



Northwest Territories Legislative Assembly

Standing Committee on Government Operations

Public Review of

Auditor General of Canada Report on the NWT
Housing Corporation Public Housing and
Homeownership Programs – February 2008

March 5, 2008

STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND INFRASTRUCTURE

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Mr. Jackie Jacobson, MLA, Nunakput
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The Standing Committee on Government Operations met at 9:10 AM on Wednesday,
March 5, 2008

Chairman (Mr. Menicoche): Good morning, everyone. We'll reconvene the continuation of the review of the Auditor General's report on the Northwest Territories Housing Corporation. We'll begin with a short prayer before we resume.

Prayer.

Chairman (Mr. Menicoche): For the record, I'll introduce everybody who is at the table with us this morning. We have Mr. Tom Beaulieu, MLA for Tu Nedhe; Mr. Robert Hawkins, MLA for Yellowknife Centre; Ms. Patricia Russell, Principal Clerk of our committee; myself, Mr. Kevin Menicoche, Chair of our Standing Committee on Government Operations and MLA for Nahendeh; Ms. Regina Pfeifer, Researcher; Mr. Jackie Jacobson, MLA for Nunakput; Mr. Glen Abernethy, MLA for Great Slave. We also have with us three members of the Auditor General's staff: Mr. Andrew Ross, Mr. Andrew Lennox and Mr. Lawrence Taylor.

With that, Mr. Polakoff, perhaps you could introduce yourself and your staff, for the record.

Mr. Polakoff: Thank you, Mr. Chair. My name is Jeff Polakoff, President of the NWT Housing Corporation. With me today, on my left — your right — is Mr. Jeff Anderson, vice-president of finance and infrastructure services, and on my right is Mr. Stephen Pretty, manager of planning, policy and communications for the Housing Corporation.

Chairman (Mr. Menicoche): Thank you very much, Mr. Polakoff. I recognize Ms. Wendy Bisaro, MLA for Frame Lake, to the table as well.

Yesterday, we left off on page 10, "Action is needed by the Corporation to improve the collection of rents by the LHOs," paragraphs 31-39.

Mr. Hawkins: Mr. Chair, you should probably remind people about the microphones.

Chairman (Mr. Menicoche): Yes, thank you very much, Mr. Hawkins. Just a reminder to people who are asking questions to turn on and off the microphone in front of you. There's a button there to press when you speak or reply. Thank you.

Mr. Hawkins: Mr. Chair, I'd like to draw our attention to what I'll call the generalization of paragraphs 32 and 33.

One of the mandates, of course, of the Housing Corp's funding model for the LHOs is they must collect 90 per cent of rents. As we can see, a significant amount of rent is not being collected. If we go to the chart in section 33, we'll notice how it's broken out. We can see that there is no compliance by at least 13 LHOs.

My concern is it either is a consistent practice or is becoming a consistent practice, whereas the trend will be reflective of possibly some of the deficits we talked about yesterday.

I'd like to hear what the president is doing to ensure we get compliance on rent collection. Back to the real theme here, I would assume we would have a policy on collecting rent, and if it's not being fulfilled, why isn't it being fulfilled at this time?

Mr. Polakoff: There are a number of different issues that impact on the level of rent collection, as we discussed yesterday. There are agreements signed with the LHOs that have a certain requirement for levels of rent collection. The member is quite right that there has been a reduction in rent collection. Overall, the LHOs have shown themselves — in our view, anyway — to be pretty adept at collecting rents. However, in the last couple of years, there has been some reduction in rent collection.

We have been working closely with the LHO managers and chairs, our own district staff and our colleagues at ECE to try to improve that, to address that problem.

Specifically, the issue is being addressed in a number of ways, one of which is ongoing meetings with the LHO managers, working with them and staff from ECE to ensure we understand what some of the problems have been with rent collection, why there has been a reduction, and how we can improve the level of rent collection.

Mr. Hawkins: We're seeing a trend here. We have to mitigate this through some process. I hear you, I understand you, I appreciate what you're saying, but we need to turn the ship around as quickly as possible on this, because we can't allow these LHOs to run in a deficit situation. We all understand here that its funding is stapled quite closely to the fact that if you don't collect 90 per cent, you go into a deficit. In other words, if they're not making up the bottom line through rent collection, who is? The answer is the Housing Corp has to make up the bottom line, or they continue to run in the deficit situation.

We need to hear a hard, crisp course of action as to how we're going to deal with this.

I appreciate your speaking well of them when you say that by and large, a lot of them are doing well, but over 50 per cent are not collecting the minimum threshold of what we've designed into this system for it to work. That's the issue.

I'd like you to reiterate how we're going to correct that, going forward. From my standpoint, I need to know how we're going forward in an action and how it can be achieved realistically. We have to have some level of comfort of knowing you're going to do this and then follow up with us to show you're actually doing this, in order for us to leave this point and be satisfied it's not only heard but being addressed.

Mr. Polakoff: What we are specifically doing is tailoring the approach we're taking to the needs of the specific communities. The reasons behind some of the reduced rent collections aren't common to all communities. There may be different requirements on a community-by-community basis.

In one community, for example, it may have to do with the approach being taken between two departments. In another community, it may have to do with staffing, and availability of staff, to do some of the work. We're doing it on a community-by-community basis, and tailoring it.

When I say we're doing it on a community-by-community basis, I should also mention that there is a public housing review committee, comprised of representatives from the Housing Corporation, LHOs and district offices, as well as other Housing

Corporation staff, that looks at these issues and is tailoring them on a community-by-community basis.

Most recently we did a joint presentation between Minister Lafferty and Minister Miltenberger, to talk about that with committee. Ministers Miltenberger and Lafferty have a commitment to return to committee sometime before June to outline the specifics.

Mr. Hawkins: I'm glad it's being thought about and organized, but when we look at the issue, we have six LHOs that are in the bottom half.

Let's start it this way. We have three that collect below 50 per cent of the rent. We have a total of six under 70 per cent — that's including the other three. How do we allow these organizations to function if they can't collect enough to run their organization?

I'll go so far as to say, with the audited statements — not that we need to go back to that paragraph, Mr. Chair — it would prove they can't seem to do this. It would cause me to question why we let these LHOs continue to run if they're not functioning in a fair and reasonable way.

I am also aware of realities. I know we have problems: people are sick, people move, people die. Real life happens, in the sense that an organization can go through some ups and downs. But I would consider a collection rate of less than 50 per cent to be a major flag, indicating that LHO is in crisis. My concern is that I want to make sure this is being addressed. If they can't collect it, what are you going to do? Are you going to disband the LHO until we can reorganize and get people committed to doing their jobs?

Mr. Polakoff: I would agree with the member that it should be a red flag. It was, and it continues to be. That's why we're working so closely with the LHOs and ECE.

The other thing that may be helpful, from a contextual perspective, is to provide a bit of an update on where things are going between, say, last year and this year in terms of collections. I'll ask Mr. Anderson to provide some additional detail on that.

Mr. Anderson: The actual results from 2006 to 2007 indicate the LHOs collected about \$500,000 more rent than they did in the previous year.

At the same time, the assessments were up significantly. Part of it is due to the transition with the new system. We still have some tenants who refuse to provide their income information, and they get charged the maximum. Once that gets sorted out, we expect some of the assessments will be lower than what they're reflected at right now. If tenants don't give us the information, we have to assume they can afford to pay the maximum. They have to be able to qualify for that subsidy.

There is no question that the sustainability of the program overall is not possible without collecting the rent. As Mr. Polakoff said, we and the Department of Education are coming up with community-by-community approaches to get this back in line.

Mr. Abernethy: You've talked briefly about your relationship, or your partnership, with the Department of Education, Culture and Employment.

The increase for uncollectable rents has gone up quite a bit over the last little while. Could this escalation of uncollectable rents be related to the fact that responsibility for the public housing subsidies and income support is now shared between the Housing Corporation and the Department of Education?

I ask because I see the clients going from what used to be one-stop shopping to two-stop shopping, and I'm wondering if that is part of the complication in collecting rents.

Mr. Polakoff: We would agree there have been some challenges with the sharing of responsibility for subsidy. That has been a factor in increasing some of the arrears.

Mr. Abernethy: You have already indicated that the amounts calculated from market rents have increased considerably within the last year.

Does the Housing Corporation see any connection between the increase of assessed rents and ECE being responsible for calculating the subsidies, as opposed to the Housing Corp calculating the subsidies, as they have in the past?

Mr. Polakoff: Market rent?

Mr. Abernethy: Sorry, not market rent. The subsidies.

Mr. Polakoff: They're going up about \$400 a year. Is the member's question regarding whether there has been improvement in assessment?

Mr. Abernethy: You know, I'm more curious as to whether or not the way the assessments are being done at Education, Culture and Employment has resulted in the changes to the subsidies, the lower subsidies that are available to people as opposed to the way it was done in the past.

Mr. Polakoff: I think there are two pieces to this. I think the process, as a member pointed out about changing the process, has had an impact on our collective clients, because they have had to get more used to the system that's in place and one-stop, two-stop shopping. I think that's had an impact.

I think there's also been an impact on the way in which the assessments are done. I think our colleagues at EC&E would indicate that their approach to doing assessments is based on Housing Corporation past policy, but also, they would suggest, they provide increased rigour by applying those policies.

The overall impact, though, I don't think is really significant. I think it's more related to the change in the system — the partnership, if you will.

Mr. Abernethy: Many of us running our elections heard a lot from people who were having difficulties or were going into arrears. It's come up over and over again. It's come up in the first sitting of this Legislative Assembly; it's come up in the second sitting of this Legislative Assembly — the complications that people are having. What is the Housing Corp going to do to help the LHOs ensure that they collect rent in a timely manner?

Mr. Polakoff: It's not only assisting the LHOs. It's a bigger question than that, as far we're concerned. It's partnering more effectively with EC&E. It's also assisting the LHOs in collecting the rent. But the other issue from our perspective is timely assessments. And that's one of the areas that we're focusing on.

In terms of the process itself, what we've been doing is kind of stemming from our public housing review committee — which I mentioned earlier on — that has representation from EC&E as well as ourselves and LHOs. We've been working consistently with them over the last approximately 18 months on identifying what the issues are and coming up with options that, as I mentioned earlier, are tailored to communities.

And the problems are dependent on communities. In some cases, it isn't an issue. The communities are collecting rent very well, and the assessments are done very well. In other cases, however, there may be other mitigating issues that have to be addressed.

We're looking at it on a community-by-community basis. There's been some change in the way in which EC&E is staffing. For example, in Yellowknife there have been individuals that have been identified specifically with that responsibility. And that's helped significantly in Yellowknife. That was done about a couple of months ago. So that's helped a great deal.

But I think the general answer is that it's being looked at a community-by-community basis. We're listening very closely to what the LHO managers and staff have to say, as well as working closely and jointly with EC&E and ourselves to address the problem and come up with solutions, depending on the needs of the specific community.

Mr. Beaulieu: Quick question. Do 100 per cent of the tenants in public housing have to apply for this subsidy at EC&E?

Mr. Polakoff: Do 100 per cent have to apply? Yes.

Mr. Beaulieu: Okay. Have the subsidies that were put into the actual public housing rent scale, when it was directly between the Housing Corporation and the Local Housing Organizations, changed or been eliminated or added? Have any subsidies changed, been eliminated or added?

Mr. Polakoff: Not to our knowledge.

Mr. Beaulieu: Okay. Do you know if the seniors over 60 years old still have their rent subsidized 100 per cent?

Mr. Polakoff: Yes.

Mr. Beaulieu: Okay.

Chairman (Mr. Menicoche): Mr. Beaulieu, I'll give you one short supplemental. Try and keep it to about three questions so we can move around.

Mr. Beaulieu: I'm done. Thank you.

Ms. Bisaro: Good morning, all. Pardon me for being late and my sort of grubby appearance. I may have to go sling beds later, so I had to dress for that.

Laughter.

Ms. Bisaro: I have a couple of questions. The first one is in reference to paragraph 34. It talks about, you know, the inability of some LHOs to collect rent and then sort of references it to the impact that it might have on the Corporation.

I wanted to know, if we've got an LHO that's in arrears in terms of collecting rent and has been that way for some time and it's deemed necessary for the LHO to continue to operate, will the Corporation step in and provide funds to the LHO so that they can continue to run their programs?

Mr. Polakoff: Yes. But I think, in addition to that, it would also be.... The approach the Corporation would take would be to work very closely with the LHO as well, because it's not just the.... In our view, it wouldn't be a money issue; it would be more of an operational issue.

If the community continued to find itself in difficulty in collecting appropriately, it would be an obvious sign to us that we would have to work more closely with them to see what the problem was, where the problem was stemming from, and to deal with the specifics of why the rent wasn't being collected. But at the end of the day, if there was a requirement for additional financial assistance that would be part of the solution as well.

Ms. Bisaro: So, where would that money come from? I'm sure you don't plan to spend that kind of money. I hope you don't.

Laughter.

Mr. Polakoff: It would come from corporate funds. But we do have an ability to move money between LHOs from an operational perspective, if those types of requirements are there.

Ms. Bisaro: Just one more. You've referenced a number of times that you're working with individual LHOs to, you know, assist them in collecting their arrears and developing processes, I guess, so that they won't run into these difficulties in the future. And that's great. I understand that there are differences from one community to the other and the situations vary. But I didn't hear anything about specifics.

Again, I reference the report. In paragraph 35 it talks about the recommendation that "The Corporation should...develop an action plan jointly with each affected LHO to improve the collection of assessed rents." And I think you've sort of referenced that in general terms.

But I guess what I am seeing that the Auditor General is recommending is that there be a specific plan with each individual LHO that would.... I think of it in education terms — you know, a specific teaching plan for each child who has specific needs.

So if you could comment on whether that has been considered, if it's in the works or if it's not going to happen. Thank you.

Mr. Polakoff: Yes, we are. I had mentioned that when I had referenced earlier an approach or options that are being developed kind of on a tailor-made basis, depending on what the requirements of the community are. And it would depend on what their needs are.

I think what our experience has been in working with the communities over the last number of months, as I mentioned earlier, is that some communities are doing just fine. I could reference Inuvik, for example, or Fort Simpson. And there are other examples where the LHOs are doing very well, and the system has worked out very well.

In the case of other communities, though, where there has been a reduction, it's become very clear that there are specific reasons for that. And those reasons could.... There's a number of different ones. It could have to do with availability of staff. It could have something to do with system problems. When I'm talking about systems, I'm referring to the computer system that's in place and that sort of thing. It could also stem from training issues.

So the answer would be yes, we are looking at it on a community-by-community basis and, in fact, have made some adjustments on a community-by-community basis already to address this.

One of the items that we've been looking at very closely is some opportunities that we might be able to advance for collocation, for example, of staff. So we could.... Mr. Abernethy had mentioned two-stop shopping and that sort of thing. And where that is an issue, what we've been doing is looking at whether or not there is an opportunity to collocate. As I say, that may be an issue in some communities; it may not be in others. So it depends on the circumstance.

Mr. Jacobson: In my community of Paulatuk, I just had a question in regard to LHO rental assessments having to be sent out to Inuvik and taking seven to ten days to come back to the community so they could pay their rent. Is there anything that the Housing Corporation can do to speed up the process so it's not affecting my constituents?

Mr. Polakoff: Yes, I mentioned earlier the timely assessments, which in our view is one of the most important issues that has to be addressed. It's particularly problematic in communities where there may not be staff available to do that kind of thing. So one of the issues that we're very focused on is how we can get those timely assessments done. It's a little bit more challenging in a community such as Paulatuk, because there are staffing issues.

