

EVIDENCE**Whitehorse, Yukon****Tuesday, February 3, 2004 — 10:00 a.m.****Mr. Hardy:** I will now call this hearing to order.

The Committee would like to thank the witnesses for appearing before us and for submitting the written submission to our request.

Today I would like to thank the following witnesses for appearing: Marc Tremblay, Ron Brown, and Al Lyon.

I will introduce the members of the Committee and its advisors. The Committee members are: myself, Todd Hardy — I'm the Chair — and Patrick Rouble is the Vice Chair; Peter Jenkins, member of the Committee; Pat Duncan; Eric Fairclough; and Dean Hassard.

The advisors from the Auditor General of Canada are Ron Thompson, Roger Simpson and Eric Hellsten.

The Clerk to the Public Accounts Committee is Floyd McCormick.

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.

The Public Accounts Committee was formed in 1980 and reported annually to the Legislative Assembly until 1991. However, this committee has been inactive, with one exception, for the past 10 years.

This current committee intends to hold hearings and conduct investigations into the operations of government departments and entities in pursuit of improving accountability.

Because of the Committee's inactivity, there is not much corporate knowledge and experience in how the Committee operates, so let me set a few ground rules on how the Committee will operate.

The Committee sent out three questions to selected government entities regarding that entity's mandate and how that mandate is being fulfilled. The entities have already responded in writing. The questions and the responses form the basis of these hearings that will take place over the next three days. Each key witness will be invited to make a brief opening statement. I would ask that the statement not exceed five minutes, if at all possible. Members will then ask questions, and we ask that witnesses keep their responses brief and to the point.

At the end of the hearings, the Committee will prepare a report of its proceedings and any recommendations that it makes. This will be tabled in the Legislative Assembly along with a verbatim text of the hearings.

It is our intention to hold regular meetings in the future that will deal with both new issues and follow up on previous hearings.

Now we will proceed to the opening statement.

Mr. Tremblay: Good morning. Thank you very much for the opportunity to be here. I hope that this first exercise in

some number of years will be a very positive exercise and that we are able to provide you with the responses that you are looking for.

Ron Brown, to my right, is the Director of Housing Operations for the Yukon Housing Corporation. To my left is Al Lyon, the Director of Program Delivery and Community Development. He is currently working on helping us get prepared for Canada Games and reviving the affordable housing agreement and a few other major exercises.

I appreciate the opportunity, as I indicated, to speak to you this morning. In particular we —

Oh, okay, pushing the mute button might have been a strategy.

I appreciate the opportunity today. We will be frank and open. We hope to be able to offer you responses to all your questions. In the event that we don't have the detail required, we will undertake to get back to you as quickly as possible and, if permitted by the Chair, we plan to take a team approach. In certain areas where technical expertise or specific experience is relevant to the question, I would ask my directors to respond directly.

In addition to the responses that we provided in the written handout to you, I would like to just make a couple of comments, and I certainly won't be five minutes.

Yukon Housing Corporation's vision is to enhance the quality of life of Yukoners, and we do that primarily by offering choices for safe and affordable housing to meet their needs. Our mission is to help Yukoners resolve their housing issues. The corporation maintains housing offices in 10 communities — including Whitehorse — to work toward these goals. In fact, there is really no community left untouched. Whether it's staff housing in Old Crow or social housing in Ross River, mortgage financing in Marsh Lake, home repairs in Riverdale or territorial representative services in Carcross, we pretty well touch or have some impact on Yukoners throughout the territory.

In addition, we have an impact on pretty well all the various sectors, in terms of families, individuals, seniors and young families. We have programs that reach the various demographic groups.

The corporation is also actively generating change — we feel positive — for the environment through its energy programs, reducing greenhouse gases and saving customers monies through efficient building and construction methodologies.

In terms of energy, we've also worked with First Nations. We have recently entered into a trilateral agreement with the Kaska Tribal Council to introduce energy-efficiency testing on First Nation homes, and we're also working with many First Nations in the areas of capacity building and information sharing.

Clearly, affordable housing is a national issue and it's equally relevant to the Yukon. We have found, however, that the affordable housing agreement with CMHC, as currently designed, is better suited to southern jurisdictions and, for this reason, on that particular major arrangement, we are working with CMHC on Yukon's affordable housing initiative in order to come up with an arrangement that is a solution for Yukon to deal with Yukon problems.

Finally, last year and in prior years, the Housing Corporation was a major player in the Yukon economy. We helped to stabilize the economy by generating a lot of economic activity through the lending programs, rehabilitation, renovation and maintenance programs, and motivation and support for new construction. These investments result in more contracts for tradespeople and professionals such as architects, lawyers and realtors, as well as in increased retail sales for local manufacturers and distributors.

That basically concludes my opening remarks. We will certainly be sharing a lot of information with you as you ask the questions. On behalf of my directors and staff, I thank you for the opportunity to make the opening remarks and look forward to a positive dialogue.

Thank you.

Mr. Hardy: Thank you, Mr. Tremblay. The lead questioner will be Mr. Rouble.

Mr. Rouble: Good morning, gentlemen, and thank you for your participation in our hearings today. I trust that the comment, "Pushing the mute button is a strategy" was a joke, because we're all here to hear about what you do, how you do it, and how your organization serves the needs of all Yukoners. The purpose of the Public Accounts Committee is to do another double-check to ensure that government is working efficiently, economically and effectively.

The line of questioning that I will start with today is regarding your mandate, your purpose, your reason for being. Your organization has a very broad mission statement, and you've provided us with six key objectives. To begin with, I'd like to ask you if you are able to accomplish those objectives.

Mr. Tremblay: In terms of our being able to accomplish the objectives — I'm looking for the six primary ones that we're speaking to here — we have a number of programs. The objectives we're talking about then would be the provision of social housing to serve the changing needs of clients; staff housing to meet departmental needs; supporting Yukoners to repair their homes and improve the energy efficiency of their homes and protect the environment; supporting Yukoners to become homeowners and improve the accessibility and energy efficiency of the housing stock; and assisting seniors to meet their housing needs; playing a lead role in educating and transferring technology to the Yukon housing industry and the general public and building community and industry capacity.

To respond specifically — are we able to meet the objectives? — it's always rather difficult to say to what extent one fully meets the objectives when they are not articulated in such a way that they are clearly measurable.

What we are able to indicate is that we have programs and have designed activities that address each one of those in various ways. We have done a lot of work to determine what areas are most in need — and we can get into our social housing studies that identify where Yukon most needs assistance or effort or investment. We can also indicate — through the direction we receive from government, through the objectives stated in the main estimates and the levels of funding that are allocated to those various priorities — that the dollars that we are provided for those initiatives are expended efficiently and

in manners that would compare favourably to other organizations of a similar nature and that our outcomes are as significant or greater or more significant than the outcomes of others with the same levels of funding.

Mr. Rouble: Your six objectives — who sets the priorities and how do you weigh them on a basis of importance? On what basis do you decide to allocate resources to each of those priorities?

Mr. Tremblay: The priorities are, to a large extent, established by the information we receive from the community, and there are a number of sources for receiving that information. I think the largest, most significant body of work or study or information that we are currently basing our programs on is tied to work that was done in the period 1998 to 2000 through a major exercise that studied community housing issues throughout the territory.

A detailed survey — probably one of the best surveys in Canada — was done during that period of time, and it collected information on the condition of housing in 13 Yukon communities and looked at dwelling adequacy, dwelling affordability and dwelling suitability, which are considered to be the three major influences on housing stock in a jurisdiction.

This survey also specifically looked at the needs of seniors and the future requirements — the fastest growing requirements — that the Yukon would be experiencing.

I have the reports with me from every community, if anybody would like to look at those, but we'll be sharing with you information from them as we proceed. Those reports have highlighted that a number of our needs are in the rural communities, so we have to have a focus for those areas, although they've also identified a lot of needs in Whitehorse. And they've given us information that has helped us to establish the priorities that you are talking about.

To get more quickly to the point, I can conclude, I think, that the community housing studies have shown that the state of repair and overcrowding are the biggest housing problems in the Yukon — not so much the need for new housing, as was identified in Canada's earlier work.

So what we're trying to do in most cases is apply, through our programming, housing solutions designed to address the housing needs as identified through these studies in the Yukon.

Mr. Rouble: Have you ever conducted an exercise to look at the different weights of importance that the different objectives would have and to prioritize them, then, as to which is the most important objective your organization should satisfy?

Mr. Tremblay: I think that to some extent — I can't say that we have gone through and said this is priority number 1, this is priority number 2, this is priority number 3. I think that we can say that when we go through the resource allocation exercise and discussions with the board — which is the group we work with in coming up with recommendations for the minister and the financial management committee of the board — discussions centre around what is felt could be accomplished with certain levels of funding in the various program areas. Those allocations of resources, to some extent, through the magnitude of them, indicate the highest priorities.

Clearly, home repair is viewed as a very high priority, as the indications are that new houses — although we require to continue adding stock within the territory; unlike some of the jurisdictions outside, the territory requires a maintenance of stock. Some 45 percent of our stock — somewhere in that neighbourhood — is in need of major repair. So the corporation has taken a proactive approach to repairing existing stock, and the secondary approach is to new construction.

If you look at other programs in our estimates, you'll see that we have programs where there are no dollars allocated. That, by its very nature, identifies that although the program has value, it doesn't have the same take-up, it doesn't have the same expectation or priority as one that is allocated significant resources.

Mr. Rouble: Your mission and your vision statements — who is responsible for setting those?

Mr. Tremblay: The mission and vision statements would be collaboration between basically the government, which establishes the need for the Housing Corporation, the board, which is mandated with the responsibility to bring about the directions of the government through the act, and the corporation staff and president, who do the implementation. So I would see it as somewhat of a collaborative effort.

I think that the main estimates documents — or the objectives that are stated there — probably continue to be the most current and most reflective of what the government's objectives are, as are reflected in the appropriation acts. Those give direction to the board. Consistent with — I believe it is called the *Governance Act* — we also have a protocol agreement between the board and the minister. Through that protocol agreement, the minister has the opportunity to provide specific direction to the board. There is regular dialogue between the board and the minister, which provides input. Finally, this input from both the government and from the administration comes together in presentations to the board, with the board making the final recommendations to the minister.

Mr. Rouble: What would you see as the core programs that allow your corporation to carry out the mandate?

Mr. Tremblay: The core programs are certainly social housing, which is a base program that is delivered by the Housing Corporation. The social housing program, although it would clearly be the base core program, is recognized as being the most expensive program. I would think that it's fair to say that the range of community programming and energy programming, home repair and owner-build programs are all secondary to social housing, only from the perspective that they are intended to reduce the need for social housing and to keep our focus on less expensive options. So when we're involved in home repair and home owner-build, or new home mortgages, we really are pretty well focusing all those efforts on affordable housing. In general, the information that I've had an opportunity to review demonstrates very clearly that our efforts in those areas to maintain housing stock at an affordable level assure us that over time we are not forced into situations where people are without options and as a result have to move into social housing. So social housing — top priority in terms of

immediate need. The other programs surrounding that are lower priority, yet support the core objective.

Mr. Rouble: How do you feel your performance is in that area? How would you characterize that?

Mr. Tremblay: Well, we have — actually, last night — received some information from some of the consultants. We've hired a company to do a review of our social housing program. It is just underway. I believe it will be concluding sometime in March. That review includes a whole host of areas, but the response, so that we could have something preliminary for you, was something in the neighbourhood of 88 percent, I believe — a very favourable response from our clients in the social housing programs and those surveyed about the social housing program.

So in terms of the social housing side, I can report fairly positively. I can give you more statistics. They're also talking about whether they're happy with the conditions of the housing during the winter versus the numbers of bedrooms and those types of things. But, yes, 88 percent were either satisfied or very satisfied.

So I would say that's a strong level of support. But these are preliminary statistics that will be coming together as the group puts together the report.

I don't like using the term "peripheral", but on the community programs and home repair/home ownership, we don't have a current review, but we are undertaking a review of the home repair program. We would be able to, in next year's programming, take that into account. I believe that review will also be finished by April.

Generally, the types of comments that we get back from individuals and support that we have received by the government in terms of funding for it have been positive.

Mr. Rouble: Have you put in place any system of benchmarking and evaluation tools regarding your various programs? If you have, have there been any instances where the feedback from those evaluations has changed a program or caused you to drop the program?

Mr. Tremblay: I think there has been some benchmarking but not so much from the overall evaluation of the program. When we're looking at programs from a broader perspective, the needs are generally determined through broader community requests expressed by the public to the government or expressed by the public to the corporation and passed on as recommendations to the government. So the development of programs is usually there to respond to the broader needs.

The benchmarking that we do is not so much used to establish whether or not the program is still required; the benchmarking we do is more used to determine if we are operating or running the programs in an efficient and effective way. Examples of that would be cost per unit for maintenance, numbers of social housing units per capita — those types of pieces of information that just compare us to other jurisdictions, but we don't use that to determine if there should be a program or not.

The broader studies, like we're undertaking now for social housing — the full reviews and analysis — for the home repair program are the ones that change the direction of a program. We do a full analysis; we do surveys; we determine if our ini

tial objectives are being met or have been met, to what extent the problem we initially set out to deal with has been addressed, and whether we want to continue or shift our focus.

Mr. Rouble: Well, the legislative mandate has remained constant over the years. However, as you've just stated, your strategic and your operational focus is shifting to, as you say, meet the demands or the requirements of the community. Do you see these shifts as being outside of your original legislative mandate?

Mr. Tremblay: I think, in the case of Yukon Housing, the legislative mandate is a broad mandate and it would be viewed as a mandate that is permissive rather than restrictive. So I think that the mandate allows the opportunity for the corporation to move in various ways and forms. In fact, I believe that one of the clauses in the act is as broad as — I would have to look it up. It's broad; it's not a restrictive act.

So, really, what the corporation is allowed to do for the government is move in any direction that the government feels is important for its society, its economy, to meet its needs for housing. I think that what it recognizes and what is generally recognized, and why so many jurisdictions have a component of their government working on housing and why the federal government is involved in housing, is recognition that housing is a basic social need. Without reasonably healthy housing stock, without accessible houses, without options on housing, without efficient housing — cost efficient, airflow efficient, and all of the positive aspects of it — you can't have a healthy society.

So, the legislation is very broad. It allows governments to go in numerous directions to address this basic need of individuals.

I don't think that there was an intention, when that legislation was drafted, to be restrictive, but rather to be permissive, and it continues to meet the types of needs that it was initially designed for.

Mr. Rouble: Your mandate does not focus on job creation or lending aspects. From your annual report these are clearly by-products that you've measured and provided significant amount of information on. My question on this is: how do you measure these job creation statistics, your lending performance, and how do they compare to other outcomes in other jurisdictions?

Mr. Tremblay: Again, I think I would have to defer, to some extent — I'll do the comparison with other jurisdictions first. On the job creation, I don't have that information available and that would require a little bit of legwork. I think the job creation, though, internally to Yukon, is something that we report on recognizing that economic development and benefits and inputs to the economy are a major consideration within the Yukon. I've been involved in government and government processes for over 20 years, and I have never, during that period of time, worked for any government that did not have economic development as a high priority, one way or another.

How do we measure the job creation? I can speak to the home repair and the home ownership programs. Over time we have developed multipliers, and we can determine, using those multipliers, what type of employment is generated by the ex-

penditures, either through new home construction or through home repair.

