



# The Yukon Legislative Assembly

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**Number 3**

**2nd Session**

**24th Legislature**

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## **HANSARD**

**Thursday, March 8, 1979**

Speaker: The Honourable Donald Taylor

**ERRATUM**

March 7, 1979

Page 15 - Paragraph 5 - line 4: "heculan" should read "parochial".

**Whitehorse, Yukon Territory**

Thursday, March 8, 1979

**Mr. Speaker:** I will now call the House to order. At this time we will proceed with prayers.

(Prayers)

**Hon. Mr. Njootli:** Mr. Speaker, I find it very distasteful that I must rise on a Point of Privilege this afternoon. The reason I do this, Mr. Speaker, is to attempt to nip in the bud the unparliamentary, unconstitutional and unethical approach that the Honourable Member from Whitehorse West, Mr. Penikett, has taken to this House and to me in particular.

On page 15 of the Hansard, dated March 7th, 1979, the Honourable Member stated, "It sometimes seems that even the Member for Old Crow would rather be a Conservative than an Indian."

Mr. Speaker, the electoral districts were expanded to allow Indian people in particular to participate in our government system. As we all know, many people of Indian ancestry ran in all major political parties in the last election.

The statement yesterday indicates to me that the Honourable Member is accusing my Party of racism. In other words, he categorically stated that because of my ethnic background, I cannot be a Conservative and an Indian at the same time.

Mr. Speaker, if I allow this remark to pass, I can see that the Member will stoop lower in his comments in debate to come in the future.

Further, Mr. Speaker, his allegations reach even further than this House. The Honourable Member has told my people that being an Indian is not important to me if I am Conservative.

This is not true. I am a Yukoner of Indian ancestry and I do believe in Conservative philosophy, Mr. Speaker. Therefore I feel that this statement undermines my ability to represent my people if they are lead to believe I have rejected my Indian background.

I therefore submit that the Honourable Member for Whitehorse West apologize to me, and to this House, forthwith.

**Mr. Speaker:** On the Point of Privilege, the Honourable Member from Whitehorse West.

**Mr. Penikett:** Briefly, Mr. Speaker, I am sorry that the Honourable Minister of Human Resources took offence to my remark and I am quite prepared to apologize for the remark to which he took offence, though, Mr. Speaker, he will understand that from time to time there may be a number of observations from this side about the contradictions between the Indian philosophy and that of the Conservative Party.

**Mr. Speaker:** May the Chair then accept that the matter of privilege raised by the Honourable Minister is now concluded?

**Hon. Mr. Njootli:** Yes.

**Mr. Penikett:** Mr. Speaker, I would like to call attention to the presence in our Gallery of the International Women's Day Committee which is here today to lobby this House on a number of its concerns.

**Mr. Speaker:** We will now proceed with Routine Proceedings.

**ROUTINE PROCEEDINGS**

**Mr. Speaker:** Are there any returns or documents for tabling?

**TABLING OF DOCUMENTS**

**Hon. Mr. Graham:** Mr. Speaker, I have for tabling, the Stanley Report.

**Hon. Mr. Pearson:** Mr. Speaker, I have for tabling today, pursuant to the Financial Administration Ordinance, the Auditor General's Report. Also, Mr. Speaker, I have for tabling, the Government's Remarks to the Auditor General's Report.

**Mr. Speaker:** Are there any further documents for tabling?  
Presentation of Reports of Standing or Special Committees?

**Mr. Speaker:** Petitions?

There being no Petitions received at this time, are there any Introduction of Bills?

**BILLS: INTRODUCTION AND FIRST READING**

**Hon. Mr. Pearson:** Mr. Speaker, I move, seconded by the Honourable Member for Tatchun, that the following Bills be now intro-

duced and read the first time: Second Appropriation Ordinance, 1978-79; First Appropriation Ordinance, 1979-80; Financial Agreement Ordinance, 1979; Municipal General Purposes Loan Ordinance 1979; Loan Agreement Ordinance 1979 Number 1; and an Ordinance to Amend the Fuel Oil Tax Ordinance.

**Mr. Speaker:** It has been moved by the Honourable Government Leader, seconded by the Honourable Minister of Economic Development, that Bills entitled Second Appropriation Ordinance, 1978-79; First Appropriation Ordinance, 1979-80; Financial Agreement Ordinance, 1979; Loan Agreement Ordinance 1979, Number 1, Municipal General Purposes Loan Ordinance 1979; and an Ordinance to Amend the Fuel Oil Tax Ordinance be now introduced and read the first time.

(Motion agreed to)

**Mr. Speaker:** Are there any further Introduction of Bills?

Are there any Notices of Motion for the Production of Papers?

Notices of Motion?

**Mr. Penikett:** Mr. Speaker, I rise on the provisions of Standing Order Number 31, on a matter of urgent and pressing necessity. I moved seconded by the Honourable Member for Kluane, that this House endorse the objectives for International Women's Day.

**Mr. Speaker:** The introduction of such a Motion at this time can only be done with the unanimous consent of the House? Is there unanimous consent?

(Agreed)

**Mr. Speaker:** Would the Honourable Member provide a copy of the Motion to the Chair?

It has been moved by the Honourable Member from Whitehorse West, seconded by the Honourable Member from Kluane, that this House endorse the objectives of International Women's Day.

**Mr. Penikett:** Mr. Speaker, I just briefly would like to call for the question.

**Mr. Speaker:** Is there any further debate.

(Motion agreed to)

**Mr. Speaker:** Are there any Notices of Motion?

**NOTICES OF MOTION**

**Mr. Byblow:** Mr. Speaker, I give notice of a motion, seconded by the Honourable Member for Campbell, that this Assembly congratulate the Town of Faro on its 10th Anniversary taking place this year, and further, that in recognition of this, the Speaker send a letter of congratulation on behalf of the Assembly to the Mayor of the town.

**Mr. Speaker:** Are there any further Notices of Motion?

Are there any Statements by Ministers?

**MINISTERIAL STATEMENTS**

**Hon. Mr. Graham:** Mr. Speaker, I rise at this time in my capacity as Minister responsible for the Status of Women, in recognition of this day, March 8th, as International Women's Day.

But, before I get into my statement, Mr. Speaker, I would like to carry on in the honourable tradition established by my colleague from Porter Creek East and present the ladies on the floor of the House with a small token of our esteem for the work which they do for us over the period of the year.

Mr. Speaker, the Status of Women and women's rights in general, have been addressed by the international community and, closer to home, by Canada, for some time.

Considerable strides have been made in the area of women's rights, particularly in recent years, since the declaration of International Women's Year by the United Nations in 1975.

Mr. Speaker, this government is committed to addressing issues of interest and concern to Yukon women and to working to improve the status of women in our Territory.

I would like to take the opportunity presented by this important occasion to indicate to Members of the Assembly some of the measures already taken, or that are being considered, by the Government.

First, Mr. Speaker, the government has completed the establishment of a Women's Bureau within the Department of Education. The Bureau will, in general, consolidate and expand government efforts to achieve equal rights and opportunities for women in areas of territorial jurisdiction.

At this time, this government is giving immediate priority to the areas of employment and training, education and family.

Secondly, Mr. Speaker, in the area of employment and training, we are addressing the opportunities of women in the labour force and plan, as one specific action, to offer a pre-trades training course for women in the coming year. Guidelines for other affirmative action measures are also being considered.

Third, in the area of education, stereotyping in educational materials is being examined.

Fourth, this government is actively participating in the development of a national plan of action for women. A territorial plan is nearing completion for inclusion in the submission by Canada to the United Nations.

Fifth, Mr. Speaker, the Executive Committee will shortly be considering the matter of matrimonial property law and legislation. We hope to be proceeding with legislation.

Finally, Mr. Speaker, the involvement of women in developing policies and programs for women is essential. The means by which to best accomplish this objective is being considered, and I invite your suggestions on these matters. Input in particular, public discussion of issues such as matrimonial property settlement law will be encouraged, and the establishment of an advisory committee will be considered.