But as an example, one of the things that we've done in one of the neighbouring communities of Sachs Harbour is that there was an incorporation of the assessment piece to the responsibility of the LHO. So kind of a return.... We are not suggesting that is the only solution, but that is one solution. Again, timely assessments are critical. It's been an issue that has been identified specifically by our LHO chairs and LHO managers, and we are working on-going with our colleagues at EC&E to determine how that can be addressed.

Mr. Hawkins: I am listening very closely to the President's answers, but one of the things that we continue to sort of side-step is that the audited reports or statements that are provided every March 31st would highlight some of these issues that we are not dealing with. Yet when we read paragraph 35 with the management's response, it makes it sound like it has only been an issue as of now. You know, if I may paraphrase quickly, it's like "We agree, and yes, we'll get working on this."

You know there was a reference about change of process. We don't have to go back that far to show and clearly demonstrate that in 2007 we had a 57 per cent failure rate to collect a minimum of 90 per cent-plus rents. Speaking as LHOs, that is 13 out of 23. Then we can go back to 2006, and it is the exact same number of a 57 per cent failure rate. So that again is 13 out of 23. So it appears that we have ten good working LHOs. The way the numbers are broken out, I can't tell you if it is the same ten LHOs. It may be a different ten this year that are working better.

To be fair, someone may be on the 88th percentile rate collection and next year they may be at 92. You know, they can move back and forth. We can really be talking substantially that almost 50 per cent of the people are doing a pretty darn good job. But the facts as they are laid out here today is that 57 per cent consistently is not collecting rent.

My concern is that we are going to take some time to sort this out, and I know you've already said that you have created.... Today is the new day. Everybody is paying. But the problem is I want to hear — maybe it's me, but I want to hear — that we are going to do something. We have options. We have options.

If the LHO doesn't want to collect, then let's find somebody who wants to collect the rents. I mean, to ask people why they are not paying.... The proof is in the pudding, here. They are not paying. Not everybody, of course. But there is a large share. So to say that assessment rates have changed in the last year doesn't hold water with the reflection that this is a consistent pattern. That is really where I am having my concern. There is a consistent pattern here. The person who has to make up the bottom line is the Corporation.

What measures are you going to take to deal directly with the LHOs if they refuse to, or further are unable to, collect the rents?

Mr. Polakoff: Just to repeat what I have been saying — but I am happy to do so, and I am happy to go through it again — the member mentioned yesterday, as well, that "today is a new day." I want to reiterate what I said yesterday. We have been working diligently on this for quite some time now, because we also identified it as a red flag. We don't consider that the issue started yesterday; we consider the issue started quite some time ago.

We have been working through the public housing review committee. We have been working with ECE. We have been working with the LHOs. We have been working with our clients. We are developing options. We have implemented options. We have identified means to address the problem, and we continue to do so. If the LHOs continue to run into deficit problems, as I mentioned to Ms. Bisaro in response to Ms. Bisaro's question earlier on, we work directly with the LHOs.

We have an operational approach that is quite different today. It has been quite different in that we are providing increased and approved support to the LHOs. We do that by working with them through identification of the problems and trying to provide improved support. We believe that we have been making some very significant inroads.

I also would mention, as well, that audits are undertaken at a point in time. I mentioned yesterday that there was an awful lot of work that was going on at the Housing Corporation concurrent with the audits. While we absolutely agree with the findings of the Auditor General, we've also had discussions with the Auditor General on an on-going basis saying that you know, while we agree with your findings, we also think that we are making some good progress in some of these areas. There may be operational things that we are doing that the Auditor General was not aware of because it is concurrent. There is a sequencing issue too. I think it is important to note that.

Mr. Hawkins: Although I respect your answer, I don't really like it, to be honest. To be honest, I don't, because "We are working on it" is always the answer everyone always gives. "We are working on it. We have identified it. We know this is an issue." But, I mean.... Although it is not part of this report, you could say yes or no to a larger portion of this point, which is the fact that this 13 out of 23 — I don't even know what to call them; a defunct collectors list of LHOs.... I am not trying to be mean; I am just trying to find the right phrase here. We have 13 out of 23 LHOs that can't collect the minimum of what they are supposed to collect. So why do we allow them to continue to run? Why aren't they folded up and another LHO expanded until they have shown that they can demonstrate those responsibilities? What was stopping the Housing Corporation from taking control two years ago?

Mr. Polakoff: I don't think there is anything stopping the Housing Corporation from folding up LHOs, but I don't believe that would be an appropriate approach for us to take. In our judgement, I mentioned yesterday that by and large we think the LHOs do a very good job and are doing that job after having done it for many years.

I think the real question, in my mind, is how can we provide improved support to the LHOs, and how can we assist them in doing a better job? I think it is also important to understand that in some communities there may not be as many resources available to LHOs, be it based on skills, or be it based on an ability to bring as much ongoing focus to the problem as well. In our view, while we recognize that we have a very significant fiscal responsibility, we also recognize that we have a responsibility to capacity building in the community, and we think that is an important piece of what we do as well. We do it, and are mindful, that if we are going to do so, we have to work more closely with the LHOs, and I think that is an area that we have needed to improve upon for some time.

Mr. Hawkins: The last time I did a broad sweep, I got a whole community up in arms. But the fact is I am going to do a bit of a broad sweep on this statement. The fact is it is clear that there are issues collecting rent — lots of issues. It is clear that there are a lot of issues with collecting mortgages. And it is clear that we can't collect

the data on the assessment of how healthy our housing stock is — the quality or condition it is in.

When you talk about capacity building, those are all well-and-good statements, but we have to have the capacity there to do some of these jobs before we expand our ability. I mean, I hope we are not just throwing somebody who doesn't know how to do these jobs into that responsibility and saying, "You are now the chief rent collector, and you are now the number one housing maintainer." You know, you are going to build capacity by learning. I think we are putting people in awkward positions, because the trend in all of these areas is a failing grade. Yes, there are successes. Of course, there are. But I am seeing an irrefutable trend of not being able to collect rent, and it's based on the core funding of the organization in that community.

I would think we would need to take an absolutely serious look at that LHO, whether it affects one community or three or four, whatever the LHO covers. There needs to be a serious look at allowing that organization to continue to run in a failing manner, because it affects your organization, and furthermore, it affects the Assembly. I take that very seriously.

Mr. Polakoff: As do we.

Mr. Beaulieu: I'm curious about a couple of things. Many people around the table here are using the words "market" and "economic" interchangeably. Could you tell me how many housing associations or authorities are on market rents? I'll assume the rest are economic.

Mr. Polakoff: I'll ask Mr. Anderson.

Mr. Anderson: The maximum rental rates are based on the cost to run the organization. None of them are established based on market factors for the communities that actually have markets. They're all based on the cost to run the organization.

Mr. Beaulieu: That means nobody is on market rents. That means we should quit using the term "market rent."

Mr. Hawkins: Good point.

Ms. Bisaro: Cost-determined rent.

Mr. Beaulieu: Yes. "Economic rent" is what they call it. I'm convinced that a lot of these rent arrears are as a result of the new relationship with Education, Culture and Employment. Neither the department nor the Corporation is at fault. I think it's a systematic problem.

In order to resolve the issue, where it seems to be an issue, have the Corporation and the Department of Education, Culture and Employment considered paying out the economic rents to the housing association authorities, and then using the following months to do adjustments similar to what the accrual system would do if you were accruing your accounts on the first month? I was wondering if the Corporation had considered that in order to resolve the issue.

Mr. Polakoff: Yes, we have, and we're continuing to look at that as a potential option.

Ms. Bisaro: Just a quick question that the Chair — rightly so — cut me off on last time.

When you were talking about the plans you've got with the LHOs to work on improving the collection of rents, you said you've got specifics in certain situations, depending upon the community and the LHO.

What I wanted to ask you is whether or not these plans are on paper. Basically, I'm asking that because that would provide some specifics. It goes to my questions yesterday about an actual document, a strategic plan, which would work down toward specific actions.

If the plans are on paper.... And I appreciate, as you said, that they change, and they should change as situations change. If there is almost an agreement between the Housing Corp and each LHO that "This is the process we shall follow to try and work on your rents," and you then have specific actions, then I would hope there would be a timeframe in there.

Having said that, are these plans on paper?

Mr. Polakoff: Yes, there are. There is also a commitment from Ministers Lafferty and Miltenberger to return to committee prior to June to outline what those options are, on a community-by-community basis. That would be one timeline that I would suggest.

In the interim, though, there is an ongoing process that's been going on for quite some time, with engagement between ECE and ourselves, our LHOs, to do that community-by-community tailoring.

Ms. Bisaro: Sorry, I said one question, but I lied. I have a follow-up. You can't really answer this question now, but I would suggest, and I would ask, that you seriously consider, in June, providing us with an updated "Framework for Action" document which expands on the specifics, includes the recommendations from the Auditor General's report and, further to those recommendations and the "Framework for Action," outlines specific plans that you will be doing or actions that will take place and the timelines for them.

That is what members are looking for. Certainly, that's what I'm looking for. Relative to the Auditor General's report, we want to see specifics. That would be my comment. Thank you.

Mr. Polakoff: That's a reasonable expectation.

Just to be clear, I wouldn't necessarily link it to the other piece, because I would see that as a separate piece, and I mentioned earlier it would be an update. That piece would be incorporated into the plan.

What Ms. Bisaro is asking for is a more comprehensive piece that's not just focused on that. In my view, that's reasonable.

To be quite clear, the intent of the plan is to provide those kinds of updates on a fairly regular basis. Part of what has been indicated of our overall intent in the plan is to use it as an opportunity to update members and the public on a regular basis.

Chairman (Mr. Menicoche): One more point of Ms. Bisaro's is: what would be the baseline for judging, six months from now or three months from now, any improvements or adjustments you're making to the Corporation? What would be a baseline? Is it the "Framework for Action?" What will you be measuring it against in May, June or any point in the future?

Mr. Polakoff: I think it depends on the issue. What the "Framework for Action" will provide is an overview on the approach that we're taking. Each one of the issues would have to be taken separately. It would depend on the issue. There may be somewhere additional information is required. The "Framework" sets out the targets, the process and the anticipated measurables, but it would not necessarily provide as much detail as some may wish for on a specific issue. That may require additional information.

Chairman (Mr. Menicoche): I have another question. When you mentioned collection of rents, you mentioned specifically working with the clients. Have you got a plan to work with the clients? Often clients will be diligent about making their car or vehicle payments, but when it comes to mortgage payments, they'll say, "I'll use the money for something else." What type of plan do you have? Do you see yourself working with clients to reframe their priorities, as it were?

Mr. Polakoff: It's a good question. The plan has got a number of different elements to it, but one of the first things we wanted to do was communicate with individual clients to make sure they understood what the circumstances of their mortgage arrears were, and to suggest to them that we wanted to sit down with them on an individual basis to discuss the mortgage arrears, but also recognize that in many cases, these mortgage arrears have stacked up over a long period of time. To that extent, I would suggest that the Housing Corporation has been complicit in allowing them to stack up, for various reasons.

So with that in mind, we wanted to make sure that we treated people very fairly and gave them an opportunity to, as I say, sit down on a one-to-one basis and talk to Corporation staff with the understanding that we would sort through the issue with them and try to come up with a plan — an individual plan — for them to address their mortgage arrears.

The initial letters went out in August and September. With the letters, we are beginning to do the follow-ups now, recognizing it's a fairly time-intensive activity. The notion had been that we were prepping for '09-'10, or '08-'09 to really focus our attention on getting after the arrears. This would have been part of the plan that had been outlined last year, and we are sticking with that plan.

Chairman (Mr. Menicoche): Well, just recently I was dealing with a situation where the client owed, like, \$300, but on the LHO's books that's like seven months in arrears. So just to reframe, then, it's not a \$300 bill but you are actually behind in rent by \$700.

What kind of plan do you have to work with the client to stress the importance that this is not just a \$300 bill but that they are actually in arrears, if they are, seven months? That type of reframing is what I'm looking at. I don't know if that is what you have looked at specifically, but that would be something that is important to address and to work with the clients.

Mr. Polakoff: Thanks, Mr. Chair, and we would agree. In a case like that, the best approach for that client would be to contact Housing Corporation staff and have somebody explain that issue to them. One of the things that we've put a lot of stock in is improving the communication we have with all of our clients, to make sure that they know.... And not just do it through letters, but have a lot of personal engagement with people. We think that's very important.

Part of that importance is also to encourage people to.... In some cases people may be reluctant to be in touch with us, because there's been a long history of people getting letters and not really having to respond, or not responding. So we're trying to encourage people to have that personal contact with us. I guess in situations like that, for all members, we would ask them to encourage constituents to be in contact with people at the district level.

Mr. Hawkins: Mr. Polakoff, I'm going to refer to section 34. If I may, I'll coin my next line of questioning as, "Let's follow the money."

I'm just trying to get a sense of, when we have 23 LHOs and we have 13 that aren't complying to the policy — in other words, they're not making that minimum threshold of 90 per cent return on their rents — what happens to the money that they collect as rent, as an LHO? You can pick anyone for the example, but what happens to the money that they theoretically collect as rent? Are they withholding payment to the Housing Corporation? Are they diverting that money because they can't make their minimum budgetary requirements? They can't give up that rental money because, of course, they need it to run their organization? What happens to the money when there are shortfalls, and who's getting shorted?

Mr. Polakoff: First I'll ask Mr. Anderson to follow the money.

Mr. Anderson: Yes, as I said earlier, if the LHOs aren't collecting the rent that makes up part of their budget, then they obviously don't have the resources to pay their operating costs to run the LHO. So that's, as I mentioned yesterday, one of the areas that's under the control of the management of the LHO. At the end of the year, if they haven't collected that amount of money, then they end up with a deficit.

Right now, at the end of this year, we're sitting with several that have deficits. Of the overall communities with deficits, one community itself has 40 per cent of the amount for.... It's one of our most problematic and challenging communities that we have to deal with.

I'd like to point out, though, just if we go back, I can say very confidently that over the last ten years, our LHOs have done a tremendous job, a difficult job, in collecting rent from our tenants. We have consistently achieved an average of 90 per cent over the

past ten years. There are three or four more challenging communities, but for the most part our LHOs do a pretty bang-up job in a difficult business.

Thank you.

Mr. Hawkins: I hope Mr. Anderson respects the fact that I think he's.... I hear your facts, but you're talking about averages in the sense of, "Well, we average 90 per cent over this number of years." But the fact is that we will have many LHOs....

Let me stop for a second, Mr. Chair. The fact is, it's very unfortunate that we're in this situation. We're the committee that oversees the Auditor General's report. But assuming we're finished with you today — if it's a good day, that is — the fact is we don't see you again, so we'll say goodbye. So we don't oversee your Corporation. The only person who gets to see you again is Mr. Jacobson, because he's on the EDI Committee.

So it's very unfortunate we're in this situation, because we can't follow up specifically with this. So we're really challenged by, "Well, we'll do all this work, and we'll have all these plans." As an oversight committee, we're challenged by that, and it's important to know that. That's one of the stressful situations here. If we don't get a sense, when we say goodbye to you today.... We're taking on blind faith that you're going to do this. Hopefully our sister committee will take care of the business to make sure they continue to press you guys.