Again, I can't say that I have the comparisons with other jurisdictions on the job creation, but I can say — and AI may want to expand on it later — that we are looked upon by other jurisdictions in a favourable fashion because of the stability that the home repair program has brought to the Yukon. There are jurisdictions where you can't find skilled tradespeople to do home-repair-type work. Through our home repair program in the Yukon, we employ somewhere in the neighbourhood of 30 full-time, year-round individuals working on repairs on homes. These individuals, because of the continuity of the regular work that they have, are more highly skilled than individuals doing the same type of work, if they even exist, in other jurisdictions, because they're taking the energy training, they're taking the good-envelope training. They're taking the training that we offer in terms of accessible homes and green homes. So we have a highly skilled group of folks as a result of that programming, and we know from the comments of other jurisdictions that they don't.

On the lending side — I'm trying to get back to your question, Patrick. Could you repeat the last part of it?

Mr. Rouble: Sure — the benchmarks that you use to evaluate the performance of the lending aspect.

Mr. Tremblay: In our response to you — or our initial document — we've provided a bit of a table that we did very recently for that benchmarking purpose to determine how successful we are — not so much in —

Mr. Rouble: What page are you referring to?

Mr. Tremblay: Page 6.

We did a comparison of our loan portfolio from the perspective of impaired loans with that, not of other jurisdictions, but of other financial institutions involved in home mortgage loans. Our portfolio of \$44 million, which is home repair and home ownership, experiences a default rate of 0.2282 percent, which placed us between the Royal Bank and the Canadian Imperial Bank of Commerce.

In commenting on this, the most significant portion of our portfolio would be rural, and a large portion of that would be loans that are provided with a much smaller down payment, so they're less secured, in a sense. But our impairment ratio is very high, and we attribute that to the constant interaction between our staff and our clients to ensure that their needs are met. We try to work with them in determining the amounts they're borrowing. We work with them to ensure that their economic situation is consistent with the type of financial commitment they're moving into. We work with them to ensure that, when they are purchasing a new home or a home that may require repair, the house is efficient. Before providing the loans, we plan so they will have the capacity to make the loans and that the cost of operating that unit will be within their means, which is a whole side of mortgage financing that is really not what the banks focus on.

So in terms of benchmarking, we think that on the lending side we are doing a very positive job. For the most part, we are loaning to people who could not otherwise get financing. We are doing that and yet maintaining a very low impairment rate.

Mr. Rouble: Thank you. Finally, the mandate set out in the legislation has no requirement for your organization to be forward-looking or to keep pace with changing society — for example, keeping up with an ageing population, changing demographics, changing housing needs. How would you characterize Yukon Housing Corporation's responsiveness to meet these emerging needs?

Mr. Tremblay: I can't take credit for a lot of the work that has occurred, because a lot of the work that was done to determine and forecast the needs pre-dates me, but I can take pride in a lot of the work that was done by those individuals.

In terms of being proactive, I honestly feel that the Yukon Housing Corporation is very proactive. I think that from a national standpoint, as I talk to CMHC folks, National Resources Canada, and some of the housing associations across Canada, Yukon Housing is looked at as a model for other jurisdictions. It's looked at as a model for program development by CMHC. We currently have members of National Resources Canada here negotiating with some of our staff on their participation in our programs because they want to use these programs initially developed by Yukon as pilot projects that they can then demonstrate to other jurisdictions. The particular programs that I'm talking about being negotiated right now are basically the energy programs and green home.

We were also featured, if I can call it that, recently by CMHC on the accommodating home, which recognizes the work that we've done to forecast the expanding need for seniors facilities in the Yukon. So although the mandate in the act may not identify the requirement or may not impose a requirement to be forward-looking or proactive, my sense is that the types of individuals who have been appointed to boards currently and in the past are somewhat selected on their capacity to recognize emerging community needs and emerging rural and urban needs. And the corporation, whether it's directed or not by legislation to be forward-thinking, I think, gets direction from government boards and the community. That, in itself, is some kind of a self-balancing exercise. We work to meet the demands of our clients. The demands of our clients are that seniors are telling us what they want for the future. It's all futuristic.

Mr. Rouble: With regard to your lending aspects and the default rate that you mentioned a moment ago, is Yukon Housing Corporation using bank guidelines to determine these default rates?

Mr. Tremblay: I think where I would start is that — I don't want to undermine the banks, but we certainly try to recruit professionals trained by the banks so that when we get the individuals, they come with that package of talent and skills that is used by the banking community. We also try to have people who have experience, because we have a very small staff, and we can't afford the risk, really, of not having the talent and knowledge there.

In terms of the policies and procedures, I think I'll ask Al Lyon if he could go through those a little bit with you, as he is the person who has developed them. I believe the manuals have all been revisited in the last year or so.

Mr. Lyon: That's correct. Our default rate is very low. There's only one bank that has a smaller default rate that we've been able to get information on. That default rate that we are reporting is a default rate that includes every client that is even one dollar in arrears. We don't have any way of knowing what the banks are reporting. Their default rate may in fact be only those loans that are past the point of recovery and it's a major default — they're ready to go to foreclosure, et cetera — so we don't know at this point if we're comparing apples with apples or if we're declaring everything, which is what we are doing, and if that comparison isn't really fair because the banks are not letting us know of every customer that is one month in arrears.

So our default rate is very, very low. Part of that is because we spend considerable time counselling clients. It's not just a matter of ushering a client in and dealing with them and getting them a mortgage approval and getting them out the door so that we can deal with the next client. Our clientele is generally low- and modest-income clientele and they need a little bit of counselling; they need to understand what home ownership and mortgaging is all about; they need to know what the rigours of looking after the repair or renovation of a home include and the problems or difficulties that could occur. We have technical staff that help them through that so that they end up on time and on budget. The incidence of impairment is reduced because of that. We spend a lot of time and energy with individual clients and are willing to put in that extra time that bankers just can't; there's no way that they can do that. So our impairment rate is quite low and when we do have clients that get into financial trouble, we work very, very hard with them.

Our number one priority is to keep the client in a unit, if at all possible. The number one issue is to do that. We've provided assistance to that client so that they can either be in home ownership or upgrade their dwelling, and we want them to realize the benefit from that. We will go to some lengths to cause that to continue on, for them to continue to own that home or be in that home.

Our preference is to work out some kind of arrangement where they can make those payments back to us, and every client we have who is in substantial arrears — and we don't have very many clients who are, about 30 out of our whole portfolio are three months or more in arrears, which is very small. All those clients do have a repayment agreement and, by and large, they're all observing that. From time to time they run into some financial hiccup or problem in their lives that means that they can't make a payment, and we work with them and deal with them continually. Our record has been very, very good.

If it comes to a point where foreclosure is the only option, our preference in every case possible is to allow a quit-claim rather than foreclosure. That quit-claim allows the client to walk away. We only allow that with clients who have grave health problems, have lost a job, where there's no chance of ever recovering, there's just no way they can do it. We've found that the quit-claim route is actually cheaper than going through the court system, hiring a lawyer and battling things out in the court system. Our recoveries are such that, in the vast

majority of cases, it's less expensive, when all else fails, to allow the client to turn the keys back in to us, in a sense. It's very seldom that that happens, but that's our preferred route.

There are the odd occasions when we have to go to foreclosure, but very rarely and it's certainly not a preference.

Mr. Rouble: Thank you.

Mr. Hardy: Thank you very much. The next questioner will be Mr. Hassard.

Mr. Hassard: Mr. Chair, I just wanted to know if I could ask a question that I feel is related to the mandate.

What do you feel is the role of the rural Yukon Housing boards?

Mr. Tremblay: The rural boards are certainly very beneficial to us in terms of having the experience and knowing what is taking place in the community. Their main role would be one that is tied to the allocation of units in that community. Depending on how much demand there is for the social housing units, a board could be very busy. Where our stock is more expensive than the demand for units, the board would not have as active a role.

It is a difficult role, because we are asking individuals in those communities to pick between possibly neighbours and friends and relatives, as to who is most in need. That's a tough job. So we've placed that task of unit allocation in the hands of a group that we feel is reflective of that society. That would be their main function. Ron, are there other main functions that you would identify?

Mr. Brown: I think, like you said, they play a very key role with decision making on approval of applications. They represent a community cross-section, like you said, and they do work very hard. When there are tenant situations, sometimes it's not a simple situation. Where it is a matter of the tenant not being able to pay rent, there is an option of eviction depending on the situation, but boards work very hard to try and bring resolution to those situations.

Like Marc said, the decisions are difficult — especially in a small community — because wherever you go in that community, you are meeting those people on the street or in the grocery street, or wherever. So I think they are key, and they are very careful before they make a decision. No decision like that is ever made lightly. We count on them heavily to know what is going on in the community, to keep us informed about what is going on and to make good decisions for people in that community.

Mr. Hardy: If the Committee can keep their questions for the end, there will be a period where you can ask questions at the end.

I'd like to move to Ms. Duncan now, to take over the questioning.

Ms. Duncan: Thank you very much, Mr. Chair. And I'd like to welcome the representatives from Yukon Housing Corporation here this morning: Mr. Tremblay, Mr. Brown, and Mr. Lyon.

My questions will focus on the funding aspects and the financial aspects of the Yukon Housing Corporation for the next short while. The Yukon Housing Corporation annual report is tabled in the Legislature; and we as legislators, if you will,

have a look at it. However, I can't remember a time when the Legislature and Members of this Legislature have gone through this financial report, particularly the balance sheet and the income statement, line by line like we do the budget. That, in part, is the role of this Committee, in being able to ask questions. So that being said, taking a look at the balance sheet and the income statement — and I note that these financial reports are audited by the Auditor General of Canada and we in the Yukon appreciate the assistance of the Committee — can you briefly, knowing these financial statements, characterize them for us and for members of the public? By that, I mean, you might be able to say, "Well, the Yukon Housing Corporation is financially healthy. Thanks for the question." What I'm looking for is a little more detail than that. How would you explain it to the members of the public?

Mr. Tremblay: I think that's what the annual report is intended to do. As you indicated, the debate on line-by-line is not significant for the corporation because the corporation votes in the Legislature on a net basis, so the minister is accountable to the Legislature and provides that through the annual report.

In the context of what we receive in the annual report, I think it's a good overview of the corporation and it reflects it in more of a format as is done by the business community as opposed to government reporting.

We would be able to determine from the annual report that the corporation would not exist if it were not for government, as it is not a corporation that makes money but a corporation that requires investment by the government in the neighbourhood of \$3.5 million to \$4 million on a net basis each year, but you would also see from the reports that that net expenditure by government generates somewhere in the neighbourhood of \$20 million in O&M. Capital expenditures could be anywhere in the neighbourhood of \$13 million to \$20 million, and operating expenditures somewhere in the neighbourhood of \$20 million.

You'll tell from my response that I'm more comfortable with the government way of accounting.

It would show at the end of a year that, for operating expenditures in the neighbourhood of \$12 million to \$13 million, we recover \$10 million.

The capital expenditures for the current year of \$15 million to \$16 million, we would be recovering \$13 million. That is confirming net expenditures of around \$3.5 million to \$4 million. In a nutshell, that means we are not a profit-making organization. We are a net requirer of funds. We contribute to the economy to the tune of \$25 million to \$30 million. We have assets — I believe we mentioned the portfolio assets in the neighbourhood of \$40 million to \$45 million.

The annual report demonstrates, through the letter from the Auditor General, that our mechanisms and approaches to accounting for these public funds is consistent with generally accepted principles and that the administration of the funds, the reports, are handled in a manner where there is no significant departure from what is an acceptable approach. It identifies some future potential that the corporation has. It reflects that the seniors housing management fund is building resources, which is a fund that is a creation of government. It identifies

that a significant amount of the resources that we have come from the Yukon government, not only in terms of the net annual funding, but in terms of equity. One could deduct from that that the corporation, having a significant amount of Yukon government equity, is in a good financial position to be delivering the types of loan programs that it is offering. There is far less risk than what might be there if there wasn't that kind of investment by government.

It breaks out expenditures in a very broad nature in terms of program costs versus personnel costs and identifies long-term investment requirements. It gives the overview and I think it reflects a healthy picture if compared to any other type of corporation of this nature.

Ms. Duncan: In short, in the Government of Yukon financial books, then, you're talking about a cost to taxpayers, if you will, of about \$2.5 million and there's a further \$27 million circulating in the Yukon economy. Between O&M and capital, there's about a \$27-million expenditure and recovery is about \$23 million, so the difference is the cost to the taxpayer of running the Yukon Housing Corporation.

In the income statement and the balance sheet tabled in the annual report, there's a contribution by government, on page 21 of your annual report for 2002-03, that indicates that the Government of Yukon funding was \$2.4 million in 2002 and \$1.29 million in 2003. The purpose of my question is not to compare it to the Government of Yukon mains in the estimates tabled. My question is: what is your sense of future requirements for funding from the Government of Yukon?

The level of funding has fluctuated over the years and, in the last budget document Mr. Tremblay read and quoted from, the contribution was significant — I think it was in excess of \$2 million anyway — and there's also a significant contribution in this annual report. That contribution has changed over the years. What's the anticipated future requirement?

Mr. Tremblay: That's a good question. We actually have some work being done on that, as well. I don't know that we have the report back yet.

What's happening right now in terms of our requirements is interesting in that our home repair program portfolio seems to be peaking to where we're at a point now where our income generated from that program is close to or exceeding the revenue requirements to run the program. So we have as many loans being paid off — and this is the first time we're experiencing loans being paid off, maturing. So we're trying to forecast and determine what kind of impact that's going to have on our net requirement from government.

When we were borrowing or receiving money from the Yukon government in order to lend money out, we always needed a contribution. Once we get to the point where we have as much coming in as going out, then the net contribution will be less. I can't tell you today, but we're anticipating that unless we have new programs or new requirements — the growth in that requirement seems to have peaked, at least for the home repair program.

The net requirement in some cases has gone down, because from that amount we're also covering certain costs in our social housing program. Over the past couple of years we feel,

to some extent, we have improved the stock since we assumed responsibility for that stock from CMHC. And the repair expenditures also seem to be levelling off without the same kind of requirement that we've had for retrofits leading up to the most recent years.

So the cost of operating the house is going down. The need for as much retrofitting is going down and some of our mortgage support requirements are going down.

The side that is scary is the seniors' social housing requirement. We are seeing a growth of seniors in our population that is faster than in the rest of the country. We had a much younger population than Canada did generally and our growth rate, as a result of having previously had a very young population to one that is becoming much more senior oriented, exceeds the pace of that in the rest of the country.

We have done studies — I am looking for the right work here — that give us some ratios to work with in order to forecast what our needs will be. We see that in the total population percentage change was over — I am looking for the years here. In 1998-2000, the percentage change in the total population was a decrease of 3.2 percent. Now I'm not sure if this reflects the most recent Statistics Canada numbers or are ones that may need to be adjusted, but I think that the shift is still significant. While we experienced a drop of 3.2 percent in the population, at the same time we experienced a 10.3-percent increase in the population over 55.

So we have a number of factors happening here. We have younger Yukoners staying and some of those people bringing parents to the territory to reside with them or close to them. We have a fairly positive package of services for our population, which makes it attractive — more attractive than in the past — for elderly people to stay in the territory.

We're not sure yet how that will translate into costs to the Yukon Housing Corporation. In an attempt to avoid increased costs, we are working as much as possible with the younger population here now so when they are building new homes or undertaking repairs to their homes, they are doing that with a view to accommodating homes. So, for the affordable homes where we are providing assistance, we are encouraging that renovations are reflective of the needs of the handicapped, as the older population requires more of those types of facilities, and we're also trying to ensure that the affordable homes where we're assisting are receiving the kind of energy efficiency and retrofits that are required so seniors can age in those places, the energy side assisting us in that regard because it keeps the operating costs of the home down when an individual is on a fixed income.