I believe that a constructive and on-going dialogue with local women's organizations and the general public is an essential ingredient in the development of good territorial policy.

Mr. Speaker, these are some of the examples of the steps being taken. As one of the major forces shaping Yukon society, this government will actively promote equality between the sexes, both within its policies and programs, and within the Territory.

I hope that the energies and interests of Yukon women, as evidenced here today, will be sustained and that they will become involved in the development of territorial politics.

Mr. Speaker, this government intends to address, and deal with, women's issues. I think that significant steps have already been taken, but this is just a beginning.

Thank you, Mr. Speaker.

**Hon. Mr. MacKay:** Mr. Speaker, I would like to make a brief reply to the Minister's statement. I would like to say that the recognition once a year by giving flowers to women, I do not think is what the ladies are here for today. They are here to raise a consciousness, which is being exhibited, by our friends across here, with some thought towards doing some action. I think the time has come more for action than for thought now, and we must proceed with the items which we have outlined.

We will be questioning this further. I would like to suggest to this Assembly that we are indeed well honoured in this Territory by a number of outstanding women, the Commissioner, not the least of them, Martha Black is another name that comes to mind, the former Minister of Health and Welfare, are outstanding examples of the women of this Territory. We are fortunate to have two more in this Assembly at this time and I am personally looking forward, very much, to working with them.

**Mr. Penkett:** Mr. Speaker, I, too, would like to rise to thank the Minister for his statement. I, too, regret that in the interest of equality, that the male Members of this House were not given flowers.

I am actually pleased to hear that, in the Minister's words, that they will be actively promoting equality in the Territory, and I particularly hope that one of the first places they start will be in the Public Service of this Government. In the days to follow, I shall hope to be provided with another opportunity to talk about exactly the state of affairs on that question.

It is a fact that in this jurisdiction, like others, that women, for the large part, are doing what has been, I think properly, characterized in an unfortunate phrase as "women's work". We have, for example, in this Territory, the most organized work force in Canada, in percentage terms, and yet we have the smallest percentage of organized women of any portion of the country.

A great number of the jobs that are left for women to do in this community are jobs such as secretarial work, clerical work, chambermaids, waitresses, and as you will see, even the titles of those jobs imply a kind of description that would normally prevent even the most sensitive and aware male from applying for them. I think that is a very deep-rooted problem in this Territory, and elsewhere, and I think that it is something that will have to be addressed, not only in the home, more importantly for this Government, in the Education system, a department for which the Minister is also responsible. I am therefore pleased that he is going to be taking steps to remove sex stereotyping in the textbooks, in the curriculum of the school system. Having had a look at some of

those texts, I can tell him he has some considerable way to go. In fact you may have to be spending a lot of money on a lot of new books. I would just like to say that I appreciate the sentiments of the Minister and I hope that we will be seeing action forthcoming fairly soon.

**Mr. Speaker:** Are there any further statements by Ministers.

**Hon. Mr. Njootli:** Mr. Speaker, I would like to make a statement concerning the Guaranteed Income Supplement. The Executive Committee decided that the \$20 increase in the Guaranteed Income Supplement, granted by the Federal Government, would be passed onto Yukoners in receipt of the Guaranteed Income Supplement, who are in receipt of Social Assistance. This required an amendment to the Social Assistance Regulations to increase the personal living allowance so that the senior citizens in receipt of the Guaranteed Income Supplement would not have the additional \$20 given by the Federal Government on the one hand so that it can be taken away by the Territorial Government on the other hand.

Supplementary to that, I have another statement regarding the Child Tax Credit that I would like to make a statement on. The Executive Committee amended the Social Assistance Regulations in order to allow the Federal intent of passing on the Child Tax Credit to the people in need to be followed through. This amendment to the Ordinance is in line with the previous regulations which did not include Family Allowance in the income calculations of parents in need, who are in receipt of Social Assistance.

**Mr. Speaker:** Are there any further Statements by Ministers?

We will then proceed to the Question Period.

**QUESTION PERIOD**

**Question re: Women's Centre/Funding**

**Mrs. McGuire:** Mr. Speaker, I will direct this question to the Honourable Minister of Education, Mr. Graham. A short preamble is necessary to explain the question.

In the early part of July, 1978, the Executive of the Women's Centre met with Jean Bourassa, Secretary of State, to discuss future funding of the Women's Centre. Mr. Speaker, at that time it was clear that the Secretary of State's financial budget was limited for 1978-79 and moroso for 1980. Further to that, the Secretary of State, implied that the major services that the Centre is supplying for women in the Yukon is socially oriented; therefore, the Yukon Territorial Government should shoulder the responsibility for the services delivered.

Mr. Speaker, a request for funding made to the YTG in July of 1978 was apparently refused due to the lack of funding. Also, it was promised that this matter would be discussed by our newly elected representatives.

Mr. Speaker, my question is: can the Minister of Education tell this House if this matter has been reviewed and will the Government make a true commitment to the betterment of the Yukon women's lives by allocating the necessary funds to carry on the future operation of this bureau?

**Hon. Mr. Graham:** Mr. Speaker, at this time, there are no funds available in our present Budget to directly fund the Women's Centre. I understand, from conversations with my colleagues, that the Secretary of State is expecting an application from the Women's Centre and it would be received.

Other than that, I am sorry, Mr. Speaker, there are no funds available, as I stated before. This problem just came to my attention this morning and we are searching for various other ways to fund the organization.

**Question re: Matrimonial property law reform**

**Hon. Mr. MacKay:** My question is also to the Minister of Education. During the recent campaign all parties agreed to the pressing need in this Territory for matrimonial property law reform. I believe the Minister of Education has referred to that in his remarks. My question is: when will that legislation be introduced?

**Hon. Mr. Graham:** Mr. Speaker, I think we have a little more positive note here. This legislation is presently being drafted and I am sure it will be presented to the House some time in the coming year.

**Hon. Mr. MacKay:** I would like to ask whether the principles underlying that bill will be the equal division of matrimonial property in the event of marriage breakdown?

**Hon. Mr. Graham:** Mr. Speaker, at this time I am not prepared to comment on the contents of this legislation. We must first of all go to the Executive Committee.

**Mr. Speaker:** A final supplementary.

**Hon. Mr. MacKay:** Again, in the course of preparation of this bill,

will the Minister and his staff undertake to consult with the study group that has been established by the women in Yukon, with respect to that problem.

**Hon. Mr. Graham:** Yes, Mr. Speaker, we have every intention of consulting with all interested groups before we present this legislation.

**Question re: Women, YTG hiring and employment**

**Mr. Penikett:** Mr. Speaker, my question is also for the Minister of Education, who is responsible for Manpower and the status of women in this government. Can the Minister tell this House, and the women of the Territory, when his government will be developing and approving an affirmative action program in the government's hiring and employment process for women?

**Hon. Mr. Graham:** Mr. Speaker, at this time, the Government of Yukon does not have an affirmative action program for women, but preliminary work has begun at the level of collecting data and identifying problems.

Training programs, turnover and levels of salary by sex and length of service are some of the issues being looked at, in co-operation with the Public Service Alliance.

**Mr. Penikett:** Supplementary, Mr. Speaker, can the Minister inform us whether the government intends to work closely with the Canada Employment Commission to ensure there is no discrimination with regards to women seeking training or employment in the now traditional jobs or trades courses, and actually promote equal rights for women with regards to employment?

**Hon. Mr. Graham:** Mr. Speaker, we do intend to actively support women in every aspect of employment. To this end, the government is currently assessing the feasibility of implementing pre-trades training course for women in the spring of 1979.

The course would be an eight week course, eight weeks in duration, fashioned after the Red River Community College experience in Winnipeg. It would give students exposure to as many trades as possible, both from a practical and informational standpoint. Hopefully, with this background, women would be in a better position to apply for jobs in the non-traditional sense.