But with all of that said, Mr. Chair, the fact is, I'm concerned. An LHO can't borrow money. As you've said, one has a 40 per cent deficit. You can't make 40 per cent up in the following year. Someone's got to pay for the shortfall. I would assert that it's probably, consistently, a number of the community.... Like some LHOs are up and down. I'm sure one year they're good but maybe next year they're bad. I would assert that. Does your data really provide that every single LHO is as good as you keep saying they are?

The fact is, I would say you're rewarding them. And furthermore, I'm concerned when they do have a good year, so they could now be collecting more than 100 per cent rents, you're building that into your 90 per cent factor, but all they're doing is collecting past rents that people have failed on. I'm just curious where that money's going to.

Mr. Anderson: One thing I'd like to point out: we're talking percentages here. The LHOs on average.... The portion paid by the client represents about 15 per cent on average of the total cost of the portfolio. So even though you may have high percentages, the dollar impact in a lot of the smaller communities that don't have well functioning economies is a minimal amount of rent. The percentage might be high, but the dollar amount is low in those cases.

But what we try to do is work with the LHOs to develop a repayment plan so they can generate some efficiencies and savings to cover those deficits. That's the first step we do, and that's through development, work plan, training and monitoring. And then if we're not getting success in that area, we look at management opportunities. The community that I mentioned before is being managed by staff of the Housing

Corporation. We also look at the potential to have an independent person go in there and manage the local housing organization, to try get it back on track.

But one thing that hasn't been mentioned and what's really at the centre of the issue here is the tenant. That's where the accountability really has to be. It's very difficult for our LHOs. If you have a large number of people in the community who don't want to pay rent, it's a pretty difficult situation.

Mr. Polakoff: I just wanted to comment on Mr. Hawkins' earlier, more contextual question. Without wanting to overstress it, I want to make sure that the member is confident that we do take what we learn at these committees seriously, just as we do the comments from the Auditor General's Office.

I mentioned in my opening comments that we believe the comments that were made by the Auditor General are correct, factual and consistent with our belief about some of the things we are required to do as a Corporation to undertake a more effective and efficient operation. One of the things that the Auditor General did point out I happen to firmly agree with, because I'm firmly committed to the "P" word: planning. Over the years I've found that plans are absolutely critical if we're going to be successful. More importantly I think it's having people understand and having some transparency on those plans.

The "Framework for Action" is intended not only to be a roadmap document for the committee that we happen to attend on a regular basis, but I would also expect that it's going to be a document that people take seriously and will review on an ongoing basis and ask questions of us about. We hope that piece of information will provide all members with an opportunity to understand what it is we're doing, why we're doing it, how we're doing it, and when we expect to have certain things completed. So this is our attempt to provide a broader perspective for all members and the public in general as to what the Housing Corporation is doing.

In my view what we do is very important to the people of the Territories, and it shouldn't be a mystery. People should know what we're doing and have an understanding of how we intend to get there and why we're doing things in a certain way. If people wish to comment on that, which they are wont to do on an on ongoing basis, we're happy they do that.

One of the other things that I'd like to comment on is that some of the most valuable information that we've received over the last 18 months has been guidance that we've gotten from committees of the Assembly. Those kinds of suggestions we've received we take very seriously as well.

From my perspective I have felt that it's been important for us to engage on a more regular basis with committees. We've endeavoured to do so, and I think we have done so. When we do that we also take their suggestions very seriously and do incorporate them into these plans. We think issues like declining federal funding, like arrears management, like mortgage issues are really, really important. It's not something people are going to be comfortable about dealing with without the information they require to support the interests of their constituents.

Our overall intent is to provide people with information and allow them to have insight and detail about what we're doing and provide us with guidance if they don't think we're doing it the right way — and more particularly, provide our Minister with guidance.

To me it's a whole range of issues that we've found the AG's report really assists in culminating and providing people with some of this good input that we're getting. Personally, if I can speak on behalf of the Corporation — and I will — we certainly don't view this as a one-time-only affair. We view this as an opportunity to explain more fully what it is we're doing in anticipation of having our planning processes in place to give members confidence that we will have documents and planning processes that are there that may take some of the mystery out of how the Housing Corporation operates and provide for more effective opportunities for people to comment on our approach to doing our business.

Chairman (Mr. Menicoche): I'd just like to comment on that. Even though we're not the oversight committee of the Housing Corporation, in our deliberations here with the review of the Auditor General's report with the Auditor and with yourself, Mr. Polakoff, we will make a report to the House. Many of the recommendations we're talking about here and stressing will certainly be in there up to and including a point in time where you should report to the House on any progress or initiatives or solidifying of your framework plan — even tabling a strategy plan, which is very important to your operations.

Just before I go back to Mr. Hawkins, I just want to point out that we've spent an hour on this section. I don't know if you want to continue the deliberation. My sense is that we're flogging a horse.

The other question I'd like the committee to think about is how long you want to go. Do you want to go beyond 12, or do you spend an hour on each section? We've got eight more sections to go. The preambles are not necessary. We all know what to do. We all know what's lacking, and if we can skip to the questions there, please.

Mr. Hawkins: The issue at hand is also that when an LHO collects more than 100 per cent of the rent.... We should back that up and say that when they collect more than 90 percent of the rent, because in some cases they may be collecting arrears, right now your formula says that they have to collect 90 per cent in order to fund themselves. When they're starting to collect more than 90 — I would say that's a safe number to start with — they're allowed to keep it.

Are you going to review this process in light of the fact that we have some that can't fund themselves and that other LHOs are collecting more money than they actually should be because they're collecting rent plus arrears? Are you going to revisit that policy so that arrears money will go back into the public purse?

Somehow you're funding these deficits, and I haven't really understood how you're funding the shortfalls, other than the fact that you create a plan. Yet again, the deficit can't be borrowed to cover, and I haven't heard you ever tell me how you fund them or help them with the shortfall. If they don't have staffing money or maintenance money or lack rent money, I'm still lost as to how we fund these.

Mr. Polakoff: I might just make a brief comment on that. There are a number of LHOs that do collect over 100 per cent because of that very thing with arrears. In terms of policy renewal or policy review, as far as we're concerned, everything we do is on the table. We would expect that would be one of them. In terms of how the Housing Corporation is funded, it's funded through both the GNWT and through....

Mr. Hawkins: The issue at hand is how you're funding the shortfalls of the LHOs, not the GNWT. You're talking about how the GNWT funds the Housing Corporation. I know that very well, thank you.

Mr. Polakoff: I'll let Mr. Anderson answer.

Mr. Anderson: I identified yesterday how the funding process works, and I hope I was clear enough that people understood the difference between controllable and semi-controllable costs. We have to this point, since division never funded the LHOs for deficits and just given them money to cover it off. We expect them to manage within the resources that they're given for those areas. Right now those deficits that they have are sitting on their books. As a government, we have not given them money to cover those off at this point. There is some money in the whole pool that we have with EC&E for the portfolio, where we can cover off some of those costs.

I mentioned yesterday that we have some other provisions that the LHOs have as well: other income, for example, that they can use to offset their cash shortfalls. We also contract with them on modernization improvement on capital projects. They can make a little money on those kinds of things. They make money also on managing their market housing units and also our homeownership units where they collect rent. We pay an administration fee on those types of things, too, so there's more to their operation than just public housing. Some of that helps to mitigate their shortfalls.

Mr. Beaulieu: Sorry, I only wanted to suggest that we move to another section. That was it.

Chairman (Mr. Menicoche): Has the committee agreed we've concluded section 12?

We'll begin on page 13: "Evaluation of homeownership programs not performed on a regular basis." I think if we conclude the section, we'll take a quick break after that.

Mr. Abernethy: I'll be fast. In reading the document, I was often not stunned but surprised by the management's responses. They agreed to everything, but to me they didn't really say much other than, "We agree, and we're going to do something which has been mentioned before."

In this section the Corporation refers to the universal partnership agreements, which you say are already in place. These agreements require annual assessment of the LHO operations, testing their effectiveness against compliance with established guidelines and standards. I'm wondering what you've done or how you intend to endure that these provisions of the agreements are followed through on. When I read the whole document, I get the sense that there isn't much monitoring going on, or if there is, it's not comprehensive; it's not complete. You say you've got this process.

How are you going to make sure that it works? How are you going to do it? What have you done in the last little while since this audit started to start doing this?

Chairman (Mr. Menicoche): Just for the record, it was page 12: establishing and implementing monitoring and assessing LHO operations.

Mr. Polakoff: A number of things have taken place over the last number of months. I mentioned yesterday the Policy Review Committee, and that's been an important issue as far as having a place to put the policies for comprehensive review. More important than that is to refocus the organization on operational support to the districts and to provide operational support based on a focus on the district. In our view there has been less support to the districts than should have been provided over the years. That's a point that was raised and that the Auditor General has quite correctly pointed out, and we would agree with that.

That said, we've been working more on an ongoing basis through senior management committee meetings with the districts, making sure that there's some district renewal — we've had a couple of new district directors appointed — and making sure that the districts work more closely with the LHOs and recognize that there's got to be ongoing support provided to the LHOs. They're not just some autonomous body out there working on their own. We have to make sure they understand what our business is, how our business is interpreted by them and delivered through them, and that there's got to be consistency in the way in which we do business. Those would be the two areas that I would point out.

Mr. Abernethy: That all sounds great, and that sounds like the standard response that we would get from a department regardless of what department it is. I'm more interested in knowing... Give us some details. This to me is part of the fundamental problem that lies with this whole audit: getting out to the LHOs and making sure that they're doing what they've agreed to do through the universal partnership agreements. You're supposed to monitor. You're supposed to ensure they *do* do it. Throughout this entire document that seems to be where, in my opinion, a big part of the problem is: there doesn't seem to be that.

You said all the right stuff. "Oh, we're going to do it. We're going to meet with them." How? What are you doing? Are you sending people out to the LHOs to sit with them, to explain to them what this partnership agreement means? Fundamentally, what is that that you're doing? It's not, "We're government, and we'll go out and meet and we'll fix everything." What are you going to do, is my question.

Mr. Polakoff: Perhaps if I could give an example, that may be helpful. In the case of one LHO — I'm not going to name the LHO — we've identified a number of areas where there have been problems in terms of their operations. Some of those areas include such things as financial management, assessment, going after arrears, blah, blah, blah, blah. What we do is provide them with an overview of our areas of concern. We meet with them directly to go through the document with them, outlining what those areas of concern are. We provide the right kind of support to them dependent on what the specific areas are. For example, if it's a financial concern, it's making sure the right financial people are there from headquarters if required.

Typically it's handled by the district office. We work through each one of these issues with them, establish an ongoing dialogue with them and then track to see how they're doing in the various areas.

There had been a suggestion earlier on that at some point there may be a requirement to bring back control, for example, to the Housing Corporation. We're quite prepared to do that, but the first steps we would take would be the specific identification of issues with the LHOs, working it through with them, establishing timelines and a process where we can get some confidence they're getting their houses in order.

Mr. Beaulieu: On this line of the internal audits, you indicated earlier that you had one LHO management issue. My question is: does that LHO have a universal partnership agreement in place?

Mr. Polakoff: Yes.

Mr. Beaulieu: Did you guys do an internal audit on that LHO?

Mr. Polakoff: Yes.

Mr. Beaulieu: Prior to taking over the management of that LHO, were you uncomfortable with the completion of the audit response that made you take over the management of that LHO?

Mr. Polakoff: That was part of it, but probably the more important piece of that was just our ongoing knowledge of issues in the community. There are a number of other issues that impact on that community, because of high-income folks and lack of housing options and that sort of thing. It became a bit more of a complicated matter. That said, our first indication was the knowledge of the district staff of the community and the knowledge of some of the issues that they were dealing with. The audit certainly helped, but I would say it confirmed what we already knew or thought to be the case.

Mr. Beaulieu: This is going to be two questions. On the internal audit, you had 19 of the 23 housing associations where you've done internal audits. I'm wondering if you completed the actions as a result of the internal audits on any of these LHOs. Will you be incorporating the balance, if any were done, into the "Framework for Action"?

Mr. Polakoff: It's a good question. I think what the member raises is that audits are only as good as the follow-up on the audit. We would absolutely agree with that.

The nature of the audits, however, in a lot of cases shows a kind of continuity of problems between a lot of LHOs as opposed to one specific issue in an LHO. From our perspective it requires a broader approach that deals with the problem by the LHO. In our view it also requires policy continuity and coordination to make sure we're doing things in a proper way. What it does show is lack of policy control, in our view, and the need to do things in a consistent way. So if you're having consistent things show up in audits, it shows that we need to do things in a different way organizationally.

I would suggest, in going to your second piece, Mr. Beaulieu.... I would say yes. Those are the kinds of things we would anticipate, to a large degree, may show up in the action plan or the strategic approach we take and is already part of what we're doing in working with our LHOs to address some of the problems.

Operationally, I mentioned that one of the things we'd been doing over the last number of months is to put more of an operational focus on how we do business and providing improved and increased support to the LHOs. That kind of comes about as a result of us looking at some of these audits and saying, "Boy, there's a problem right across the board with whatever." So we need to do things in a different way, provide better information to LHOs and better direction as to how we can do business.

I would also suggest, too, that it may be that audits also may not specifically identify an issue, but the issues themselves that are identified outline a bigger problem in terms of LHOs understanding a particular aspect of the business. We take that piece seriously, as well.

Those are the kinds of things we want to include in the document, as well. The other piece of this — I'm rambling here — is what we learn from the LHOs when we sit down and meet with them collectively. We found that when we sit down and meet with the managers of the LHOs, they are probably some of the most knowledgeable people in the Northwest Territories on how housing operates, what the challenges are that they have, and the kinds of things they feel are necessary in order to assist them and do their job better.

In some cases, in our view, it's been that we've haven't been paying enough attention to those things that have been raised by the LHOs. Providing them with a forum to collectively tell us things, in some cases, even provides better information than an audit might, in certain aspects.

Mr. Lennox: In this section I just wanted to highlight, both in our heading of this section as well as in our recommendation.... We talk about a strategy, of developing a strategy. I just wanted to expand on that a little bit as to what we meant by that.

What we would see envisioning is not.... Each LHO is different. And what I'll call the risks related to each LHO are different. What we would envision as far as deciding on the extent of monitoring that is necessary is that it would be a good approach to do a risk ranking with respect to aspects of each LHO, even within each LHO.

Certainly, when we did our work, we noticed that some LHOs, for instance, were complying with the allocation of policies — in one case, 100 per cent. If they're applying that really well, there's probably no need to monitor them in a real detailed way; whereas we found other cases where they were applying the guidelines hardly at all. In that case, that particular LHO should be monitored quite closely with respect to the monitoring of that.

That can be applied with respect to whether it's allocation of units or whether it's inspection of units. What we'd envision is development of a strategy as to what needs to be focussed on for each LHO and how actively we should monitor that particular

one. That would be the strategy that was envisioned by that point. Rather than treat every LHO the same, make a strategy for monitoring which aspects and why.

It's based on their ability to adhere to the policies that you have. If they show that they have been able to improve and comply with those policies, you can move them off that, graduate them up to less risk and therefore monitor them less because they seem to be now able to do it themselves.

Mr. Polakoff: We would agree. I think that Andrew's points are absolutely bang on. One of the things I would also say is that there are some LHOs in large centres — I would say Yellowknife, Inuvik, Hay River, Fort Smith — and in not-so-large centres, like Fort Resolution and others, where we've seen there's a direct correlation between the ability to do their business in a very consistent fashion based on what the policies are. The direct correlation is with how long the folks have been there. I'm really taken by the level of experience in some communities.