So, in answer to your question, I don't know. I think we're doing a lot of work to try to determine what our costs will be in the future. I think the analysis is somewhat scary and, from that perspective, I think it's very difficult to say that the costs will go down. I don't know to what extent they'll go up, but we will be serving a different population than we are accustomed to serving.

Ms. Duncan: As we're all ageing, even as we speak, the issue around providing seniors housing in the territory is one that I'm very interested in, and the issues around future

planning for the corporation are ones that my colleague, Mr. Rouble, dealt with.

I'd like to return to the whole issue of funding and the relationship with the Government of Yukon. What I heard you say is that programs have done well so they've reached kind of an equilibrium where you wouldn't need as much money from the Government of Yukon for those programs, but there's forecasted need in other areas.

So, like every department, you don't anticipate needing less, but you're not sure how much more you'll need in the future. That was the answer I heard you give.

I'd like to delve into that financial relationship with the Yukon Housing Corporation and the Government of Yukon a little bit more.

In the information that you provided, there are a number of financial references, and of course we have the annual report, as well. One of the quotes from the report — I believe it's on page 4 — is that shortfalls in loan capital are funded using a revolving line of credit and principal payments from existing loans. From time to time, the corporation has received loan funding from the Yukon government. In the annual report, there are also a number of references. For example, the Yukon Housing Corporation has a demand overdraft facility with a banker that allows the corporation to borrow up to \$11 million. That loan is guaranteed by the Government of Yukon, or the use of the revolving line of credit. Also, the loans payable to the Government of Yukon, I believe the figure for 2003 on page 29 of the report is \$21,887,000. I would just like you to explain for the public, how is this borrowing of money from the Government of Yukon accounted for, and how is it publicly reviewed and discussed? Is it simply a matter between the Yukon Housing Corporation and Management Board or the government — Cabinet — or is there greater public discussion? If you could explain that financial accounting relationship.

Mr. Tremblay: In terms of how the dollars are borrowed, I think over the years a kind of special or unique protocol evolved. Particularly when the corporation was in its earlier phases, it would have a budget voted for the net amount that would be viewed as a deficit grant for the year. But through the course of the year, various programs would require greater amounts of capital than that net amount.

I will use an example: if the corporation loaned \$10 million in a particular year and only took in \$8 million, they would have a \$2-million deficit. But at the beginning of the year, the Department of Finance could well give the corporation \$10 million — go ahead and make the loan. As time occurred — I think Eric would be able to speak to this probably better than I can — those overpayments, or the amounts that were provided to the corporation to allow their ongoing cash flow requirements or operating requirements, were not consistently returned to the Yukon government so that only the net amount remained in Yukon Housing Corporation's hands. That is probably the \$21 million you are referencing, which is really an equity that the Yukon government has in the corporation that has not, to date, been drawn back, but we are working with the Department of Finance to determine the efficacy of doing that.

Having the capital in the hands of the corporation has provided a significant benefit from the perspective of being able to design programs that are not as sensitive to market financing rates and we are able, as a result — although a banker may see this as perverse — to design programs that are competitive with regular institutional lending considerations. We are able to provide preferred rates without it actually costing taxpayers anything.

Because we have this capital, if you borrow enough for a mortgage from Yukon Housing Corporation and you are either in a situation where you couldn't get the money from the bank or you are in a situation where you are doing something that the government would like to see you do — where the government is motivating you to borrow this money to create energy efficiency or to provide an accommodating home — we may give you that mortgage at a preferred rate which is less than the bank rate, which means that the Yukon government makes less on your loan than it would have otherwise made.

If we were borrowing that money at a market rate and we were loaning at a preferred rate beyond what we're borrowing from, it would be a cost to the Yukon government. So, quite often when the term "subsidy" is used, the folks who are involved in that program in Yukon Housing, where they are making money, have a hard time understanding how others see the program as a subsidy program.

That's how the borrowing works.

How is it accounted for? It's accounted for in the public accounts. We have had discussions with the Auditor General on the appropriateness of that accounting. From the Yukon Housing Corporation's perspective, there's nothing odd about this. This is a very favourable approach, from our perspective. We would also submit that it's a very favourable approach from the Yukon government's perspective. If the Yukon government had this money in its accounts and was accruing interest, the interest would not accrue to the benefit of Yukoners.

So, by holding any excess revenues in our accounts, as opposed to the government's accounts, it's simply good business.

Publicly reviewed — I think that's what's happening right now, and I'm not trying to be smart.

Ms. Duncan: You're quite correct, Mr. Tremblay. That's exactly what's happening right now. It's an opportunity to discuss this.

So, to put it in more simplified terms, there are these three pots of money, if you will. Normally, when departments are provided money by the Government of Yukon, if there's any left they have to give it back, but, because of this protocol arrangement, we have this \$21 million that has stayed with Yukon Housing Corporation over the years. So there's that pot of money.

There's the pot of money the Yukon Housing Corporation is able to borrow because the Government of Yukon is backstopping the loan from the bank, and then there's the appropriation you get every year from the Legislature. I see you nodding, so that would be correct then.

This money is accounted for, if you will, in the public accounts and in this Committee meeting. It really isn't as publicly discussed. The general public doesn't realize that as much, but

it is why public servants would refer to the Yukon Housing Corporation sometimes colloquially as the biggest bank in the Yukon, because in part they are, in terms of a lending institution and doing these government programs. And they certainly have access to these three pots of money, which is a fairly substantial amount. The question I have is — this loan funding — this pot one that has accumulated over the years, that's listed in our books as a loan repayable, on what terms is that recalled by the Government of Yukon?

Mr. Tremblay: That's the loans payable, \$21,870,000 in 2003?

Ms. Duncan: That's money that the Yukon Housing Corporation has built up over the years that, as the Auditor General directs — I guess it's being called now.

Fire alarm sounds

Mr. Hardy: There are two people missing. I'm sure they'll be here in a minute. Ms. Duncan.

Ms. Duncan: Thank you very much, Mr. Chair. As I was saying just before we broke for a short recess, in essence, as I understand your explanation, Mr. Tremblay, the Yukon Housing Corporation has four, if you will, pots of money, so to speak. There is the \$21 million in — it's listed in loans repayable, but it's the money the corporation has been allowed to keep over the years, that they have built up. There's access to a revolving line of credit, and I would like to know — for the 2003-04 year or at this moment — how much of that revolving line of credit we have accessed. There is also the annual vote every year in the Legislature. And there are also, I understand, loans that the government may choose to make from time to time to the Yukon Housing Corporation. So there are those categories of money. What is the total, when you combine all those? Two questions: what is the amount that we have accessed to the revolving line of credit at this point in time — or the Yukon Housing Corporation has accessed at this point in time? And what is the total, if you will, of all of those groups or the bank accounts, the pots of money — call it what you will?

Mr. Tremblay: I think you've correctly identified that the loans component is \$21.8 million; the equity portion, which is, I believe, the non-loan component, but equity is — sorry, I'm mixing up the \$21.8 million and the \$20.1 million.

The one fund is \$21.8 million; the other fund is \$20.1 million, which brings us to \$41.9 million, and I'm not able to indicate here which is which of those, whether the one is the secured one and the other is the equity. According to this statement — I'm looking for our current portion. Do we have our line of credit reflected?

I'm sorry, I don't know what our line of credit currently is, but the main debt to the Yukon government would be \$41.9 million. I noted earlier in the year that the line of credit was very little to negligible, and the annual vote for this year is, as we have indicated earlier in the main estimates, a total of \$4 million but we're anticipating that to be closer to \$3.5 million.

Ms. Duncan: Thank you.

Just to back up in a discussion of the loans component and the equity portion — there is an amount where the Government

of Yukon clearly said, "Here is a loan with specific terms." There is an amount that is the equity that has been built up or the money that Yukon Housing Corporation has kept over the years to be used for programming by the corporation. Both of those amounts are considered repayable, from what I understand your comments to be, Mr. Tremblay.

What are the terms of that repayment? At what point and what is the process by which the Government of Yukon says to the Housing Corporation, "We need that \$41 million"?

Mr. Tremblay: The equity pot or envelope that is not secured by loans does not have a written arrangement in terms of how and/or when the equity in the corporation would be withdrawn by the government. So the one pocket of dollars for the \$20 million has actual terms and arrangements, and I have them here. There was a loan, for example, in 1999-2000, of \$6.2 million over 25 years, a balloon payment in 2026 — there are terms. We have another one in 2000-01 for an \$8-million advance with payments of \$200,000 per year with a balloon payment in 2027. We have another 15-year loan for \$3 million with similar type of arrangements and another \$3-million loan. The Yukon government applied these funds against the equity in Yukon Housing Corporation, which was really a reduction to that equity amount.

The equity amount is the amount that Yukon Housing received in advances and has not repaid those advances, as I indicated earlier. The protocols have been such that they have been allowed to accrue. I believe that last year we paid somewhere in the neighbourhood of \$3 million back to the government on that — I have to check here.

We are working with the Department of Finance to determine what the implications of further recoveries by the Department of Finance would have — what those implications would be for the corporation. There are no specified terms.

Ms. Duncan: Overall — and I much prefer your use of the term "envelope" — in the envelope of money, there are the loans, the equity, the line of credit. And you listed the annual budgetary amount as \$4 million. That's the net, give or take. So, in fact, it's \$27 million that we would vote on and \$23 million recoverable. So those would be the figures: \$27 million expended by the government, \$23 recovered by the government. So that is where you get the net of \$4 million. Overall, however, we're looking at, if I have totalled those correctly, about \$45.9 million of taxpayers' money, public money, that the Yukon Housing Corporation has control or direction over; and of that, only \$4 million is debated in any great detail in the Legislature as a whole. The balance of that \$45 million is what the purpose of the Public Accounts Committee is. We talk about how that money was spent, and we talk about it in relationship to the mandate, as Mr. Rouble has just discussed.

Also, there are two other questions I'd like to ask in relationship to these finances. One was touched on by Mr. Rouble. The lending and collection practices of the Yukon Housing Corporation are apparently very successful. And, Mr. Tremblay, I believe you alluded to the collection practices being in greater touch with your clients than, say, a bank might be. Are there other differences in the collection practices that make the

Yukon Housing Corporation so successful in this particular area?

Mr. Tremblay: There are. When you're dealing in a number of cases with clients who are going through the last resort, there's some kind of a relationship there in terms of appreciation or willingness or desire to prove. You know, we have folks who may have come on hard times or folks who aren't the highest income earners or folks who could see a very different plight for themselves in terms of their social well-being, and they don't want to be wards of the government. And this is not to say that social housing has its place, but folks who own their own homes have a greater sense of self-being. They have a greater interest in community because they have an investment in community. They have a healthier perspective and, being borrowers of last resort, they have a huge appreciation for the staff they work with at Yukon Housing Corporation and a huge appreciation for the programming that makes it available.

I don't know, personally, when I've gone to the bank that I've ever felt so committed to proving the bank right in terms of giving me a loan, but the folks we're dealing with — it's not just our staff working with them. There's a real desire of those individuals wanting to advance themselves socially and I think they want to make it work more than we do, in a lot of cases. You want to be successful in life and, when you're operating at those fringes, that's when it's most recognizable.

Ms. Duncan: Doesn't the Yukon Housing Corporation also prove some of these individuals for the banks? Isn't that also part of the lending program — that the Yukon Housing Corporation wouldn't collect the loan amount in full, that they would prove the customer, if you will, and then turn it over to the bank? Is that not also a factor?

Mr. Tremblay: Not quite in those words.

Our general rate for home mortgages is not the best. It is usually that we are operating at a five-year term at a little bit above the bank rate, so when an individual becomes eligible for regular institutional financing they will move. I don't know how far off — AI? — sometimes we are at.

Mr. Lyon: We are about three-quarters of a percent of what people can actually get if they ask.

Mr. Tremblay: Okay. So, once clients have earned sufficient equity to be able to be eligible for a bank loan and have demonstrated a long enough term — a lot of our loans are rural, so that takes a long time when you are actually trying to get a bank loan in a rural area because the market rate that the bank will use to determine the level of borrowing that you can have, in rural areas, is often below the value of the home. Once all of these differentials are met — another differential that we address is self-employed individuals. Banks have a tendency to be very cautious with self-employment and will not place resources in self-employed individuals' hands until they have a long-term credit rating.

So, again, in the case of rural and in the case of self-employed, we will probably, in a lot of cases, have those mortgages for a long time. In the case of an individual starting out and who is able to improve income levels over time, we probably will not carry that mortgage for a long time because they

will become able to get a preferred rate. In the case of situations where the debt-equity ratio just isn't there but it's still feasible and preferable to have a home than otherwise and they can afford it, we will hold some of those until maturity. We would be looking there at either large families with incomes that are not high or sometimes single-parent families — we can expect to hold those.

Ms. Duncan: Just to return to the envelopes of funding, if you will, there is also reference made to the use of generally accepted accounting principles. In your annual report, you make reference to the use of generally accepted accounting principles and the Canadian Institute of Chartered Accountants handbook standards, and the fact that the financial statements are audited annually by the Auditor General gives, of course, great comfort that the Yukon Housing Corporation money is being correctly stated. You have also said that the Yukon Housing Corporation has about \$40 million in assets. Are these considered part of the Government of Yukon asset base? So, for example, when we state publicly that the Government of Yukon has, if we counted all the assets, \$340 million in assets, are we talking about the Yukon Housing Corporation assets as well?

Mr. Tremblay: Yes. I believe, when you look at the consolidated financial statements — and, again, I would defer to the Auditor General's people, who are more familiar with the territorial accounts. But it's my understanding, without having territorial accounts in front of me, that the consolidated statements reflect the total value of the corporation. So that would be there.

Ms. Duncan: So there's a bit of an internal accounting, if you will. On the one hand, the Yukon Housing Corporation owes the Government of Yukon \$41.9 million, and on the other hand, they also have about \$40 million in assets that are also the Government of Yukon's. Is that correct?

To be clear, at what point, and how, does the Government of Yukon go about saying to the Housing Corporation, "You know, we'd like to have that \$41 million back, we'd rather be engaged in other programs than social housing"? On what terms do they do that, and how does it happen?

Mr. Tremblay: That's an interesting question because one has to take into account the accounting idiosyncrasies and the real impact on the government's ability to deliver programming. It's my understanding — and I may not be right, so I'm going to caution this one — that because the resources, the envelopes of dollars we're speaking of, are combined into the territorial accounts for the Yukon government, that there would not be an impact on the accumulated surplus one way or another. I'm looking at Eric for some kind of nod.

Whether the Yukon government chooses to hold those dollars in an account in the Department of Finance, this corporation or another corporation, the accumulated surplus is not affected. So, from that perspective, I don't see it as having an influence on the ability of the government to deliver programming. What it has an influence on is the ability of the government to invest, and what it's reflecting here is that the government has invested those surpluses — if we can call them that

— in the Housing Corporation as opposed to some other form of investment.

Ms. Duncan: Could the Government of Yukon direct the Housing Corporation in their mandate, rather than use the — you said the \$41.9 million wouldn't have an impact on the surplus; however, it would have an impact if the programming was directed elsewhere.

