

Preface

This report is based on public hearings held by the Standing Committee on Public Accounts on February 8 and 9, 2005. These hearings were held to follow up to two reports of the Auditor General of Canada.

The first report, on the Energy Solutions Centre Inc. grew out of an audit of the corporation's 2003 financial statements conducted by the Auditor General. During the audit the Auditor General became aware of serious deficiencies in the overall management and control of the operations of the company. As a result the Auditor General expanded its audit to look at issues relating to corporate governance, oversight and control in the Energy Solutions Centre Inc., and its parent, the Yukon Development Corporation.

The second report is on the Mayo-Dawson Transmission System project. This audit was undertaken at the request of the Yukon Energy Corporation's board of directors. The project had been justified on the basis of cost-savings that would result from replacing diesel-generated power with hydro power to Dawson City customers. The project was originally planned to be completed before the end of 2002. That date was not met. Cost overruns have raised questions as to extent to which cost savings will be realized.

In questioning witnesses from the Yukon Development Corporation (YDC) the Committee was looking for reactions to the Auditor General's reports, further detail about the Energy Solutions Centre Inc. and the Mayo-Dawson Transmission System project, as well as an outline of steps YDC plans to take to prevent similar problems from occurring in the future. Appended to the report are transcripts of the public hearings and written responses submitted by YDC to supplement answers given at the public hearings.

One Committee member, Pat Duncan, had been Premier and the Minister responsible for the Yukon Development Corporation and its subsidiaries during the time that some of the events examined in these reports took place. After discussion between Ms. Duncan and other Committee members it was agreed that Ms. Duncan would not participate in these hearings. While Ms. Duncan remains a member of this Committee, and was kept apprised of Committee proceedings, she did not participate in the Committee's preparation for the hearings, the hearings themselves or the drafting of this report.

The Committee would like to thank officials from the Office of the Auditor General of Canada for their assistance in preparing the Committee for the hearings. The Committee would also like to thank the witnesses who appeared before it for the documentary information they provided and for their candid and forthright responses during the public hearings.