That said, there are a number of communities out there that are really challenged to maintain employment in the LHO. I think that's something that, again, goes back to the level of support that's provided and the focus that we have to place on exactly what Andrew has suggested. We know that there's not as much support required in some communities. The question in our mind is what kind of support is required in those other communities where there's an ongoing need for policy control and that sort of thing.

That speaks again to community capacity building. I know Member Jacobson mentioned Paulatuk. That would be a good example, in our view, of a community that really needs increased support. I wanted to just stress that we would in no way, shape or form suggest that the folks in Paulatuk can't do this job. But we do recognize that they need increased support in order to do the job well and to begin bringing their skill levels up and their understanding. We can provide a lot of assistance in that regard.

Chairman (Mr. Menicoche): I think we have a motion here for a break. It's apparent we're not going to be concluding this section.

Mr. Hawkins: I assure members I won't be that long. I didn't hear clearly that you're going to develop the strategy. We hear agreement and we agree with the points, but I guess I'm looking for a crystal clear "Yes, we're going to develop the strategy." If we know you've been doing some due diligence.... Good for the Housing Corp for seeing this concern, but it's "Yes, we've done the checks, but where are the balances?" I think this strategy would be the key to the balance question.

Just to be absolutely crystal clear, are you going to take this recommendation and implement it as a real action?

Interjections.

Mr. Hawkins: I just didn't hear a clear "Yes."

Chairman (Mr. Menicoche): Just a couple things before we take a break here. I just wanted to gauge the interest of going through lunch. We've still got a debriefing with

Auditor General staff and then meetings with ourselves to deliver items. We'll take a brief, 15-minute break. We'll resume by 11.

The Standing Committee on Government Operations took a brief recess.

Chairman (Mr. Menicoche): We'll just resume the meeting here after our recess. I hope you enjoyed the break.

And it looks like we'll move on to managing the Homeownership Program on page 13: "Evaluation of homeownership programs is not performed on a regular basis." With that, I've got Mr. Abernethy.

Mr. Abernethy: Okay. In reading the audit, I was a little confused or surprised to see reference to working with the University of Melbourne. What is the reason for the University of Melbourne being involved in the Housing Choices ownership program evaluation? Just curious. Why Australia?

Mr. Polakoff: The collateral piece to that is the emphasis that's been put on evaluation by the GNWT, and the focus on evaluation is part of that. What the GNWT did was look for course work that may be available from institutions that do distance education but that are well known in undertaking evaluations and undertaking it on a distance education basis.

With that in mind, the GNWT provided opportunities for departments and agencies that were willing to participate and felt that it was a priority to participate in it. And we took them up on it. The University of Melbourne, I can only suggest, is well known for doing evaluation. And it was the course picked by the GNWT.

Mr. Abernethy: In your manager's response on this particular section, you make reference to the Housing Choices review committee. Can you provide me some details around what this committee's mandate is, and what they do, and also how many members does the committee have, who is represented on the committee, and do clients have an opportunity to be represented on the committees, and how often do these committees meet? Lots of questions, but I won't ask any more — assuming he answers them.

Laughter.

Mr. Polakoff: The Housing Choices review committee has been ongoing for quite some time, since actually the implementation of Housing Choices in 2007. It's got representation from primarily our program folks, both in the district as well as headquarters. It was put in place as a means to review the program following its initial implementation, and it tracks areas of change.

Our clients do have an opportunity for input. As a matter of fact, where we got a lot of our information from is from district program folks dealing with clients and then dealing with client issues.

As I said, they meet on a regular basis, and not only regularly but as needed as well, if you understand what I'm saying. So it's not necessarily a quarterly basis, but it can be more often, based on how much work there is to be done, if that helps.

Mr. Abernethy: I'd ask just for some general details. I was hoping that you'd go into, like, how and to whom does the committee report its findings and what happens with those findings?

But I'm also curious. For this to be effective, obviously some resources need to be dedicated. What resources and power are available to the committee to fulfill its mandate of monitoring and evaluating the programs on an ongoing basis?

So two, and then I'm done.

Mr. Polakoff: The committee itself reports through the policy review committee because changes that they wish to see made to programs or changes as they relate to programs get a screening through our policy group. Okay. Those then get screened up through our RSMC, which would be our senior management committee.

Their mandate is to undertake whatever changes they wish to recommend, if you will, to the programs to make them more appropriate, applicable, whatever, you know, based on the findings.

I should also point out, as well, that this will be an ongoing evaluation process, a review process that also has an evaluation component to it, because there's an important correlation between evaluation and program change.

Interjection.

Mr. Polakoff: The resources are typically, if I can.... If there were a requirement for them to travel, say to another community, then that would be fine. But the program officers that are in charge, they do that as part of their ongoing position requirements. That said, there are resources provided for bringing people in, for having meetings — you know, that sort of thing.

Mr. Beaulieu: Okay. This is a more of a question for.... It's more general, but I'll try to get at something. Okay. My question is: are you guys aware of any changes to this Seniors' Fuel Subsidy Program?

Chairman (Mr. Menicoche): That's probably an EC&E question. I don't know. Mr. Polakoff?

Mr. Polakoff: No, I'm not.

Mr. Beaulieu: Okay. Before you did a program review and consolidated the programs, I was wondering if you completed a review, like an actual.... I don't know what type of review it would be, but maybe a policy review, technical review of the programs that were incorporated into the Housing Choices. I'm wondering if these individual programs had been reviewed?

Mr. Polakoff: My understanding is that was all part of the program review that was undertaken when they were consolidated.

Mr. Beaulieu: Was there ever any thought about moving any of the programs and then having any homeownership programs delivered through a transfer through to the EC&E?

Mr. Polakoff: Not that I'm aware of, but I'm not speaking for EC&E either.

Chairman (Mr. Menicoche): With that... I just had one question myself on the homeownership program "not performed on a regular basis." What would be your baseline to evaluate the new Housing Choices? Would it be starting from 2007 or when your new plan is to evaluate the homeownership programs?

Mr. Polakoff: Yes. It would be right from the beginning of the implementation date.

Mr. Hawkins: On the same issue on number 44, I'm just trying to understand, did you evaluate any of the homeownership programs prior to that and prior to this new 2007 date that you're moving forward with? Because I'm not sure the principles would have changed. Thank you.

Mr. Polakoff: Sorry, I can't answer that question. It was a little bit before my time. I'm not aware of how many evaluations were done on homeownership programs or whether or not there had been program reviews. But I'm not aware of how many or things like that.

Mr. Hawkins: Well, we do have Mr. Anderson here, and I'm sure he's proven to be quite a wealth of knowledge, a base-of-knowledge bank. The issue is, as I just said, the principles and the objectives really haven't changed. Did a program just emerge as a consolidation out of multi-programs but nothing's been reviewed? I guess I'm trying to wonder.... Why did you fix something we can't guarantee was broken, and why wasn't it evaluated before any sort of substantial action was taken? Now we're evaluating it after the fact, when it, theoretically — I'm going out on a limb here — could have been working before. That's a limb.

Laughter.

Mr. Polakoff: The programs were consolidated because the Housing Corporation was aware that there was a need to simplify the number of programs. I think that came about as a result of consultations and things like that. So the program review is intended to do just that — to simplify the number of programs that were available and to do it in such a way that, to the extent possible, service through the programs weren't diminished. The programs were provided that continued to meet the needs. I think that was the intent of the program review. It was to determine how the programs could be streamlined, how the number of programs could be reduced, and at the same time try to ensure that there was a continuation of service. So there was a real intent to address the need for consolidation.

Mr. Hawkins: Well, I guess it could be said today, then, we weren't really sure — I shouldn't say "we" — or the Housing Corp wasn't sure that it was meeting its objectives at all. Is that what you're really saying at the end of the day? Nobody really knew, so they consolidated programs to meet new objectives that we're not really sure about but will evaluate?

Mr. Polakoff: I'm not sure I understand the question.

Mr. Hawkins: I can restate it. Well, I just find this strange, because I mean, if we understand what the objectives are, it is to get people into houses. We understand

the principles of it, which, by the way, haven't changed. I'm just trying to understand that, because it shows that it's never been evaluated, and then there was a consolidation. So we don't know if it was really working or meeting the objectives. And technically, as of today, we could ask ourselves, and we don't know either. So if a review isn't going to happen immediately — although I'm sure you'll now tell me it's planned for — but it's being planned for with the marked date of 2007, moving forward, there's no baseline information. I think that has already been highlighted, so how do we know what we're objectively reviewing? Thank you.

Mr. Polakoff: Let me take a stab. Programs have been evaluated in the past. What I said was that I wasn't aware of how many times or which ones. But I am aware that there was a requirement for the Housing Corporation to consolidate programs, to make programs more simple for the people of the Northwest Territories.

The program review that was undertaken was undertaken based on a review of each one of those programs. So in fact, there was baseline information there that people were reviewing against.

You mentioned that there is a plan in place to do ongoing review. I think I mentioned earlier that the plan is not only in place, but it's been in operation for almost a year now to undertake the evaluation of the programs. So as I mentioned earlier, things aren't starting tomorrow or today; things have been in place for quite some time. And this is another example of something that has been in place for quite some time.

There was an initial program review that was undertaken to consolidate the programs. Those programs were being evaluated on an ongoing basis by a program review committee. They are being programmed based on the notion that we should allow them to be implemented over at least a one-year period and evaluate on an ongoing basis and make recommended, suggested adjustments to them as we proceed. I can also indicate, in the cases of the Housing Choices programs, there's been ongoing policy adjustments throughout the year to address issues that have been raised by members, for example. I can give some examples, if you wish.

Mr. Hawkins: Well, if I go into management's responses, which was on page 14, it says: "The Corporation has conducted detailed program reviews in the past." Well, I'm just curious as to what they are? What have they been reviewing? I mean, what have we found? And what are the substantial objectives to those reviews to know where we're going? I mean, it's just like the saying: you have to know where you are from to know where you are going. Yes, and if we go back to the page earlier, it just says in 43, "We found that the Corporation does not evaluate its homeownership programs on a regular basis." So I'm just trying to understand how we're moving forward. I appreciate that you've said, you know, we now have a plan that's implemented as of today, per se.

Chairman (Mr. Menicoche): Can you ask Mr. Polakoff a question, please?

Mr. Hawkins: I'm just trying to get a sense of how much work has really gone into this. That's all. And I'm hearing your words, but I'm just not feeling the weight of them.

Mr. Polakoff: There's a significant amount of work that's been undertaken to review the programs, to consolidate the programs based on that review, to have undertaken an ongoing evaluation of the programs through program review, and make recommended changes to the programs over the last year.

Chairman (Mr. Menicoche): Maybe I'll just remind members that we're here to go through the report, and that is kind of like something the Auditor General didn't get into. I'll be very happy if we can stick to reviewing the report that's before us with the President of the Housing Corporation. With that, Mr. Jacobson.

Mr. Jacobson: Mr. Polakoff, my colleague mentioned that he brought up the issue regarding the University of Melbourne. What was the cost difference between having a company in Australia...? Would it be cheaper here in Canada?

Mr. Polakoff: Because GNWT has been using that course for several years now, I am not aware of what the course-cost difference might be, because we do it through the GNWT.

Mr. Pretty: Thank you Mr. Jacobson for your question. My understanding is that FMBS coordinated this process with the University of Melbourne. I am not aware that there are other universities offering this level of training. In specific certification and program evaluation. I understand that FMBS has, in the past year, at least, or in the last two years, trained between 15 and 20 officials with the GNWT. There is a second intake of that program that is ongoing. That is where our evaluation training will take place.

My understanding is also that in the event that there isn't enough uptake for that, FMBS has committed to get us training through that program individually. So regardless of whether or not there is enough uptake this year, we do have a commitment for that training to take place with the University of Melbourne.

My understanding is that it is a question of the expertise not being available, as opposed to using the University of Melbourne. Again, none of us are travelling to Australia for training.

I am assuming the third question to that would be how do I get into the course? But, no, it certainly sounds interesting, but it is all on-line, and I believe the course instructor may come here for one or two weeks of courses, but I believe that would be about it.

Chairman (Mr. Menicoche): I would like to acknowledge the CEO of the Yellowknife Housing Authority, Mr. Jim White, who is here with us as a member of the public. Welcome.

With that, moving on to "The Corporation needs to improve the collection of mortgages receivable." Mr. Abernethy. Page 14.

Mr. Abernethy: According to the audit, mortgage receivables have decreased since 2006-2007, which surprised me a little bit. What was the reason for that? Were some of the mortgages paid off? Were some of them written off? Or were there fewer people actually qualifying for mortgages through the Housing Corporation?

Mr. Polakoff: I'll ask Mr. Anderson to....

Chairman (Mr. Menicoche): Thank you, Mr. Polakoff. Mr. Anderson.

Mr. Anderson: We have options in our mortgage portfolio where we allow.... Right now we are carrying the first mortgage on these properties. We have, as part of one of our strategies, to give incentives to clients who want to essentially buy us out and go through a lending institution for that mortgage. So what happens is, we have several cases where people actually go and refinance at a bank, and then our mortgage becomes forgivable in nature, and they earn that forgiveness over a period of time. That gets us out of the mortgage collection business, in that case. Because of that you'll see the potential for the portfolio value going down.

Mr. Abernethy: Yeah. Okay. I'm good.

Chairman (Mr. Menicoche): We'll come back to you there. Okay. Mr. Hawkins.

Mr. Hawkins: Just for the record, I got it. It did look funny, actually, how the numbers started shifting. That's an interesting answer. I like that. Okay.

Mr. Chair, on number 47 we highlighted an area where mortgages are being given out on land that has no feasible title for it, and therefore it puts the Corporation in an interesting challenge to collect these. So if people have.... The lending agency through the Housing Corporation has provided funds to build houses. Now we can't repossess the house, and then all of a sudden there is a gray area of authority over kicking people out. How do we stop this practice of giving out mortgages without substantial leases or fee simple title?

Mr. Polakoff: Yes, we have.

Mr. Hawkins: With that said, what steps have been taken to correct this problem on those outstanding mortgages that are in that type of situation where we don't have tenure-ship to the land? As you have said, you have stopped this since 2006 — I assume since December 2006, from the notes we have here. How are we cleaning this problem up? We are in this situation.

Mr. Polakoff: As the members pointed out, there is limited means to go after these, but there are some means to go after them.

Jeff, do you want to explain the approach?

Mr. Anderson: I think as we mentioned yesterday, we did quite a bit of review with the 15th Assembly on the whole mortgage portfolio and how we are going to move forward to make advances on the collection rates and get this portfolio where it needs to be. There are certainly some mortgages where we don't have security. In cases where we have security and folks do not want to work with us in terms of providing income levels or agreeing to the options that we put forward to make payments to us to get their mortgages current, we would have to follow a legal process to move forward on that. What we would do in cases where we don't have security, we'd have to go and petition the court to get a judgement against the individual, and then we'd

have to move forward to try and see if there were any assets or wage garnishees or things of that nature that we can use to collect those monies that would be owed.

Mr. Hawkins: Okay, that sounds all well and good. Then how many do we have outstanding? How much money is outstanding? And how many have we acted upon?

Mr. Anderson: We have, in a mortgage portfolio, about 650 repayable clients, and we have other mortgages that are forgivable in nature for seniors and that demographic. We have put information packages to all of our clients, and counselling has started for all of our clients who have first mortgages with the Housing Corporation. We have a view of moving forward and resolving these issues. We set a window of a two-year period to get that completed with all of our clients.