Mr. Tremblay: If the investment was withdrawn in favour of some other form of investment, it would have an impact on the corporation because our program costs would increase if we were paying market rental rates. If our program costs increased, the net contribution to the corporation would go up, which would be a cost to government, just like any increase in any departmental expenditure.

Now, that increase would be only to the extent that we would have to incur interest expense. So, if you took \$10 million back in investment and we were investing at 10 percent, we would have a \$100,000 increase required for our annual vote, our net amount.

Ms. Duncan: My question is: the government could access that funding by suggesting that they were calling the Yukon Housing Corporation's loans.

Mr. Tremblay: I would think so. I think the general understanding is that the corporation is an institute of the government, formed by the government, and in the event that the minister directed the board to take that kind of action, the board would follow.

In the event that the board felt that there was one reason or another — I can't say that this reflects any legal opinions or anything like that — the government would have the opportunity, by order-in-council, to instruct. So I don't think there is an impediment to doing so.

Ms. Duncan: I am not suggesting that it's going to happen. What I'm looking at is that there is a pot of money that legally the government could call — the Finance minister could say that that \$41.9 million would be better spent or could be better spent in X, Y, Z programming. This is a loan, really, that we have out to the Housing Corporation, that the Housing Corporation uses in delivering programs.

Mr. Tremblay: I think on \$20 million, or on one of the envelopes, that's certainly the case — the equity envelope. I think on the envelope where there are actual written loan agreements, it would be viewed as highly irregular. But those written loan agreements could be viewed as demand loans and the government could recall the dollars, if that was their priority.

Ms. Duncan: And the way that the calling of those loans would come for debate in the Legislature would be through the Public Accounts Committee, because what we debate is the \$12 million in O&M and the \$15 million in capital. But what you've also told me is the cost of delivering programs would go up; therefore, it would be a different budget. So we'd end up debating it there.

Mr. Tremblay: Yes.

Ms. Duncan: But the financial relationship, in terms of those loans, is really directly between the Housing Corporation

and the government. It's not — other than through Public Accounts —

Mr. Tremblay: That's right. The loans that I have information on in front of me are loans where the signatories to those loans were the Deputy Minister of Finance and the President of the Housing Corporation.

Ms. Duncan: There is just one other point about the financial management committee, which is a subcommittee of the Yukon Housing Corporation. What is the role of the Department of Finance in this subcommittee? Are they a part of the financial management? Does the President of the Housing Corporation have a reporting relationship, if you will, with the central agency being the Department of Finance?

Mr. Tremblay: The Department of Finance does not participate on the finance committee of the Housing Corporation, of the board. And I'm just going to, if you will bear with me, turn to our structure.

Too many tabs — now I understand what ministers go through all the time.

The financial management committee, which is a subcommittee of the board, is composed of a chair-appointed member of the Yukon Housing Corporation Board, two to three additional appointed members of the Yukon Housing Corporation Board, the Yukon Housing Corporation president and staff advisors. So voting members of the committee are all board members plus the president.

In terms of a relationship with the Department of Finance, it is very much one of a reporting structure. In terms of your earlier line of questioning, we have been having discussions with the Department of Finance in terms of implications of any change in their protocols on overdrafts or equity financing. The actual approvals and authorities, in terms of the allocation of dollars, are really established between the minister and the board. The board is the first line of review for recommendations from staff and the president on expenditure increases, reductions, recoveries, even interest rates. The board reviews that, asks for further analysis, sometimes seeks benchmarks, as you suggested earlier. When the board is satisfied with the proposed program, they submit that to the minister.

There have been situations where there has been back-and-forth, and there have been situations where the minister has accepted the board's recommendations as made, without seeking some tweaking.

So the Department of Finance is not involved at the financial committee level or at the analysis level for very much of the program recommendations. It's pretty much board and minister and then the net impact of that goes to the Legislature.

Ms. Duncan: Finally, with respect to directors and the financial management committee, there are a number of trends in Canada and south of the border with respect to directors' liability and finances. A question is: are the board members briefed with regard to any financial liability and does the financial management committee deal with any directors — are they in particular briefed on sort of any of these trends? Are they provided with a briefing?

Mr. Tremblay: I can't say that there has been significant training on director liability. I don't know if either of my

colleagues was here during the board training sessions when you have new board members.

Mr. Lyon: That one issue isn't covered specifically as a problem.

Mr. Tremblay: Okay. I can indicate that the financial management committee is fortunate to have visits on a fairly regular basis by the Auditor General's staff and that the Auditor General's staff, at one of the sessions that I participated in, brought information to the board on the risks that they face. But it was in the form of written material and some discussion. I would accept that as — given the changes that we've seen recently in the last few years on director liability, we should probably include a component of that in our upcoming board training sessions.

Ms. Duncan: Mr. Tremblay, your answers have been very forthright and I appreciate you walking through the various envelopes of funding available to the corporation and the responsibilities for that funding.

Thank you.

Mr. Hardy: Thank you. I do have a difference of opinion. I don't like "envelope" because it reminds me of being in a back alley and you're slipping an envelope to somebody else. I do prefer a different term. "Pot" is kind of more in the open, from my perspective.

Some Hon. Member: (Inaudible)

Mr. Hardy: No, Peter, we won't go there.

There have been a couple of questions that have been asked, Mr. Tremblay, where you have possibly not had the answer available at this present moment. You can feel inclined to offer to get the answer ASAP to the Committee if you wish, when you're in that kind of a situation, so we can follow up on that.

You can check the *Hansard* if there's a moment where you do have the information, just not at your fingertips.

We did lose some time; we do have a substantial number of questions still to follow up in the afternoon. I'm suggesting that we take a one-half-hour break and then come back and continue with the hearings. Is that agreeable with the Committee?

Some Hon. Members: Agreed.

Mr. Hardy: Okay, thank you. Is that all right with the witnesses to do that?

Thank you very much.

Okay, let's adjourn now and get back together at 12:30.

Recess

Mr. Hardy: We will begin the hearings again. Mr. Hassard will lead off with the questions.

Mr. Tremblay: I do have a couple of additions to this morning, if you would allow them.

Mr. Hardy: Do you want to do it now or do you want to do it toward the end of the session? Because you might have a couple more at the end. If we put them all toward the end — once we go through our formal questions that we've laid out, there may be some questions that have arisen and you may

have more information with regard to some stuff, so if we could put that toward the end, I would appreciate it.

Mr. Hassard: I just have a couple of questions related to risks. I was wondering: what are the key risks that the corporation faces?

Mr. Tremblay: Certainly the key risk is consistent with the line of questioning from this morning — that we have a lot of money that is in the hands of individuals, and the extent to which we safeguard that and ensure that the proper policies, procedures and monitoring are in place is how we mitigate the risk of having \$40 million plus in the hands of other individuals. In housing, we are also able to mitigate the risks somewhat by virtue of the type of assets that we use to secure the dollars. So we are looking at a large amount of money and commitments from individuals to ensure that they remain current. So, in that portfolio, the key piece of the risky investment is in the rural areas where our loans exceed the market value of the properties for which they have been awarded.

The other risk is in cash management/cash handling. We have a number of people in communities and we have people in our own offices who have fairly significant authorities in terms of the disposition of dollars, loans, that type of thing. So the secondary risk to the loans themselves would be the abuse of authority and making untoward decisions or using your signature inappropriately.

Mr. Hassard: The second part of my question you answered somewhat in your first key risk; but to the second one, what steps have you taken to mitigate that risk?

Mr. Tremblay: Again, I think this is somewhat, on the first part, a follow-up to the previous discussion on the procedures, policies and guidelines that we have in terms of the adjudication and awarding of loans. We have included in there the assessment of a person's background, the assessment of a person's ability to pay, the assessment of the cost of living of the individual once they acquire a new asset. So the whole process, in terms of determining whether a person has the wherewithal to meet their obligations, is one of the key steps in meeting the risks. The follow-up continues there, as we indicated. We have good staff, good relationships with the clients. So that allows us to continue to watch and ensure that the situation that was in place when the dollars were placed remains the situation. If we see that the situation is changing, you take steps to mitigate. On the internal risks of large areas of responsibility in the hands of a few people, we have established committees in situations where large amounts of money would be placed so that individuals aren't making those decisions on their own and the decisions and knowledge about the decisions are shared.

And we have also, within the past year and a half, had a review of our procedures for administering loans undertaken by independent auditors, although they are our internal auditors, so that we have had another set of eyes look at the processes that we felt were appropriate and found that to be a valuable, helpful exercise — without a lot of changes, I might add.

Mr. Hardy: Our next questioner is not back yet, so I will ask a couple of questions around the protocol agreement. This is an agreement between the Yukon Housing Corporation

and the minister, and it is negotiated annually. How many agreements have actually been negotiated, or is this a very new agreement? Or is this the first one? I have one in front of me now that was signed November 4, 2003. Is there one before it, or have there been more?

Mr. Tremblay: The governance legislation is relatively new legislation. It came into place prior to the current minister. With the previous minister, there was a protocol agreement established. On the appointment of a new minister following the last election, there was a revised protocol agreement, so this was the second such agreement.

Mr. Hardy: The specific performance expectations that have been negotiated — are they reflected in the latest protocol agreement and are they in accord with the Yukon Housing Corporation's mandate?

Mr. Tremblay: There have been a couple of meetings with the board and the minister. Some of the discussions in those meetings revolved around the establishment of the protocol agreement. Other discussions revolved around the funding allocations. I can't speak for others, but I would say that coming to agreement on the budget and the allocations of dollars within the program levels and agreeing on that would be what I would term the biggest indication of direction provided.

There have also been requests and communications from the minister to the board to review certain policies of the board. The board has communicated their findings back, so those kinds of exchanges have occurred and continue to occur. And, more recently, late in the last calendar year, the government requested a change to the income determination methodologies used by the corporation for definition of income for rent assessment. That transpired. There were discussions between the board and the board was provided direction through a regulation to make that change.

So there is ongoing dialogue. There are adjustments and understandings that are ongoing, and it's all consistent with the current protocol agreement.

Mr. Fairclough: I thank the witnesses for coming here today and answering some of our questions.

Just so you understand, our questions have been pooled and divided among our members here. So if you are wondering why I am asking some of these questions, you will know.

Some of the questions that I have here have already been answered earlier in regard to the mandate and so on, but I would like to ask some of the questions again so that they can have clear answers to the questions.

I'd like to ask some questions with regard to social housing and the housing needs — not all of the questions, of course. A very simple one, I guess, right off the bat would be: what are the most important housing needs in the Yukon today?

You have mentioned a couple of things already — for example, the state of repair of houses in the territory — and I would like you to expand a bit more about the important housing needs other than that. I think there are a lot more out there that you could mention to us today.

Mr. Tremblay: I'll share with you, I think, maybe a few statistics. Bear with me if I'm repetitive. I'm not trying to be.

What we've done with our housing reviews is to look at the three major indicators of housing quality: affordability, adequacy and suitability. Nearly six percent of Yukon homes were found to be overcrowded by what is the national occupancy standard. Approximately 33 percent of homes in the Yukon need major repair. Those are repairs ranging between \$10,000 and \$30,000 by the definition that is used in the surveys. Of the 33 percent of homes across the territory that need major repair, 50 percent of homes in rural Yukon require major repair.

Looking at the data, there is also a possibility to improve the energy efficiency of up to 45 percent of Yukon homes. 1,200 homes have no working smoke detectors. We have found that 11 percent of homes do not have mechanical ventilation systems, and the significance of that is that with the levels of chemicals and types of contents in homes these days, the ventilation systems are key for a healthy environment to live in. 15 percent do not have bathroom or kitchen exhaust vents, which result in moisture and mildew/mould problems. 50 percent of older Yukoners have said that their homes were not very manageable, or had manageability problems.

Another key issue, which ties to and creates another program for us, is that the biggest obstacle for Yukoners who would like to purchase a home is the lack of a down payment.

I have listed these particular statistics because they are very relevant in terms of our assessment of what we do. These statistics tell us that these are areas of priority consideration for Yukoners — for the people who were surveyed. The survey, in terms of its credibility and standing, was one of the most significant housing surveys in the country.

In Carmacks, pretty much 100 percent of the homes were surveyed. Then an audit of that survey was done to determine the — not honesty, but the quality of the responses and whether the responses were higher or lower than what they might have otherwise been. We found that folks were very conservative in their identification of needs.

So, if anything, we are feeling that the results reported here are on the low side as opposed to the high side. So we had pretty much a 100-percent survey of the Carmacks community. We then expanded the survey over the next two years to the remainder of Yukon communities — not doing 100 percent, but doing a highly supportable statistical sampling and applying the adjustment factors that we developed by doing the 100-percent survey in Carmacks.

So we know, or are quite confident, that these results are applicable on a Yukon-wide basis.

Mr. Fairclough: That has changed from what it was 10 years plus ago to what the needs are today. And you talked about the need and the state of repair of housing. Now, I would think that in the past it would be just getting a dwelling to live in, lack of housing. So that has changed and we've basically seen that the houses that have been built have not been built to last or are now facing major repairs.

You also said that you based it on three different things, affordability being one of them. In regard to that, how do you determine what the needs are? How did you end up coming to the conclusion that — you listed the three, being affordability,

adequacy and so on. Was it through surveys, was it working with First Nations or communities or, like you just listed, working with one community and expanding on it?

Mr. Tremblay: The main measurement tools were developed by professionals in the field. I'm not sure who all the participants were. Do you know, Al?

Mr. Lyon: The Northern Research Institute actually conducted the community housing surveys that we undertook, but it was designed by our policy and programming staff at Yukon Housing Corporation at that time, with assistance from the Bureau of Statistics to review questions and make sure that they were appropriate, et cetera.

Mr. Tremblay: There was also participation by the Northern Research Institute, who are specialists in the field. I have a briefing note here. The reason I didn't want to use it is that I have to go simply on a note, but this paper that was prepared by staff says who was involved, and it indicates that Yukon Housing Corporation was involved in the project design and management. The Northern Research Institute was for data collection, and municipalities and First Nations and communities were where the data was collected.

Again, because I wasn't around, I can't tell you what level of participation, what kind of committees, nor what kind of employment.

In the first part of your question, you pointed out that the statistics are fine, but what has happened in 10 years? This report was completed in 2000, but I do have information that is supportive of the programming, and I have reflected it on page 5 of the report to the Public Accounts Committee, which indicates that, in 1996, based on Statistics Canada's identified information, it was identified at that time that the Yukon had the greatest need in the country for minor and major home repairs. The numbers showed 5,345 homes — which is 46.6 percent of Yukon's housing stock requiring repair — and it compared that to a national average of 34.5 percent across the country. That caused concern in that StatsCanada was telling Yukon that we are one of the worst locations in the country in terms of quality of housing stock.

Following 1996, some of the programs that we're currently utilizing were put in place, and Statistics Canada redid their survey in 2001, reporting that the Yukon had moved from 5,345 homes in need of repair to 4,910, or 43.2 percent of the stock, which was an improvement of 3.4 percent in that period. The nature of housing is such that you don't see changes quickly. It takes forever to get whatever inventory you have in place. We develop — I think we're doing 100 houses a year now in the territory, or at least we're selling about that number of lots. Possibly more houses are being constructed. At 100 houses a year, or repair of 50 or 60 houses a year, it takes a long time to make a percentage difference when you're talking about 12,000 units. So for us to see a change of over three percent in four years through the Statistics Canada numbers — if the Statistics Canada numbers are believable — is significant. We're comforted by that but feel that we also have to do more detailed analyses.

