

**EVIDENCE****Whitehorse, Yukon****Friday, November 19, 2004 — 10:00 a.m.**

**Mr. Hardy:** I am going to begin the hearing. I'll call the hearing to order.

The Committee would like to thank the witness for appearing before us today. Mr. David Morrison, President of the Yukon Development Corporation, is here.

I will introduce the members of the Committee and its advisors. The Committee members consist of me, Todd Hardy, the Chair; Patrick Rouble is the Vice-Chair. Other members are Pat Duncan, Dean Hassard and Brad Cathers. Steve Cardiff is also a member of the Committee but is not able to join us today.

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 result of our deliberations will be reported back to the Legislative Assembly.

Mr. Morrison will be invited to make a brief opening statement and then members will ask questions. I ask that questions and answers be kept brief and to the point so that we might deal with as many issues as possible in the one hour allotted for this hearing. At the end of the hearing, 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.

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

We'll now proceed to the opening statement. Mr. Morrison, do you have any comments?

**Mr. Morrison:** No, Mr. Chair. Thank you for inviting me today. I'm just happy to answer your questions.

**Mr. Hardy:** Thank you very much. We'll start with Mr. Rouble.

**Mr. Rouble:** Good morning, Mr. Morrison.

**Mr. Morrison:** Good morning.

**Mr. Rouble:** Thank you very much for appearing before our Committee. The purpose of our Committee meeting today is to follow up on our past recommendations to examine issues that were previously raised and to follow up on some of your past comments.

During our last hearing, when we were discussing the mandate of the Yukon Development Corporation, you told the Committee you were concerned about the fact that the corporation may have too many things going on, on too many fronts, with not enough focused effort. You also stated that you hadn't

done the work of refining your mandate but that it was certainly a task on your agenda.

The Public Accounts Committee, in its report, recommended that Cabinet, the Yukon Legislative Assembly and the heads of the entities examine and establish a process to evaluate mandates and consult on those mandates with the Yukon public in doing so.

Would you please update us on what you've done to focus or refine your mandate and efforts?

**Mr. Morrison:** We are at the moment — with both the Yukon Development Corporation and the Energy Solutions Centre — in a business planning and strategic planning process. As part of that process we are spending a great deal of time this year focusing on both a historical review of what the mandate has been, what activities the organizations have been involved in and from where the mandates for that activity have come. On a go-forward basis, we are refining what that mandate will be or should be for the future. So what we are really talking about is the year 2005. We have an extensive process underway. The results of that will go to the board later in this year, in December. What I mean by "the board" is the board of the organizations. That will give us an opportunity to look at the focus of our mandate for 2005 and forward.

I think the term used in the previous report from the Committee was a "mandate creep", and there has been a fair bit of that. One of the processes that we're undertaking as part of that mandate review is discussing with other Yukon government agencies and departments where we think we have some mandate overlap, how we might resolve those issues and which departments and which agencies might be responsible for certain activities.

So we have been doing that as well for the past several weeks, and I'm hoping the result of that will give us a very focused mandate for 2005.

**Mr. Rouble:** And how will you ensure that your mandate meets the expectations of the Yukon Legislative Assembly and Yukon people?

**Mr. Morrison:** Well, I'm not sure if you're referring to some new expectations of the Assembly, but we'll certainly ensure that our mandate — one of the requirements that we all have is following the legislation and the regulations that provide part of that mandate. Those are, I think, the fairly easy — from our perspective — items to follow. You know, it's fairly clear in the legislation what our mandate should be. It's the interpretations over the years and things that have crept into the mandate over the years that we have to sort out — how did they get there; how is public policy being communicated to the organizations in either a formal or an informal manner? Then we would have to, from a budgeting and planning point of view, make sure that we at least follow the specific guidelines that we have as a legislative mandate, and then what else are we doing. So it's a checklist, and it's a review list from the business planning point of view, and following that on a monthly basis during the year, which is what we do and how we report to the board.

**Mr. Rouble:** How will you communicate that to the Assembly and to Yukoners at large?

**Mr. Morrison:** The only method I have for doing those kinds of things at the moment — unless the Assembly has some other suggestions — is through my minister and the annual reports that we table in the House, the plans that we have to table our business plans, which I think is a big step forward, and the annual meetings that we've been having once we have annual reports available for public distribution. We started that last year and communicated the results for the year through two public meetings: one that we had in Dawson and one that we had in Whitehorse.

**Mr. Rouble:** Thank you. We only have a short time today and, as such, are going to go over a couple of different areas in quite rapid succession. Also in February you discussed the possibility of a Yukon Utilities Board hearing as part of improving accountability to ratepayers. Could you identify what the status of that possibility is?

**Mr. Morrison:** I don't think I have very much more to add to what I said in February. As an objective, we are still concerned about the fact that we need to find a way to get in front of the Yukon Utilities Board, as I said in February. There's the issue of rates and nobody wants to see a rate increase. As I said again in February, we are doing everything in our power to make sure that we are not increasing rates but, at the same time, finding a way to get in front of the board. I don't have the answer for you yet, but we've been working very hard on that and I think we're fairly close to finding a solution.

As soon as we can find a way to get in front of the board, I'll be happy to tell everyone, not just the Committee. It's not an easy thing for us to do. It's a great deal of work. It's a high priority. I would say it's probably the highest priority we have at the moment in terms of the Energy Corporation and, hopefully within the next little while, we'll have an answer.

**Mr. Rouble:** Thank you, Mr. Chair.

**Mr. Hardy:** Thank you, Mr. Rouble.

We'll turn to Brad Cathers now.

**Mr. Cathers:** Thank you, Mr. Chair, and thank you, Mr. Morrison, for appearing before us today.

Section 4(2) of the *Corporate Governance Act* says that the minister and the government corporation, including Yukon Development Corporation, shall negotiate annually a protocol about performance expectations for the corporation to meet and roles of the minister, board and president, respectively, in the work of the corporation; the protocol becomes effective when agreed to by the minister and the corporation.

In our report on the hearings held in February, the Committee recommended that such a protocol be developed by Yukon Development Corporation. Can you update us on what progress has been made since then?

**Mr. Morrison:** We have a negotiated protocol with the minister. It's completed.

**Mr. Cathers:** Can you advise when that came into effect?

**Mr. Morrison:** August — the first part of August.

**Mr. Cathers:** Okay, thank you.

In February you informed the Public Accounts Committee that Yukon Development Corporation has objectives, but you

did not "think they're really good performance measurements; they're not as broad or as detailed as they should be."

What progress has been made since that time in developing performance measures?

**Mr. Morrison:** I would suggest to you that my statement was broader than just Yukon Development Corporation, and I would say that the same statement applied to Yukon Development Corporation, Yukon Energy Corporation and the Energy Solutions Centre. We have a project underway that requires the management of the corporations to investigate and prepare a comprehensive set of performance indicators for the board's consideration. On our priority list, that is not due by the end of this year. I think it's a second quarter of 2005 objective for us.

So we're working on them. I still stand by my comments. I don't think any of us are pleased about the performance indicators that are there. We need to do a lot more work on them. They need to be relevant, they need to be meaningful, and we are working on them. Hopefully by the middle of 2005 we'll have something in place that would be more meaningful than we have now.

Yukon Energy Corporation files a report with the Yukon Utilities Board on an annual basis that outlines some performance indicators. I can't remember the title of the report but it's an annual filing. That certainly provides some indicators of performance and measurement, but those are not really sufficient to give the board or the public an understanding of how the corporations truly perform from both a financial and operational point of view. We are still working on it.