**Mr. Speaker:** A final supplementary.

**Mr. Penikett:** Thank you, Mr. Speaker. In the process of developing these new programs, will the Minister have his officials study the occupational wage rates of men and women in employment in other governments than in Yukon and report to the House on this information?

**Hon. Mr. Graham:** I would have to take that question under advisement, Mr. Speaker.

**Question re: Child care legislation**

**Mr. Byblow:** Mr. Speaker, I have a question for the Government House Leader. Could the government advise this House whether they plan to and, if so, when they plan to introduce child care legislation, particularly in recognition of the International Year of the Child, and in recognition that at least five years of preparation has gone into such legislation by the Yukon Child Care Association, in conjunction with the Department of Human Resources?

**Hon. Mr. Pearson:** Mr. Speaker, legislation has in fact been prepared and is in the programming process at the present time.

I indicated to the ladies in the foyer that it is hopeful that we will have this legislation before this House for consideration during the course of this year.

**Mr. Byblow:** Will this legislation include provision for funding or will it only deal with standards?

**Hon. Mr. Pearson:** Mr. Speaker, the legislation is being prepared. I am just not prepared to answer that question in the House at the present time.

**Hon. Mr. Lang:** Yesterday, Mr. Speaker, the Honourable Member from Whitehorse West asked an oral question concerning the T.E.S.T ski facility, stating in effect that since part of the facility has to be relocated because of Hillcrest subdivision, how much of the costs of relocating will be borne by the Government of Yukon.

In response to that oral question, Mr. Speaker, this matter is being handled in close co-operation and consultation with the T.E.S.T. executive and it appears at this time that there will be no cost to T.E.S.T in relocating and only minimal cost to the government.

**Question re: Women/promoting careers**

**Mr. Penikett:** Mr. Speaker, I would like to thank that Minister for his answer and direct another question to the Minister of Education, if I may.

I would like to ask the Minister of Education if his department

will, during its study of continuing education facilities and programs, ensure the House that consideration will be given to promoting careers for women, not only in the trades, but in other fields which are normally occupied by men?

**Hon. Mr. Graham:** Yes, Mrs. Speaker, I can assure the Honourable Member from Whitehorse West that this is the case, and in fact, Mr. Speaker, at present of 209 post secondary students being sponsored by Yukon Territorial Government, 117 are females. That represents 56 per cent of the total student enrollment, at least being sponsored by YTG in institutes of higher learning.

**Mr. Penikett:** Mr. Speaker, will the Government of Yukon table as a White Paper, a Yukon Plan of Action for Women which was developed in YTG and made public for discussion purposes last year?

**Hon. Mr. Graham:** I am not aware that it was made public for discussion purposes, Mr. Speaker, but when this Yukon Plan of Action has been completed, I am quite certain at this time that it would be presented to the House.

**Question re: YTG Purchasing locally**

**Hon. Mr. MacKay:** Yes Mr. Speaker, I have a question for the Government House Leader, further to the Throne Speech, in which the Government indicated that its main thrust would be that of economics and improving the economy of the Yukon. Since the Government spends over one hundred million dollars per year in its budget and its purchasing power has a profound effect, Mr. Speaker, on the Yukon's economy, I was wondering if the Government Leader would give some indication of what steps have been taken by this Government to insure that this purchasing department is making the maximum use of the businesses here in their purchasing?

**Hon. Mr. Pearson:** Mr. Speaker, it is a policy of this Government that the purchasing department, in fact, purchases locally wherever and when ever possible. There are, for natural reasons, some things that cannot be purchased locally, however, it is a policy of the Government that I would like to reiterate, that we do purchase locally.

**Hon. Mr. MacKay:** Mr. Speaker, I was aware that the Government purchased locally. My question was, is there a preference given, or is it intention to give a preference, on price perhaps, or in any other matter, to local businesses?

**Hon. Mr. Pearson:** Mr. Speaker, the policy does not dictate a specific price differential, or factor; however, I would suggest that in assessing whether an item should be bought locally or whether it should go 'outside', I would think that the purchasing department would be taking into consideration such things as freight and so on and so forth, and in fact, there is a price differential that does come up, but I cannot say what it is, and I would be loath to see it written down.

**Mr. Speaker:** Finally supplementary.

**Hon. Mr. MacKay:** A large amount of the purchasing is also done in the form of letting of contracts. Some of these contracts, Mr. Speaker, are of such a magnitude that if they are let out all at once, local contractors have a difficult time bidding on them. Will the Government undertake to issue contracts in such a manner, as far as feasible, in such small breakdowns that local businessmen may be able to bid on them and, at such a season in the year as it is able to proceed and finish before the winter?

**Hon. Mr. Pearson:** Yes, Mr. Speaker, I can assure the Honourable Member that this in fact will be done. In fact, we not too long ago cancelled a contract and did exactly that. The contract was awarded to an outside firm. The reason the local contractor could not bid on it was because of the size. When this was determined we did break it down.

**Question re: White Pass' Financial Situation**

**Mr. Penikett:** Mr. Speaker, I have a question for the Honourable Minister responsible for Economic Development. Will the Minister prior to next week's meeting to discuss White Pass financial difficulties, seek an explanation for why, in the first six months of 1978, the company declared a net loss of \$43,000, yet paid out in dividends to its parent Federal Industries \$635,000 in the same period?

**Hon. Mr. Tracey:** Mr. Speaker, yes we will.

**Mr. Penikett:** Will the Minister also check and find out if there is any truth to the report that White Pass may be charging its fuel division 1967 bulk liquid rates for transportation from Skagway, which could account for some of the fuel division's profits and some of the losses to the rail division?

**Hon. Mr. Tracey:** Mr. Speaker, yes we will look into that, too.

**Mr. Penikett:** Since the suppliers of Pacific Arctic Motors are uninclined to let White Pass shut down its subsidiary, would the

Minister use his good offices and take immediate steps to see if this operation can be persuaded to continue so that 21 valuable jobs will not be lost in this city?

**Hon. Mr. Tracey:** Mr. Speaker, yes, some of this has already been worked on and we will continue to do that.

**Mr. Speaker:** Are there any further questions?

**Question re: Continuing Education/University of Alberta**

**Mr. Byblow:** Mr. Speaker, I have a question for the Minister of Education. Last summer, the Department of Education commissioned a report on continuing education to have been done by the University of Alberta, at an estimated cost of \$50,000. Will the Minister update this House respecting the progress of this study by at least tabling any report, preliminary or otherwise, relative to the study?

**Hon. Mr. Graham:** Yes, Mr. Speaker, we will do that.

**Mr. Byblow:** When can we expect the tabling of this report?

**Hon. Mr. Graham:** Mr. Speaker, at this time I am not even certain that there is a report. I will investigate and table it at the earliest possible opportunity.

**Question re: NCPC hydro site**

**Mr. Penkett:** Yesterday the Government House Leader indicated that Northern Canada Power Commission might be investigating more than one site for a possible hydro development. According to the Chairman of NCPC, that appears not to be the case. In fact, the feasibility of only one site is being examined.

Could the Government Leader tell us now whether he thinks this is a wise decision, considering the possibility that the site might in fact be found unacceptable on environmental, technical or even financial grounds?

**Hon. Mr. Pearson:** Mr. Speaker, I, too, followed up on the question. As I indicated to the Honourable Member yesterday morning, I was not absolutely certain. It just seemed logical to me that the mandate would not be for simply one site, and it is our intention to petition the Minister to ensure that in fact that money is not just locked into one study.

**Mr. Penkett:** Supplementary, on the same subject of power: yesterday, the subject for negotiations with Kaiser Aluminum was raised. Can the Government House Leader assure this House that this Government would not ask consumers of electricity in Yukon to subsidize cut-rate power in order to have an aluminum smelter?