Mr. Fairclough: You say the needs are inconsistent across the Yukon — 33 percent versus 50 percent in rural

Yukon. Can you give us some numbers as to dwellings, a percentage — 50 percent in the territory?

Mr. Tremblay: I am looking for the table that gives the information on the basis of rural or Whitehorse. To break it down by community, we have all of these housing reports and we would have to go through those individually.

Mr. Fairclough: You can send it over to us by letter. That's fine.

Has this changed? It seemed to be a fairly large number in rural Yukon at 50 percent. Has this changed or is that a consistent percentage, say, over the last 10 or 15 years?

Mr. Tremblay: The magnitude of effort that went into developing these statistics is such that you can only really take snapshots each time you do that kind of survey. This material is relatively new. It was completed in 2000. And, as I was indicating, in the housing world, change doesn't occur fast. So we are feeling that this information is still current. It would take a long time and a lot of effort to make a shift.

What we found is not so much that we can analyze the time it takes to change, but what we found is that the reason for some of the issues in the communities and the lower level of the state of repair in the rural areas was a difficulty to finance repairs.

And that is borne through the surveys and the questions. We also found through the surveys, looking at the age distribution of the structures themselves, that most of the units that were in a bad state of repair were built from about 1970 to 1983 —

Mr. Lyon: In the 1970s, yes.

Mr. Tremblay: They were built in the 1970s. And we've had a whole lot of changes since the 1970s. At that time, there was a low vacancy rate. People were building quickly. There was a lot of turnover, so that the type of investment that was made was to get residential accommodation as cheaply as possible because you were here for two to five years — that was the demographic — and gone. So when the housing stock in the 1970s and early 1980s was being developed, it wasn't being developed from the perspective of long-time investment in community. We're finding that, I think, 20 percent of Yukon's housing stock was built in that period of time or in that neighbourhood, and 30 percent of that stock is in need of major repair. Twenty percent of the stock is how many houses — 500 houses or more. To be able to have an impact on that, we would have to be doing — how many houses a year are we doing home repair on?

Mr. Lyon: Approximately 100 houses a year, all across the Yukon, and 20 percent would be almost 2,000 houses that would need repair.

Mr. Tremblay: 2,000.

Mr. Lyon: Yes.

Mr. Tremblay: And we're doing how many a year?

Mr. Lyon: Just over 100 per year.

Mr. Tremblay: So we're doing 100 per year, 2,000 houses needing repair. That translates into — if the only houses that are being repaired as a result of our programming — a whole lot of years. So we might want to revisit these statistics

in 10 years or 12 years. But the information we have is sufficient to help us direct where the priorities should be.

Mr. Fairclough: How many of those belong to the corporation?

Mr. Tremblay: When we are talking about the state of repair of houses, we are talking about the state of repair of all housing units in the Yukon.

The corporation's housing units, when stacked up against those, are not in need of major repair.

Mr. Fairclough: Okay, is that because the work has already been done on them?

Mr. Tremblay: For the most part.

Mr. Fairclough: Okay. Just as a side question from that, then: with the repairs that have been done on some of these Yukon Housing units, would it have been more feasible to replace them rather than keep on doing these major repairs?

Mr. Tremblay: My sense is that if a major repair is done on a unit, it is done on a cost-effective basis. Where a cost-benefit analysis was done, if it suggested we build a new house versus repair a house, I can only believe that a new house would be built.

Mr. Fairclough: Okay. One of the things you said was that the biggest obstacle for Yukoners in owning their own home was coming up with a down payment. That is a major roadblock. Could you tell us what other roadblocks there are for people owning their own home and what has the corporation done to address that?

Mr. Tremblay: Okay, on the first roadblock, which is the obstacle of a down payment, the Yukon Housing Corporation has established a preferable type of home mortgage situation where the minimum requirement is 2.5 percent in terms of equity to gain a mortgage. That allows access and options and opportunities for a lot more people than is otherwise the case if you are limited to the minimum requirements of regular financial institutions.

We have also narrowed down — and I touched on it a little bit this morning — what other areas we can help in that regard. The other down payment difficulties were for private businesses where the banks would require huge amounts if you were self-employed and had no employment record. So we have facilitated that by allowing individuals who are self-employed who can demonstrate a good plan, or can demonstrate a good plan and a reasonable record of financial stability, allowing small businessmen to access our mortgages, reducing their need for huge down payments. Probably most importantly, in the rural areas where we have the largest difficulty, is allowing mortgages that exceed the market value of the property.

I will ask Al to speak to that a little bit, because I don't know exactly how that is administered, but it is a very important factor in our delivery of the program in the rural areas.

Mr. Lyon: In rural Yukon we have a situation where a dwelling that costs \$100,000 to build is only worth \$50,000 the day it is completed — \$50,000 on the open market if you were to sell it. Certainly, with bank lending, they will only lend up to 95 percent of the market value of a dwelling, so 95 percent of that \$50,000 is all they would lend. We have some strategies to

allow construction of new dwellings to happen in rural areas in the Yukon. One is, for new construction, we do allow mortgaging to 97.5 percent of the cost of construction rather than the market value — the resale value — of the dwelling.

We get involved in situations where people have endeavoured to build their own home for cash, and typically they get to a point where they are living in the dwelling, maybe with some drywall, maybe with insulation still showing through the walls but it is able to be heated and they can live in it to some extent, maybe with a few cabinets and a working bathroom, sometimes without the working bathroom. So we have a home completion program that will assist them to finish that home off. The reason that is significant is that banks do not like self-builders. There is a huge risk for a bank that doesn't understand construction and the construction period may be a year-plus to build a brand new home or to complete a home, and during that time the bank has very little security. They have an unfinished dwelling that they don't want and they couldn't sell if they ever had to foreclose.

So we are involved in that. We are involved both technically, assisting those clients to work out their technical problems and difficulties, helping them through the hiring of sub-trades and looking at their costing and making sure they haven't missed anything so they can count the cost appropriately. Then when it's all completed, we roll all of that up into a mortgage and give them up to 97.5 percent of the construction costs of that dwelling.

So it's a huge area — where there is a roadblock in rural Yukon for people to get into new housing — where we play a very, very active role. Obviously somebody who is looking at building a house in a rural community has some plans to stay there, so there is some safety for the client. We don't want them to expend \$100,000 and have to sell the next day. So we certainly counsel them on that and coach them through that process. If they plan on staying in a community and being there for their lifetime or, you know, a decent period of time, then it may be well worth the effort that it takes to actually construct a home.

We overcome that one roadblock in the rural communities that way.

Mr. Fairclough: Okay. That seems like a catch-22 for many of the people in rural Yukon because the market doesn't grow enough for the banks to even consider that.

There are also many First Nation lands and people in rural Yukon, and the demands are there to get a mortgage to build their own home. What programs or initiatives has the Yukon Housing Corporation taken to address that issue?

Mr. Tremblay: You've certainly touched on a challenging and difficult issue. We, in our surveys, have included the First Nations lands and can conclude that much of the housing stock on First Nation lands is in a very poor state. There is also a substantial shortage of units. Much of the stock doesn't meet basic standards. Home ownership programs — that type of program — is not being currently administered to the extent required on First Nation lands. The responsibility for that programming did not transfer to the Yukon government when the Yukon government assumed either the social housing

portfolio from CMHC or any of the other program responsibility transfers. First Nation housing on First Nation lands remains currently with CMHC. Nevertheless, given our knowledge from our surveys of the difficulties there, we have been lobbying Canada to improve their participation in those programs.

We have been working with First Nations to access resources from DIAND and NRCan to improve their state of affairs. One example that Al will be very close to is that three or four houses were being constructed through DIAND agreements in Beaver Creek, given the relationships between federal officials — who are not as close to the programming as we are. We were asked by the First Nation in Beaver Creek to intervene and see if we could assist them in getting the dollars flowing, getting the program management capacity and making the construction happen. It is not something that happened quickly, but over the last two years I believe we have developed agreements with DIAND and with the First Nation, which allows us to be an intermediary and give Canada the certainties they need, that if they flow the dollars the product that has to occur will appear. And that has happened.

We have also held housing conferences to improve the capacity, the understanding of home maintenance, to assist First Nation governments with their housing programs. Although not viewed as a responsibility of the Yukon government — recognizing the value to the broader community — we have been the catalyst to bring these types of conferences about. I believe we have done two or three of them. — actually three conferences, yes.

Mr. Lyon: One of the areas that is a new area of endeavour for us, and we tried to foster a greater appreciation for it in the planning of the last conference, is the ability to secure mortgage financing on First Nation lands.

There has been some progress in Teslin with the Teslin Tlingit Council, but that model that they have developed with one of the banks has required the Teslin Tlingit Council to allocate a significant portion of their settlement funds as a security so that individuals could access mortgage financing. We have been working with CMHC to try to bring about a program of that sort with greater scope. About six or seven months ago, Canada did come along — and it was CMHC — to start to develop a program with mortgage capability. I don't know if that has hit the ground yet.

There is some involvement with CMHC to provide mortgage insurance to the bank lenders, which they do in those kinds of situations. So there has been some movement from Canada itself in that regard, as well.

Mr. Tremblay: And the difficulty there is that First Nation lands are not transferable, so the security that is required under the traditional mortgage approach is not there when you're talking about First Nation land.

But we've certainly recognized that as a problem. We are working with those who have responsibilities in the area, and we are certainly working with the housing staff of First Nations to both help them and assist them lobby, to help them manage their programs. I believe we've been in all of the communities' band offices, helping them develop and establish policies and

procedures, and we've been providing maintenance training. Is there anything I'm missing?

Mr. Lyon: The one other item that we have been involved in greatly is in Energuide audits and housing condition inspections that have gone in several of the First Nation communities. It's significant in that it gives the First Nations a very accurate reading of the state of their housing and what kinds of steps can be taken to improve it. It forms the basis of applications for funding from DIAND and gives them some really good, solid information to go and ask for assistance for repair and upgrade, et cetera.

Mr. Tremblay: Certainly the biggest problem on First Nation land is affordable mortgage lending. It's a challenge that has to be addressed if First Nations are going to own their own homes and it's one that we have not, in cooperation with Canada, yet achieved.

Mr. Fairclough: Okay. There is still a lot of work to be done in that aspect. Can you tell us what the last major social housing project in the territory done by the corporation was?

Mr. Brown: As far as building?

Mr. Fairclough: Building, major initiatives for — we've heard some of them already in regard to upgrades and so on.

Mr. Brown: As far as social housing specifically, the last units we would have built or acquired would have been in, I believe, 1993. After 1993 we didn't receive any funding from CMHC for new construction, and so those would have been some buildings in Porter Creek, on Centennial, I believe. That's going back 10 years so my memory is a little vague on that, but that's what I recall.

Mr. Fairclough: Is there anything major planned over the next couple of years, few years?

Mr. Brown: For social housing, specifically, we don't have any capital budget to build new housing, so without a budget we can't plan at this point.

Mr. Tremblay: I think that what we have to add to that part of the response is that we do have budgets. We are allocating the budgets we have to programs that reduce the need for social housing. Now, we don't know if that will always work, but we recognize that the social housing pot — I don't want to use the term "envelope" — is really based on the economy. A healthy economy doesn't necessarily do away with social housing, but a healthy economy allows us to start more homes and ensure that options are available.

This is in broad terms and my numbers might be a little bit off, but in terms of philosophy we look at family income as a major determinant for social housing. Family incomes of zero to \$10,000 would not be classified as part of the social housing client. At zero to \$10,000, we would be talking about folks who would be more served by shelter or some other provider.

The next range is somewhere in the \$10,000 to \$30,000 — and this is really movable, you know, it could be \$10,000 to \$40,000 depending on size of your family and the other impacts on your disposable income. We look at that income range as the income range where social housing is your main option in terms of accommodation — shelter.

When you get above the 30, into that 45 range, folks have the capacity, subject to family size and other factors again, to get into starter homes. Our view and our focus is based on the return on investment to get people into starter homes as opposed to the new construction of social housing units.

A social housing unit costs us somewhere in the neighbourhood of \$10,000 annually. It is a very expensive program. It is the most expensive program that we operate. So that is \$10,000 per unit. There might be a couple people in the unit. For starter homes and programs like home ownership for affordable homes — and we are classifying starter homes in the \$80,000 to \$150,000 range — we can demonstrate that programs that assist people to get into starter homes are programs that maintain units that are in those price ranges and allow and facilitate people to live in these homes rather than have to go into social housing. So if we can maintain an adequate stock of starter homes — lower cost houses — we can avoid having to accommodate people through social housing.

So when you ask, “Has there been any new social housing developments”, I believe — and to some extent we can document this and support it through presentations if we focus on that — a lot of the programs that Yukon Housing has been delivering have permitted the territory to continue with very low, to nil, waiting lists to get into social housing units because of the programming that has ensured a continuation and a good level of affordable houses to remain on the market.

Mr. Fairclough: You said that social housing needs in the Yukon are of the highest in Canada. Can you tell us how many of these units there are and how many are presently vacant, and why?

Mr. Tremblay: I think one of the highest in Canada, if it's from my spoken comments, was the need for major repairs on housing stock. That's different from social housing needs being the highest in Canada. The quality of our housing stock is very poor, and we're putting a lot of effort into trying to improve the quality of that housing stock so that people have good accommodation.

Mr. Fairclough: Can you tell us how many units the corporation has and how many are vacant, and why?

Mr. Tremblay: I'll let Ron answer that.

Mr. Brown: We have 511 social housing units across the territory. Of those, 35 are units we don't own but units that we supplement through a rent supplement agreement to private landlords. So actually, of those 511, we do not own 35. The rest we own.

Mr. Fairclough: How many of them are vacant?

Mr. Brown: If you want a percentage, generally over the last year it has been in the four-to-five-percent range.

Mr. Fairclough: Can you tell us why? For example, in one community, say, Mayo, why are there so many vacancies there when there's still a demand for housing in that community?

Mr. Brown: Actually, in Mayo we have four units that are actually vacant there. We have four other ones that are under repair. So Mayo was one of the communities where we historically had vacancies and had what seemed to be an over-

supply of housing. But over the last years, we have disposed of some of that housing. So in Mayo we're actually not too bad.

Mr. Tremblay: I have the stats, so if you don't mind, I will just read them out.

In Carcross, we have six social housing units and no vacancies. In Carmacks, we have 18. We have 13 active, two under repair and three vacant. In Dawson City, we have 66. Sixty-one are active, one is vacant and four are under repair. In Carmacks, there was no waiting list. In Dawson there is a waiting list. There are three people on it; one is allocated and two are unallocated.

In Haines Junction, we have 13 units. Thirteen are active, and there is one on a waiting list unallocated. In Mayo, there are 23. Fifteen are active, four are vacant and four are under repair. There is no waiting list.

In Ross River, there is a total of 15 active and no waiting list. In Teslin, there is a total of 13. Twelve are active and one is vacant. Three are on a waiting list and have been allocated, so they will be placed. In Watson Lake, we have 33 in total. Thirty-one are active, two are under repair and one is on a waiting list, allocated, so there is nobody on a waiting list.

In Whitehorse, there are 322 units: 306 are active; there is one vacancy; 11 are under repair; and four are out of service. Clients on a waiting list: 34 are unallocated and five are allocated.

Mr. Fairclough: That includes staff housing?

Mr. Tremblay: No. I can give you the total of staff housing and then if you'd like some details —

Mr. Fairclough: No. Just say yes or no.