**Mr. Cathers:** So, these performance indicators where you refer to the timeline as second quarter of 2005, does this apply to Yukon Development Corporation, Yukon Energy Corporation and the Energy Solutions Centre?

**Mr. Morrison:** That is correct.

**Mr. Cathers:** Okay.

Also, with regard to the protocol that we were just discussing, is the protocol document a public document?

**Mr. Morrison:** Well, that's a good question. I am not sure what the answer is.

It's a document — I can't recall if in the *Corporate Governance Act* it is indicated that it is a public document to be tabled. I don't think it does. I think there is a requirement to negotiate it. It's not a document that I have any difficulty with but I think, if your next question would be, "Well, could we have a copy of it?", I would be the wrong person to ask. It's a document between the corporation and the minister. I think that has to be a discussion that would involve the minister, but I don't think it's a document that has any secrecy around it.

**Mr. Cathers:** So the Committee should direct that request to the minister.

**Mr. Morrison:** I would find it more appropriate if that were the case, yes.

**Mr. Cathers:** Okay, would you describe the performance of each of the corporations please, particularly what has gone well, what hasn't gone as well as hoped, and how you know?

**Mr. Morrison:** Financial performance?

**Mr. Cathers:** Particularly financial, but performance in general of the corporations.

**Mr. Morrison:** That's a pretty big question.

**Mr. Hardy:** You have some time to do it.

**Mr. Morrison:** There are a number of — I'm just trying to think which part of the question I want to start at here.

Let me start with the Energy Corporation. The Energy Corporation, in terms of financial performance, had in 2003, from a profit point of view, not a great year but a pretty decent year. From a rate-of-return point of view we had a pretty bad year. I think the rate of return is 6.89 or 6.9, somewhere around 6.9, percent. Given that a rate of return approved by the Yukon Utilities Board is 9.1 percent, that's not very good financial performance. The financial performance difficulties with the Energy Corporation revolve around the lack of ability to have been before the Yukon Utilities Board to get new rates or approval of processes that would allow the corporation to recover its full rate of return. We, within the Energy Corporation, have a number of systems, in terms of checks and balances, for how we would know whether or not we're performing very well. We have a weekly management committee meeting where we review a series of management reports, monthly financial estimates and quarterly financial statements. There's a checklist of reporting that's provided to management. We approve new policies and procedures. We review the performance of departments.

At the board level — and the board meets on a quarterly basis — again the quarterly financial statements, there's an audit committee of the board that reviews the financial performance of the corporation both with management on a quarterly basis and with the auditors on an annual basis and then reports to the board. So there's a whole series of systems in place to ensure that performance within both departments and on an operational basis, which is what the management reports will tell us — how many outages we've had, what our generation percentage is, what our accidents are — you know those types of reports — over time and how we perform on a financial basis. So there's a whole series of reporting that provide us, as management and the board, with an ability to look at the performance of the corporation.

The Development Corporation and the Energy Solutions Centre both have those same kinds of systems in place. We have a management team, we have regular reporting to the board, we have quarterly financials, so it's a management system that allows you to understand whether or not you're meeting performance expectations and whether or not there are any problems.

On the Yukon Energy Corporation side, one of the other pieces of that puzzles involves — the board annually requests management to conduct an operational audit on one specific sector of the business. Last year, for instance, we did an operational audit, which is an internal function; but it's not the financial audit that your auditors and advisors would do; it's the systems and processes audit. We did that on the contracting and procurement department, so we would get an outside set of eyes to look at whether or not we thought that department was actually performing up to standards on a day-in, day-out basis.

So we do a lot of those kinds of things. I've given you a bit of a piece on Yukon Energy Corporation.

On the Development Corporation, the Development Corporation also, I think on a financial basis, performs fairly well. The corporation itself doesn't really have a lot of program functions. Most of those are carried out by the Energy Solutions Centre or the Energy Corporation.

On the Energy Solutions Centre side of things, we've got significant operational problems and significant performance problems, and those are, I think, outlined in — I would suggest to you that those are — It became clear to us, when we look at the 2003 financial statements and the fact that the Auditor has qualified the statements and there's a re-presentation of what in the past has been classified as revenue. I think, when we look at those statements — and they are yet to be tabled in the House, because the audit is just being completed, but hopefully they'll be tabled shortly — I mean, they present very significant management challenges, in terms of the performance of that corporation.

**Mr. Cathers:** Could you please explain what you mean by the reclassification of revenue?

**Mr. Morrison:** If I had a set of financial statements in front of me, it would be a little easier to do — you know, if I could illustrate. Let me suggest to you that, if we look at the 2002 year — which is the last audit year — you would see that the Energy Solutions Centre had revenue of \$1.4 million, then a set of expenses and a bottom line.

I'm not looking at numbers, but —

**Mr. Hardy:** Go ahead. Excuse me, Mr. Morrison. We're not asking for you to comment on the Auditor General's report that will be coming out, so if you feel you have difficulty around that, just don't do it.

**Mr. Morrison:** Okay.

**Mr. Cathers:** Sorry, I was actually meaning if you could explain the term, not the technicalities.

**Mr. Morrison:** What has happened — I'm happy to do it either way. What that term means is that items that were previously classified as revenues are no longer classified as revenues.

**Mr. Cathers:** Thank you.

**Mr. Hardy:** We'll turn our questioning to Ms. Duncan now.

**Ms. Duncan:** Thank you very much, Mr. Chair, and good morning, Mr. Morrison. Thank you very much for coming. Once again you have provided us with very frank and forthright answers, and we appreciate that.

**Mr. Morrison:** Thank you.

**Ms. Duncan:** My first question is a follow-up regarding the audit that was mentioned in your testimony and the Auditor General; however, my question is not directed to you. My question is going to be directed to the Auditor General's office, Mr. Hellsten, and our support. I apologize; the way we're set up, I have my back to the person I'm asking the question of.

Mr. Hellsten, would you be so kind as to explain, for the public and the Public Accounts Committee, the Auditor General's status of the audit and your work with the Yukon Devel-

opment Corporation, Yukon Energy Corporation and the Energy Solutions Centre?

**Mr. Hellsten:** Certainly. Thank you for the question, Ms. Duncan.

As you mentioned in February, we are carrying out an audit of the Mayo-Dawson transmission line, which is being operated by the Yukon Energy Corporation, at the request of the board of Yukon Energy Corporation.

I would like to point out that this is not just a financial audit; it is what we call a performance audit, so we are looking at all operational aspects of the project, we are looking at the need for the project, the cost-benefit analysis, and compliance with regulatory requirements, project management, and the project results — the finished product, if you will.

What we are going to do with this audit, which is almost complete, is we are drafting a “report on other matters” that will be tabled in the Legislative Assembly. Like all of our reports, we cannot discuss those results until that report is tabled in the Legislative Assembly. We expect that this audit will be completed early in the new year and will be provided to the Speaker before the end of January and, at that time, we would be happy to answer any and all of your questions.

I would also like to point out that we carried out a financial audit of the Energy Solutions Centre for the first time this year. It was audited by another auditor previously. This is a subsidiary of the Yukon Development Corporation, as Mr. Morrison has pointed out. This audit was for the year ending December 31, 2003. Again, our audit has recently been completed, and normally what we would do is just issue a clean auditor’s report with a clean opinion in it, and that would be the end of it. However, as Mr. Morrison indicated, we have issued a qualified auditor’s opinion this year. We have also identified several other serious financial issues. In cases such as this, we recognize that we should be reporting these matters beyond the board of the Energy Solutions Centre, and our mandate allows us to report these other matters to the Legislative Assembly.