**Hon. Mr. Pearson:** Yes, Mr. Speaker, I certainly will give them that assurance.

**Mr. Speaker:** Are there any further questions?

**Question re: Conflict of Interest**

**Hon. Mr. MacKay:** To the Government House Leader, Mr. Speaker, Commissioner's Order, 1979/24, extended the period of time from 60 days to six months for Members of Executive Committee to divest themselves of conflict of interest property. May we have the assurance of the Government Leader at this time that no further extensions will be permitted?

**Hon. Mr. Pearson:** Yes, Mr. Speaker.

**Question re: International Year of the Child/ YTG Involvement**

**Mr. Penkett:** Mr. Speaker, I just have a short question for the Government House Leader. I am wondering if the government plans any special events, celebrations or programs, or if it has developed any, in response to the concerns of the International Year of the Child?

**Hon. Mr. Pearson:** Mr. Speaker, there are some special events planned. There was one yesterday or the day before, I am not absolutely sure, and I am certain that there are others during the course of the year.

**Mr. Speaker:** There being no further questions, we will proceed to Orders of the Day.

#### ORDERS OF THE DAY

#### MOTIONS

**Mr. Clerk:** Item Number 1, standing in the name of the Honourable Mr. Pearson.

**Mr. Speaker:** Is the honourable gentleman prepared to discuss Item One?

**Hon. Mr. Pearson:** Yes, Mr. Speaker.

**Mr. Speaker:** It has been moved by the Honourable Government Leader, seconded by the Honourable Member from Mayo, that this House approves in general the budgetary policy of the government.

**Hon. Mr. Pearson:** Mr. Speaker, it is an honour for me, and I take great pride in presenting the Supplementary Estimates for Fiscal Year 1977-78, and the 1978-79, and the Main Estimates for Fiscal Year 1979-80.

Before proceeding to the details of the budget proposals, I would like to review briefly with you some of the significant aspects of the Yukon economy in recent months, since past and potential economic performance heavily influenced what your government can and should be reflecting in this Budget.

An overview of the performance of the Yukon economy for 1978 reveals a mixed picture. On the negative side, the mining sector experienced a reduction in size with the closure of Clinton Creek, and inflation continued to push up prices.

On the brighter side, Tourism experienced a record year and growth in business, particularly construction, was healthy.

The mining sector's value of export in 1978 is expected to show a decrease from 1977 values, as a result of the closure of the Clinton Creek asbestos mine in June, and depressed world metal prices at the beginning of the year.

Towards the end of 1978, however, world metal prices recovered, thus improving the outlook for the remaining mines in the Territory. High levels of investment in mineral exploration reflect a return of optimism to this most important sector of our economy.

A bright spot in the economy for 1978 was the record year enjoyed by the tourism industry. Border crossings, the prime indicator of visitor volumes, increased by twenty-one per cent over 1977, to a total of 364,000 persons for the calendar year. Estimated expenditures by visitors were \$33,000,000.

The performance of the economy in other areas, revealed in anticipation of growth through the construction of the Alaska Highway Pipeline, the Shakwak Project and other developments.

The value of the real estate transactions increased by twenty-nine per cent over 1977. The average number of companies operating in Yukon increased by sixteen per cent, while the average number of fulltime employees increased by more than six per cent.

The greatest growth in both the numbers of companies and employment occurred in the construction sector, while mining and the government experienced the lowest growth in employment.

As in other parts of Canada, inflation continued to be a problem in 1978. The average percentage increase in all items surveyed was 11.2 per cent for Whitehorse, 11.6 per cent for Dawson City, and 16.1 per cent for Watson Lake, while food prices increased at a somewhat higher rate. Although the rate of increase in prices did slow somewhat during the last two months of the year, Yukon communities continued to experience higher price increases than most regions of Canada.

Mr. Speaker, I would like, now, to deal with the 1979-80 Main Estimates.

In a continuing effort to provide better service to the public and improve the standard and effectiveness of government administration, some departmental reorganization was announced in December, 1978. The 1979-80 Main Estimates reflect the announced organizational changes.

The Government is most aware of the current public mood for financial restraint and the need for holding down the growth of government. At the same time, this Government is committed to maintaining a satisfactory level of service to the public in all areas. Both of these concerns, although opposite in their focus, have been carefully considered, and addressed, in the Main Estimates for 1979-80.

I think at this point, it is important to note that while this Budget, in large measure, reflects the priorities and policies of this Government, it was prepared within the constraints we assumed on taking office.

Mr. Speaker, the Budget before you calls for operating expenditures of \$79,747,800; Capital expenditures of \$31,849,000.00; Loan Amortization Payments of \$5,405,000 and Third Party Loans of \$5,000,000, for a total estimated expenditure of \$122,001,800.

For fiscal year 1979-80, the proposed O&M expenditures have increased by \$7,269,100, a 10 percent change from the revised estimates from 1978-79. Proposed capital expenditures have increased by \$2,393,000, an 8.1 per cent increase over the original estimates for the last fiscal year.

The operating expenditure for each department will be reviewed in detail by this Assembly, therefore, I will not be able to deal with them at length. However, I do wish to highlight some aspects of each functional area of our Government.

As you are aware, the membership of our Legislative Assembly

was expanded from 12 to 16 prior to the last election. Provision for the enlarged Assembly and support services have been provided for in this Budget.

In addition, in keeping with your wishes, the function of the Legislative Assembly and the Administrative Services Department, have now been totally separated. The main role of the Administrative Services now is to provide a full range of support services to the Commissioner, the Executive Committee and the various Government Committees and Sub-Committees. The installation of a Fifth Executive Committee Member is reflected in the Budget.

In addition, this office continues to provide support for the Yukon Land Claims Secretariat, the Department of Inter-Governmental Affairs, and the Internal Auditor. The internal audit function is presently being reviewed with a view to strengthening this area of responsibility. More details will be made available to this Assembly on this matter when the Auditor General Report for the Fiscal year 1977-78 is tabled.

The Department of Education has four branches providing services to the public: schools, adult training and continuing education, manpower and recreation. This department's budget in 1979-80 is geared to maintain existing programs and services. The Budget reflects salary increases for teachers who are in the second year of a two year contract. Also, funds have been included in the recognition of the professional development needs of the future. Priority will be given to the areas of teaching English as a second language, and teaching in cross-cultural situations.

The Native Language Research Program is also provided for through this department. As a result of the New Students Financial Assistance Ordinance, a substantial increase is needed in that establishment. School additions in Watson Lake and Haines Junction will be continued this fiscal year, with further additions planned for Faro and Old Crow. Major renovations and upgrading of Christ the King High School, Christ the King Elementary School and Whitehorse Elementary School, will commence.

The Department will continue its 5 year capital expenditure program of school ground improvements. The Adult Training and Continuing Education Branch, formerly Vocational and Apprenticeship Training, will be extending its community program to include pre-vocational, business, homemaking and academic courses for adults. To allow for this emphasis, the positions of co-ordinator and community and special projects and a training program planner have been created from the existing establishment.

During the fiscal year the continuing education study will be completed and will provide guidelines for the development of adult programs in the Territory for the next decade. The study will also provide valuable direction as to the future need for increased adult training and continuing education facilities.

The Manpower Branch is responsible for research, planning, evaluation and policy development in manpower related areas. It also has responsibility for the recently established Women's Bureau, which will consolidate and expand Government efforts to achieve equal opportunity for women in the Yukon.

The Recreation Branch has increased its Budget to provide for a contribution to the Arctic Winter Games Host Society. This contribution is part of the Government's previous commitment to co-host the games with the City of Whitehorse. Modest increases in this Budget accommodate the increased numbers of communities receiving funds through the Recreation Assistance Ordinance. Continued effort will be made to develop recreational opportunities at the community level.

The emphasis of the Department of Consumer and Corporate Affairs during the next fiscal year will be to examine existing Legislation and make proposals for changes which are in keeping with the wishes of Yukoners, and in line with similar Legislation in other jurisdictions. Although no new programs are contemplated for this fiscal year, your Government continues to place a strong emphasis on public safety and other regulatory programs carried out by Consumer and Corporate Affairs.

