, hundreds of loan applications were processed. As the reporting of information to management on loan applications was weak, the faster than expected pace of lending was not adequately managed.

Which loan programs were involved in these hundreds of loans? Is there a reason you can provide as to why there was a much faster than expected pace of lending during that particular time period?

Mr. MacMillan: I'll comment briefly and then maybe ask if Mr. Perreault has any comments. I think most of our programming was actually experiencing some pressures during this time period — in other words, our home ownership program, which is sort of the first mortgage program for the bank-ineligible or first-time homeowner clientele. We have a so-called GreenHome program at the time where we were providing construction financing and charging people to build to a higher green standard. That also had high demands.

We had an application under the joint venture program and, as mentioned previously, the joint venture doesn't get regular clientele coming in with projects but, when you do, they're usually the larger variety. In our home repair program, where people wanted to upgrade their homes and renovate

them to make them more energy efficient, we were experiencing considerable demand in that area too. There was a program at the time, which has since been sunsetted — my recollection is that if you were doing energy upgrades to your home or upgrades that were energy related, then it was zero-percent financing on that part of your upgrade. If you go back to 2008, we remember — I think it was the early summer or sometime during the summer of 2008 where the world price of oil hit close to \$150 a barrel. That, combined with, I think, generally speaking, governments — including us as a corporation — promoting energy efficiencies and encouraging people to upgrade and make their homes better and more energy efficient. Everything seemed to come at once there. In our green program, people were building homes, making them highly energy efficient. I think the demand was spread right across our programming — our loans programming. Mr. Perreault, do you have anything to add to that?

Mr. Perreault: I just have a couple of points. I think our president covered mostly everything, but the energy prices were certainly a factor — the rising fuel prices and the concerns of electrical costs also. The energy initiatives that were in place at that time which led into federal program initiatives also — the latter part of that. And there is also the overall social movement toward the reduction of greenhouse gas emissions. That encouraged people to do two things: to repair their homes and also to build energy-efficient homes. And we provide programming in both of those areas. So it was almost like a little bit of a perfect storm at that time, and we were hit with a multitude of applications at the same time. We managed the applications by slowing our process down. We didn't stop receiving applications, but what we did is that we would take the applications and not take them to the next stage. There are various stages throughout the loans program application process.

Mr. Mitchell: Could either the deputy or Mr. Perreault identify which program saw the biggest increase in activity during that period — the home repair versus the construction mortgage? Which particular programs?

Mr. MacMillan: I'd ask Mr. Perreault to respond, Mr. Chair.

Mr. Perreault: We noticed an increase in all programming. But, proportionately speaking, I think the increases were the same in most programs. But if you were looking at the number of clients, they would be the home repair program because the financing limits are lower and the number of applications is higher. But, proportionately speaking, per program, it was approximately the same throughout.

Mr. Mitchell: In the spirit of the non-partisan nature of this committee, I'm going to pass the next questions over to Mr. Hart.

Hon. Mr. Hart: I will finish — this will basically be the last set of questions with regard to this. The auditors noted in paragraph 103 that by the end of their fieldwork in September 2009, the financial statements for 2007-08 fiscal year still had not been finalized and the reporting deadline for last year's annual report had not been met.

Madam Fraser, in her address, had indicated there were several issues that led toward the delay in the Yukon Housing Corporation's year-end, indicating system and program changes, so for clarification, could you respond to the following questions the committee had and provide clarification for the general public? I will break it into a couple of questions and allow you to respond. The first set is this: how did the corporation get into its current situation and what is the corporation doing to solve the matter at hand?

Mr. MacMillan: Maybe I'll address the last question first if I may, Mr. Chair. First of all, for the benefit of the corporation itself and for the benefit of the public, I do want to state at this time — and this was confirmed with the Auditor General earlier this week — there's no indication whatsoever of any improprieties in terms of the financial statements or accounting records of the Yukon Housing Corporation in the sense that there are funds that are missing or there's a misuse of funds or anything of that nature. It's fair to say there are just no improprieties that have been identified or even suggested.

That's important because, although we are remiss in terms of getting our statements completed, it's for reasons other than some might think. What we are doing is, we have hired additional staff in our group to try to meet these deadlines. We realize this is not a good situation and, as I've stated earlier, we apologize both to you as Members of the Legislative Assembly and to the Government of Yukon. We realize this is a Yukon Housing Corporation issue and not a Government of Yukon issue. Well, it is a Government of Yukon issue to the extent that our statements are consolidated in to their statements, which is not a good situation, because we would have to get our statements approved before that happens.