So, at this point in time, we are currently drafting a “report on other matters” that we intend to table in the Assembly, again, early in the new year. Because of that, we are not in a position to answer any questions on that report either.

**Ms. Duncan:** I appreciate that information. It leads naturally into a question that — I’m not certain, Mr. Morrison — if you are not comfortable answering, perhaps you could refer it to the Auditor General or simply state when we might expect them. We have the financial results for 2003, and 2004, of course, have yet to be tabled. What do the financial results for those years — and one of which is in progress — tell us about the corporations? That is information that has not yet been tabled. I will leave that to your discretion.

**Mr. Morrison:** Let me give you an answer and you can tell me if you’d like me to expand on it. The annual results for the three corporations — as Mr. Hellsten indicated, because of the audit process and because of the reporting process of the audits, these audits — once completed, roll up into financial statements for the Yukon Development Corporation, which are consolidated statements. The audit process that Mr. Hellsten talked about — we are late this year having those accounts

ready for tabling in the House. The normal process would see us tabling those with the minister by June 30, who would then provide those to the House at its next sitting. That’s the public release of those financial statements.

Because of the time it has taken to complete these audits this year, we haven’t met our statutory deadline under the act, and we certainly have to apologize for that, but I think there were reasons — and quite valid reasons. The financial statements themselves have now been completed, and hopefully we should be able to provide those to the minister and I’m hoping before the end of this session. I’m hoping that. Some signatures have to be obtained for them, and there are a few little details.

So if the members could wait, hopefully before the end of the year they’ll be able to see these financial statements in the corporation’s annual reports.

**Ms. Duncan:** I appreciate that. My sense would be that it would be more useful to everyone involved to discuss the financial statements in conjunction with the report, and we’ll just have to bide our time in that respect.

My last questions are really operational. They’re not to do with the audit. They’re operational regarding the Mayo-Dawson transmission line project. It is functioning at full capacity at this point?

**Mr. Morrison:** Yes, it is. The line has been operating and operating quite well since last summer. We have some work that we’re still doing on the line in terms of bringing it up to a level of reliability that we would like to see. We have a project right at this moment where we’re installing what operationally we call “vibration dampeners” on the line. We think the tensions are tight enough that they need these vibration dampeners to reduce any long-term wear on the line so that we have a high level of reliability. We are also still in the process of completing the communications work on the line. What I mean by that is so that our control centre in Whitehorse can actually automatically take the line on and off the system. That is a system that won’t be completed until probably the first quarter to second quarter in 2005. Right now, when the power goes out, our operators in Dawson have to drive out to the Callison substation and do some work and then go back to the plant and do some work, and it’s a bit of a fiddle. So this automates it and the operator here in Whitehorse can turn it on automatically, and it reduces outages and increases reliability. Given that those issues are still being finished, the line is working. At the current price of fuel, it’s looking quite economical as well.

**Ms. Duncan:** Thank you.

Are there any legal actions surrounding the Mayo-Dawson transmission line project that have been filed? What is the status of the legal actions surrounding the Mayo-Dawson transmission line?

**Mr. Morrison:** There are no legal actions filed in regard to the Mayo-Dawson line — certainly not as far as I last checked, and that was a day or so ago. We should be clear, though, that while there aren’t legal actions, there still are significant outstanding claims.

I would say to the Committee that I have exhausted my ability to try to get the contractor to deal with the claims issue.

He has been reluctant to provide us with any information so we can deal with these claims. He has told me that it's going to be six or eight or 10 more months before he has that information. I have no ability to engage him in discussion of his claims other than that. So it's a very difficult situation. It's something that is hanging over our head and I have no ability to resolve it because they are his claims and he has to advance his claims.

So, while nothing has been filed in the courts, we still have this outstanding issue, and it's very significant.

**Ms. Duncan:** You are still engaged in, for the lack of a better term, alternative dispute resolution? You are still trying to resolve it?

**Mr. Morrison:** Yes, we are. We are trying with the contractor. I think we have found a process for dealing with these claims but that process is only as good as somebody actioning it. I am not the one who can do that. They have to do it, and they seem to think that it is going to be a significant amount of time yet before they are going to be able to advance those claims.

**Ms. Duncan:** Thank you again for your answers and for your appearance here this morning.

**Mr. Hardy:** Mr. Hassard will ask questions now.

**Mr. Hassard:** Thank you, Mr. Chair, and welcome back, Mr. Morrison. I'm sure you're thrilled to be here; I can tell.

**Mr. Morrison:** That's right.

**Mr. Hassard:** In February you told this Committee that you had a paper going to Cabinet that would outline a new governance system for Yukon Development Corporation. Can you tell us if that report has been completed and sent to Cabinet?

**Mr. Morrison:** I think overall in terms of governance, the process has taken I think a little longer — or a lot longer perhaps — than we thought and probably the public and the Committee and everybody else thought as well. We've been going through a process of trying to really be thorough about how governance can be improved between the different levels of ownership and operation — between the government, the corporations, the board of the corporations and the operation of those corporations — so we still have some work to do. We have provided some fairly detailed information to the minister for his review and for subsequently taking to Cabinet, but we haven't completed our work. I would hope that it would be done fairly soon. On the Cabinet side of things, I don't think I can tell you where things are, but I can tell you that we're still providing information and proposal information to the minister. Certainly we have given the minister quite a bit, but there's still more to come.

**Mr. Hassard:** I guess the second part of that question would be: can you tell us if there is something specific causing a delay?

**Mr. Morrison:** No. "Corporation governance" is a very broad term. I would say to you that I interpret it as being how an organization is directed and controlled. Well, that means a lot of things. We took some information forward to the minister. He asked us to do some more work, and we're doing our work. I think it's just a process of getting our information

up to the level of where the government would like to see it and to where we're all comfortable with the fact that we've got a good proposal. I don't think there's anything other than that.

**Mr. Hassard:** It was recently announced that Mr. Willard Phelps has been appointed Chair of Yukon Development Corporation's board of directors. Have there been any other changes to the senior management group or board of directors at Yukon Development Corporation, Yukon Energy Corporation or Energy Solutions Centre?

**Mr. Morrison:** Recently?

**Mr. Hassard:** Since we last spoke.

**Mr. Morrison:** Okay, since we last spoke. We have had a board member retire — I guess that's the proper term. We had a gentleman who was on our board, Ed Chambers, who was a CYFN appointment and his appointment expired. We have a new director, Barb Joe, who is, again, a recommendation on the part of CYFN. We have another new director, Paul Hunter, who has come on the board. In addition, we have Mr. Phelps as chair.

I must say that I'm very happy to not have the chair duties any more, thank you.

There have been some changes at the Energy Solutions Centre in terms of senior staff. We had a couple of senior staff who were on contract. There were some significant cost issues around these contracts. The contracts had termination clauses in them and the board requested me to terminate them, which I did.

I think that both the costs incurred and the formatting of the contracts — there were some questions we had in our minds about whether or not these people were actually employees versus contractors, and it was a difficult situation. I think we have resolved those.