The Department of Human Resources administers and delivers a wide range of comprehensive and diversified social services programs to Yukoners, designed to alleviate poverty, hardship and human suffering. The dignity and social value of the family, as well as individual self discipline and self sufficiency, are encouraged and strengthened by the department's activities.

The past year has seen the consolidation of departmental reorganization and the emergence of a Youth Services, as well as a Community and Family Services Division. This reorganization reflects a trend toward the strengthening of preventative services and a move towards community involvement in the Social Service

area. Despite strong pressure for increased services, the Departmental budget reflects adherence to fiscal financial restraint, and the staff establishment shows no growth.

The Department has assisted volunteers in the community in founding a Big Brothers Program and are working closely with the Yukon Committee for International Year of the Child in planning a variety of activities. The experience in the past year of having two native trainees from the Northern Careers Program has been valuable, and it is hoped to increase the Native resources available during the next year. A continuing development of preventative and community based programming will be the thrust of the Department of Humane Resources through 1979-80.

To better reflect all its areas of responsibility, the name of the Department of Local Government has been changed to Municipal and Community Affairs. The 1979-80 Budget for the department reflects price increases due to increased energy and labour costs. Existing programs and levels of service will be maintained within budgeted limits. There are no additional programs and only a minimal increase in man years.

There is, however, an acceleration of some programs, the most notable being land development. The major thrust of land development will be in the centres of Watson Lake, Whitehorse, and Haines Junction, as development pressures are most evident in these communities.

This government places strong emphasis on economic development in Yukon. To guide and direct this challenge, a Department of Economic Development has been established, which will incorporate the former department of Tourism and the Economic Research and Planning Unit.

In keeping with our priorities, a major responsibility of this Department in the coming year will be to prepare an economic development strategy geared to putting the physical and human resources of Yukon to work for the benefit of all Yukoners.

In this task, we will fully utilize the resources of other departments, the Government of Canada and the private sector.

Tourism continues to be a strong influence in Yukon's economy, providing employment and economic stability at a time when other economic sectors are experiencing slow growth.

The steady growth in Tourism can be attributed to several factors, principally increased investment in facilities and attractions, and a sound working relationship that has developed between the Yukon Government and the private sector.

The Government of Yukon recognizes the importance of a strong tourism industry as a major contributor to the achievement of our Territory's economic goals. The Department will continue to work co-operatively with the visitor industry to achieve mutual objectives.

Accordingly, extra funds have been allotted to support the cooperative marketing program with the Yukon Visitor's Association, and the value of the contract between the Association and the Government will be increased.

The purpose of these increases is to provide for more active promotion and co-ordination of convention business in the Spring and Fall, thereby effectively extending the visitor season.

A tourism development strategy was completed last year, and the department will be working to develop a tourism development sub-agreement, under the General Development Agreement.

A review of the Yukon Government's Small Business Loans program will be undertaken in 1979.

The Economic Research and Planning Unit provides an in-house research, planning and statistical service to the Government, the private, and public sector of Yukon, through researching and publishing various studies and reports.

The Unit will continue to act in an advisory role to government, particularly in the areas of mining, energy and economic development, and will also continue to provide information to the private sector and the general public.

The reorganization of the Justice Department has now been completed and is reflected in the 1979-80 Budget. The Operating and Maintenance Budget provides funding for the following programs: Legal Services, including the Solicitor's and Legislative Drafting Branch, the Public Administrator, Land Titles, the Yukon Court Systems, the Whitehorse Correctional Centre, and the Adult Probation Service.

Also included are cost-sharing programs for Legal Aid, the Royal Canadian Mounted Police services, Compensation for the Victims of Criminal Injury, the Native Court Worker Services, and provision for an Indian Special Constable Program.

Significant growth throughout the justice system has created the need for a second full-time magistrate, with supporting staff, and an additional courtroom facility. Costs of the police services has increased substantially over the previous year, as a result of manpower increases, inflationary pressures and the annual percentage increase in the cost-shared ratio.

Capital is provided to replace obsolete equipment within the Correctional Centre and to upgrade the institution to acceptable building code standards.

The Operation and Maintenance for Highways and Public Works have increased slightly over last year. The increase occurs not only because of wage increases and the increased cost of equipment operations, but because of enlargement of the highway maintenance program.

This year will see, for the first time, the entire Dawson Road section of the Klondike Highway treated with calcium chloride for dust control.

It is proposed that the Dempster Highway, for its full length, be maintained on a year-round basis, and summer maintenance of the Carcross-Skagway Road section of the Klondike Highway will be undertaken for the first time.

As a result of representation from Dawson residents, it is planned to commence the first year of a two-year reconstruction program for the Dawson Boundary road, with the objective of offering a better road facility to enhance the Dawson tourism industry.

It is planned to erect a sidewalk on the Yukon River Bridge at Carmacks to provide a safe crossing for pedestrians.

The program of paving the Klondike Highway between Whitehorse and Carmacks will continue.

During the course of the 1979-80 fiscal year, the Public Service Commission will monitor the introduction of the revised Union Management-Employee Performance Appraisal Form and the introduction of a new performance appraisal guide.

A new employee orientation package will be introduced in the early part of the fiscal year, with the assistance and co-operation of the Public Affairs Bureau. The orientation package is designed to introduce employees to the Yukon Government and to Yukon.

A seminar on Position Description Writing and Classification Factors will be conducted again, during the course of the year, for supervisors and managerial staff within the government, to provide them with a greater degree of knowledge and a broader understanding of the classification process in this government.

In addition, plans are underway to conduct an in-house grievance course for supervisory and managerial staff, including union representatives.

It is anticipated that work will recommence on the proposed health transfer, and collective bargaining will begin with the Yukon Territorial Public Service Association and the Public Service Alliance of Canada in the latter part of the fiscal year.

The Pipeline Office is responsible for managing this government's preparations for the Alaska Highway Gas Pipeline. In so doing, it is dealing with a major area of concern to Yukoners and this Legislature.

To ensure Yukon's preparedness for this project, we will be moving forward with pipeline-related strategies and legislation aimed at enhancing the value of the pipeline to Yukon and minimizing any possible adverse effects. A Northern Natural Gas Agreement Bill has been placed before you.

In addition, the Pipeline Office will be preparing a policy paper on pipeline taxation for review by this Legislature, as well as developing policy options for a Heritage Fund and for the recovery of direct costs incurred by this Government as a result of pipeline construction.

In December of 1979, in a further effort to improve government services, the supply and services and data systems and computer services branches were removed from the Department of Finance to form a part of a new Government Services Department.

The purpose of this realignment was to remove some administrative workload from the Treasurer, thereby permitting him more time to devote to the financial affairs of government. These changes are reflected in the Budget.

In addition to its ongoing responsibilities, the Department of Finance will continue, in the coming year, to place considerable emphasis on its financial management systems development project. This major review and revision of financial management procedures and systems was initiated in 1978 in response to recommendations made by the Auditor General in his Financial Management control study, which was tabled in this House in

April, 1978.

It is anticipated that the bulk of this project will be completed in this fiscal year. Your Government will be tabling further details on this undertaking.

The Department of Library and Information Resources will continue to carry out its mandate of collecting, disseminating, and making available, information to the Yukon public.

In 1979-80, Library Services will conduct a library development study to identify problem areas, and provide direction for the future of Yukon libraries.

Yukon Archives will continue to acquire, and make available, Yukon and northern documentary sources. Particular emphasis will be given to cataloguing important imprint sources related to pipeline and other major development proposals. In cooperation with the public affairs bureau, the Archives will establish an in-house photograph reproduction service to provide copies of archival photographs to the public. The records management program will introduce a micrographics unit this year to reduce the cost of storing long-term series of government records and to create security copies of vital record series.

The various program components of the health care delivery system are established operations which have been in force for many years. No changes or expansions have been made to these. Increases in the cost of these programs are caused by population growth and inflation.

When the Yukon Health Care Insurance Plan was introduced in 1972, the Government of that day did so on premise that the plan would be self-supporting.