I do have a couple more questions here. One of them is in regard to the agreement with the federal government on October 3, 2002. David Collette, the Minister of Transport and the minister responsible for CMHC, along with the minister here, Pam Buckway, who was responsible for the Housing Corporation, announced that a Canada Yukon affordable housing agreement was met and, as a result, approximately 400 affordable housing units will be created or preserved in the Yukon over the next five years.

Now that we do have this agreement and the federal government is contributing \$5.5 million, with that funding to be matched by the Yukon, how many units have been built under this agreement?

Mr. Tremblay: None have been built to date and we are working on revisions to the agreement.

There is an opportunity for us to access \$5.5 million from Canada and it's based on an arrangement that is fairly productive for what we feel is a southern problem. Given our construction costs and the different types of factors that we have here, we need more repairs, we need a different mix of options from what we've had in the past.

The housing agreement, as it currently stands, doesn't fit well with our needs. So we have been in discussions — and I feel they have been very positive discussions — with CMHC to do some amendments to the agreement as it currently stands. We are hoping we will have the flexibility so that that affordable housing agreement will have the flexibility to address specific Yukon needs in the very near future.

One aspect that is already very positive in the arrangements we have with Canada on the affordable housing agreement is the number of units. Across the country, they have basically determined that the amount of funding they are providing should be divided by 25,000, I think, and you would get whatever number of units at a maximum of \$25,000 a unit. In the Yukon, the \$25,000 level has not been sufficient to motivate the kind of construction we would like to see the agreement encourage, and we expect we will have those changes shortly.

I'm trying to think. There was some other aspect of the agreement that you are working on, Al, that I am probably not properly reflecting.

Mr. Lyon: A couple of details would make it clearer, and that is that the agreement is for \$5.5 million, and Yukon is deemed to have provided that through the Copper Ridge long-term care facility. The Yukon government is considered to have matched those funds already. In providing one unit, the maximum amount that can be provided by CMHC is \$25,000 as contribution, and the Yukon government is supposed to match that. Well, the Yukon government doesn't need to match that, because it is deemed to have been provided already.

The one significant portion of the agreement that we signed was the need to save units was just as important as building new units, so we have a unit count based on units that had major repairs done to them, which is satisfying part of that agreement right now, so we have not built new units yet. We are working on some opportunities for that, but we have accumulated some unit numbers to satisfy the agreement.

What that means is that in accumulating those numbers, the potential there is to take the \$25,000 of subsidy that CMHC would provide on those units — we've already saved those units, so they don't need to provide that subsidy — and use it on other units, which means we can average that out over the remaining units that we need to provide or build under that agreement. For instance, we may be able to get a contribution from CMHC for \$40,000 per unit, based on the number of units we have already saved. So it opens a lot of doors for the Yukon and opportunities for us to actually build some fairly expensive units in situations where we need units for affordable housing. I can think of long-term care facilities being that sort of thing, seniors, assisted living facilities in some situations, you know, things that are associated with the health system, et cetera. So there are some great opportunities there.

Mr. Fairclough: When do you expect that agreement to be finalized, the revisions to the agreement and when government accesses and starts spending the money?

Mr. Tremblay: I have two or three e-mails going a day right now, so we're hoping that within a month we have a new agreement. I would like to add one little bit, and that is although new units aren't being placed in the Yukon or renovated units aren't coming about as a result of the agreement, we are getting credit from CMHC for the investment we're making through the current home repair program, and we are getting credits for investments in — there was some other. The home repair —

Mr. Lyon: It was the investment in the Copper Ridge long-term care facility.

Mr. Tremblay: Copper Ridge. So although we're not putting units on the ground, I believe that from the start of the agreement until now they've given us credit for 50-some units — or we're hoping that they'll be giving us credit for the 50-some units of home repair that we have supported.

Mr. Lyon: We have agreement on 50-some units. We are asking them to allow us to count more units than that, and that is part of the negotiation that is going on right now.

Mr. Fairclough: With CMHC?

Mr. Lyon: With CMHC, yes.

Mr. Fairclough: Okay, my final question, then, and moving away from that and more to the employee side, is: we would like to know — and I'm sure this is in the books there, but how many people are working in the Yukon Housing Corporation? More importantly, what percentage of those employees are in management positions?

Mr. Tremblay: Yukon Housing Corporation, in total — and I believe I have the breakdown of management here too — employs 46 people. Actually, it has 46 positions and it employs 45 people. These are broken down into 35 for Whitehorse, one in Watson Lake, one in Teslin, one in Ross River, one in Mayo, one in Haines Junction, one in Faro, two in Dawson, one in Carmacks and one in Carcross.

I think, to establish exactly how many are in management, I couldn't tell you right now everybody's classifications. So if we are talking government classifications in the management category, it would probably be best to get that back to you.

The structure is such that I am the president; there is a vice-president of operations who reports to me, and there are three people who report to the vice-president of operations. I would classify that as the senior executive group of the Housing Corporation.

In terms of the services provided to the corporation, on a policy perspective, financial services and human resources, we have established a structure where we share services with other organizations — those organizations being the Yukon Liquor Corporation and the Department of Community Services. So the director of finance and the director of human resources and the director of policy for the shared services group would also participate on the management team for the Housing Corporation.

Mr. Fairclough: I thank you for answering those questions, and I appreciate the written answers to the Public Accounts Committee.

Mr. Hardy: I do have a few questions in a couple of sections. Some of them have already been answered. I will ask some of the questions again. You might feel that you are repeating yourself, and I apologize for that, but sometimes over here what we're hearing is not clear. For me in some areas it's not, and maybe just a little bit more direct rephrasing of it would help me in this area.

I'm going to go to planning. The adaptability and improving program section of the response that you gave to us does not indicate how much time, effort or resources are spent in preparing for future needs and changing populations. So what

is Yukon Housing Corporation doing to prepare for the future community needs in regard to what I just said?

Mr. Tremblay: That's a fairly difficult question in that we are a small organization, and I would sense, for the most part, the same people involved in program delivery are involved in program planning. Al has a staff member who, today, is in meetings with Natural Resources Canada, looking at ways on how to better deliver the green-home programs and some of our energy programs. When people that he's negotiating with doing program development have gone back to their respective jurisdictions, he will be in the First Nation communities and in the rural areas working with those communities to put programming on the ground.

This is a fuzzy answer, and I apologize for that, but looking toward the future is part of all our jobs, and the folks who are involved in particular program areas are the best placed to do the planning in those program areas, to avoid duplication. I expect with a larger organization you could have different units, but that's not the kind of luxury that we have, nor am I suggesting that it is the kind of luxury that we should have. I think that the staff is a fairly professional staff, and we all work toward the planning.

Mr. Hardy: It is a fuzzy answer. I do agree with you, though, on the last part. I believe the staff is very professional and do work very well and do their best. But I think it's extremely important that you're always preparing for future community needs and trying to vision where you're going, which leads to: does the corporation have a business plan?

Mr. Tremblay: The corporation has a strategic plan. There has been some work done on business planning. I wouldn't say that we have a current business plan. I could say that we are reviewing on a regular basis a work plan so that each unit — actually, each manager, each director, as it works down, each staff member reporting to that staff member has developed work plans. These work plans are monitored at the housing executive meetings, kind of a higher level. So it's a form of business plan, particularly when meshed with the budget cycle and the budget reporting process that we undergo. Although we report to a board, we still follow the Department of Finance's variance reporting and accountability processes. And we use our work plans to determine if the objectives for that period have been met, if we need more or less of that kind of consideration. But it's not a formal business plan; it's a work plan.

Mr. Hardy: I should change the name of this questioning to — it's not so much planning. I feel like you're searching to try to describe it to me — a lot. I think it probably should be far clearer. However, that's fine. How do you prioritize the corporation's objectives, since you've mentioned the objectives, and, measuring the results, how do you actually prioritize them?

Mr. Tremblay: I was trying to indicate that the prioritization is done at the broader level with the board and the resource allocation level. The organization determines where its main focuses will be and allocates resources toward those main focuses. To some extent, it then drives what level of activity a manager that Ron has in terms of maintenance. If he has a cer-

tain amount that he can invest, then he prioritizes the maintenance projects for the year and brings those back to the board, but based on a target.

Likewise, Al, who is more involved in the lending programs and energy programs, will have been given a mandate through the budget discussions — which he is also a part of when we are in financial management committee. The priorities would be established by the financial management committee and the board and then the reporting would be back from the individual managers on how successful they are at achieving the objectives established when the budget was established.

All of the work plans are consistent with that.

Mr. Hardy: I might have to spend a month over there to figure it out.

Mr. Tremblay: The work plans are huge. It was an interesting, challenging exercise developing them but they are an accountability tool. When somebody gets \$50,000 allocated to them, it's for this purpose. Then you can see if the objective was met or not. So they are an accountability tool.

Mr. Hardy: So does funding drive the priorities or do the needs of the Yukon people that have been identified in the communities' drive it?

Mr. Tremblay: Really, the priorities are driven by the needs, and the budgeting reflects what is felt to be important.

Mr. Hardy: You start from the needs position, go back and look at the funding availability and try to match them?

Mr. Tremblay: As I indicated earlier, one of the top priorities was recognition from the studies, from the information, that a need is to improve the housing stock. There's a large problem there with the disrepair of housing stock. The organization looks at that, says, "Okay, which programs?" What can we be doing to improving the housing stock? So you get a basket of the areas of activity that might improve that. And you look at the studies a little bit further. Which areas are the worst areas? And we allocate resources to those programs that have the best chance of success or impact on the needs.

Mr. Hardy: Before going into the next section, a couple of things that you have said have caught my attention and cause some concern. When you talk about the needs and you talk about what's driving it, immediately, of course, is my very big concern that the original mandate — the primary mandate — for Yukon Housing when it was created, was the delivery of social housing. And there seems to be an extremely clear message that you're very resistant in that area. Definitely, the message I'm getting on this side is a tremendous amount of focus on repairs, with everything you're doing, and some of the other programs. But with social housing being one of its mandates, it's almost non-existent when you were telling me that 1993 was the last time that any type of social housing was built. That's 11 years now, and there has been no new initiative. That raises some concerns if I try to connect it to the mandate.

Another one that jumps out, of course, is the percentage of households. I am looking at this analysis that was done. It identifies housing with health and safety deficiencies. That's a big concern and I think you recognize that. You have mentioned, of course, about the safety concerns in houses and mil

dew and all that, and I know you are doing a tremendous amount of work trying to address those. However, 29.4 percent is extremely high and I would have liked to possibly hear of more work being done in that area. When you are talking about health and safety — and if you want to use it in economics, of course — that will eventually come back costing other programs that are offered by the government if people are getting ill. We have to look at it in a more holistic manner.

On the performance side, the *Corporate Governance Act* requires, among other things, that performance expectations be set and reflected in the entity's annual protocol. Has the corporation set any specific targets at the beginning of the year, such as the number of social housing units that would be renovated in a given year? At the end of the year, does the corporation report whether these performance expectations have been met?

Now, you kind of touched on it, but what are your — like, do you set exactly how many or try to get a figure of how many you figure you are going to go for?

Mr. Tremblay: In fact, in the discussions with the financial management committee, which is composed of four board members, the options are put forward. The corporation has gone through phases and made an effort at initially dealing with energy aspects of housing. Along with the energy aspects of housing is adequate ventilation. So those were health and safety types of expenditures. We are talking about our own stock here.

The more superficial type of improvements, although important, such as building envelope and siding, roofs, have traditionally been left later, but I believe in the last two years the board has supported protecting the investment by doing some of those more major types of renovations.

So when asked, "Do you look at the numbers of units worked on," my response is yes, we go right to the detailed level of what will the focus be, how many units, and which communities. And in that allocation there is a concerted effort to try to bring about — although our mandate is not economic development — a fair distribution to ensure employment, to ensure the economy is not heated by too much in one location at one time. It seems to balance; it seems to be working.

On your first comment, on the connection between the mandate and social housing and the effort by the corporation, I would like to return or just re-emphasize the efforts by the corporation on all these housing renovations or home ownership, or a number of programs we'd be happy to outline in more detail. They are mostly, pretty much all, to provide an option to social housing; social housing being the highest cost. So we are, in our view, through these various programs, working toward an objective specific to social housing. And if we can develop options of affordable housing for Yukoners and keep them out of the social housing stream, we feel that we are delivering programs very consistent with our mandate.

Mr. Hardy: Well, in regard to that, we might have a philosophical split here, in our opinions on whether social housing is actually a bad thing or not. I would contend that it serves a purpose within our society and the people who use it are people who are trying to and doing well. We do have a role

to play in fulfilling and ensuring that there is good, adequate social housing available.

You had mentioned, and I don't necessarily want to get into a big debate here, but you had gone down through a list in regard to listing incomes and where you have mostly been targeting. Obviously, starter homes, the \$30,000 to \$40,000 — and you get a good return that makes everything look good and things go quite well and it's a good area to target. But that does not mean, because that's the most successful, I guess you could say, that that's the only one that we are supposed to focus on with Yukon Housing. I hope I'm wrong, that that is not where most of our efforts are going to, just for that area. How do you know that corporation assets are being utilized to their full potential, and could you give an example? That might be the easiest way, Mr. Tremblay.

Mr. Tremblay: If I can paraphrase it, how our assets are being used —

Mr. Hardy: Yes, how do you know? You must have some kind of benchmarks or checks and —

Mr. Tremblay: We have some benchmarks. One was recognizing that there are improvements to the broader statistics. Certainly, an important benchmark is the kind of response we get from our clients. I'm looking forward to the benefits of the social housing review, which I mentioned we got positive responses in terms of overall, but we don't have quite as much — I think there was somewhere between 26 and 30 percent of the folks are not particularly happy with the comfort levels in the winter.

So we'll be using that information to improve our efforts on the level of service in the social housing area.

In the home repair area, we're doing a study, looking forward to the results of it to ensure that our efforts are meeting the target requirements. In social housing maintenance, I believe the statistics that Ron has, his costs, are in the neighbourhood of \$1,900 per unit to maintain a social housing unit. Our neighbours to the east and further east are somewhere in the neighbourhood of \$3,500 to \$5,000 a unit. And I appreciate that their costs are higher, but from an order-of-magnitude perspective, it's on the right side. I would be very concerned if our maintenance costs were higher than our neighbours' maintenance costs. There are a number of those types of benchmarks that individual managers use to assess whether the options that they're utilizing to deliver their responsibilities are appropriate or not.

Mr. Hardy: The *Corporate Governance Act* that changed the reporting relationships and, in part, the organization of the Yukon Housing Corporation — could you explain the changes? An example would be the annual negotiation of a protocol with the minister, the consolidation of corporate support services, human resources, financial policy and communications. Has this clarified the focus of the Housing Corporation and the role of the minister and board in decision making?

Mr. Tremblay: I think, in terms of clarification of the roles, I don't know that it has especially clarified roles, but it has encouraged the discussion as to what those roles are.

To be able to say specifically that the roles have been clarified, I feel I would have to have been in one of them previ-

ously. But I know that with the discussions that I have participated in on the protocol agreements, it imposes a requirement for the minister and the board to have dialogue, which, in itself, is a communication exercise, and good communication brings about clarity.

The HR policy — the whole relationship established through the *Corporate Governance Act*, which establishes a relationship between a number of program areas that provide service to communities — has developed a new foundation upon which program delivery can be structured.