We have replaced the functions either on an internal basis — what I mean by that is that, on the accounting side of things, those are being handled by, and a big portion of them were handled by, the Yukon Energy Corporation on a contract, so those accounting functions are being provided on a contract with the Yukon Energy Corporation at a great saving, I would suggest, to you. We have taken some short-term steps to in-fill on the other contract that we dealt with.

**Mr. Hassard:** In our report on the February hearings, we made certain recommendations with regard to the training of board members so they are better able to handle their responsibilities. Have any changes been made to the training of board members?

**Mr. Morrison:** If I could answer the question just a little bit differently than "changes", I agree wholeheartedly with the Committee that training is a significant part of corporate governance and training board members is probably one of the best investments we can make, especially a corporation — and there are what I would classify as senior-level corporation or senior-level Crowns that this government has. I think the training of board members for those Crowns has to be an annual process. The board members have to be provided with an ongoing training regime. It has to be significant or relevant to the work they're doing.

I had taken a proposal to my board some time ago, probably six or seven months ago, to begin a training process for board members. We have a proposal from the Conference Board of Canada to come north to do some training, because I think, on a cost-effective basis, it's harder to take eight or nine people somewhere, because there are lots of governance training programs that are out there.

I've held off on the training program only because, for one, I knew that Ed Chambers' appointment was expiring and we were going to get a new board member. I was hopeful that we were going to get a new chair, and I thought it was prudent to wait until those were in place before we started doing some training, otherwise these individuals would just miss the training and we'd have to do it all over again.

So I think on an annual basis it's something that we have in our budget for the board. It's imperative that we do these kinds of things and we will be bringing someone early in the new year to start the process in terms of the base level corporate governance and board member training.

We're also talking to some of the other Crowns, locally based Crowns, about perhaps sharing and involving them in the same process. If we bring someone who has an expertise here, would they like to participate in the training program? So we're trying to coordinate that with some of the other boards of directors of the major Crowns.

**Mr. Hassard:** Thank you, and thanks for appearing before us again, Mr. Morrison. As Ms. Duncan has noted, I should pass along my appreciation, on behalf of my son, for getting the windmill up and running.

**Mr. Morrison:** Thank you.

**Mr. Hardy:** Thank you, Mr. Morrison. I am going to open up the floor for some follow-up questions or general questions. I do have one that I will just put out right away because it goes back actually to the beginning. You had indicated three or four times the difficulty in going before the Yukon Utilities Board and the struggle you are having there. Could you elaborate on that and tell us what the roadblocks are?

**Mr. Morrison:** Sure. I wouldn't characterize them so much as roadblocks. In order to go before the Yukon Utilities Board and discuss whether or not we need new rates or don't need new rates or whether or not we can have a review of our existing cost and revenue structure, it's an in-depth financial process. These aren't roadblocks; it's just that it consumes an enormous amount of time and resources.

I can say to you that we have staff who have been working far too many hours these last few months trying to dig up all these numbers. The process, as it works with the Yukon Utilities Board, is that they are going to look at every last piece of financial information that we have and they are going to review the appropriateness of each of our expenditures, so we need to have all this information in a form and format that they can review and that people can ask questions about and we can respond to. It's an enormous amount of information. In addition to that, information has to be correct and it has to be rigorously reviewed on an internal basis to make sure that we are actually getting all the information into the various costs and cost centres.

This organization that exists now as Yukon Energy Corporation — the stand-alone corporation — has never completed a review by the Yukon Utilities Board, so we have a staff who have never gone through this process before. It's a great learning experience both for them and for the organization itself.

If you worked within a utility — and I'll use my friends in the Northwest Territories Power Corporation as an example — they've been before their public utilities board probably six times in the last eight or nine years. Their staff has a system; they know the information, and it's still an inordinate amount of preparation, but they at least know what they're doing and how to do it. This is a big learning curve for us. It's just taking time, and that's really all it is. Plus we don't have a large number of employees, so these people still have to do their regular jobs. We still have to provide finance and accounting information for the corporation to run on a day-to-day basis, so it's really quite a task.

**Mr. Hardy:** Okay. I just want to do a quick follow-up requiring a very short answer, and then I'm going to allow some follow-up from the others.

When was the last time we were before the Yukon Utilities Board?

**Mr. Morrison:** On a full hearing basis, it has been probably eight or nine years. It has been a long time — too long.

**Mr. Hardy:** Yes.

Okay, I'm opening up the floor. I believe Mr. Rouble had indicated he had a couple of questions.

**Mr. Rouble:** Thank you again for appearing before us this morning, Mr. Morrison. We appreciate your straightforward and forthright answers. I have a couple of questions that deal with operational issues.

Earlier this summer, due to the extreme warm weather, water reached very high levels in the southern lakes. Was this a result of current Yukon Energy Corporation water management practices, and what actions will be taken in the future to prevent this situation from occurring?

**Mr. Morrison:** If I had a way to stop the water from melting off the glaciers and making its way into Marsh Lake, I'd be a pretty happy camper.

We have a series of operational requirements on the Whitehorse-Aishihik-Faro system regarding our water licence. Those requirements include when we must and can open and close the gates at the control structure at Lewes River dam, at the bridge.

We open and close that based on water levels that are set out by the Water Board. There's both a time level — we can't do it before and we can't do it — you know, the water has to be down or up at a certain level. We opened the gates this year at an appropriate time according to the water licence. We closed them again this year once the water had come back down to the level stipulated in the water licence. In between that, those gates at the Lewes River dam are open, full wide open, all year. So we have no ability to control the water that comes into Marsh Lake. All we can do is control how much water we let through that system here at the dam.

As you would notice, the river was running at an enormous height and speed all year. I mean, I was very worried about people being in the river just in front of our offices out at the dam. It was really moving fast. We had our gates wide open. We were trying to get as much water through. The difficulty in this system is that Miles Canyon is a natural bottleneck, and that bottlenecks the water back to Marsh Lake. We can't run water through Miles Canyon any faster than it's being run through now, unless somebody widened the canyon.

I'm not suggesting that; I'm just saying that's the only way to do it.

The water comes out of Marsh Lake, gets to Miles Canyon and the narrowness of the canyon dictates how much water the canyon itself lets through. That's what backs the water up. Plus, you know, additional hot weather over the summer really melted glacial water, not just snow melt, which we normally get. So we were getting really a great deal of high altitude glacial runoff and it just goes into Marsh Lake. There's absolutely no way to stop it.

**Mr. Rouble:** Also this summer we heard about water seeping into the Whitehorse dam. Would you please detail or describe this problem, its severity and what actions have been taken to mitigate that problem?

**Mr. Morrison:** As you would well expect, both when I heard that we had an issue and when the board heard we had an issue, we were very concerned. What you are referring to is that we had a very high piezometer reading in the dam itself. The piezometers are just big tubes that measure the water level in the dam. If you look at the dam, they are installed from the top down. We had three separate consulting engineering groups come and look at this.

We did one and I asked the engineering staff to bring in another so that we had a balance and we just weren't relying on one. The board said that wasn't good enough and they wanted an additional one done because they wanted to go that extra mile and be sure that there was no issue.

Essentially what it turns out to be is that we had water leaking into the top of the piezometers, so it wasn't a problem that we had where the water was seeping in. Remember, this is an earth-filled dam, and that is why it is an issue.

So, the long and the short of it is that we have had three engineering companies do an analysis — come out and look at the dam and do tests. They made a series of recommendations, a number of which are regarding putting in additional piezometers, automating the reading of those piezometers — because they are read manually. Somebody goes out and takes a reading. There are some issues around the care of capping the piezometers when they are read because that is how the water got in, and doing a number of other things, all of which are being either completed by the end of this year or very early in 2005.