The accounting issues — we've hired additional staff. The Department of Finance has been very supportive in this initiative. They've loaned us staff to help us; they've committed resources to provide whatever assistance they could. Over the past few months, we've worked with a national accounting firm to give us assistance on some of the issues. As I've said, we've hired staff. We've actually just brought up a staff member, a chartered accountant, from Vancouver to work in-house with us for a period of several months to complete the work so it is satisfactory to the Auditor General's office.

As you know, there's the 2007-08 statements; there's also the 2008-09 statements and, before too long, we'll be into the 2009-10 statements.

We are certainly doing whatever we can to have this process completed as soon as possible, which certainly should have been done by now. We are also working closely with the Auditor General's office, and we certainly appreciate the support that they've given us and the patience that they have extended to us on this particular file.

Why are we in this situation? I suppose it's a combination of reasons. Again, we had some senior staff individuals leave the organization and retire. That's fine; that's quite understandable. Sometimes the transition is not always as easy as it should be. There are the new accounting standards present that are being adopted — the changes in accounting policies from the

generally accepted accounting principles for the private sector to the generally accepted accounting principles for the public sector.

Before this changeover took place, the Yukon Housing Corporation was under the generally accepted accounting principles of the private sector. We have now shifted over to generally accepted accounting principles for the public sector. Some corporations that are sustainable or self-sufficient are moving toward the required International Financial Reporting Standards — the so-called IFRS.

Since we were being treated as private sector under the previous accounting standards, we had considered moving toward the international financial reporting standards, but after much consideration of that, as well as some discussions we had with the Auditor General's office, it was determined that we would go with the *Public Sector Accounting Handbook*.

I'll just give you an example of new standards. There are always various factors involved in this. I'm certainly not an expert in accounting standards by any stretch of the imagination, but one example that was pointed out to me was an impact that the change in accounting standards had. Maybe this isn't the best one. It's just one they've come up with. Under the old standards, the Canadian generally accepted accounting principles — or GAAP, for short — we were under the for-profit sector. When the Yukon Housing Corporation would receive government funding to renovate a social housing unit, Yukon Housing Corporation could record the cost of the renovation net of the government funding received, i.e. the record of the renovation on its books — that you would record the renovation on its books of what is essentially the out-of-pocket costs paid by Yukon Housing Corporation.

Under the new standard, the Canadian generally accepted accounting principles for public sector, Yukon Housing Corporation has to record separately on its books the government funding received on the gross cost of the renovation. So in other words, the government funding is no longer netted against the cost of the asset. So to implement this particular change in standards, Yukon Housing Corporation has gone back through 13 years of asset records in order to record separately the government funding received and then record the gross costs of the asset additions and renovations.

Now my simple way of explaining that is that if Yukon Housing Corporation — if a project was a \$500,000 project, and we got \$300,000 from an outside source of government — or no, let me see. Yes, if we got \$300,000 from an outside source, we would only report the net amount on our books, which would be \$200,000. We got \$300,000 in, the project costs \$500,000, so we would just put \$200,000 as the net cost on our books — this is what we actually spent. Under the new standards, we have to record the \$300,000 received and the \$500,000 we spent.

Now I know there are accounting gurus in this Chamber, and I am probably not explaining it very well. But that is my — laymen's terms — you know, just an example of new accounting standards and the work that has been put into trying to bring these in line. We have sent statements to the Auditor

General's office and there has been, certainly, a back and forth in terms of questions and inquiries and requests for more information, which of course, is their job. That's what they're supposed to do and they're doing it very well, I might say.

The complexities involved and our abilities to respond have not been what we would have liked and we do apologize for that.

Hon. Mr. Hart: I would maybe ask for a bit of clarification on the last — for a time period. When did you make the switch?

Mr. MacMillan: Mr. Chair, Mark Davey is our acting director of finance and administration. Could I refer that question to him, please?

Mr. Davey: Thank you. Yes, I can confirm that the change was made effective the 2007-08 fiscal year. But it also required a restatement of the 2006-07 comparative figures.

Hon. Mr. Hart: What challenges have been incurred by Yukon Housing Corporation in recruiting financial staff?

Mr. MacMillan: As I mentioned previously, in the early part of 2008, the individual who had been in charge of our finance group for quite a number of years had retired and left the territory. As a result of various circumstances, we are still in the process of finalizing our competition. We've had very good individuals working in the meantime with our group at the finance end, but we are still just now in the process of finalizing our competition for a director of finance, systems and administration. We've had a couple of competitions but the last competition closed and screening has been completed. We are actually conducting interviews next week to fill the position of director of finance and administration.

Hon. Mr. Hart: I assume we have some credible candidates you'll be interviewing.

Mr. MacMillan: We think, yes, we do.

Hon. Mr. Hart: Ladies and gentlemen, we're getting down to the bitter end here. Where is the corporation currently at in completing its financial statements for 2007-08, as well as 2008-09?