The surplus accumulated in the initial years of the plan's operation has now been used up and it is the intention of this government increase premium rates and restore the plan to a self-supporting operation.

This Department is actively pursuing, and stands ready to accept, the transfer of health delivery services. It is our hope that this long-awaited step, which we believe to be in the best interest of all Yukoners, will take place in this fiscal year.

Our government recognizes the value of Yukon's renewable resources and intends to play a prominent role in their management through the Department of Renewable Resources. The nucleus of this organization is the Parks and Historic Resource Branch, the Resource Planning Branch and the Wildlife Branch. We will be analyzing the feasibility of requesting and accepting the further transfer of responsibility for water, fisheries, land and forestry resources into this department.

The Parks and Historic Resources Branch will continue a campground upgrading and rehabilitation program throughout the Territory, with special emphasis along the highway corridors where the heaviest use is experienced.

Additional camping facilities will be located along the Dempster Highway and the former campground at Ross River will be redeveloped in a more suitable location.

Expansion and upgrading the the Kusawa Lake Campground will continue, as this area is becoming a recreation favourite of Yukoners.

Interim management measures for the protection of natural and historic features along the Yukon River will continue.

Territorial park legislation, as well as major amendments to the Historic Sites and Monuments Ordinance, are being considered to provide for greater recognition and protection of our heritage resources.

Land is quickly becoming a scarce resource in Yukon. To ensure the long-term availability of land, the Resource Planning Branch is now co-ordinating integrated land use planning. Planning activity this year includes the Dempster Highway management plan, Renewable Resource Inventory Program, Recreation Cottage Sites, and the Shakwak Highway Project.

The Branch is currently recruiting staff for resource economics and the resource inventory programs.

Our wildlife will continue to be a valuable resource for Yukon and a unique resource as far as most of the rest of North America is concerned. To ensure its proper management, our continuing research program will be augmented this year with studies on grizzly bear, beaver and marten.

The Wildlife Branch is moving toward a computerized system of harvest analysis and licence administration, as well as developing a system of more sensitive game management zones.

In a continuing effort to improve governmental administration and service to the people of Yukon, a Government Services De-



partment was created in December, 1978. This Department consists of the Supply and Services Branch, the Data Systems and Computer Services Branch, formerly with the Department of Finance, and the Public Affairs Bureau, which was previously the Information Services Branch under the Department of Information Resources.

The formation of this Department brings together various government services whose mandate will be improved governmental administration in their functional areas.

The Yukon Housing Corporation's responsibility is to delivery existing housing programs, examine and monitor housing needs throughout the Territory, and develop housing alternatives in areas where the private market is unable to meet the need of Yukoners.

The Corporation is presently examining the available options for providing for the needs of senior citizens in a number of communities, and expects to be able to make additional housing available for these needs during 1979-80. As well, the Corporation is reviewing deterrents to home ownership in outlying communities in order to take initiatives which will improve access to those presently not afforded this option.

The Yukon Liquor Corporation is forecasting continued growth. Gross sales of \$10,800,000 are forecasted, which should yield about \$4,300,000 in revenue to this government.

Proposed expenditures on capital projects totaled \$31,849,000. Of this total expenditure, \$9,060,000 will be recovered under cost-shared programs. \$18,481,000 will be from federal grants, and \$4,308,000 comes from carry-over funds out of our working capital.

Loan amortization expenditures of \$5,405,000 will be fully financed through recoveries.

Mr. Speaker, your government is fully aware of the need for fiscal restraint. Therefore, the Budget that is placed before you is a fiscally responsible budget, which reflects financial restraint and yet strives to maintain a high level of public service in all areas to the people of Yukon.

We plan to accomplish this by holding expenditures down as much as is humanly possible and, with slight increases in fuel oil taxes and health premiums, the details of which will be reflected in the respective legislation.

Mr. Speaker, the supplementary estimates for fiscal year 1977-78 relate to higher than anticipated operation and maintenance expenditures in the Department of Education of \$378,900. The major portion of this over-expenditure relates to the relocation of the portable classrooms for the Selkirk Street School Annex.

Mr. Speaker, the revised estimates for fiscal year 1978-79 include \$1,654,100, supplemental requirement for operations and maintenance expenditures, and \$1,105,000 for loan amortization payments.

The major portion of the increased expenditures in Operation and Maintenance relates to the Departments of Yukon Legislative Assembly, Human Resources, Justice, Highways and Public Works, Public Service Commission, Renewable Resources, and Health.

Some of these increases are the result of new or revised programs brought on-stream during the fiscal year, while the remaining expenditure increases are primarily the result of increased salary and material cost.

Thank you, Mr. Speaker.

**Hon. Mr. MacKay:** Mr. Speaker, I move we adjourn debate on this motion.

**Mr. Penkett:** I second the motion, Mr. Speaker.

**Mr. Speaker:** It has been moved by the Honourable Leader of the Opposition, seconded by the Honourable Member from Whitehorse West, that we do now adjourn debate on Motion Number 4.

(Motion agreed to)

**Mr. Speaker:** At this time we will proceed on the Order Paper to Government Bills and Orders.

#### GOVERNMENT BILLS AND ORDERS

**Mr. Clerk:** Item Number 2, standing in the name of the Honourable Mr. Pearson.

**Mr. Speaker:** Is the Honourable gentleman prepared to discuss Item 2.

**Hon. Mr. Pearson:** Yes, Mr. Speaker.

#### Bill Number 9: Second Reading

**Mr. Speaker:** It has been moved by the Leader of the Govern-

ment, seconded by the Honourable Member from Mayo, that Bill Number 9 be now read a second time.

**Hon. Mr. Pearson:** Mr. Speaker, I would like to begin by giving the background events leading up to the interaction of this Ordinance.

As we all know, Yukon forms a land bridge between Alaska and the remainder of the Northern American continent. It was recognized a decade ago that a gas pipeline carrying natural gas from Prudhoe Bay to the lower United States might well traverse the Yukon.

Initially, however, attention was focused on a route that would cost our north slope and pass through the Mackenzie Delta before turning south. In 1976, that situation changed drastically when the Alcan Project, a pipeline running across the northern Yukon, generally along the route of the Alaska Highway, was proposed by a group of companies.

It must be remembered from the outset that the Government of Canada had set itself a timetable which it would utilize to decide which, if any, of the proposed pipeline routes through Canada it was prepared to approve in principle.

It is interesting to note that the Government of Canada proposed to make its decision in this matter in August 1977 so that it could advise the President of the United States of its decision prior to September 1, 1977.

The President was required by law to provide Congress with his recommendations on the pipeline question by that date. Since the Government of Canada was not prepared to defer its decision in principle on the pipeline question, and since the application for the Alaska Highway route was only filed in the late summer of 1976, it established a Board of Inquiry, the Lysyk Panel, to report on certain aspects of the proposed Alaska Highway Gas Pipeline.

Must dissatisfaction was expressed by the brevity of the hearings and the time constraints imposed on the Panel. In spite of the time constraints, the Panel submitted a report which basically reflected the views of the majority of Yukoners.

The Panel felt that any adverse socio-economic effects could be kept within acceptable limits provided that certain conditions were met.

These conditions, as we all know, dealt with the provision of certain financial resources, mitigative measures and, finally, sufficient time preceding the commencement of construction to enable this government to complete the necessary planning and mobilize its resources.

The report of the panel was transmitted to the Minister of Indian Affairs and Northern Development on July 29th, 1977. By September 20th, 1977, the Government of Canada had signed an agreement with the United States of America, which outlined the principles for the construction and operation of a pipeline system to provide for the transportation of natural gas from Alaska.

Needless to say, the Federal Government had met the schedule it had outlined for itself, but we wonder whether, in its negotiations with the U.S., it seriously took into consideration the recommendations of the Lysyk Panel. Certainly the Agreement does not outline principles in keeping with the recommendations of the Panel.