Three reports were all saying essentially the same thing: we didn't have a serious problem, the dam is in very good shape, it's very strong, and we just needed to fix up these piezometers and a few other little things.

**Mr. Hardy:** Good news.

**Mr. Morrison:** Yes, very good news.

**Ms. Duncan:** I just have one follow-up question with respect to your discussion with Mr. Hassard about corporate governance models and board training. You mentioned speaking with some of the other Yukon Crown corporations. My question is: the model that I'm familiar with is the Carver model, which the hospital uses, and I'm wondering if you can tell us what models you're looking at and is that one of them?

**Mr. Morrison:** Well, the Carver model is a policy governance model, and I don't think that really fits, especially on the Yukon Energy side of things. I think policy governance — and I'm no authority on policy governance — fits more for non-profits and agency-type Crowns, and things like that, where they really have a policy mandate. I think on an operational side of things with the Energy Corporation, you really have to look at a different governance model.

The bigger issue for me is looking at what the different roles for the corporations are and how they report. Especially today in the Yukon where we have Crowns, I think we have a bit of a disjointed system in terms of reporting information, as I think some of the questions were getting to before. So I think there's a bigger issue of how you appoint boards, what the boards are responsible for, what's the minister's role, what's the Legislature's role and how do you report through that series of levels of authorities — if you could call them that — or responsibility levels and what information do you report, and who is responsible for doing these kinds of things. I think we are trying to build that kind of a structure — and who is accountable at each of those levels. So I don't think I would say it's any one specific policy model or governance model.

Thank you very much.

**Mr. Hardy:** Are there any more questions for Mr. Morrison? Well, I don't see any. I would like to thank Mr. Morrison and, once again, as the other members have indicated, thank you for your forthright answers. We look forward to seeing some of the results of the hard work that is happening over there.

Once again, on behalf of the board, thank you very much.

**Mr. Morrison:** Thank you very much.

**Mr. Hardy:** This hearing is now closed and we will be resuming again in about 10 minutes.

*Recess*

**Mr. Hardy:** I will now call this hearing to order.

The Committee would like to thank the witnesses from Yukon College for appearing before us. Today I would also like to thank the following witness for appearing and representing the College: John Burdek, Acting President; Wayne Coghill, Director of Administrative Services; and Clarence Timmons, who is a member of the Board of Governors.

I will introduce the members of the Committee and its advisors. The Committee members are me, Todd Hardy, the Chair; Patrick Rouble is Vice-Chair; Pat Duncan, Dean Hassard and Brad Cathers are members. Steve Cardiff is also a member of the Committee but is not with us today.

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're 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 result of our deliberations will be reported back to the Legislative Assembly.

Now some ground rules on how the Committee will operate. Mr. Burdek will be invited to make a brief opening statement, and then members will ask questions. I ask that questions and answers be kept brief and to the point so that we may deal with as many issues as possible in the one hour allocated for this hearing. 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 following up on the previous hearings.

Now we will proceed to the opening statement.

**Mr. Burdek:** Thank you. We appreciate the opportunity to come before the Committee.

We have some new faces here today, so hopefully we will be able to address the questions as they've been presented. We certainly welcome the opportunity to provide as much information as we can. If we can't address something, given that we have a few acting people here, we will certainly get the information back to you.

I don't want to take up too much time, but I certainly just want to thank you for the opportunity. I hope we can address your concerns today.

**Mr. Hardy:** Thank you. The first person who will be addressing Yukon College is Mr. Cathers.

**Mr. Cathers:** Thank you for coming out and appearing before the Committee.

One of the things that was discussed previously in the Public Accounts Committee hearings was performance indicators. Has any progress been made on developing performance indicators for the College?

**Mr. Coghill:** Yes, we've made quite a bit of progress, actually, in that area. I think the single biggest thing that we've done is hire an institutional research officer who has been on strength now for a little over a year. Supporting that position has been a president's committee on institutional evaluation. The terms of reference for that committee have been developed. Representatives include Human Resources and Skills Development Canada, Advanced Education, Yukon Chamber, CYFN, as well as several College representatives.

The committee has been working with our institutional research officer to decide what the final institutional indicators will be. We have already started doing some evaluation on several of those. I think we are probably still a year away from a complete set.

One of our single biggest areas of data collection is with our students, obviously. We have been doing student exit surveys now for three years, so we've managed to accumulate a fair bit of information directly from the students. The next single biggest thrust for our institutional research officer is the employer survey that she is working on now. We hope to issue that probably in the spring.

**Mr. Cathers:** Okay, thank you for that.

**Mr. Hardy:** What I will do, because there are three witnesses in front of us, is identify each of you for the recording of this. So that was Mr. Coghill, and I will go back to Mr. Cathers.

**Mr. Cathers:** With reference to performance indicators, with these new indicators and based on other aspects, how would you describe the College's performance? What has gone well? What has not gone as well as hoped, and could you please explain how you know in each case?

**Mr. Coghill:** Certainly the student feedback has been, by and large, very positive. A lot of the questions asked are subjective in how they enjoyed their time at the College, did it contribute to their goals and objectives, and we've had a very high positive response rate in those areas. As there always is, the students have asked for some improvements in certain service areas. Those have been looked at, and we're certainly working toward improvement in the counselling and student services. There were some concerns about residence. But from a programming perspective, the students' feedback has been extremely positive. One of the biggest single questions we always ask is would they recommend it to another person, and "high" and "very high" were the responses — they would suggest it to another one of their colleagues. I think it was about a 90-percent response rate. It was very strong.

One of the areas we're struggling with, from an institutional evaluation perspective, is doing our program reviews. We looked at doing them sector by sector. We've developed a strategic plan at the College that looks at what we're calling "elements of our fan", and they look at broader or more global programming sectors. The one we wanted to start with was trades and technology, and we've made one attempt at that. Unfortunately we've learned some things through that process, and that's an area we need to improve — the process by which we do program evaluations.

**Mr. Cathers:** Sorry, can you elaborate a little more on it? What I was meaning with the performance aspect was primarily how you are performing in fulfilling the objectives that you set.

**Mr. Coghill:** Well, again, a principal source of data for that is the students because our principal mandate is to serve the students and to help them along their way to whatever their stated objective is. In several areas where we ask, the feedback is extremely positive. They are looking at transferability in some areas. They have had extreme success in that. They are looking at job satisfaction or improving their job situation. We have come out "very good" on that. For some of them it is just to get a job, particularly in our developmental studies level programming. Again, by and large, the feedback is "high" to "very high".



We are hoping to refine these stats. The one issue we have is looking at longitudinal information, and we are just not there yet. We are looking at more of a baseline capture at this point, but the initial feedback is very positive.

**Mr. Cathers:** Thank you for that. I will allow someone else to ask questions.

**Mr. Rouble:** Gentlemen, thank you very much for your appearance before our Committee today. We certainly appreciate you coming in and answering our questions. It should also be noted that the Committee has compiled all of its questions and pooled them among individuals, so we have all had a chance to look at the questions and we have just divided them up between us.

The questions that I have today focus around the financial performance of the College. At our hearing in February, Yukon College witnesses said the College needed a \$1-million increase to its base grant in order to properly fulfill its mandate. Shortly thereafter the Minister of Education announced such an increase. What has the increase to the base grant done for the College's finances this past year?