Mr. Hawkins: I think Mr. Anderson misunderstood the question, so I am going to restate it. When talking specifically about land that we don't have treated as security, we have no basis of assuring that this loan will be repaid because we have nothing to hold against them, except for the court process. That said, how many of these in number...? Do we have 20 houses that are in this situation? How much in the sense of outstanding mortgages do we have in this situation? Whether that is \$5 million.... How many have we acted upon through the legal process to correct this problem?

Mr. Anderson: I have the detail by community, but I don't necessarily have it whether tenured land.... I don't have that here. I would make a guess, though, that maybe a maximum of 50 would not have any security on them, and we have judgements that we have received on five at this point, in going through the court process.

Mr. Beaulieu: Has the Corporation gone through the process of having the Indian Affairs branch lands, with the bands and the federal government, going through the process of how the piece of land is able to be tied to the property and provided as security for banks — mostly for yourselves but also for potential transfer to banks? I was wondering if there has been a lot of work done in that area, and what work was done.

Mr. Polakoff: Yes, we have done a substantial amount of work on that, in the area of drafting possible leases for consideration by Indian Affairs, as well as working with communities and sorting through different approaches that may work for them. It depends, too, on the circumstance of the community. For example, if a community is in the process of a land claim and that sort of thing.

What we're looking for is appropriate legal instruments, an example being a long-term lease. We've been undertaking a concerted effort with the federal government through INAC, CMHC and with specific communities.

Mr. Beaulieu: Is it now a requirement for individuals receiving new homeownership units that are on IBA (Impact Benefit Agreement) land to have a band council resolution saying it has been through the federal government, indicating that land can be used for security for a period of time?

Mr. Polakoff: That may be a component, but it depends on the specific circumstances. What is more important, at this stage, is the appropriate legal instrument, such as a long-term lease. To the extent that might be supported by a BCR, that would be helpful as well.

Mr. Beaulieu: I'm not interested in a BCR so much as the ability to have a long-term lease on the property. Just for clarification, that is what I was asking. I have no more questions.

Mr. Hawkins: Mr. Beaulieu followed up on an area that I was going to ask about: how we're engaging Indian and Northern Affairs. It sounds as if it's being heavily considered. That's good news, by the way.

I'll finish my line of questioning from before. What about the other 45 homes? You said we have five judgements in place. I assume we're speaking approximate numbers, because you said you didn't have it right before you.

You said there are approximately five judgements in place, so there must be approximately 45 outstanding. Where are they in this process? Are they being acted upon? Would you provide committee that detail of how much those mortgages are outstanding — the information I'm talking about in this regard? Thank you.

Mr. Polakoff: For purposes of clarity, I want to reflect on the fact that our first step in this process is to work with the clients on the untenured land. In a number of cases they may not be aware of the circumstances or how they can alleviate the problem.

The first step we would take is to work with those clients and ensure they understand they *are* on untenured land, and why it's important that we alleviate that problem, and then take next steps.

That said, I'll let Mr. Anderson provide some additional detail.

Mr. Anderson: As I mentioned earlier — I'll try to make it clear — we have started a process that was approved in the previous Assembly. We are meeting with every one of our mortgage clients and running them through the four options that they have:

- 1) Go and refinance at the bank;
- 2) Internally refinance with us;
- 3) Continue your current program, and pay at least a nominal amount toward your arrears; or
- 4) People who have high arrears can turn the unit back to us, and we'll allow them to stay in the unit as a lease. Over a period of time, if we can help them get their affairs in order, they can actually buy the unit again at a later date.

That process has started with all of our mortgage clients, and we have set a timeline of two years to have all of that dealt with appropriately.

Mr. Hawkins: Although I'm not a mortgage expert. We have one in the gallery today, oddly enough, but he's not here as a witness.

I'm going to take a stab at this. How do you refinance through traditional banking process on Crown land without it being leased or fee simple? I can make a guess, and I feel pretty comfortable saying this, but I'd be surprised that any lending institution would lend you money on a house that's in the middle of nowhere, not on tendered fee-simple title or leased land. I'd find that very odd. So how can refinancing be an issue?

You say one of their options is to return it back to you and lease. If it's not on fee-simple or leased land, what authority do we have to operate? If a house is sitting on Crown land, how can we theoretically collect the rent on a property we don't own?

Mr. Polakoff: Clearly, in order to undertake those options, land tenure is not an option. There has to be land tenure. So during the discussions with the client, one of the areas that they need to understand is that in order for them to proceed with the options that they might want to engage on with the Housing Corporation, they need to sort out the problem associated with land tenure.

The member is quite right that without land tenure, you can't proceed with the program, nor do we have certainty on the land tenure. That's part of the discussion we have to have with them. Failing that, then, we would go the judgement route.

I'll let Mr. Anderson add to that.

Mr. Anderson: I was speaking more broadly than about only the 50 clients when I made that statement. I was talking about the whole portfolio, the 650 clients. Regarding the 50, we're working with those clients to get land tenure and get federal leases in place in those situations.

You're quite right. There is probably very limited opportunity for them to refinance, but there are other factors involved. You can also get a conventional mortgage without underwriting. It depends on the particular circumstances of that client. Will it happen very often? Probably not. Another issue, of course, is their credit rating, and these types of things impact on it as well.

When I was talking about those options, it's probably a bit more of a limited opportunity where there are land tenure problems.

Having said that, we do have public housing. With these units, if we take them back as rental units, we can still exercise our authorities under the Residential Tenancies Act if people are not paying on them, even though we only have a BCR to support our ability to be on that piece of property.

Chairman (Mr. Menicoche): Final follow-up.

Mr. Hawkins: Thank you, Mr. Chair. I'm going to draw a comparison, because I'm still lost when you say you have rental opportunities such as leasing it back to them. I'll tell you for a fact, a wildlife officer can't pursue someone on Crown land in that regard, to follow up on normal questions that would fall under the general purview under Commissioner's Land. In other words, if it's on Crown land, it's a Crown land responsibility.

This is a Housing Corporation under the purview of the Territorial government. We have no authority on Crown land in this regard. I could cite many examples, but we don't have the time or interest today. The fact is, that's the reality.

I'm still lost on how we're going to lease them back to them, other than a moral contract that makes them and you feel good. Other than a moral standing, I'm not hearing anything substantial. Either you are engaging the judgement process, or you're negotiating, possibly leading to the judgement process, or you're doing nothing.

So really, we've got, sort of, three options that laid out on the last 45, Mr. Chair. And that's really the clarity I'm trying to get at. You're either doing nothing, negotiating — and negotiating is a fair answer; I'll accept that — or you're proceeding to the judgement process. And that's what I'm looking for on the other 45. Thank you.

Mr. Polakoff: On the three options that you outlined, Mr. Hawkins, we're not doing three. We're doing one and two. So it's a progressive approach. In other words, step one is to work with the clients that are not on tenured land to negotiate an opportunity for them to undertake one of our options. Failing that, step two would kick in, where you would go for judgement. Yes, the nothing part isn't on.

Mr. Hawkins: Okay.

Chairman (Mr. Menicoche): With that, I have no other questions for this section.

Mr. Hawkins: Maybe we just could just seek clarity on 48, Mr. Chair. Under section 48, we look at refinancing options. And because we've had collection problems, and as I've cited out to our Auditor General and even committee — probably exhaustively — are we putting people in a situation where their mortgages are now worth way more than their houses, in the sense of the general market is concerned? Thank you.

Mr. Polakoff: That certainly wouldn't be our intention, as we base our costs on assessments that are done on the house itself. Want to add to it?

Mr. Anderson: As I'd mentioned earlier, the principles are all the same. We've had different approaches to how we deliver housing. So all of our programs are based on.... Our mortgage programs are based on 30 per cent of income or less. That includes the mortgage payment and also the shelter cost.

Our portfolio is about \$87 million, and in that, the payments due are about \$6.6 million. We subsidize \$4 million of that payment, so we make sure people don't have an affordability problem in meeting their obligations under this subsidized homeownership program. Thank you.

Mr. Hawkins: Mr. Chair, I'm just trying to get a sense here, because we realize, as just mentioned by Mr. Anderson, that these are subsidized mortgages to begin with. As we all know very well, the Housing Corp is sort of the lender of last resort in this particular case for homeownership, just like DDIC is the lender for business — last resort by the way. So this is no different.

So now we're subsidizing a mortgage, heavily subsidizing mortgages to make sure they fall under that 30 per cent threshold. I'm just trying to be clear. Are we re-subsidizing them through refinancing them in different calculations? What are we buckling on? Why are we refinancing these? I mean, what's the problem? Can they not make their subsidized payments? Did somebody lose their job and have to go to refinancing? That would make sense. But why are we refinancing previously subsidized mortgages? Thank you.

Mr. Anderson: Actually, we're not refinancing the mortgages. If the client wants to go in that, we provide that as an option. We don't stop them from going to refinance their mortgage at the bank. And we provide a slight financial incentive, as well, for them to do that to make it easier for the client. Thank you.

Mr. Hawkins: So, Mr. Chair, would Mr. Anderson basically be saying that this is a refinance option to get them off our books? From the sounds of the last answer, that sounded like what he was trying to refer to. I just want to make sure that we're not refinancing the subsidized mortgages, which were further buckling headaches on the mortgage holder.

I should say it for the record, I'm happy — although it doesn't sound like it — about us finding ways to get people in homes, in individual homeownership, but I know I don't necessarily sound like that right now. I just want to make sure that that is what he's saying. Is it refinancing to the bank? Thank you.

Mr. Polakoff: Let me go first. Just to be clear. The intent isn't necessarily to get them off our books. The intent is to provide them with choices, one of which would have them go for bank financing. But if they choose to maintain the program as they are currently in, that is a choice as well, as well as some other options. So what we want to do is provide a spectrum of options that work for them. The overall intent isn't necessarily to get them off our books, but that is one of the end results.

Mr. Beaulieu: On the refinancing at the bank, is 100 per cent of the subsidy provided in the lump sum at the point when they get their refinancing proceeds?

Mr. Polakoff: Yes.

Mr. Beaulieu: I'm done. Yes.

Mr. Hawkins: My compliments to Mr. Beaulieu, because he saw exactly my next issue, which was the fact that the subsidy all of a sudden disappears. Then why are we not providing a larger down payment up front and getting them completely off our books and putting them in traditional mortgage lending agencies, whatever method or vehicle we need to do that? But I mean, why are we allowing subsidized mortgages, allowing them to go refinance them? We eat the subsidy. So why don't we just give them a larger down payment?

Mr. Anderson: Actually, that's what we're doing. What we take is the stream of payments that they owe on the mortgage based on their income level, and then we present-value that stream of payments, give them a slight deduction, and that's what they go to the bank for. Our part of the subsidy that's there, they get it all on that first

day they go to the bank. And then what happens is they earn it over the remaining life of the mortgage as a forgivable loan from our part. So they have gone to the bank now, and they're just like any other homeowner in the private sector.

Mr. Hawkins: I would only slightly disagree, because we're still carrying mortgages that could probably be refinanced internally, if that's not correct. Otherwise, you know, what you said is correct, because it sounds like we can still carry mortgages. So why would we carry mortgages we don't need to in that regard? I mean, if the principle of the program is to get people in and help them out and stuff like that, this refinancing option should be designed to get them out of the books of the Housing Corporation. Thank you. Period.

Mr. Anderson: What we're actually doing is we're just carrying a second mortgage, a forgivable mortgage, that's non-repayable. And that's only put in place now too, so that if someone decides to sell the house, they would have to pay back the unearned subsidy. There's no.... In the case when they go to the bank, there'll be no payment made to the Housing Corporation.

Mr. Beaulieu: So is the 15-year forgivable mortgage, the balance, the subsidy portion, is that an encumbrance on the property?

Mr. Polakoff: Yes.

Mr. Beaulieu: So this doesn't give the individual any more equity and leverage, right?

Mr. Polakoff: No.

Mr. Beaulieu: Okay. Just a clarification. The reason I'm asking is that for the individual, they are coming off of having arrears and then want the Corporation to then provide them with a whole bunch of equity in order for them to borrow more money on the house elsewhere. That's why I wanted to know if that was an encumbrance, but thank you.

Chairman (Mr. Menicoche): Okay. Moving on to the next section, on page 15, "Improved monitoring of compliance with policies and procedures is needed." Section 50 to 54. For that, I've got Mr. Jacobson.

Mr. Jacobson: In a response to the audit recommendation, the Housing Corporation mentions that it has recently conducted several compliance audits at district offices. What specific steps has the Corporation taken to follow up on these audits?

Mr. Polakoff: Thank you for that question, Mr. Jacobson.

I mentioned earlier on that there was an audit committee with the Housing Corporation. What we've been doing with those compliance audits as well as other audit areas is we've been reviewing it on a district basis, if you will. We have changed our operational approach, in some cases. A good example would be in the Nahendeh, where we've identified some issues that needed to be addressed, and we've made changes that are reflected in the audit.

Mr. Jacobson: What processes are in place to address issues revealed through the internal audit process?

Mr. Polakoff: Again, through the audit committee, what we try to look for are areas of priority, particularly the overarching areas where we need to have perhaps increased policy control, administrative control, financial control — those sort of things — and provide direction to our districts on necessary changes, as well as perhaps float them through our audit review committee, if required, in order to get policy continuity as well as just a consistency in our approach.

Mr. Jacobson: What specifically does the Corporation intend to do with the focus on compliance with the policies and procedures at district levels?

Mr. Polakoff: Through our increased operational focus, we intend to utilize that operational focus as a means to provide direction, consultation and so on with our district offices, for increased support to the district offices, as well as increased support and direction to the LHOs.

Mr. Abernethy: Following up on Jackie's questions, what actions are planned to improve this support that you guys provide to the district offices?

Mr. Polakoff: In my view, one of the most important areas is, again, the whole question of policy control. In my view, policy control has been an area where we've needed to refocus our efforts. And also get into ongoing dialogue with the folks at the district level as well as at communities. It's the district folks, through programs and technologies that really have a keen understanding of what the most significant issues are.

Through our policy review process, it provides us with an opportunity to get district insight, headquarters insight and community insight, on problems associated with our programs, and how we can improve our programs and make them better in relation to.... We consider ourselves to be in a fairly dynamic atmosphere, an atmosphere requiring continuous change and adjustment.

The policy review committee, on the one hand, provides that, but also an important aspect of what we do is with our senior management committee. We meet more often and regularly with senior management to make sure they understand and that everybody's on the same page. In my view, the Housing Corporation previously had operated kind of in a stovepipe way. There wasn't as much sharing of information and perspective and getting everybody on the same page as to where we're going and how we're getting there. So that's been another area of focus for us.

We mentioned earlier, the evaluation process. That's going to be an important aspect of what we do: evaluating issues and then pushing them through the policy review committee to make changes as necessary. But clearly, one of our main focuses will continue to be our strategic action plan, our "Framework for Action." That gives us a document where we can really prioritize what we're doing, how we're doing it, when we can expect to have it done by, and why we're doing it. It gives everybody an opportunity to understand where we're going. Everybody understands the same thing, so people don't have misunderstandings about certain aspects of what we're doing.

Again, we hope it takes the mystery out of what we're doing for our staff, for our clients, for other stakeholders, and provides people with an understanding of why we're doing certain things and how we intend to do them.