We are guaranteed a level of taxation in the Agreement which will likely provide adequate fiscal resources to implement the necessary mitigative measures required to alleviate the anticipated adverse socio-economic impacts.

As well, we are guaranteed a sum of \$30 million to ensure that our transportation facilities, our roads, bridges, airstrips, will be maintained at present levels.

No mention, however, is made of resources for a Heritage Fund or for the implementation of the many recommendations made by the Lysyk Panel.

As a result of the non-discriminatory aspects of the Agreement, which have been accepted by the other Canadian jurisdictions involved in the project; British Columbia, Alberta and Saskatchewan, Yukon cannot impose any additional charges on the pipeline related to socio-economic costs.

As a result, our negotiations for special funding, which will be difficult to say the least, will have to be undertaken with the Government of Canada. The Ordinance before you will enable this Government to enter into an agreement with the Government of Canada to deal with a variety of pipeline related matters.

The Agreement provides the legal basis for this government to deal with those matters directly or in-directly related to the construction and operation of the Alaska Highway Gas Pipeline.

Unlike our position of non-participation when the September, 1977 Canada-USA Agreement was negotiated, the Agreement before you ensures prior consultation in the very salient areas of

changes to the Federal Northern Pipeline Act, route selection of the pipeline, and additional costs to this government resulting from the project, to mention but a few of the major items.

In effect, the Agreement is our guarantee of meaningful participation.

In closing, Mr. Speaker, I would like to impress upon the Members the significance of passing the legislation before you. Without a Yukon-Canada Agreement, we will be unable to pursue the many pipeline-related matters before this government, such as the pipeline taxation legislation, the development of policies related to a possible Heritage Fund, the investigation of our requirements for the proposed line of credit, and policy items related to socio-economic impacts, and the co-commitment mitigative measures.

I urge the approval of the Ordinance, entitled The Northern Natural Gas Pipeline Agreement Ordinance.

**Mr. Speaker:** Is there any further debate at second reading?

**Hon. Mr. MacKay:** Yes, Mr. Speaker. I find myself in the position, for the first time in a couple of days, of having to concur with some of the things that have been said on the other side of the Chamber.

This will not happen again, I can assure you.

I would like to commend the Government Leader for a very clear history of the project, the pipeline, also, some of the difficulties the Yukon has faced in the process of coping with not only the Government of Canada but its negotiations with the Government of the United States. I am, therefore, glad to speak to this Bill.

I think that principle involved in the Bill is whether this House wishes to empower the Commissioner to enter into an agreement with the Government of Canada to co-operate with building a pipeline by Foothills. It is a routine measure, merely tying up loose ends one might think at first glance; however, I attach a great deal more importance to it than that. It is no routine matter. There is a draft agreement attached to this Ordinance. While detail discussion of the provisions of the agreement will wait for a Committee of the Whole, let me put the general proposition to you: that this Government should not enter into any such agreement as a matter of principle until it has received firm assurances that it will be a net benefit to Yukoners, in the revenues of the pipeline.

A reading of this agreement leads me to believe that the only party that benefits from signature would be Ottawa. I see nowhere in this agreement any provision for the setting aside of revenues for Yukon Heritage Funds. I see nowhere in this agreement guarantees by the Federal Government for the payment of directly related pipeline costs. I do see restrictions on the right of Yukon to tax as we see fit, and we presently have that power, to levy a property tax. We are giving that away in this agreement, albeit we have little choice, because the Northern Pipeline Agreement, passed by the Government of Canada, allows the Government of Canada to appropriate that power if they have to. Nevertheless, we are voluntarily going to say, here, yes, take away our power, whatever you say, sir. I do see where we have to co-operate in everything connected with the pipeline, whatever manner Ottawa tells us.

Mr. Speaker, I do not propose to go into any further details at this time, we are talking about the principle of the Bill. I would like to finish with an analogy though, probably not unfitting for International Women's Day. The day that this agreement is signed by Yukon, the Yukon will be like a bride without a dowry. We are signing a one-sided marriage contract to love, honour, and obey Ottawa, and in return we will get full consultation and consideration. Not very much. In Committee, I will be proposing specific clauses to this agreement which I think will strengthen it for Yukon.

**Mr. Penikett:** Yes, Mr. Speaker, I wish I had had the insight and the clarity of the Leader of the Opposition, because he was able to define the principle of the Bill much better than I have been able to.

The Leader of the Opposition is perfectly correct, that at a first glance it may seem like a routine measure. I would like to say a couple of words about its contents. This Bill allows the Government, the Executive Committee in fact, to enter into an agreement with Canada to co-operate and consult about pipeline matters, such as taxes, the terms and conditions for Foothills, the right-of-way and the final route, perhaps more importantly, the acquisition of that right-of-way.

It also, touches on environmental matters, social and economic impacts on the people of the Territory, including concerns of Yukon Native people, and of course the question of legitimacy there of who does really represent the people.

It mentions, of course, Federal monitoring and the inspections of the pipeline jobs and job training role of industry and whether Canada should assist the Territory in meeting additional cost that

occurs.

Of course, Mr. Speaker, we may feel that no agreement should be entered into by Canada or the YTG unless this House is allowed to scrutinize and debate that agreement. We may also feel that the Bill should probably be amended to allow the representatives of the people of the Yukon, in this House, to judge whether any proposed agreement with the Federal Government is proper, to make sure nothing has been left out of it or bargained away.

Secondly, it is my view that the Federal Government, or Foothills, perhaps ought not to be allowed to purchase the right-of-way of the pipeline. Perhaps one of the potential weapons that we might have, if it could ever be achieved, would be if there were a lease on the right-of-way and if this Government were the landlord.

Having had some experience with tenants and landlords, it seems to me that that is one potential power that we might want to exercise at some point.

My third concern, of course, about the principle is that the Yukon Government has to truly represent its people here in assuring that the imposed environmental guidelines are made considerably more effective than those suggested in the latest draft terms and conditions by the Pipeline Agency. I, of course, as will other Members, have some concern about the capability of our Government and its present staffing that we have to be able to in any way effectively oversee that area.

Fourthly, I think I have some concern that the agreement ought to specify some protection in terms of the cost of living in this Territory, because there is, I think, probably no doubt in most of our minds that the cost of living in this region will rise considerably faster than the national rate of inflation during the construction period.

I think it behooves us, certainly, when we get into more detailed discussion of this thing, to examine the ways in which that impact can be ameliorated. We may want to, in fact, talk about our ability to bargain with the Federal Government for either demi-grants or tax reductions or perhaps even some form of effective price controls, if such a thing were possible.

I am also concerned, of course, that such a body as the advisory council ought to have the kind of support and research staff to enable it to do the kind of work that it must carry out on our behalf.

The sixth point I am most concerned about, and it is a very difficult point when it comes to our negotiating such an agreement as this, and that is the question of guaranteed jobs for Yukoners. I think we do not just need a preferential hiring clause. I think we are going to need some kind of guarantee in black and white that foreign workers will not be hired to work for the pipeline in Yukon, so long as there are Canadians ready and able to fill those jobs.

I think the International Agreement, the Canada-U.S. Agreement, is considerably deficient in that regard.

I, as a matter of principle, would like to see, of course, the Federal Government pick up all of the cost that this community will incur as a result of pipeline construction. They are myriad. I am sure there are going to be costs in every area of social responsibility of this government. There may well be costs increasing as there were in Alaska in the field of education, perhaps in every area of jurisdiction that we have.

How we can effectively measure the cause and effect between the pipeline and those costs I think will be quite difficult, but it seems to me that if we enter into a situation where Yukoners may have to pay more taxes to this government to cover pipeline related costs, we ought to be very aggressively pursuing the principle of compensation for those costs from the Federal Government.

As it stands now, the Agreement says the YTG and Canada will co-operate and consult, "whether Canada should assist the Territory," in meeting pipeline related costs. I think it has to be made very clear that Yukoners did not ask for this project, the Federal Government legislated it. We need guarantees and not promises of consultation. That is not sufficient.