**Mr. Coghill:** For the fiscal year beginning July 1, 2004, the College was able to address several of our long-standing funding gaps. As you mentioned, we communicated to you last time that our funding had been stagnant for several years, and we were in a funding shortfall. So as a result, several existing areas of the College had seen their annual allocations reduced in the past, and some new initiatives had not been undertaken. In fact, I believe, as we mentioned at the last meeting as well, we had to introduce several staffing reductions to balance our 2003-04 budget; however, as a result of this significant new investment, we were able to allocate more resources to some programming areas that had been under-represented and address some support and infrastructure issues. In programming we looked at our lands and environment area. It has been an under-represented programming initiative that we just didn't have the money to get into to any significant extent. In cultural industries and heritage and our distributed learning — we've had significant growth in our distributed learning over the past three years, and we're having difficulty keeping up in that area financially, human resource-wise and technologically too. Rolled up in the distributed learning has been our University of the Arctic initiative as well. We were able to invest a little bit more in that initiative with the additional funds.

Most of our requests for additional funding are to try to deal with infrastructure issues that we had been living with for many years. The investment has allowed us to allocate resources in the research area, which is our institutional research officer program review area. We've been able to allocate some money to what we call our "access issues". We're looking at a system enhancement that will look at a portal approach for our students and our faculty so everyone comes in and gets the one sign-on, and they can get access to our systems. We looked at some improvements to our residence. As I mentioned, that had come out in some previous surveys; students were asking for enhancements in our residence support.

In our peer admin area, we looked at communication and promotion. It has long been an issue for the College of how we

can get our message out and let people know how well we believe we are doing. We looked at some enhanced funds for an internal audit. This has been a long-standing issue with the Auditor General staff because we haven't until this point engaged any internal audit function within the College.

Records management continues to be an issue, as it is for most institutions, particularly with the privacy issues and being able to access records as requested. So we invested some resources into those areas as well.

Those are the general enhancements that were made.

**Mr. Rouble:** Okay, thank you.

In keeping with contribution agreements, I would just like to touch on the contribution agreement between the College and the Yukon territorial government. In our last hearing we heard from witnesses about a blending of funds. This is in regard to operation and maintenance funding and capital funding. One of the comments from a witness was: "What we do is a blend of funds, and when we look at our bottom line, we look at how we wound up on our operation and maintenance, bring in the capital surplus as it exists, and then net the two out."

Now, I would ask that you comment on that and tell us if that practice is still continuing to be followed.

**Mr. Coghill:** Yes, that has been our practice since I have been at the College — since 2001. As I think I mentioned last time at the Committee meeting, we received \$750,000 in what is considered pure capital funding. Several years ago at the College, we raised our capital limit to \$2,000 per unit largely because we were moving into an accounting process where we had to amortize our assets. As a result of raising that limit, less and less has been spent on pure capital, with the result that the capital surplus at year-end has increased — it is currently around \$450,000 that is not spent on pure capital.

Those funds are used to offset O&M shortages and, when we budget, we budget on a global basis. We start at the beginning of the year. For instance, in the year we're in, we assumed there would be \$400,000 available from that capital allocation that we could allocate to O&M purposes, and that's how we do our O&M budget.

**Mr. Rouble:** Is the College then looking for a reorganization of how these budgets are created to more accurately reflect your current practices?

**Mr. Coghill:** We haven't made a specific request for that. As I mentioned last time as well, many years ago there was a request put in to amalgamate the funds and not differentiate between capital and O&M, but since then I'm not aware of any formal request to make a modification to the existing process.

**Mr. Rouble:** Thank you. Could you indicate what the financial projections tell us for the year ended June 30, 2004?

**Mr. Coghill:** Our unaudited results — the audit is still currently in process — for 2003-04 are indicating a cash surplus of approximately \$500,000. A good percentage of that is attributed to the fact that our grant was increased April 1 and because our year-end is June 30, we had to recognize a quarter of that increased grant, so a quarter of the \$1 million approximately. That certainly contributed to our surplus position at year-end.

As well, as I indicated before, going into 2003-04 we had implemented several economies, including several staffing reductions, to achieve a balanced budget, and those obviously were successful in bringing what had been a \$500,000 deficit the year before into line.

The reality is, when you're dealing with close to a \$20-million budget, a \$200,000 variance is not that significant. It's within one percent, so we feel we were largely on budget and, with the additional grant money, we achieved a surplus, which was a welcome change from the previous year.

**Mr. Rouble:** Just so I fully understand this, we've discussed how the funding was increased by \$1 million. Was there a corresponding increase in staffing levels? You mentioned that positions had been deleted in order to achieve savings, but when your budget was increased, were these people not brought back on staff?

**Mr. Coghill:** The same positions were not necessarily replaced. When we looked at the reductions, we obviously looked at the areas that were least directly impacting the students. Some of our enhancements did replace some of those resources; some of our enhancements looked at new programming initiatives in areas we where hadn't had them before.

Again, the increase came in April 1, 2004. We were already in our 2003-04 year, so any of the staffing enhancements are in the year we're in now, the 2004-05 year.

**Mr. Rouble:** Have there been any major changes in the financial position from previous statements?

**Mr. Coghill:** As far as significant changes, I think, from the reinstatement of the community training trust funds, we saw a positive influence in the 2003-04 year, because those had been reinstated the prior year. We were also allocated money for our collective agreement increases, so any increases we negotiated through that have been fully funded, so there was no negative impact there.

There has been some salary slippage, as there is in any given year — the timing of staffing, for example. There are always times when positions are left vacant for awhile.

I can't think of any other significant changes. The grant certainly was a significant change for this year, and seeming more availability of third-party funding. We are attributing some portion of that to the community training trust funds.

**Ms. Duncan:** I would like to welcome the witnesses here this morning. I appreciate your coming and your forthright answers.

I would like to talk a little bit about the plans for the College during the 2007 Canada Winter Games. I am not sure who wishes to address the question. The Public Accounts Committee understands that there is some form of temporary housing that is to be constructed on the College site and that several College facilities will be used during the 2007 Canada Winter Games. Would you outline for us precisely what the plans are as you know them to date?

**Mr. Coghill:** The planning for the Canada Winter Games is really in progress. Effective November 1, which is fairly recently, a part-time liaison position was hired or contracted by the host society. The major function of that position

is to act as a conduit between the College and the host society because there is a great need for close communication.

The Yukon Place site is going to be the site where they house the athletes, and that is going to necessitate some construction, mostly temporary, that will accommodate sleeping quarters for the athletes. There is some hope that there will be an opportunity for legacy-building for the College, because we have put in a request that we would benefit from a family residence if it could be left after the games.

There is a lot of discussion going on right now about what kind of shape that particular process may take. The host society has an RFP out on the market right now looking at possible solutions. They have invited several vendors in to, I guess, generally give concepts of how they see those needs being met.

The games themselves are going to present obviously some issues for the College. We anticipate a full closure of probably two and a half weeks at Ayamdigut campus because the Canada Winter Games will be taking over a large part of Ayamdigut for their activities and they will have security placed around the site as a result. So the main issues that we're trying to finalize at this point are definite dates of a closure, what that means to students, what that means to staff, what opportunities there are for the students, particularly training opportunities, associated with the games. There has certainly been a lot of discussion about that. One major training initiative that we hope will come to fruition is provision of food services. If we are able to provide the food services for the games, that would certainly engage a lot of our students potentially as kitchen helpers and general food service providers. In essence, that's where we are at this point. Plans are progressing.