Mr. MacMillan: For 2007-08, we'd like to think we're getting awfully close to being complete. I hesitate to give a date. We've missed dates before and I really hate to do that. We think our list is getting shorter. I must say that we've been very transparent and we have brought up issues. Whatever issues came, good, bad or otherwise, we brought them forward. I'd like to think once our 2007-08 statements are done, in my layman's perspective, at least, it provides a very good base for going forward with our 2008-09.

Later this month — we have now, as I mentioned, hired additional staff, a chartered accountant, to come up and work with our group and with Mr. Davey to prepare ourselves for the 2008-09 statements. The Auditor General's office will be sending personnel here within two weeks, I believe, on February 22 to start work on our 2008-09. We've actually done work before on our 2008-09 statements, but that was sort of put in abeyance until we got 2007-08 completed, which made sense from an accounting perspective.

In summary, we're working very closely with the Auditor General's office to complete, which we hope will be very shortly, to satisfy the requirements for the audit. The Department of Finance has extended personnel to us to work full-time on that until we get that completed, and they've done that before and are continuing to do that. We hope to be done very shortly. I believe on February 22 there will be personnel coming on behalf of the Office of the Auditor General to start work on our 2008-09 statements, and we've engaged additional personnel to help us in that regard.

Hon. Mr. Hart: February 22 or February 2?

Finally, you've obviously indicated some reluctance to indicate a date. You did indicate earlier that you are working on the current 2009-10 process and I wish you every bit of success in that process. All I can say is that I hope you can get it done soon.

Mr. Mitchell: At this time — and we don't have much time left — it has been the practice of this committee to give the members an opportunity to very briefly ask follow-up questions that may have arisen during any portion of the questioning today. What I would like to ask is for each member of the committee to take their best question. Members here are quite used to the idea of having to ask a question in 60 seconds. I would ask that we try to stay to that format starting with Mr. Cardiff.

Mr. Cardiff: Actually, my best question was answered previously so there you go. But there was one question that did come up and that is, are Yukon Housing Corporation board meetings open to the public?

Mr. MacMillan: Mr. Chair, as a rule they have not been. That has not been the practice. As I say, in the past we have certainly responded to any groups that wanted to come in and give presentations or to make representations but as a rule we have not had public board meetings.

Mr. Kozmen: I believe that the minutes of the board meeting are a matter of public record.

Mr. Inverarity: Oh, my best question. I had a couple that I wanted to talk about. The area that was a concern to me a bit was the issue around capacity. We have talked about that. The Auditor General has brought it to our attention a couple of times. My concern or what I would really like to know is — I'm trying to track to the timeline and maybe that is the function of the question. It appeared that you had joint services that were going on between the Housing Corporation and Community Services. Community Services broke off and did their own thing and then you were left sort of to do your own thing. That, combined with a change in automation system and things along that line, built a perfect storm, as it has been referred to here.

I guess my question is, in your hindsight did you see the decision for that break-off was perhaps too early? Could you comment?

I mean, if you had it to do again, would it be better to keep those services amalgamated prior to get through these other issues that you were experiencing?

Mr. MacMillan: It's always difficult to say "what if" for sure, but I think that if you're going to do something, you

should just do it. As I say, there is always that transition process that sometimes — maybe oftentimes — takes longer than you would like it to and it's a little frustrating at times. But I think it was a positive experience where the three corporations — Housing, Liquor and Lotteries — now have their own, or share their own corporate services as opposed to sharing them also with Community Services, and I think it's better for Community Services. It has presented some challenges during this transition process, but I think, as has been mentioned before, it was a positive move, a positive initiative. Maybe I should have dealt better with it, I don't know. But I think it's coming together. We've had challenges, but maybe, no matter when you did it, it would have challenges. I think the timing was probably as good as any.

Hon. Ms. Horne: Thank you. I actually had two questions. I will cut it down to one. First of all, I would like to thank you for working with the victims of violence. It's something that's very dear to my heart. And I realize that you are not the only option for victims of violence, but you do react very quickly. I've heard stories of one day being placed in a unit, and that is good work. I commend you for that.

My question is — it goes back to paragraph 49, repossession of a home when a client is unable to make mortgage payments, or a default mortgage. On what basis is that unit resold? Are they sold only to eligible purchasers under paragraph 43? And if the sale funds are sufficient, does the default buyer or the original owner get their investment back?

Mr. MacMillan: Could I refer that to Mr. Perreault?

Mr. Perreault: That's a long question to answer, but I'll keep it short. We have an arrears management policy that's in place that details how we manage all and any arrears, including foreclosures. But when we do foreclose on a client, what we'll typically do to assist is that we'll encourage them to go into what we call a "quick sale", where we'll market the home with them, and then they sell the home for as high as they can, and the proceeds go toward payment of the loan. If there are any excess funds, the client gets to keep those.