This particular situation has the Yukon Liquor Corporation, the Department of Community Services and the Yukon Housing Corporation — although operating as individual, independent organizations to the extent that a government department or a government corporation is independent — in a structure whereby the top end — the minister of those organizations and also in this situation, the deputy and/or president — are involved in all three, permits a consistency of understanding of what is happening, an understanding between the organizations of their various focuses and allows them, to a greater degree, to share resources in the areas of service delivery in the communities, to understand each other's needs and to structure programming that is more consistent with the community needs, because you have more resources in those communities.

And so, from that community perspective, I think the foundation has allowed us to rethink programming. In our mix we have everything from fire suppression, volunteer services, sport and recreation, housing, liquor — a number of services that are important to communities. All of those skills and mixes are now in a group, and it encourages dialogue, and it allows different mechanisms for service delivery.

Yukon Housing is very involved, being in community with housing managers. It is also very involved from the perspective of territorial representative services, so the territorial reps and the territorial agents in the Yukon Liquor Corporation have a very similar service delivery function. It includes all kinds of things from motor vehicle registrations — that happens to be in Community Services, and the communication is really good there — and property tax, which happens to be in Community Services, and I can go through a whole list of types of services that are available through the Yukon Housing territorial reps. The same package of services is available through the Yukon Liquor territorial agencies, and in Whitehorse many of the those services are delivered by the Department of Community Services. It's facilitated service delivery with a like-mind type of situation and it has allowed for some structuring to reduce the need for duplication and I think a greater cooperation among the organizations, which is enhanced by that reduced duplication.

On the internal or more administrative side of things, the *Corporate Governance Act* has facilitated the ability to provide more efficient central or corporate services to the structure. Human resources, for example, was the first shared services implemented by the combined corporations and department, and it was pretty much immediately a success and appreciated by staff.

The corporations were fairly small organizations, and this is not to say anything detrimental to those individuals who are providing something like human resources services to smaller organizations. But it certainly wasn't their focus. If you have a person doing half-time human resources work, it's something you're doing, but you're not going to have the highest level of competence that's available for that area of responsibility. So to have the high level of professional service, you would have to go outside of the corporation, and in a lot of human resources matters, people don't. So it wasn't long following the establishment of a higher level of service, without additional cost for human resources, that staff were indicating their pleasure and appreciation for it. I'll leave that one there.

The same is true for policy, but it was a little more difficult to bring about, in that the policy folks in the individual organizations had some form of specialty. We're not as keen to proceed to be working in other areas of endeavour. But what we have found — and it has taken the better part of a year for it to come together — is that the corporate needs of the three organizations are better served by having the ability to prioritize. If we have some matter of urgency, more resources can be applied to the urgent need, and product comes out of the pipe more readily than — again, with the smaller units that are specialized, they are far less flexible and far less adaptive to the varying needs that surface.

The relationship that is currently being worked on, and that has not evolved as fully or is less mature, is in the area of finances. There was a significant level of financial staffing — to a greater degree than there was in policy or human resources industry organizations — and there are a number of fairly sophisticated systems involved. So we are talking about three general ledgers, three accounts payable systems, three accounts receivable systems — some of which spoke to each other, some of which didn't speak to each other. To bring logic and efficiency to all of that is not something that happens overnight but we have already experienced some efficiencies and we are very comfortable that, as we proceed, the three corporations will be more efficiently served and have more backup capacity in terms of people taking vacations and all of these impacts that you have on a small organization, once the finance shared services regime is in place.

So it's generally positive, but I have to qualify that with the fact that change is difficult for people. So, depending on who you survey, you are going to have a handful of people on one side and another handful of people on the other side. I'm looking at it from the perspective of: is it working and are there benefits accruing from it? I have to say that I see some really positive stuff there.

Mr. Hardy: Thank you.

You did mention the protocol agreement again and I am just pretty well going to finish up here. I am going to ask the question again that I asked earlier on in a previous question. I wasn't sure if I got the answer. You started talking about something that I don't think was so much related. The question is: what are the specific performance expectations that have been negotiated and reflected in the latest protocol agreement?

Do they accord with Yukon Housing Corporation's mandate and if there aren't any, why not?

Mr. Tremblay: I would say that the latest initiatives negotiated through the agreement are what is reflected in the budget. My sense is that the budget delivery has been pretty much consistent with how it has been delivered and planned. There has been the ability and clarity through the protocol agreement to bring about a change in the definition of income for social housing. I think that, through the protocol agreement, was facilitated and that in fact those mechanisms are working.

Mr. Hardy: Okay, Patrick.

Mr. Rouble: Mr. Chair, Mr. Tremblay, as was commented on earlier, we have pooled our questions, so we are going to go on a little bit different tack here now. I have some questions regarding the Energy Solutions Centre and your relationship with that entity, question number one being, does the Yukon Housing Corporation co-fund the Energy Solutions Centre?

Mr. Tremblay: Not to my knowledge. I'll ask Al, though, in case there are any agreements where we might be partnered with the Energy Solutions Centre.

Mr. Lyon: There is no co-funding agreement. We certainly do participate in some of the activities that they're involved in. There is a huge cross-over between the area that they are specifically interested in, and that is larger buildings and community-based energy initiatives, et cetera, and housing itself. When that entity was formed, we met and talked about who should look after what. And they certainly did not want to get into the housing area and deliver programs specifically to housing. The fact of the matter is that you're generally dealing with individuals there. They didn't have the staff to do that sort of thing. We were set up to do that, and we had been already doing some research and development and investigation of problems in housing, et cetera. So there is a cooperative spirit between the two organizations and cooperation on specific projects in some situations, but no funding agreement, no.

Mr. Rouble: On a personal note, I did stop in at the Energy Solutions Centre regarding a home project, and they did steer me to Yukon Housing. So it's working.

Time for a different tack, then, or a different approach. What opportunities do you see for enhancing partnership for service delivery in the near future?

Mr. Tremblay: Huge. I think partnerships are pretty key to all of us. I mean, what we are working on constantly is we are utilizing our partners in the other departments that we are involved with. But I think the partnerships that are going to be most significant are partnerships with First Nations and our partnerships with Canada.

In the absence of partnerships with the First Nations, I see difficulties with the First Nations having the capacity to move federal programming in the directions that are required and consistent with the solutions that we need here. So having already experienced the need for our involvement — my sense is the need for local involvement rather than our involvement on some of the programs that are federally sponsored leads me to believe that without a real focus on that, things won't happen. We've seen federal — and this is not to speak negatively of any

individuals or staff. But the federal programming is so narrow in scope. They have to follow these rules, these particular guidelines, which are developed for national objectives, and staff in the programs in Whitehorse have their hands tied. So if the federal government puts a budget of half a million dollars for home repairs on First Nation lands and it has some little idiosyncrasy tied into that pot that doesn't fit in the Yukon, that half a million dollars lapses. My minister and I have met with CMHC. We have expressed that. We have indicated a desire to have a Yukon individual as a member on the CMHC board so we can have some influence on some of this programming or flexibility.

Without partnerships we are not going to make the kind of progress that I mentioned in an earlier question on possibly having a mechanism to secure mortgage financing of First Nation lands — and it's a big problem.

Certainly, partnerships with industry have been very important. Our recognition of the need for home repairs and in particular for facilities and accommodations that will meet the needs of seniors, which is our fastest growing niche, will require solutions, certainly — other than solutions that we can deliver. In order to bring about the type of accommodating homes and the type of facilities that will meet the needs of Yukoners for the future, others are going to have to implement. Others are going to have to be the producers of the product. As a result, our partnerships through training, through technology development, through various types of motivations, and maybe incentives, with private industry that put the product on the ground are absolutely necessary.

The type of investment that will be required to meet the needs of our seniors is — I don't want to use "staggering" — huge. It's almost as big as the amount of stock that we currently have that would have to be changed. So, without a partnership that won't happen.

We have had successes. I don't know how many starts there were this year in the accommodating home. Were there about six?

Mr. Lyon: In the accommodating, we actually only have two.

Mr. Tremblay: Only two?

Mr. Lyon: Right.

Mr. Tremblay: We are looking at some successes now in the joint venture program.

Mr. Lyon: We have been dealing with the construction industry and the housing industry here in the Yukon for years through our joint venture program. We certainly have some proponents who have some solutions and are bringing some strength to the table and we are helping them out to the fullest extent that we can provide some assistance. That assistance, generally, is not financial assistance. It's technical — helping them with market surveys, design issues and items, our connection with the needs of seniors, for instance, and information that we've gathered from seniors conferences and things like that. The industry here is small enough that they don't have direct access to that kind of information except through the Housing Corporation.

So there's a lot of camaraderie that happens between us and the industry. Partnerships will undoubtedly result from that of one sort or another, and oftentimes not financial requests either.

Mr. Tremblay: So that reflects partnerships with First Nations; it reflects partnerships with industry, and clearly partnerships with government. We are involved, to a large extent, with the new technologies that are required for the kind of accommodation you need in the north, but we can't do it on our own. We get a lot of support from CHMC and from NRCan, Natural Resources Canada. So those continuing intergovernmental relations and partnerships are also very important.

Mr. Rouble: Okay. Are there any opportunities for partnerships on the social housing side of things?

Mr. Tremblay: I view all these partnerships I have talked about as part of the solution, part of the mechanism to respond to social housing needs. Specifically for social housing, we assumed responsibility for the stock that CMHC was administering, and I'm looking for dates here. I think it was —

Mr. Lyon: 1998.

Mr. Tremblay: — 1998, and in that agreement with CMHC, we got the dollars that Canada had been spending up until that point in time. I believe it is \$4.4 million. Those dollars will continue to be provided to us for eligible social housing expenditures for another number of years, but the time is coming that the amount that we get will be reduced by \$200,000 a year to the point where we get nothing from CMHC in 2029.

Your question is particularly relevant in terms of the kind of partnerships, how are we going to deal with either maintaining or structuring social housing, specific social housing units, when those dollars are no longer available. Well, the philosophy behind it is that, if we maintain the units well, the rental cost would offset the dollars that we are currently receiving from CMHC. The dollars we are currently receiving from CMHC are servicing mortgages that would have expired by 2029.

In the absence of new infusion of dollars, I'm not sure that there would be a lot of interest in the provision of social housing units by other than co-ops or non-profit agencies that are sponsored by government. Our experience has been, where you have facilities that are in the hands of profit organizations, individual entrepreneurs or business folks — if they are not co-ops, which are generally heavily sponsored — the available units go to the highest bidder. So there is probably going to be a continuing requirement to have some level of government involved in accommodations where the market is not the determinant of the rental rate to be earned.

Mr. Rouble: In your earlier answer you commented on this, but what specifically is being done by Yukon Housing Corporation to meet the housing needs of seniors?

Mr. Tremblay: We have a fair bit on that, and I'm going to ask Al to —

Mr. Lyon: We had a seniors conference just before the year 2000; and at that seniors conference, we gathered information from the seniors and, over the year after that conference, put together a plan of action based on issues that seniors

had raised and responses that we could make to those issues. The number one response that we heard was that seniors were in homes that they could no longer care for. And that was a huge problem for them. Our first priority, therefore, was to design a home and yard maintenance program that would allow seniors to get the assistance that they need at a reasonable price and with safe workers — that they deemed to be safe workers — to come and shovel walks and do minor repair items, et cetera, that seniors just couldn't handle any longer, allowing them to live in their dwellings, which is what they preferred to do, as long as possible. That was rolled out on a test basis through the Yukon Council on Ageing, and it has been a very, very successful program since then.

There was a little bit of a glitch this year, in that insurance companies decided that they wanted to raise the insurance rates because of that activity, and there were a few months in the summer — luckily it was in the summer when there wasn't a huge need for maintenance items. But we sorted that out, and the home and yard maintenance program is being delivered once again by the Yukon Council on Ageing. We also rolled that out to the communities, and we requested agencies to come forward that might be interested in providing that kind of referral service. And that service is a checking of workers through a security check with RCMP and then providing a referral service, and seniors and potential workers can get together through that referral service and get the work done and find work.

We had two requests from communities. The one that was a successful request was from Teslin. They've been delivering that program since the beginning of the last fiscal year.

What they have found is that the program is part and parcel of what happens in the community anyway. So there is not a specific need for an organized program. The smaller communities tend to look after their own already. They know the workers; they know if they are safe or not safe. Some of those needs aren't critical. But, certainly, the program has been very, very successful and used quite a lot. There were approximately 160 referrals in each of the last two years in the City of Whitehorse.

At the same time we also heard that there were no options for seniors to be able to get into housing that met seniors' needs. We are talking about mobility problems, barrier-free access difficulties, the whole range of difficulties that seniors run into when they begin to age, have a lack of hearing and security concerns, et cetera.

We spent quite some time reviewing information and putting together a program called the accommodating home program. There is a mortgage tied to that through our lending programs. What that does is provide a technical guideline for contractors to use, or home owners to use if they want to build that type of a home, that uses the principles of universal design, which really means that anybody will find the house easier to live in and more pleasant — easier to live in is the simple way to put it.

We have had two individuals actually build that kind of home. We have a proponent who is looking at putting some seniors housing together and wants to build both with the accommodating home — so the barrier-free accessibility, univer

sal design aspects — plus build those homes very energy efficiently.

One of the secondary concerns that seniors had was the increase in costs of operating a home, and of course in the Yukon that means heat. We have had proponents come in and actually deal with us on future projects where they are looking at incorporating both those design systems into the construction of dwellings.

Those have been the activities that we have done already. We have a seniors resource library, which is a little thing, but it is very difficult to find, in one place, information on seniors as it relates to housing and the kinds of options that are available, so we put a bit of a resource library together so there was a place seniors could come to for information on housing-related matters that pertained to them as well.

There is a seniors management fund that was put together as well. I don't administer that fund, so my fingers aren't in the design of what that fund could be used for, et cetera, but recognizing that there is going to be a need sometime in the future for some funding that can leverage other funding to cause some seniors units to be built and to activate some programs for seniors specifically, so there is a pot of money that has been built up slowly over time through one of our other programs. It is a very painless way of building up a pot of money through one of our other programs to allow seniors' problems and difficulties and needs to be addressed.

Generally that is what we have done so far. Certainly, the whole area of causing industry to respond to the need of seniors is something we are working really hard on. In times past, the industry didn't realize we needed starter homes, and we actually had to put together a process of building a few starter homes for the corporation to prove to the industry that there was a market there. I think once the industry finds there is a market for seniors-oriented housing, I think the industry will respond and cover most of that need.

Again, what we are doing — more than actually throwing money directly at the problem — is causing the industry to be able to respond to the problem, so it is much less expensive to do that and, in the long run, much better for the Yukon economy.

Mr. Hardy: I'm going to open the floor now to people who have follow-up questions, questions that might have come to mind as they listened to your responses.

Ms. Duncan: I just have a couple of questions, really to close the accountability loop, if you will. Mr. Tremblay, you mentioned that there are benchmarks used internally within the Yukon Housing Corporation, and I think the examples were that there is the benchmark of a certain amount of social housing units to be provided in a year, a certain amount of money is about average to spend on housing repairs — those sorts of benchmarks. Would you just confirm that those benchmarks are used by management internally? Is that correct?

Mr. Tremblay: Yes, I have shared with the board, generally during discussions on why do this, why do that.

Ms. Duncan: So, in other works, management would set these benchmarks and discuss them with the board, and the

board would look at them in the context of the overall mandate of the Yukon Housing Corporation?

Mr. Tremblay: I think the current use of benchmarks is more operational, from the perspective of there being usually more than one way to skin a cat, or more than one way to side a house. We used a benchmark to determine that the approach — that the operating methodology that we choose is as good as or better than another one. So, although we may do things differently — our energy efficiency of the house, for example — we need to know what is a reasonable cost per square foot to determine when a house should be repaired or when one isn't. Well, we don't need a benchmark right off; what we need right off is to do a cost-benefit analysis.