**Ms. Duncan:** For the benefit of the listeners and future readers of the transcripts, could you be more precise as to where on Ayamdigut campus you see Yukon Place physically and if you could describe it.

**Mr. Coghill:** When I refer to Yukon Place, that's the name that's actually given to that site that includes the Arts Centre, the Archives and Ayamdigut campus of Yukon College. The potential site for a temporary athletes village is in the back corner behind the Arts Centre and off to the side of our trades compound. There's a fairly level area out there that, several years back, was considered for a soccer field. At this time, it looks like it would be ample land space for the athletes village as the concept has been developed to date.

Within the campus itself, they've essentially requested many of our classrooms, many of our offices, with the exception of a couple confidential areas that we felt we had to exclude them from, including the fact that we still have to run a payroll, so we have to keep our front office open for our own staff.

**Ms. Duncan:** I understand that it's still in the design stage, but what size of a footprint are you talking about? Is it about the size of the soccer field?

**Mr. Coghill:** It will take all the soccer field and perhaps a little more. I believe they've even had to look at special permission as far as how close they could put the facilities and how they provide the temporary services, such as water, sewer

and electrical. It will be tight, and there may be some backfilling required to level the site a bit.

**Ms. Duncan:** Thank you for the details with respect to the site. That is considered Yukon Place, the area you described. The land is owned by the Government of Yukon. Is it intended that that land then be transferred to the College?

**Mr. Coghill:** We don't own any land; we lease buildings from YTG. The issue of the land in that corner is an interesting one, because it's really expansion space for any one of us who live up there, that being the Art Centre, the College or the Archives. There is no long-term site plan that I'm aware of that looks at expansion of the site. We have been in discussions over the years, as many people know, about the endowment lands that surround Yukon Place. To this point, those endowment lands still have not been finalized, so we're stuck with the actual Yukon Place site as far as where we can build.

**Ms. Duncan:** If I might — the endowment lands are Commissioner's land, and that's what they are.

**Mr. Coghill:** That's right.

**Ms. Duncan:** Yes. The question of whether or not they are endowment lands for the College is quite a question, as you are well aware.

I would like to follow up in terms of the College and the mandate of the College. Thank you very much for the information with regard to the 2007 Canada Winter Games.

In our report of hearings held in February, we commented on what we called "mandate creep" and that the mandate of the College was quite expansive and becoming quite large. What has been done to address this issue?

**Mr. Coghill:** I believe there was a lot of discussion about that at the last meeting. Our single biggest challenge is being the only show in town and trying to respond to the broadest needs that we can.

Where we looked at trying to focus our efforts was through a strategic plan that we developed for 2002 to 2007, trying to focus us in a bit on where we should be trying to allocate the greatest resources. Subsequent to that the senior management team took that plan and developed several more focused implementation points.

Our attempt has been to try to focus our resources where we think the greatest need is. It continues to be a challenge, and it always will be a challenge, I believe, in a territory that has the breadth of needs that any other jurisdiction has, but unfortunately we are just not able to meet all of them.

**Ms. Duncan:** Do events and the Yukon hosting such events as the Canada Winter Games — to go back to that — cause you greater difficulty with respect to this issue of mandate? Is it a situation of once again the College is being asked to step in, or do you see that as part of the overall mandate?

**Mr. Coghill:** I think that Yukon College has embraced the games as a significant community event. What it does give us is some technical difficulties in the year of delivery with respect to program delivery. The timing is unfortunate, because the break is at the end of February, which is pretty much smack dab in the middle of our second semester, so we really have to look at mitigating the impact on students that that's going to have. We've had enough advance notice that I believe we can

address all those issues. I've never heard any concern that the College was being brought into something that we really shouldn't be involved in.

**Ms. Duncan:** What I meant to ask was: does it exacerbate the issues around a very large mandate?

**Mr. Coghill:** I don't know. Does anyone else have a comment?

**Mr. Burdek:** Maybe I can provide Wayne a chance to catch his breath.

**Mr. Hardy:** Mr. Burdek, please go ahead. You're identified now.

**Mr. Burdek:** Okay, thank you.

I think the College really looks at the Canada Winter Games as a broad opportunity for us. As it has been addressed, there are a number of challenges associated with holding the Canada Winter Games at the College for the two and a half or three weeks during that year, but I think those can be addressed. As far as the opportunity, it's very much an opportunity for training throughout a number of different programs, not just with construction but the actual delivery and the service provision. If we realize a legacy aspect with residences, that would be of much benefit to the College as well, so we're looking at it very much as an opportunity as well as having a number of challenges associated with it.

**Ms. Duncan:** Thank you again for your answers. I appreciate your frankness this morning.

**Mr. Hassard:** Thank you, Mr. Chair, and thank you, gentlemen, for appearing before us today.

My question is also related to our report on the February hearings and has to do with improved training for board members. Can you tell us: have there been any changes in the training of board members since then?

**Mr. Timmons:** At least once a year, the board will get training from a facilitator from Outside. Usually it's dealing with the Carver model, which the board follows. There is usually a course that is put on for the board members. We ensure that all new board members receive an orientation package. For new board members, we usually look at training for about two days and, for members who are on the board for their second time or for a new year, we have training for at least one or two days also.

**Mr. Rouble:** All right. Thank you.

**Mr. Hardy:** As is our custom, I open the floor up for questions from any of the members, if they want to review and go back to issues that were discussed or move on to something else. Do I have any questions?

**Mr. Rouble:** Thank you very much, gentlemen, for your concise and candid comments today.

I would just like to revisit the strategic plan comments that were discussed moments ago. Could you briefly describe what you see as the key goals and objectives for the College?

**Mr. Timmons:** Some of the key issues that are facing the College — first of all, there is a lot of pressure on the infrastructure of the College. A lot of times we are limited —

**Mr. Hardy:** Could we possibly move you to another microphone, Mr. Timmons? That one seems to be breaking up.

**Mr. Timmons:** Is this a better seat?

**Mr. Hardy:** It sounds a lot better too.

**Mr. Timmons:** There are pressures on the infrastructure of the College in that we're very limited in space, especially in the communities. This makes it very difficult for us to move into new partnerships, and also with some of the research activities that the College would like to get involved in. Also there's Connect Yukon and the contract renewal. It's very important for the College that it's with all communities, that all communities are included. Our ability to provide distributed learning will be drastically affected if Connect Yukon is not renewed and enhanced. Also there's an ongoing need to expand bandwidth with the south. This will support the University of the Arctic and also research in other related programs.

The training needs that the College is faced with — there's the need to have the ability to respond to emerging training needs. This may happen in any one of the communities or with our new partners. There's the need to provide adequate educational programs and services to individuals with special needs, such as FASD, throughout the Yukon. There's the need to provide a greater variety of education and training opportunities for individuals who have barriers of illiteracy. Also, the College is faced with financial and human resources pressures. We continue to be faced with pressures due to inflation and also due to things that are affecting the College, such as the pension fund. Last year alone there was an additional cost of \$260,000 to the College. Those are just some of the issues that have faced the College.

**Mr. Rouble:** Thank you for that concise list of challenges facing the College. What I was really after is, in your strategic plan, what do you identify as your key goals? We heard last time that, in one sense, the College saw itself as the "carrier of cultures" — I believe that was the term that was used. What do you see as the primary role of Yukon College in our Yukon society?