That's the short answer. Sometimes it's more complicated and that is if it gets into an area where there is dispute, when we have to take legal action and the process is drawn out. We work with our clients individually — hence the success of our arrears management. We take as much time as we can and put a lot of effort into managing the client's needs, to minimize their financial hardship. So if there is a foreclosure, we will assist them sometimes. We will deal with legal costs. Sometimes we'll offset some of the debt that doesn't need to be recovered. We'll do the best we can to minimize a hardship on our clients.

Mr. Nordick: For today, I would end off by saying thank you. It has been very informative to the committee and me. I'll forgo a question for somebody else.

Hon. Mr. Hart: Thank you, Mr. Chair. During the earlier discussion with regard to maintenance on the housing, I recall a discussion with regard to possibly duplexes, I think it was, and whether or not it was worthwhile to repair them or just leave them. If that is indeed the case — for example, that it's too old — what is the Housing Corporation doing with the

possibility of selling those facilities? If we're not going to fix them, if they're maxed out, what about selling the facilities and utilizing those funds elsewhere?

Mr. MacMillan: I think that's a process that is actually in place. I could ask Mr. Brown to respond to that, Mr. Chair.

Mr. Brown: Yes, we haven't disposed of a lot of units in the past. The last two were in a community, and they were purchased and moved off the property and used elsewhere. We're looking at disposing of some of the doublewides in another small community. They will be in the paper, I think maybe even tomorrow, because we heard from that community that they'd really like to make use of those units if they could and fix them themselves. So unless there is a real health issue — like if the unit was bad because of mould or something like that, we wouldn't want to sell that to the public. But if it just needs repairs or whatever, and we just feel that the amount it would cost us to put in wasn't worth it, then we'll try and sell it to the community. It's in our best interest to do that and theirs as well.

Mr. Mitchell: I have a question. It appears from some of the answers that we were given earlier today that the corporation and the board don't necessarily have a regular process for reviewing their policies on a regular basis, to amend those that need amending or delete those that are no longer useful. For example, the staff housing policy that had been in place since 1981 but is outdated, or the home-ownership mortgage financing, in terms of the requirement for bank refusal as opposed to the determination that the banks would refuse — might the corporation need to put in place some form of policy about reviewing their policies on a regular basis?

Mr. MacMillan: Yes, I think that is a valid comment and maybe what we've done is gone off and concentrated too much on getting the job done operationally, or trying to get the job done, I guess, and concentrate on the operational issues and not do enough on ensuring what we're doing is in compliance with our policies and taking more time to look at what we're doing to see if that should be adjusted. We intend to, on a go-forward basis, do more of that.

I think we've already started it. It's sort of in an ongoing process but it hasn't been as formal or as structured a process as it probably should be.

Mr. Mitchell: I believe Mr. Lennox would like to make a few closing remarks before we conclude.

Mr. Lennox: I just wanted to thank the committee for holding this hearing. We truly appreciate having a hearing when we complete an audit. Our audit is not the end of the accountability process; it's still early in that process and a key part of this is to have our recommendations implemented and to ultimately improve operations of whatever entity we audit.

I appreciate the time and effort the committee has made in a very short period of time to organize this and put the many questions out. The last thing I wanted to do is give sincere thanks to the corporation itself for all the time and effort they've put in to working with us. An audit, by its nature, is an additional responsibility for the corporation. It's added on to

their ongoing responsibilities and it does take a lot of time of senior management.

I want to sincerely thank the people from the corporation for all their hard work in working with us and, of course, the audits.

Mr. Mitchell: Thank you, Mr. Lennox. Before I adjourn this hearing, I too would like to make a few remarks on behalf of the Standing Committee on Public Accounts. First of all, I would like to thank all the witnesses who appeared before the Public Accounts Committee today. I would also like to thank the officials from the Office of the Auditor General of Canada and the Clerk and Deputy Clerk for their assistance.

The purpose of the Public Accounts Committee is to help ensure accountability for the use of public funds. I believe the committee made progress to accomplishing that task today. The committee's report on these hearings will be tabled in the Legislative Assembly and we invite those who appeared before the committee and other Yukoners to read the report and communicate to the committee their reaction to it.

I would also like to add that today's hearing does not necessarily signal the end of the committee's consideration of the issues raised in the Auditor General's report. The committee may follow up with the Yukon Housing Corporation on the implementation of the commitments made in response to the recommendations of the Auditor General and of the committee itself. This could include a follow-up public hearing at some point in the future or a request for a written progress report.

With that, I would again thank all those who participated in and helped to organize this hearing. I now declare this hearing adjourned.

The committee adjourned at 3:30 p.m.