And you know in most cases, I think we've said there's 45 percent of our housing stock that could benefit from energy-efficiency work. Now, to bring about that change on 45 percent of the housing stock could be a significant effort. So then we move into the benchmarks and say, well, okay, we know it's all worth doing, but we have to narrow our effort to what's the most valuable and what is reasonable. So you look at other jurisdictions and use the benchmarks of what price per square foot they allow in their units before they do renovations. Okay, well, I think we came up with \$2 a square foot. If your cost is greater than \$2 a square foot, you should be taking some kind of action. If it's less than \$2 a square foot, the payback period is such that a number of jurisdictions wouldn't take action. So it's operational. When do you make your decision?

Ms. Duncan: What you and I are discussing, then, is benchmarks in the context of reasonable expectations.

Mr. Tremblay: Yes.

Ms. Duncan: So these are the reasonable expectations managers are expecting to meet on the part of the board. What, then, acts as the evaluation? How does the board look at, for example, those benchmarks and say, "You know what? That program isn't meeting what it's set out to do"? My question is where those benchmarks and reasonable expectations also perform the role of evaluation of a program.

Mr. Tremblay: I think that when we're talking about the evaluation of a program, a number of our programs are so different from anybody else's. Our program evaluation process is a review of a program, looking at what we are achieving by doing this.

Our benchmarks are not so much philosophically a question of whether or not we want to be achieving this. We use benchmarks more for — whether you want to be going in this direction or not, you are going in it in an efficient, economic manner.

So the benchmarks are operational. Program evaluation is done more along the lines like we are doing with a separate social housing review — a separate review on the home repair program. Then you get almost the whole discussion of: is this worth it, do we want it, do we want to refocus?

Ms. Duncan: That's my question. How, then, does the board and the minister — because they are negotiating an annual protocol within the context of the Yukon Housing Corporation's mandate. How are they as individuals and members of the public reassured that the programs are doing what they are

supposed to do and that there has been an accountability? For example, if part of the board's mandate is to provide social housing and the operational requirement is to build X amount of social housing units, how is that accountability delivered between the board and the Housing Corporation programs and staff delivering them?

Mr. Tremblay: You're going to get tired of my response. But the actual determination of which programs to do the reviews on was determined through concurrence with the minister and the board. They looked at — with information from the corporation — what our highest risk areas were, our highest cost areas, those areas that could have significant influence by either increasing or reducing allocation of resources. So they agreed — and I believe that we have a letter from the minister either concurring or requesting that reviews be done on the social housing program and the home repair program.

Ms. Duncan: What you're saying is that you're satisfied that the mandate is examined between the board and the Housing Corporation and the minister. The mandate is examined; the programs are examined in light of that mandate, and the proof that cost-benefit wise those programs have been delivered is conveyed to the board and the minister?

Mr. Tremblay: And through program evaluation.

Ms. Duncan: Through program evaluation. Let's close the loop. How does that information get to the public? The protocol isn't tabled in the Legislature. Right now, according to the *Corporate Governance Act*, and other than the Yukon Housing Corporation being fortunate enough and us as the public being fortunate enough to have the Public Accounts Committee called and having these discussions, how else does the public know and is it accounted for that the Yukon Housing Corporation is delivering, within their mandate, is delivering the program within this amount of money? How is that accounted for to the public?

Mr. Tremblay: Through the minister through the Legislature, there is the opportunity for questions. There are opportunities for questions in the discussions on the budget and/or other matters. The clients certainly have an opportunity to have discussion on the specific program deliverables, whether the programs as designed and reflected in the budget — again, I see the main objectives reflected in the program objectives in the estimates. If those programs aren't being delivered, clients have appeal mechanisms where they can have direct access to the board. I contend that accountability in the Yukon is high compared to some other jurisdictions where clients or individuals who have an opinion on a program or on a service have very good access to their elected officials, be it the minister or the MLA. So there are quick response times whenever there is a sense that a program area is out of bounds or off kilter.

There are various mechanisms. There is also direct communication with the board or the board-minister communication. There are a lot of accountability mechanisms that provide us direction. I think that the corporation feels that the programs it is delivering are fairly consistently responsive with the requests for the type of changes that we are being asked to bring about.

Where there are major concerns, or there may be a desire to ask us to change in different directions or ask us to focus differently, that information is collected.

Ms. Duncan: Let me be clear, Mr. Tremblay; I'm not suggesting that the Yukon Housing Corporation isn't spending taxpayers' money wisely or isn't delivering programs very well. I am asking how that is accounted for in the public.

For example, without these Public Accounts Committee hearings, the public would not necessarily recognize through the budget debate, or through the tabling of the public accounts — it isn't highlighted that the corporation has anywhere from \$40 million to \$60 million at its disposal to spend in meeting a mandate. There isn't a document tabled before the public or provided to the public that says, "Our mandate is to deliver this many social housing units. We got this much money from the government and this is how many we delivered." That's the point I am making. I am asking if such a document exists in that form. I don't think it does.

Mr. Tremblay: I don't think so. I think the annual report is one of the most informative documents available. Some of the program evaluations involve consultation with the public but that is not really a reporting mechanism of any sort. So I think we rely on the annual reports, and we rely on the public accounts process and the legislative process.

Ms. Duncan: Thank you very much for your very frank answers in that respect.

Mr. Hardy: Mr. Rouble, you have some follow-up questions.

Mr. Rouble: Mr. Tremblay, my question is along the same lines as Ms. Duncan's. First, gentlemen, I would like to thank you for coming in today and being our first case — the guinea pigs. I think there was a bit of walking into this where people didn't know what to expect, as the Public Accounts Committee hadn't been highly operational in the last few years.

Again, I just want to go back.

The purpose of the Public Accounts Committee is to assure Yukon people that they are getting value for their taxes. It is another mechanism for that assurance of value. I think what we have tried today is to look at your mandate, the objectives of your organization, your resource allocation, the outcomes and the results of that, and then how those outcomes and results compare to other performance benchmarks and other performance standards, all in an effort to find out if we are getting value for the dollars invested into this entity.

Just as a way of summarizing, if you could, Mr. Tremblay, give me a score out of 10. How efficiently and effectively do you think the Yukon Housing Corporation is operating today?

Mr. Tremblay: I would say it is in the mid-70s — 75 percent. I still think in percentages. So seven out of 10, and I would identify the areas where improvements are being worked on and will be achieved. The potential is that once we have achieved those improvements, we may have other ones that we have to work on.

I pointed out the efficiencies of our financial systems were not there, and I believe that by having better and more information, we can manage better.

As we develop the information systems that we are doing with increases in costs, I think we will be a better organization.

Some of the areas for improvement are being worked on. I believe the structuring — and this is partly due to our restructuring — is just being handled in the maintenance area, and it is an organizational shift. We used to have staff, for example, that would be trained and understand the requirements in Whitehorse, and other staff that would be trained and understand the requirements in communities. If one of those staff went on holidays and a furnace went out in a seniors facility somewhere, you would bring in a contractor who would have a learning curve to get the facility fixed.

We are now operating on a different model where — and I don't want to say "generalist", because people still have specialties, but when one staff member is on vacation, the other staff individuals will also be able to accommodate and deal with the problems. So we are working on some staffing/training-mix issues that will make us more efficient there.

In the program areas, I think that we will gain more efficiencies. Again, information is such a powerful tool, and when we get the home repair review done — as it was very much our desire to do — that we will be able to better focus. In terms of getting two or three percent, from the 1996 to the 2001 period, I'm hoping that we are able to see even more significant improvements in short periods of time.

Mr. Rouble: Thank you for your very frank answer.

Mr. Hardy: I have a couple questions to finish up. I'm going back to finances. When a client gets into financial trouble — and I'm sure that has happened in the past; some of these programs have been running for quite awhile and that is a reality of it — does the Yukon Housing Corporation ever give more financial assistance to get through that period, whether it is a construction project or their own budgeting, to help get the client back on track? Do they ever do this, or does it extend the pay-back terms or reduce the amounts that they have to pay back monthly?

Mr. Tremblay: I think that I'm going to ask, actually, both sides — we have approaches to deal with that are in both social housing and in the programs. So, maybe Ron, first, if you could indicate the kind of agreements you enter into.

Mr. Brown: In our social housing program — and this has to do with rent collection — if someone is behind on their rent, our preferred choice is that we can make some kind of written agreement with them that they can pay that arrears off over a reasonable period of time so that they are not in a great deal of hardship but that it still gets paid in a reasonable amount of time. So, I guess that's it. You know, there are times — I know that the housing managers spend a lot more time with the clients. I'm sure that at times they counsel them. They may see areas where they may not be budgeting properly or they just try to give them some good advice.

I mean, the last thing that we want to do is evict someone, so we work pretty hard at keeping them in housing and trying to make some arrangement to do that.

Mr. Lyon: The same attitude holds for program delivery as well. The last thing we want to do is evict someone. The approach that we use — there are two situations where we may

have to intervene somewhat financially. In the home repair program, for instance, if a single parent who owns a downtown home applies for funding and gets approved for \$30,000 worth of financing to do some major repairs on that home so they have a good, solid, safe place to live, and they open up a wall and discover that there is rot and some major framing that has to be done or the foundation has to be repaired, we will reopen that, even to the extent that we will lend somewhat beyond what the client would normally be able to handle. We will go to the board and make sure that we structure that in a way that it doesn't put the client at risk.

So the answer to that part of it is yes, we will backstop the client if they run into that kind of a problem.

If they have a financial problem when it comes to repayment, we actually work out an agreement similar to what Mr. Brown was talking about. Our first choice is to get them to actually agree to repay whatever arrears are there. From time to time, those arrears cannot be repaid reasonably by the client, and there is all kinds of reasons for that, quite often health-related reasons. You know, somebody is going down for treatment in Vancouver, and for a few months there is no income at all. We have the ability — you know, up to the lending limits that we have on programs — to recapitalize some of those arrears. So we can add that back into the mortgage — but again, up to the lending limits. We won't over-lend. We prefer not to do that. We prefer to have some kind of an agreement, but there are those situations where clients just cannot come up with the extra money from their monthly budget, if you like. We will work with clients. We will actually help them put a family budget together. We will review that with them. We'll send them to the bank, counsel them on how to restructure some of their other debt load and send them to the bank to allow that to be done. And I can tell you that we have a very close relationship with the banking community in Whitehorse. There are a number of people who come to us and get a lot of financial information and help on how to go about obtaining a mortgage and then are sent by us to the banks to get mortgage funding. So the banks welcome phone calls from us regarding a client, and they are quite willing to help out in that regard. So we do a lot of extra work, and there are some situations where we actually will provide some additional financing, yes.

Mr. Hardy: I have a request of Mr. Tremblay. You have mentioned on a couple of occasions that you have studies or evidence showing that repairs have kept the need for social housing down. Could you make that available to the committee, please?

Mr. Tremblay: I will certainly pull together material to substantiate that. I don't know that I have it in a form, so it may take a couple of days.

Mr. Hardy: It looks like we are pretty well finished here. One thing I have heard on numerous occasions, even read it, is that you shouldn't buy houses built between 1970 and 1980. There seems to be a tremendous amount of repairs needed to be done, and I can assure you that I entered the construction area in the very early 1970s, and there was a housing boom going on in the Yukon, and there were many very sub-standard places that were built. I think some of the things that

you've said today indicate that. But obviously you're addressing those needs for the people who have ended up with those homes built during that period.

I'd like to thank you very much. We do have another question before we close.

Hon. Mr. Jenkins: Gentlemen, I listened quite attentively to your responses here today to the Public Accounts Committee, and I certainly appreciate your appearing before us. There are a couple of areas that are very obviously in need of attention, and one is the housing stock in First Nation communities and its current state of repair, or disrepair.

I am aware that CMHC, on any mortgages that they provide to First Nations, obtains the Minister of Indian and Northern Affairs' signature as a guarantor. Have we gone to that extent? Because as far as I'm concerned, this is an area that needs attention. The First Nations do not, by and large, have the capacity to address this need. It is an area that we could probably focus in on. Have we gone to the extent of looking at requesting from the Minister of Indian and Northern Affairs his guarantee on these potential mortgage funds that may flow for repairs to these units? Because I see that as being the problem, in that the security is impossible, given the final agreements and the current mortgage that you can't foreclose on or obtain the land under foreclosure. That is not something that any lending institution would want to entertain.

So, what have we done to pursue this to see if we can come to some arrangements with Canada? Because the fiduciary responsibility is vested with Canada, the delivery agent is, by and large, CMHC and yet there are still a vast number of problems in this area.

Mr. Tremblay: That certainly has been a major difficulty, but as recently as toward the end of 2003, CMHC, recognizing that it was a very difficult situation, has pulled together a program where the minister's signature is not required. I don't know all the details of the program. It's one that is in its initial stages of being developed. We are hoping — and we are working with them — that this facilitates some kind of mechanism that allows for a security arrangement based on the properties. But even in the absence of the minister's assurance, the land tenure becomes a complicating factor.

Until we can find some means to overcome the land tenure component of the security, we still have a problem. But the obstacle that you speak of, CMHC has recognized it and is working on it with DIAND.

Hon. Mr. Jenkins: I guess, Mr. Tremblay, how can the Government of Yukon, through Yukon Housing Corporation, enhance the service delivery and facilitate it? Is there any way that the Housing Corporation could entertain any kind of involvement at this juncture to address the needs of the primarily rural First Nation housing stock that is in a sad state of repairs?

Mr. Tremblay: Well, it comes down to our ability to accept risk, and we still are in an environment where our ability to accept too high a level of risk would be difficult. We could, in this area, be talking about political solutions or agreements, but from a business perspective, which the corporation still maintains, the level of risk in the absence of surety or security

is not a direction that we can move in without a change in mandate.

Hon. Mr. Jenkins: Mr. Tremblay, has an approach been made to, say, CMHC, for an 85-percent guarantee?

Mr. Tremblay: Not that I'm aware of.

The approaches that I am aware of have been more where banks and/or First Nations and the Government of Canada have looked at putting up financial security for the loans — that kind of guarantee. But there haven't been approaches to us, nor have we suggested approaches where Yukon government would put up the guarantees.

Hon. Mr. Jenkins: Now, don't get me wrong. I'm not suggesting, Mr. Tremblay, that the Yukon government put up the guarantees. I am suggesting that what we should be looking at is an involvement of Yukon Housing Corporation with a guarantee from CMHC or the federal government somehow.

Mr. Tremblay: Yes, the lobbying and the discussions with CMHC and First Nations — we haven't been involved to a large extent. We have indicated in letters to CMHC that this problem needs some resolution but we haven't put forward any specific proposals.

Hon. Mr. Jenkins: Thank you.

Mr. Hardy: Seeing no more questions, I would like to thank you for coming today. Mr. Tremblay, do you have something to add?

Mr. Tremblay: The information that I would like to pass on is that the current line of credit debt held by Yukon Housing Corporation is \$2.1 million.

Mr. Hardy: Thank you very much.

Now I'll try this one more time. On behalf of the Committee, thank you very much for coming. We really appreciate your attendance and your willingness to answer our questions and to tolerate the times we asked you to repeat yourself maybe far too many times. So thank you very much, and we look forward to your written responses to flesh out some of the questions that we asked.

That concludes the hearings for today.

Thank you.

The Hearing adjourned at 2:52 p.m.