**Mr. Coghill:** Perhaps I could just refer to our strategic plan and give you a bit of a review. We list five strategic goals in the plan, and some of them are: excellence in all programs and services; a comprehensive program and service model with a defined core capability; increased distributed learning opportunities; increased capacity for research and enhanced partnerships in community involvement. The basic point there — number two — is the one that deals with our program and service model, and it talks about a defined core capability.

What we then did was look at our programming across the College and look at sectors that were well represented. We have a liberal arts and sciences portion we consider well represented; business management and governance is quite well represented; health and human services is quite well represented; trades technology and industrial is well represented.

We had two areas of programming that we felt were not well represented — and that was what I referred to earlier when we did our budget allocation — and that was in cultural industries and heritage, which is what you were just referring to with the keeper of the cultural information and the land and environment area.

Those two sectors of programming have traditionally not been well represented at the College. We see a significant need,

some of that need coming out of the land claims implementation, and some of it is just a general need specific to the Yukon.

Across those programming areas we have several supports, and those again we were able to enhance through the additional funding we received. They're looking largely at student supports in the counselling, residence, and in the core infrastructure with respect to just processing bills and invoices, and reporting on results to funders.

So that's in essence where our strategic plan is pointing us — to those under-represented programming sectors and ensuring that we have adequate supports underneath all of them.

**Mr. Rouble:** Thank you, and just quickly, you indicated that the strategic plan covered the years 2002 to 2007. Has that been further revised to look at 2004 to 2009?

**Mr. Coghill:** We are looking at reviewing the entire plan next year. To this point we have simply been tracking our progress in each of the initiatives through the years to date. We haven't looked further out than 2007.

**Mr. Rouble:** In tracking your progress, are you planning to compile or release a document that indicates how well you've accomplished your strategic plan?

**Mr. Coghill:** Actually there is a document that's being developed for the Board of Governors, and we're hoping to have that ready by the spring.

**Mr. Rouble:** Thank you.

**Mr. Cathers:** I'd like to follow up on a question that I asked earlier. I'm pleased to hear that you've implemented measures for determining that you're satisfying the needs of the students, who are essentially the customers of the College in this, and I find the comments as well, about the strategic plan, welcome. One thing that I'd appreciate you providing some more information on, with regard to performance indicators and ensuring that you're effectively meeting those, is with regard to fiscal management specifically, and whether you have performance indicators in place to measure that you're achieving value for program dollars and determining whether that money is actually being prudently allocated to areas where it's achieving effect.

**Mr. Coghill:** Thank you for that question.

I guess overriding control or influence on finance comes from a board-limiting policy that requires that the College president present a balanced budget that reflects or supports the ends of the board. When you get down to the details of value for money in individual program areas, what we are trying to capture is cost per FTE. We are looking at benchmarking exercises where we benchmark against other institutions to see whether we are within the ballpark in those areas. What we find time and again is that our costs come out slightly higher simply because we have lower enrolments and often we are in situations where you require the same infrastructure to deliver the program but you are delivering it to a much smaller number of students; therefore, the cost per individual student goes up.

We are looking at some specific key performance indicators in finance and those will not be formalized until the next round of reporting, which is probably, as I mentioned earlier, a year out. But they will try to look at costs. When you get into value audits that is a tough call. We try to rely on our PCOP —

president's committee on programming — to tell us if we are in the right area and if we're running the right programs. If we can look at cost efficiency, I guess the two together would look at value. But aside from that, we don't have any specific value measurements.

**Mr. Cathers:** In each program, do you measure how much it is costing to deliver that program per student who actually gets through the program to completion?

**Mr. Coghill:** It's a timing issue. Usually we look at mid-semester when we do the cost per FTE. So you're going to look at a course complement that will probably have some drop-aways but may not have all of them. There may be more after. We don't go back and review the costs at the end of the course to see if there have been further drop-aways.

**Mr. Cathers:** But it measures it mid-term for each student.

**Mr. Coghill:** The other thing obviously is that we have significant efforts put into retention. That's an ongoing issue and concern for the College. I think we do very well in that area, because we offer a system that has a lot of personal attention just due to our numbers.

**Mr. Cathers:** Thank you, Mr. Coghill. Thank you, Mr. Chair.

**Mr. Hardy:** I have a very short — hopefully very short — question, which is just a follow-up on what you had mentioned earlier, Mr. Coghill. There had been identification of some problems when you looked at the trades and technical area with regard to performance. Could you elaborate on that, please?

**Mr. Coghill:** What I was referring to there was not necessarily the performance of the trades and tech programming but the process by which we will evaluate and review it. We did put a request for proposals out to market, and we did select a particular company to start that process, but it was clear to us quite early that we had not spent the time and effort at the beginning to clarify that process, and we weren't going to get a good result from that review. So what I mean by the concern at this point is that we need to look at our methodology and how we're reviewing the program. We're looking through our institutional research officer. She's with other offices connected across Canada, looking at other models that other institutions are using and perhaps even using other institutions to come up and review our programs.

I believe, in the trades and tech one, we are intending to re-try the process in the spring.

**Mr. Hardy:** Did you cancel that contract then?

**Mr. Coghill:** Yes, we did.

**Mr. Hardy:** Okay. That was the first area that you have actually looked into?

**Mr. Coghill:** As a complete programming area. We have done a lot of individual — BSW, bachelor of social work, and YNTEP, Yukon native teacher education program, on occasion.

**Mr. Hardy:** Right.

**Mr. Coghill:** The EOTP, environmental officer training program, is going through a review after its first year of implementation. The BSW right now is in an accreditation re-

view with the University of Regina. So there are several individual reviews that happen periodically, but this was our first attempt at a broader programming area.

**Mr. Hardy:** You mentioned YNTEP — we haven't talked about it today, but when was the last time there was a review, and what is the status to date?

**Mr. Coghill:** I am not sure of that. I would have to get back on the exact dates of that review. I know that, in the time that I've been at the College, there have been three reviewed of YNTEP.

**Mr. Hardy:** Are there plans to have another review? There has been a change, of course, with YNTEP, and we are all very familiar with that. What is the plan for the future in reviewing YNTEP and taking into consideration whether or not the changes have been beneficial?

**Mr. Coghill:** Under our current model, it would come up as part of one of the programming sectors. That would be in our health and human programming area. So when that comes up for review across the College, YNTEP would be part of that.

**Mr. Hardy:** Thank you.

Are there any other questions?

I would like to thank you for attending the hearing. We really appreciate it.

Do any of you have any other comments?

**Mr. Burdek:** I would just like to offer a few closing comments regarding the additional funding that we are utilizing at the College. It certainly has provided us an opportunity to move into areas that we have had limited activity in before, particularly with the changing landscape with First Nations and the implementation of the many final agreements and self-government agreements.

There's quite a need for programming and capacity development within the implementation area, so we're moving into areas in partnership with First Nations in communities in the land and environment and in the culture and heritage areas, and also in the program and capacity development within the implementation of those programs. We've been provided some latitude and opportunity to pursue those in those areas and react to the needs in the communities as they change over time.

**Mr. Hardy:** I'd like to thank you for coming on behalf of the Committee. We really appreciate it. We appreciate the answers and the dialogue that we've had here today.

We definitely recognize the tremendous challenges that you face and applaud you for the work you've done.

The Canada Winter Games, as well, is something that I think many people in the Yukon will be very proud of, and we're glad that your participation seems to be coming from a sincere desire to be part of it.

So, thank you very much, and I will be closing the hearings.

*The Committee adjourned at 12:00 p.m.*