It's a number of different aspects of what we're doing. To me, it's the integration of all of them that's going to provide us with the best focus on our business.

Mr. Abernethy: Switching just a little bit, looking into future years. Does the Corporation think that the homeownership programs are sustainable? Then talking about reference to the fact that CMHC money is going to shrink slowly to the point where it doesn't exist anymore, is what you're doing today sustainable in the long term?

Mr. Polakoff: Thank you, Mr. Abernethy, it's a great question.

In my view, homeownership programs are a very important element of what we're doing. The question of sustainability is one that we put to ourselves as well. I think that in some cases, it depends on the community. In some communities you have higher incomes, and so the sustainability of the programs is much more obvious. In other communities, however, public housing will always be a requirement, from where we sit, just as it is in all jurisdictions in Canada, because you are going to have certain people who cannot afford homeownership. So from our perspective as well, we would expect that there is a limited pool of homeownership folks, but one of the things we believe is also necessary is you need to have continuous improvements on your housing programs, recognizing that at the end of the day, you have got significant resource reductions, and you have to identify different ways of making this work.

I think that piece kind of folds into another area of concentration for the Housing Corporation, and again, that's working more closely with our federal counterparts. It gets into more of a political realm, if you will. But being very aggressive on FPT discussions and trying to ensure that the resources that have been provided by others, by Canada, that the high needs in northern jurisdictions are well understood, and rather than accepting that there will be a continuous reduction in resources, perhaps looking at different ways in which the federal government may be willing to participate, again based on need.

If I can use an example of what I'm talking about, the Affordable Housing Initiative would be one example, where in spite of the reduction in spending, there was the opportunity, and that opportunity was seized by provinces and territories to get into a discussion with the federal government, and there was some success in getting federal funding. I think that's an important area of our concentration and one that we certainly are very focused on through our Minister.

Mr. Abernethy: Qualifying applicants for the homeownership program need to be below the core need income threshold for their community. I think you've already answered this, but I'm going to ask it again anyway.

Is it realistic to expect these households with a very low income to repay a mortgage? Will they and can they be successful in repaying a mortgage?

Mr. Anderson: As Mr. Polakoff mentioned, our lowest income families belong in public housing. There's a recognition of that, because they can't afford to be successful in homeownership. But the next category is from the top end of the core need income threshold down to about midway of that pool. As long as people can afford the shelter cost, then they may not even have to pay a mortgage. So in that situation, the cost to government is simply the capital cost of that unit.

When you're talking about public housing, you're talking about \$1.5 million in lifetime costs. So in cases where people have enough money to pay for the shelter costs, excluding a mortgage payment, that would be the bottom end of homeownership.

Mr. Chairman (Mr. Menicoche): Thank you very much. I'll just call a quick break here. Witnesses, you are welcome to grab some lunch. And with that, I'd like to have a quick in-camera with committee members here too.

All right, we're on break.

The Standing Committee on Government Operations took a short recess.

Mr. Beaulieu: Just a question to follow up on Mr. Abernethy's questions. I'm wondering if there's any thought to replace the declining federal fund using homeownership money.

Mr. Polakoff: I think any sort of reinvestment, in answer to the member's question — good question — is that any reinvestment we can make.... We're looking at different options. That's certainly something we would give consideration to.

Chairman (Mr. Menicoche): With that, we'll move on to the next section of the report, to page 16.

Interjection

Mr. Hawkins: I might not have been in the room, so I just wanted, first, to make sure that No. 53 hasn't been flogged to death yet. It's already been beaten to death. We'll accept that?

Chairman (Mr. Menicoche): Yes. Mr. Beaulieu just asked about it. He asked that question in regard to how it was they exactly planned to replace the declining fund.

Mr. Hawkins: No. That's not the question.

Interjection.

Mr. Hawkins: Under number 53, we look at the applications that were withdrawn. If it's already been answered, I'll find this out later. With that, out of the 28 applications sampled, 12 applications had obtained homeownerships. Out of the 12 applications that were further reviewed, six applications had not been point-rated.

I guess the real issue, without beating this to death, is that I have a problem with the fact they were not point-rated. I guess the issue really is, are you now ensuring through policy that every single application gets point-rated on the actual allocation?

That has nothing to do with “Did you qualify for the program?” It’s actually the obtaining of the house.

Mr. Polakoff: Yes.

Mr. Hawkins: Just to be clear on this now. That’s good news. Are you doing any follow-up on the six applications to make sure they were...? Actually, no. Scratch that. They did qualify for the program, so the question doesn’t apply in this particular case.

Chairman (Mr. Menicoche): We’ll move on to page 16. “The Corporation does not have a strategic plan to meet housing needs of all NWT residents.” Questions?

Mr. Beaulieu: In your response you describe the importance of informing the public and government partners. Why did this action become a focus of the Corporation? That’s in section 55.

Mr. Polakoff: Maybe just a clarification from the member. The strategic plan itself, Mr. Beaulieu, or informing the public or both?

Mr. Beaulieu: The strategic plan, or both if you could.

Mr. Polakoff: One of the things I had noted upon my arriving at the Housing Corporation was that there was a business-planning process. I’ve always been a proponent of the development of strategic plans as a means to track issues and prioritize, beginning with some of the internal reviews we were doing — I mean collectively. After we’d undertaken a review, we felt that undertaking a strategic plan through a framework process would be very helpful to assist the Corporation undertake its operations more effectively.

As part of a strategic plan — and I alluded to this before — I also think it’s important that strategic plans are used not only to guide the organization but also to inform people about what the organization is doing, how it’s attending to its business, and the process as well as the targets the organization has. It was largely as a result of internal reviews and perhaps my own personal preference for organization planning, strategic planning and the use of those documents as a means to administer operations.

Mr. Beaulieu: The last needs survey you guys are operating with, the 2004 survey, 16 per cent was the percentage of core need at the communities. This is just information.

Having said that, the Corporation hasn’t done a needs survey since 2004. I’m wondering if the Corporation identified lack of information as a driver for issues identified when addressing the housing needs of the residents of NWT.

Mr. Polakoff: I would characterize it somewhat differently. We identified the need to understand more precisely what the need is, but not the lack of information, at this stage.

One of the things that we're hoping to do is perhaps to utilize more information as it becomes available from Census Canada. As it rolls out, you have an opportunity to do custom runs and things like that.

The information coming out from Census Canada is beginning to become a little bit more precise. In January, for example, they put together some really good information on housing needs for aboriginal people. Folks in this room may have seen some of those findings. The Census Canada information was very clear in being specific about the continuing high need for aboriginal people in the three territories: Nunavut, Yukon and the Northwest Territories. That information is helpful as well.

The other area in which that we'd like to concentrate our efforts is getting more information through direct dialogue with our LHOs. I mentioned earlier that we think the LHOs are the repository of some pretty good information on their own communities, and we hope to use that as well.

Mr. Beaulieu: My last question would be to seek some information. During your presentation yesterday, you indicated that you were looking at the needs of what you termed "small communities." You may have said non-market communities. In any event, for this group of what appears to be a largely aboriginal population, or a mostly aboriginal population in these communities, the need was at 30 per cent.

In order for the need to sit at 16 per cent overall, I'm assuming that we have communities below national average. I don't know what the national average is, but I'm assuming that's around 10 or 12 per cent.

Mr. Polakoff: It's 9.2 per cent.

Mr. Beaulieu: Pardon me? Oh, 9.2 per cent. Okay. So maybe we don't, but I'm assuming that we do. Maybe Norman Wells, maybe Yellowknife. Therefore, has the Corporation considered, or will it consider, focusing on addressing the problems of providing housing to people in need across the Territories? Has your focus changed any as a result of those findings?

Mr. Polakoff: Our focus is consistent with where the need is greatest. It takes a "worst first" approach, which is the approach we would like to take, but I'm going to qualify that a little bit in that we also recognize that it depends on what you're delivering. If you're delivering homeownership programs, for example, you want to deliver those in the communities which can best afford it.

One of the challenges we have is to change the mindset in some communities, to move people toward homeownership. We have some communities where we have really high incomes, and there aren't a lot of housing options available for folks. That's a bit of a challenge for us, too, because going into a community, we're fairly tough competition as it relates to housing. But in some communities, because of the diamond mines and so on, there are some fairly high-income folks out there. So we try to strike a balance between not only where the need is but also where the resources are, to deal with specific kinds of housing issues.

Mr. Hawkins: Noting in section 58 that the earliest opportunity for us to see a finalized strategic plan is sometime in 2008, my obvious question is: is this early enough? Do we expect to see one in the next week or two? When should we see a strategic planning document?

Mr. Polakoff: The strategic planning document itself is kind of an additive process, where we're going to be dealing with specific areas of focus. There will be an ongoing provision of information on specific issues, but if we're talking about a complete document, that may be later on in the process, recognizing that certain elements will come together more quickly than others.

Stephen, did you want to...? Perhaps I'll ask Mr. Pretty to add some detail around that.

Mr. Pretty: The "Framework" document itself — which is just that, a framework — for the strategic plan is currently before the committee. We anticipate a response back from those folks within a couple of weeks, taking into consideration the input they have and the input we have received from you folks today around specific actions related to the AG report. We'll have to take another look at the framework.

Our intention is for the "Framework for Action" piece of strategic planning, in all likelihood, to be prepared for tabling for the May session.

That said, there are additional components that go forward from that report as we progress. We do take very seriously the comments about whether or not the framework, in and of itself, represents the complete strategic plan, and there are additional strategic planning activities, led by me and with my staff and my committee, that will go forward.

But in terms of an initial document, you can look forward to something in the next couple of months, and then continuing to build on that, with input from yourselves and other stakeholders.

Mr. Hawkins: I appreciate that these are living documents, but we need to frame something up to work from in order to have a living document, or else it will never see the light of day.

The issue now, for me, is what has the Housing Corporation been using as a directional document in the absence of a strategic plan and your so-called framework? What have you been using for two years, seeing how the new establishment, or the revised section, has been working?

Mr. Polakoff: It's important to remember that the strategic planning document and the "Framework" also integrate with the business planning process. They're not mutually exclusive; they're integrated with each other.

We would suggest that we'll get into a situation where one is driving the other, and at the end of the day, they both need to be consistent and mutually supportive.

In the past two years we have not only been using the business planning documents but also internal processes to plan appropriately and to guide the organization.

Mr. Hawkins: I'd be foolish to not agree with you, in the sense that yes, they work together, sort of in a symbiotic relationship. That's true. But the fact is the strategic plan is the broader policy of what you're doing and where you're going. The budget framework discussion.... I shouldn't call it a framework, because now we're mixing phrases. The budget document, in which you say what you're doing and what you intend, is speaking to where you're spending the money. The strategic plan is the isolation of the broad policy of our focus and how we're going as a Corporation, what we're doing and how we're planning to deliver it. I just see it as the missing overriding policy document, and that's what I'm trying to say. What has been the overriding policy document that's been driving all of these policies? I'm hearing you say the budget does. I don't completely disagree with you, but I don't think it's the overriding compass.

Nobody wants it?

Chairman (Mr. Menicoche): Mr. Polakoff.

Mr. Hawkins: Mr. Pretty?

Laughter.

Mr. Polakoff: Everybody in this room is aware of the strategic plan developed by the GNWT that provides an overriding framework to the way in which government and its departments undertake their business. So that's a piece of the puzzle, I guess, if I'm understanding the member's question.

The strategic plan of the 15th Assembly and currently some of the strategic planning processes that are ongoing with the 16th Assembly also guide the way in which we do business — backstopped by the business plan, backstopped by internal processes.

Mr. Hawkins: That's what I really was looking for. I wanted to hear you tell me, not me tell you, what I think your strategic plan is. I would think it would be the old strategic plan until it's been updated — you know, how we plan for a revision — and we're planning and moving forward.

I just questioned it because it's being raised as an item by the Auditor General's Office in section 58. Furthermore, it becomes a recommendation in 59 to finalize this, because I mean, I think it's the principle that guides them. I won't banter any longer, but I was looking for that clarity. Thank you.

Chairman (Mr. Menicoche): With that, we'll move on to the next section, which is on page 17: "The Corporation needs to identify significant risks and develop action plans to manage them." With that, I've got Mr. Jacobson.

Mr. Jacobson: How does the Corporation plan to address the identified risks of a shortage of labour and the unavailability of land titles?

Mr. Polakoff: Could I ask the member to repeat it? Sorry.

Laughter.

Mr. Jacobson: How does the Corporation plan to address the identified risks of shortage of labour and the unavailability of land titles?

Mr. Polakoff: Okay. As far as availability of land, we've been working really closely with MACA through their responsibilities of land. And I think one of the other things that's been really important, from our perspective anyway, is making sure that communities were aware of the fact that land is a very significant issue if we're going to deliver our programming.

So what we've been doing is working directly with communities as well when we identify an area. In a community where there isn't sufficient land, we sit down with the communities to sort through the land issues with them and try to determine what some of the options might be to sort out the specific needs of a community.

In some communities it's not a huge issue, because there may be enough available land to proceed, but in some communities it's a larger issue. And it's also a longer range issue, as well, because we want to make sure that we have overall enough land for the future needs of the Housing Corporation and, more importantly, for the communities.

As far as shortages of trades and things like that, we've been working more closely on things like apprenticeship training and providing training to communities. But it's very clear that the lack of trades and lack of availability of some skill sets is a real challenge.

So with that in mind, we're also working closely with our colleagues at EC&E and other departments to try and identify needs early and put in place opportunities and recognize what opportunities may be available as well as recognize what kinds of skill sets we need as a Corporation when they're looking at their training and planning processes for training.

Mr. Jacobson: What would happen if the planned housing units cannot be built within a time frame of the Affordable Housing Initiative?

Mr. Polakoff: There's a number of reasons why that could happen, I guess one harkening back to our recent discussion: if there wasn't available land in the community. If that were an issue, then we would look at reallocating units through discussion with our Minister and having our Minister have appropriate discussions as well.

But at the end of the day, we also believe, based on our scheduling, that we think we will achieve our targets, remembering that we have at least one extra year for cleanup. So I think we're in pretty good shape.

Mr. Jacobson: How will the Corporation and the communities deal with the clients that are in arrears with the Housing Corporation? Do they not qualify for any other housing programs?

Mr. Polakoff: To the first part of Mr. Jacobson's question, that again goes back to some of the discussions that we've been having earlier on about working directly with clients and working directly with LHOs.

The larger question that the member raises, though, is a very significant one from our perspective, because we hear from communities and community members that in many cases, community members are of the opinion that the current array of housing programs may not meet the needs of all people in the Territories.

What that tells us is that we need to do more research planning and identification of options that may be helpful in further refining our housing programs to make them available to as broad a segment of NWT citizens as possible, recognizing that we have to do it within the available resources to us. At the end of the day, given our current level of resources, the opportunities for us to meet the needs of all people in the NWT are very, very limited.

Mr. Jacobson: Section 4.3 of the draft “Framework for Action” refers to negotiation for land and federal and aboriginal community governments. How will the NWT Housing Association report on its progress in these negotiations?

Mr. Polakoff: The primary area of reporting would be through the “Framework” document itself, as well as providing perhaps updates on an ongoing basis, depending on the needs.

Mr. Jacobson: One more, Mr. Chair. Does the Corporation feel that the training opportunities identified in the draft “Framework for Action” are sufficient to address the risks associated with the shortage of skilled construction workers?

Mr. Polakoff: No. The shortage of construction workers, not only in the Northwest Territories but throughout Western Canada primarily, is a very significant challenge and one that I think all jurisdictions are challenged to address, primarily because of the overheated nature of the Alberta economy and the ever-increasing need for trades people. So I think it’s a real challenge for all Western governments particularly — and in the North no less — to come up with ways and means of training folks locally so they can take advantage of jobs. But it is, as I say, a big challenge and one that we all face.

Chairman (Mr. Menicoche): Any more questions? There being none, we move to the next section, page 18: “Performance measurement and reporting can be improved,” paragraphs 64 to 71. Okay, no questions on that. We’ll move on to.... Mr. Hawkins.

Mr. Hawkins: I guess the sort of overlying issue here is identifying some of the reporting mechanisms. And I think, even in 67, it talks about how we could report things like overall starts — the housing situations with, you know, client satisfaction, when we do starts of houses, stuff like that.

Why are we not reporting these functions as well as going back to sort of some of the risk questions, which is identifying that CMHC funding is declining? Are you going to take these recommendations to better improve our reports on results and incorporate them in going forward?

Mr. Polakoff: Yes, we are. Again, in our view the “Framework for Action” and the detail that needs to be inserted in there will be a primary source of that information.

Mr. Hawkins: Just continuing on, again, the issues of performance measurements and how we're going to bring that to the surface to be dealt with is item no. 68.

Mr. Polakoff: Again, there are measures and deliverables that are outlined in the strategic framework and that would be a primary source of information.

Mr. Hawkins: I think we were going to search for details on item number 70, just to get clarification. I think it is an accounting position, yet item number 70, under the business plans, is where we see the differential between the \$5 million and \$11 million in loan guarantees. Maybe we could get some clarification. Was that a target, what number did the base target start at, and how did we end up in the method we did? It looks like we were going for \$5 million and we ended up with \$11 million. Maybe you could explain the process that evolved it to that state.

Mr. Polakoff: I can give an initial response but will ask Mr. Anderson to provide some additional detail. It's important to recognize that the amount of money that eventually is spent on something like a loan guarantee is also dependent on the amount of interest that's shown in having us approve loan guarantees. The initial \$5 million, I suspect, rather than a target, was an estimate, and there had been more interest in the loan guarantee program. But I can ask Jeff A. to provide some additional detail.

Mr. Anderson: Yes, I agree with what he's saying.

I can mention, for example, that our corporate loan guarantee is on a request basis. In particular, the smaller contractors across the North apply to us to utilize that program. To date, just through support to the banks — backstopping the banks through this program — we've done about 270 units overall, with about \$42 million worth of residential housing, and that's based on an \$11 million loan guarantee portfolio. So it's worked pretty well to date.

Mr. Lennox: I think it's the way this was worded, but my understanding was that the Corporation set a target to increase by \$5 million, and in the reporting against that.... Well, let me rephrase that. There wasn't any reporting against that. Instead you reported an absolute amount of \$11 million. So instead of setting the target of increasing by \$5 million and we'll kind of let you know how we did against that \$5 million, you reported an absolute. Our point was simply that it's difficult to know how you did in relation to your original target when all you reported was the absolute amount. That's the point we were making there, just for clarification.

Mr. Hawkins: I would ask for that clarification. You didn't say where you started and how you got there. You just showed the one number and then you showed another number. I guess that's really....

Interjection.

Mr. Hawkins: What the auditor cited is that you showed what you wanted as an increase, you showed where you ended up, but you didn't show where you started off and how you got there. Maybe you could explain that.

Mr. Anderson: I think he wrote the number down.

Laughter.

This probably really isn't a good measure for this to begin with. With this program, we have a regulation limit of \$30 million for our loan guarantees, and we have to stay within that parameter. This is really on a basis of people coming forward and wanting to access that program. So the more people access it, the more loan guarantees we potentially could do under it.

I could go back and get the timeline of where we were over a period of time to see if we achieved it or not, if that's what the committee would like. The reality is we've done \$11 million and we've done \$42 million worth of real estate.

Mr. Hawkins: That's exactly what the committee would like. He said he would do it.

Chairman (Mr. Menicoche): That would be a committee decision.

Mr. Hawkins: Then I should finish.

Chairman (Mr. Menicoche): I can come back to you.

Mr. Beaulieu: For my own clarification, are you saying that you guys have a \$30 million maximum loan guarantee allowance, you've then requested an increase to \$35 million, but you only have \$11 million outstanding at this point?

Mr. Anderson: No. We have a limit of \$30 million that we can do up for maximum loan guarantees that we provide to the lending institutions, and we're at \$11 million right now.

Mr. Beaulieu: I'm okay with that. I'm trying to find out what the \$5 million is all about.

Mr. Lennox: Let me kind of broaden the horizon on this, rather than focusing on this one particularly. A broader way to look at this would be the targets you set at the planning stage of your year. Those should be what you report against in the reporting phase. We were just highlighting a couple of examples where targets were set in the planning phase, but then you were silent on or were not reporting against it in the reporting and performance report.

We are saying you should make sure those targets that you set in the planning phase are indeed reported against. We just cited two examples. We weren't trying to focus specifically on those two examples but more the broader idea of setting targets, which is a really good thing in the planning phase, but then making sure you report against how well you did against those targets in the reporting of results.

Mr. Abernethy: And had the Housing Corporation said we started off at \$3 million, we had hoped to raise \$5 million more, but we ended up at \$11 million, so really we raised \$8 million, then there would be no question. The problem is they didn't give us a starting point. If they had given us a starting point saying, "Woo-hoo! We were at \$4 million; we wanted to increase it to \$9 million; we've made \$11 million" — who cares? It's all good, right? But because they didn't give us a starting point, that's where the question comes from.

Chairman (Mr. Menicoche): Absolutely. In our prior discussion that was it. For me it was, “Okay, you set a target of \$5 million,” and to me you exceeded it, so you went beyond your target.

Interjections.

Chairman (Mr. Menicoche): So with that, committee, can we move on?

Mr. Hawkins: I would suggest we take up Mr. Anderson’s offer to provide that detail on a piece of paper, which he’s already offered. If not, I’ll take it.

Chairman (Mr. Menicoche): Well, no. I was just thinking, Mr. Hawkins, a little technical thing is we’re not convening as a committee to address the Auditor General’s report.

Interjections.

Chairman (Mr. Menicoche): I don’t know how much value it will have to us, actually.

Moving on to the last section.

Mr. Hawkins: No, actually, there is something we should talk about later about having them come back so it will be relevant.

Chairman (Mr. Menicoche): I will talk about that later, Mr. Hawkins. Can we move on to the next section?

Mr. Abernethy: Last section. Excited? And it’s not my question.

Laughter.

Chairman (Mr. Menicoche): Page 20, “The Corporation needs to report whether it is reducing core need households,” paragraphs 72 to 76.

Mr. Abernethy: The Corporation does not speak to the need of reporting on maintenance and repair of existing public health units. How will the Corporation report on its activities related to its existing house stock?

Mr. Polakoff: Mr. Pretty would like a chance to say something.

Interjection.

Mr. Polakoff: Essentially, within the “Framework for Action” there are number of areas where we’ve committed to reporting back on conditions. First and foremost would be a commitment following the three-year delivery under the Affordable Housing Initiative to return to the Legislative Assembly with a full report on that. We also have two areas where we’ve committed to two quarterly updates, which would be brought in from the LHOs and districts on both the repair and renovation work and on maintenance. The third piece of that would be work we’re doing with our provincial and territorial colleagues on a more comprehensive report on the current condition of the housing stock. That’s in the works over the next six months to a year-and-a-half, depending on the schedules of the consultant that’s been hired nationally to do that work.

So there are a number of reporting opportunities that will come forward in the next number of months through the framework and through FPT work.

Mr. Abernethy: It appears that the indicated plan to report after the completion of the 2008-2009 construction season effectively means that any reports that we can expect can only be expected in the fiscal year 2009-2010.

Given the recommendations of the Office of the Auditor General, has the Corporation considered a report on the activities related to the Affordable Housing Initiative before 2008-2010?

Mr. Polakoff: You can anticipate additional reporting on the progress.

But also on the collateral issue of whether all the reports are going to stop coming the end of 2008-2009 or 2010, that will not be the case. Our reporting regime will not only continue but will in all likelihood wrap up.

Mr. Abernethy: Can the Corporation look into the reporting mechanisms that would show the activities undertaken since the start of the Affordable Housing Initiative in 2006-2007?

Mr. Polakoff: Again, for that question, Mr. Abernethy, yes.

Mr. Abernethy: The Affordable Housing Initiative will end with the fiscal year 2008-2009. Given the risks identified in the Corporation itself, what will happen if the targets of the initiative are not met within the time frame? You already kind of answered this in an earlier question, but I just want a bit more detail.

Mr. Polakoff: One of the things to be aware of at the outset is that we're still trying to sort out what the overall number of houses is going to be through the AHI. That's one area where we're trying to sort out for ourselves what that would be. In the meantime, what we're looking at is trying to identify what the best options are for the final year of the AHI. That's been going on for quite some time now through our district offices to make sure, again, that we're getting the best bang for our buck. And we're also going to those communities where there's land availability, where we've got the best opportunity to get our construction in place. So we're trying to mitigate those up front. We're also looking at different ways into the future to create as many units as possible by reducing our cost, whether that be through multi-built, different technologies, and that sort of thing. I think that's a collateral part of the question as well: how can we do what we do better, more efficiently?

Chairman (Mr. Menicoche): Just with regard to Mr. Abernethy's question — doing an interim report on activities since the start of the Affordable Housing Initiative — is that something you are looking at doing before the May-June House sitting?

Mr. Polakoff: Not before May-June.

Chairman (Mr. Menicoche): Okay. Thank you very much.

Mr. Abernethy: *Could* you do it before May-June?

Laughter.

Mr. Polakoff: Thank you for that question. No.

Laughter.

Mr. Polakoff: Thank you, Mr. Abernethy. It's certainly something we could consider doing. It depends on the level of detail and so on, but I'm sure that would be something we could assemble.

Chairman (Mr. Menicoche): It would be interesting, because we'll be tabling our report on our proceedings of these last couple of days in the House in May-June as well.

Mr. Polakoff: Yes.

Mr. Hawkins: Under management's response, I know we sort of went over this in a large part. We talked about the 2008 reporting cycle of the HI, and one of the points noted several times is the actual.... We won't really be able to see before the 2009-2010 planning cycle of the Territorial government. One of the issues, just for clarification here: is it your anticipation, maybe, to speed up a draft in the sense of a process report, to let people know where it's going? The issue really at hand is that's still a year and a half or more away from the government side, and it's difficult to see this. We just want to see the details, and can we expect an interim process to be provided?

Mr. Polakoff: Perhaps if I could get the member to.... Are we talking the "Framework," Mr Hawkins?

Mr. Hawkins: The HI — Affordable Housing Initiative.

Mr. Polakoff: Consistent with the answer with Mr. Abernethy, I think that's something we can look to have done within the next couple of months.

Chair (Mr. Menicoche): Actually, just going back to the offer by Mr. Polakoff, on second thought, it won't hurt that he provide us with that information.

Mr. Hawkins: Mr. Anderson.

Chairman (Mr. Menicoche): Mr. Anderson. Sorry.

Mr. Hawkins: If they haven't changed their minds.

Laughter.

Chairman (Mr. Menicoche): Now we want it.

Mr. Abernethy: All of us want it, not just Robert.

Chairman (Mr. Menicoche): Any more questions? Mr. Hawkins.

Mr. Hawkins: Now I get my other book.

Laughter.

Mr. Hawkins: No, I'm going to pass at this time. I think we've thrashed.... I think we're at the conclusion, right?

Chairman (Mr. Menicoche): Yes.

Mr. Hawkins: Although I'm not suggesting I'm going to do a closing statement at this time. I think we've exhausted most of my questions.

Chair (Mr. Menicoche): Yes, thank you very much, Mr. Hawkins. Actually, I was going to give each member an opportunity to say a few words. We've pretty much concluded the review with you, Mr. Polakoff, and Mr. Pretty.

So with that, whoever wants to go first. Glen.

Mr. Abernethy: Thank you very much for coming in. It's been an interesting day. I think we've officially done a full day now. I appreciate your coming in and talking with us and providing us with some clarification and helping us understand the direction you are taking.

I'm just going to follow up on some of the stuff I said yesterday. Ultimately, the mandate is to reduce the core need households in the Northwest Territories, and you do that through a variety of programs—the rent subsidy and the homeownership programs. I know you guys do a lot of good work. I know there are lot of good things happening out there. The audit made it clear that you have experienced some challenges over at least the audit period. We don't know if it was that way before, and we sure hope it's not going to be that way after.

We know that there was difficulty with the allocation of public housing. We know that there were problems with monitoring the quality of the housing stock itself. We know that there's a lack of financial accountability among some of the LHOs. We know that there've been some rent collection issues. Now, I personally believe, like my colleague, that a lot of that might be resulting from the change of giving the program over to ECE and creating a two-window shop as opposed to a one-window shop. I feel the way many of the other MLAs do, that maybe we made a mistake in the last Assembly and maybe that should have stayed with the Housing Corporation.

Other areas. There's no strategy to monitor the LHOs' operations. We've heard that is something you're working on, and I'm glad to hear that. We've heard that there have been some challenges with mortgage collections. We've also heard there are houses out there that are sitting vacant, boarded up. That's very distressing to me, and that's something I think we should have known was going to happen. We should have found a way to avoid that happening. Maybe we shouldn't have built houses where we know nobody is going to pass the test.

We know that there's a problem monitoring the application process for the homeownership program by the district offices. We know that there's no risk analysis, and that's one that Tom talked about an awful lot. I think in order to do an effective strategic plan, which you've indicated you're working on and are going to be doing as part of your "Framework" as well, I personally feel, as my colleague does, that a risk analysis is incredibly important, especially if we want a solid document that is going to

meet the needs of the people in the long-term future. We can't just assume; we do need to do some sort of spot analysis or something like that, to make sure we get it on the mark.

We also know you need to ensure that the conditions of the Universal Partnership Agreements you're signing with the LHOs and the district offices are met.

It certainly became obvious to me that in not all cases have they been living up to their obligations. I put that right back on you. That's your responsibility, to make sure they do.

I've heard that you're working toward these things, and I'm glad, but we need to make sure you do it. Ultimately, you're spending public money; you're accountable to the people. We're accountable to the people, and we're here to make sure you do it. We will be watching and looking forward to your reports, and we look forward to your strategic plan.

In the strategic plan I mentioned earlier — and to me, it's critical — when I looked at your “Framework for Action,” honestly, it looked like another government document that's going to end up on a shelf, growing dust, for the next little while. To me, these documents and strategic plans, and this “Framework for Action,” need some really concrete, measurable action items in them, items that can be monitored. They need to be realistic.

We can look at the pie in the sky, if you will, and we could go for all this great and glorious stuff, but if we can't get there, it's not worth the paper it's written on. When I scanned the “Framework for Action,” I was thinking, “Those are the big government words they're using there. That's not realistic.” Let's bring it into what we need to accomplish with respect to our mandate. Let's keep it simple. There's an acronym, KISS: Keep It Simple, Stupid. It's a good one. Focus on what the mandate is, and keep this thing as simple as possible, with real and measurable, real and attainable goals.

Your mandate is simple: you want to reduce the core-need households. Let's focus on that. Let's not focus on all these fancy new things that we can do and everything that looks great and glorious and the large words. Let's focus on something we can actually do.

You need to do a risk analysis at some point. We need to know what our strengths and weaknesses are and what our opportunities and threats are. You've already identified them. Let's put them down. Let's get them in there.

You may not need to do this forever, but certainly, coming out of this audit, this is something that I see: you need to be more hands-on. You might be able to get away from that in the future, as things fall in line and the LHOs start producing the reports on a regular basis. They're trained; they understand; they know. You may not need to be as hands-on then, but right now you need to go hands-on for a little while, to work with the LHOs and the district offices, acknowledging full well that there are different realities at work in the different communities and you need the flexibility, as do the

LHOs. For a while you're going to have no choice but to be a lot more hands-on, in order to ensure that they come along and start producing the required reports.

And where differences occur.... We were shown one earlier, where six of the applicants did not go through the point-rating system to be allocated. There might be a reason for that, a good reason, and all of us might say, "That's a brilliant reason." None of us knows any of that right now, and I don't think you necessarily know, at least not according to the audit. We need to make sure, when situations come up, that it's understood why, and you need to be able to turn around and explain it to everybody and have everybody understand. That's not the case in this particular situation.

I know it's not as much fun to be hands-on, and I would never promote micro-managing, but I do think the Housing Corp needs to work a little closer, and cooperate, and provide a little bit more hands-on direction to those LHOs and district offices that evidently need it, to get you up to a standard where everybody is regularly producing what they need to produce.

Ultimately, as I've said several times during the last few days, you're spending the people's money. You're spending it on a good cause, but you still need to be accountable and transparent. If the public comes to us and says, "Are they spending the money appropriately? Are we getting the most value for the dollar?" you, me, everybody would love to say yes. If we showed this to them, there's no way we could say that. There's absolutely no way we could say, "Yes, we are spending the money efficiently, effectively and in the most cost-effective manner."

I know you do a lot of good, but there is clearly some room. I'm glad to see that you're going down this road and doing these plans. Try to put in some of these additional things. Otherwise, we'll come back in two years and there will be nothing to measure anything against, and you'll get an audit that says the same thing, even though you've done a lot of work. Let's not waste time.

That's my closing statement. Was I under five minutes? Am I good?

Laughter.

Chairman (Mr. Menicoche): Thank you very much for your assessment of our audit review.

Mr. Beaulieu: I too agree that the main business of the NWT Housing Corporation is to lower the core need across the Northwest Territories. I also feel that the Corporation, having gone through this audit report, is also in the business of keeping people out of core need, which is a lot cheaper than taking people out of core need. It's a preventive maintenance type of thing.

I want the Corporation to recognize the core need across the Territory, and although reducing the core need is important, I consider preventing the core need from going up to be equally important, if not more important, because it's much more efficient.

However, this leads me to say that I am disappointed that the Housing Corporation, prior to the arrival of the new president, was not able to get a needs survey done. It

would have been good for this government to have a brand-new needs survey to start with. When we consider that this government has cut \$135 million out of its budget, it would be good to have all the facts. The Housing Corporation is responsible for making sure that those facts are given to this government in order for the government to make prudent cuts. Right now it doesn't appear, from the outside, that the government had all the necessary information, and you are, in part, responsible for that.

If you had come back and reflected a core need of 12 per cent — when it had dropped from 20 per cent in 2000 to 16 per cent in 2004 — if you had come back and said, “We're at 12 per cent in 2008,” having grabbed the results from 2007 and indicated that to us you're now sitting at 12 per cent, we would have had an opportunity to make good decisions, to say, “We're less than 2.5 per cent over the national average. Maybe it's time to re-profile some money temporarily to more important areas.” I'm not talking about removing budgets, but shifting budgets around, even within the GNWT, to give the government an opportunity to become more efficient. So I'm disappointed that there is no needs survey done.

However, at the same time, I recognize that you have done restructuring. Jeff, you have only been here since 2000. I have confidence in the Minister, and my confidence is at an all-time high with the Corporation, having this report as a good tool to be rolled into your “Framework for Action.” The fact that you have a “Framework for Action,” period, gives me confidence.

I'm very confident, and I look forward to lots of changes at the Corporation. Thank you.

Mr. Hawkins: I guess I'm the last speaker in this particular case. What I'll do is, first, give my comments, and then give Mr. Polakoff a chance to respond. Then I'll close the hearing in that measure.

I won't be as lengthy, obviously. I've held the Committee in a stranglehold now for almost a day and a bit. As you can see, I'm very concerned about a lot of issues, but they all surround following up on policies and procedures that exist. I reaffirm, as I did at the very beginning of this hearing, that I didn't believe there was a smoking gun or a bag of money was going out the door. It was more about following existing policies and procedures, and that's really my concern all the way through. I said that at the start, and I'm saying that again on the way out. That's really my issue, that things exist.

You've committed to provide Committee some detail, and I want to thank you for that. I look forward to seeing that information as soon as possible — the one where we talked about expanding your management responses to provide a little more detail, to which you committed yesterday, Mr. Polakoff. I did refer to it. It's to be a single piece of paper, not a booklet on each management response, because you didn't seem interested in providing some clear responses in a formal context.

A lot of this, as cited by Mr. Abernethy, has to do with the fact that there are some notations missed. We're all well aware that life has certain examples where we work without due process, and we always have to justify it with a small amount of

understanding, even if it means putting a note in the file explaining why we didn't follow process this time. In some cases it might have been, "We didn't rate anyone because only one person applied, and we had six houses. We were wasting our time continuing the application process beyond a determination of whether the person qualified." That makes sense to me. There are many stages of concerns that could have been solved by justification as to some of the methodology, as to why we were doing it.

Lastly, I would encourage — just as Mr. Abernethy said — a stronger sense of overview over the LHOs. I too share the concern of micro-managing good, competent people, but you know what? We have a track record here of policies not being followed. The fact is if management is a little firm on them in the next little while, that will certainly demonstrate that we'll be able to roll that concentration, or focus, back in time, and quickly demonstrate that they are competent and can run their policies according to the rules set out. That was highlighted through a risk rating process. In time, I'm sure, everyone will be complying, assuming that the leadership starts at the head office. That lies on your shoulders, Mr. Polakoff.

That brings me to the end of my comments.

My apologies — one other thing. I need to put it on record for us to put it in the report, but I did highlight my concern about us carrying mortgages unnecessarily. What I meant by that was setting it up in such a way that when we refinance, we should maybe have a policy to encourage people to go to traditional lending institutions. That way, we can take the mortgage off our books, other than the granting process. I'm sure that will eventually have a positive effect on the net balance on our overall debt wall of the government for what we carry as debt. I had to put that on the record so we can deal with it later.

That being said, Mr. Polakoff, I'll allow you to have a few words, and then I'll close the afternoon.

Mr. Polakoff: Thank you, Mr. Hawkins. Just a point of clarification, in terms of one-pagers on management responses.

I believe I had suggested we provide an opportunity to revisit the information in here through our Minister, through committee discussion. I believe that was what I had agreed to.

Mr. Hawkins: My interpretation was slightly different. You did mention the Minister, and spoke favourably of it, but we'd like to get some clarification before we finalize our report. I would encourage that feedback sooner rather than later. Consult with your Minister.

You had highlighted a few times where your management responses were restricted because of the wording and things like that — you might have been able to put a little more in. My suggestion was more around the premise that if you had some examples of clear actions and how you would do things and follow up and be consistent, that was the detail I would like. If you had more to offer, I would take it. I think we agreed to keep it simple, and yes, it has to go through your Minister.

That's what I was referring to, and I again thank you for your commitment on that. Thank you.

Mr. Polakoff: Again, just to be clear, I will have that discussion with my Minister.

Mr. Hawkins: Of course.

Mr. Polakoff: Thank you for that, Mr. Hawkins, and thank you for the comments from all members.

We've mentioned this before, but I think it deserves to be said again. One of the things we have found to be absolutely critical to the way in which we do business is having an opportunity to sit at tables like this and discuss with members their perspectives on what the Housing Corporation does and how we do it.

We've been very appreciative of those opportunities, but more important, we've been very appreciative of the support provided to us by numerous MLAs, both in the previous and in this Assembly, in understanding some of the challenges we have and recognizing that some of those challenges also have a political dimension to them. As we move forward, that kind of support is critical. We'll only get it if there's a clear understanding of how we do business and if the transparency we require is available to members so they can confidently say they do understand how we do business. The comments from Mr. Abernethy really focussed on those things.

Mr. Abernethy also referenced the fact that there is a real requirement in the "Framework for Action" for it to be a living document. We don't want to just put it on a shelf someplace, and I couldn't agree more.

The backstop to that suggestion is there is process in place that ensures the document is living. There are processes in place that use the document as a guideline. We've referenced it as a road map to how we do business. It's something that we take seriously. Not only will the three people sitting at this table today understand it's our road map, but all of our respective staff will understand that it's our organizational road map and provides us with an opportunity to track and prioritize issues, and it makes sure we're getting the best use out of staff time and the financial and fiscal resources we've been provided. It will also identify opportunities for partnerships and collaboration with other stakeholders, be they private or public sector.

There are all kinds of ways to skin the housing cat. It's up to the Housing Corporation to explore those different options and work with our colleagues, communities, districts, and other NGOs and organizations to make sure the housing continuum we're delivering is being done in a manner consistent with the mandate of the Housing Corporation, but also builds on that mandate and perhaps can foster partnerships with others that have broader-based mandates. The need to have more hands-on to solve the housing challenges is critical.

In his closing remarks Mr. Beaulieu, who is probably one of the most cognizant of the housing challenges in the Territories, put his finger on the problem, and it's core need. Through many years Tom has been a proponent of pushing the housing

envelope, and we're all very fortunate to have somebody with Tom's skills sitting around tables like this and providing advice. As he is wont to do, his identification of core need is absolutely the critical aspect of what we all need to focus on.

The Northwest Territories, just like our partners in Nunavut and Yukon, has some of the highest core need in Canada. We *do* have the highest core need. We've got a real need for good-quality, affordable housing that has to be expanded to meet all the needs of our citizens. It's going to take more than the Housing Corporation to solve that. But it is up to the Housing Corporation, as Tom correctly points out, to provide people with the information they need to make the best decisions possible, based on our understanding of what the core need is. We take that point very seriously as well. It's those kinds of arguments that will provide us with the tools and information we need to solve some of the problems.

Mr. Hawkins has raised policies and procedures as an important issue on his agenda, and I would concur with him. Policies and procedures, and policy control and coordination, are absolutely critical, as is the collateral piece of providing support to our LHOs and clients. One is dependent on the other; they're mutually dependent. It's very important that we recognize the need for good, sound policies, and a good, sound understanding of what our needs are, in order to ensure our policies are fitting the need.

At the Corporation we're fond of saying policies should not be there to prevent things from happening; policies should be there to enable you to make the right decisions. With that in mind, we need to make sure we have the right policy regime in place. If it's not, we need to change it. That's an ongoing process, as we've discussed, within the scope of our planning regime. It's something we're very focussed on. It's part of our planning process, and it's part of our framework and our strategic approach.

I made mention earlier about the LHOs and the level of expertise that's in the LHOs. I think I would be really remiss if I didn't also comment on the folks in the Housing Corporation itself. I've been really, really pleased to work with the folks at the Housing Corporation. I have found their level of professionalism and their level of commitment to be outstanding.

I think, over the years, the Housing Corporation has been a bit of an easy target, perhaps. I think the people at the Housing Corporation have taken some hits — whether appropriately or not, I'm not going to comment on. I will say that from my experience people in the Housing Corporation are probably some of the most committed public servants I've ever had the pleasure to sit around the table with.

In addition to that, the length of service of some of the people in the Housing Corporation is remarkable. There are people who've been there a long time. I scratch my head sometimes and wonder how they've hung in there. And that's throughout the Housing Corporation, in districts and in headquarters. The answer I've been able to come up with is they're very committed to doing a good job for the people of the Northwest Territories.

Mr. Abernethy's earlier point about needing the information in order to be able to turn around and say that we know the answers to these questions and we've got

confidence that these questions have been answered adequately, I think, is a good one. I would be, again, remiss if I didn't say that I believe the people at the Housing Corporation have every ability to do that. The support they've been provided by politicians in the 15th Assembly and ongoing has had a remarkable impact on them. I think it's safe to say they go to work each day with a commitment, a confidence that they do have the support of the Assembly, and a confidence that they have the support of our Minister. At the end of the day I think they feel proud of the work they do. I certainly feel proud to be a member of the Housing Corporation and to have the opportunity to work with them.

Just, perhaps, as a wrap-up, I want to thank the committee and all the members for their good input here. I've said it before and I'll say it again: we take the comments very seriously. I also wanted to thank Andrew and his crew for all the hard work they've done, and all the long phone calls we've had with Guy and Lawrence, and Roger and Peter before them. It's been excellent. We've found that the advice they have been providing us has been tremendously valuable. Not only that, they're very nice people to deal with and have been very, very supportive of the approach we've been taking. I've got nothing but good things to say about the Auditor General. We feel very pleased to have had the opportunity to work with Guy and Lawrence. Thank you so much.

Chairman (Mr. Menicoche): I'll go to Mr. Lennox. I'd be remiss if we didn't allow him to provide a couple of comments on the way out. If anyone else at that time feels the need to bring anything forward, we'll go from there.

Mr. Lennox: Thanks very much, on behalf of the office. Thanks, everybody, for the hearing on our report. I think that's an important part of the overall accountability process within government — to have such a hearing with respect to reports like this. I thank everybody for participating in that.

I think it's very important to highlight the fact that the Housing Corporation — and we've heard Jeff mention this a number of times — fully agrees with the recommendations in the report and intends to move forward to address those.

I don't want this to sound like any form of a threat, Jeff, but we will be back. On a regular basis we do follow-up work on all our audits. We will be back to follow up in due course. It won't be next week, but in several years from now we'll be back to do what we consider a follow-up to these recommendations. We'll be looking to see the progress that has been made, and we'll be reporting back to the Legislature.

It's not just that audit, but the Workmen's Compensation Board before that, et cetera. It's all our audits. We will do some follow-up to see to what degree our recommendations have been implemented. It's always good for you to know that we will be coming back. I just mention that. Thanks, everybody, very much.

Mr. Jacobson: I'd like to thank the Auditor General for coming in and the staff, Andrew and Lawrence. Thank you for coming. It was nice meeting you and working with you for the Housing Corporation.

I know we just came from my housing tour, so we're familiar with all the issues we have up in my riding. I know it's an important role the Housing Corporation plays in the Northwest Territories. Again, this has been, for me.... When you go to the smaller communities, it's a real humbling experience of what they go through, and you're doing a good job with what we've got in the communities. That's just my two cents. I'd just like to thank you guys for coming, and the board, and all the hard work of the staff. Thank you.

Chair (Mr. Menicoche): On that note, I'd first thank, in no particular order, of course, Mr. Andrew Lennox, Mr. Lawrence Taylor, Mr. Andrew Ross for their help from the Auditor General's Office. Thank you.

And to Mr. Polakoff, Mr. Pretty and Mr. Anderson, of course: thank you for your time and your energy. Definitely passion has been brought forward.

With that I'd like to say this concludes the review by the Government Operations Committee of the Auditor General's Report for the NWT Housing Corp. The committee's intent is to table a response in the May-June session as we come up and, of course, in the 16th Legislative Assembly.

With that, may I remind committee we'll be convening in camera at 3 o'clock. Thank you for your time. We're concluded.

The Standing Committee on Government Operations adjourned at 1:26 PM.