I think we need to be pursuing very aggressively the question and the need for the Federal Government to pick up more of the costs that we will have to bear.

Probably, as well, I think it would be great if we could insist that there were not a cap on the level of property taxes which we can collect. As I know, that is a matter that is covered by an international treaty, which I am almost certain was signed even before the Canada-U.S. Agreement. I understand the reasons for that treaty, because, in fact, both Canada and the U.S. have pipelines running across each others' territory.

Nonetheless, since that potentially is the greatest source of revenue for our local governments here, I think we have to continue to be concerned about us receiving the proper benefits from this

project and the means by which we can obtain them.

Of course, both the Government Leader and the Leader of the Opposition have mentioned the notable absence of a Heritage Fund from this Agreement and I think it became very clear, Mr. Speaker, that that must have been one of the very first items bargained away in Washington when this Canada-U.S. Agreement was concluded.

Mr. Speaker, these are just a few observations that I would like to make while we are in debate on the principle of the Bill. I will be pleased to support the motion to move this Bill into Committee and, of course, welcome the opportunity to get into detailed questioning of the specifics of this matter at that time.

Thank you, Mr. Speaker.

**Mr. Speaker:** Any further debate.

**Mr. Fleming:** Yes, Mr. Speaker, I would rise in support of the Agreement Ordinance. I am very happy to see that the Government of Canada has stepped forward and given us the opportunity to take a stance and negotiate in the areas that are indicated in the agreement.

There are considerable areas that they have mentioned and I think we have covered most of them, but the principle of the Bill itself, in any ordinance, I think is to be so that both parties concerned, if it is an agreement ordinance, of course, can have a fair and just say, and come up with an answer that is fair and just to both parties.

I think, myself, after being here for four years and seeing ordinances come to the House so many times, and we have fought very hard to have ordinances that do not allow just the Commissioner to go into anything just on his or her own.

We have come a long way in that area and, of course, in this Ordinance, I see us slipping back to the old way again, where, possibly, many people, and many of us sitting in this House and, in this instance, I will have to clarify this after when we get into the Ordinance, but the backbenchers, as you may call them in this House, unless they are talked to, and ourselves on this side of the table, could possibly have no say into some agreements that could be signed by the Commissioner, although the Commissioner must go along with the Executive Committee. That is there, but how about all the rest of us.

There is a point that we will be discussing the Bill and we will be able to bring it up. As I say, other than that, and that of course is in the last section of the Bill, and there may be an amendment brought from this side of the Table. I hope the Government does consider very carefully before they just pass this Bill with the powers of more voters to say yes, or no. Think it over a little bit first, and maybe make it a little better than it is. Thank you, Mr. Speaker.

**Mr. Speaker:** Any further debate?

**Mr. Byblow:** Mr. Speaker, I would simply request that there be more clarification with respect to the intent behind this Bill. I am not sure that I understand the full implications. Perhaps the Government is correct in suggesting that this Legislation is intended to define more clearly our relationship between YTG and Canada, but I have to agree with the Leader of the Opposition that I think there is a giving away of powers and rights, rather than the acquisition of them.

The Commissioner for the Northern Pipeline Agency, Mitchell Sharpe, in a January statement to the Canada Forum, stated, "The Pipeline Agency is in effect a single regulatory window. It has, or will have, delegated to it virtually all of the administrative powers now exercised by other Federal departments and agencies as they bear on the operations of the pipeline company".

In consideration of the framework we have in place now, I simply ask what this particular legislation do without spelling out guarantees of direct input that this Government will have? I simply ask for clarification, Mr. Speaker. I do not think I understand the intent fully, or the principle.

**Mr. Speaker:** Is there any further debate?

(Motion agreed to)

**Hon. Mr. Lang:** Mr. Speaker, I move, seconded by the Honourable Member from Tatchun, that Mr. Speaker do now leave the Chair and that the House resolve itself in the Committee of the Whole.

**Mr. Speaker:** It has been moved by the Honourable Minister of Municipal and Community Affairs, seconded by the Honourable Minister of Economic Development that Mr. Speaker do now leave the Chair and that the House resolve into the Committee of the Whole.

(Motion agreed to)

#### COMMITTEE OF THE WHOLE

**Mr. Chairman:** I call this Committee to order. We will take a brief recess at this time.

(Recess)

**Mr. Chairman:** I would call Committee to order. We are waiting for a witness.

**Mr. Penikett:** While we are waiting for the witness, I wonder if I could ask if it would be possible for us to have an agreement that we hear the witness now for perhaps some general explanation on this Bill but that we reserve the right to call the witness back at some time when we get into detailed discussion, because some Opposition Members might like to get into some detailed questions about this matter but we are not yet prepared for that kind of discussion.

**Hon. Mr. Lang:** I think that in protocol in Committee of the Whole, it should be noted that Members should stand when they are addressing the Chair.

**Mr. Penikett:** I apologize, Mr. Chairman.

**Mr. Chairman:** We are discussing this afternoon the The Northern Natural Gas Pipeline Agreement Ordinance. I will read clause one.

(Reads Clause 1)

**Hon. Mr. Pearson:** Mr. Chairman, I think it would be of advantage to the Committee to have Mr. John Ferbey, the Pipeline Co-ordinator, appear as a witness. Also I would like to assure all Members of Committee that we will leave this Bill in Committee for the length of time that is required to discuss it thoroughly. There is no intention to push it through today type-of-thing. That is not necessary, nor is it our desire, so if we can get started possibly, if you do have questions of the witness then it will give him some time to get answers for us as well.

**Mr. Penikett:** Do I understand that it is agreeable then that we do not complete work on Clause 1 today, in fact if we wish to return to the subject matter of Clause 1 we may?

**Mr. Chairman:** At this time, I would like to introduce our witness, Mr. John Ferbey, Pipeline Co-ordinator.

**Dr. Hibberd:** Mr. Chairman, I have a request for clarification on what Mr. Penikett was asking about. Is it the intention of the Chair that the general debate will be permitted to continue, not merely on Clause 1. I think that Mr. Penikett was referring to the ability to come back to general debate on the Bill.

**Mr. Chairman:** When Clause 1 is read for the first time, along with the Memorandum, it is general debate. That is the way the Chair proposes to handle it.

**Dr. Hibberd:** Mr. Chairman, could I just refer him to the fact that I gathered from the mover of the Bill that debate was going to be permitted to continue. Does that mean that there will be permission to revert to General debate on the Bill itself?

**Mr. Chairman:** Is it the pleasure of the House that we have a first review and then go back for a second review? What is your pleasure?

**Hon. Mr. Pearson:** Mr. Chairman, I think probably that would be the best idea, and if there are immediate questions they can be asked. I do not know that we have to go back to debate on principle, I do not think that is what the Honourable Member, Mr. Penikett, was referring to. I think he was primarily wanting assurance that we did not intend to move the Bill out of Committee this afternoon, and we do not intend to do that.

**Hon. Mr. MacKay:** To clarify things somewhat for me, as I understand it, if we go on to Clause 2, normally we would have some difficulty going back to Clause 1, and what I think Mr. Penikett was trying to say is that we may wish to go onto Clause 2 today. Is it the Chairman's wish to allow us to go back on the general discussion after that. Am I interpreting this correctly?

**Mr. Penikett:** Mr. Chairman, just to clarify my concern: we hopefully can have some general questions and general discussion today about this Bill, perhaps any number of the Clauses, but all of us, at least on this side of the House, are still in the process of wanting to clarify some detailed questions, perhaps which pertain to each Clause of the Bill. We would hope that we would have an opportunity, at some future time, to, in fact, get into those questions and not feel that we may have completed dealing with any part of this Bill.

**Hon. Mr. Lang:** Mr. Chairman, in respect to the discussion of the Bill, I think it would be wise to read through the Agreement from the beginning and perhaps clarify as we go on. As far as discussing the principle of the Bill, we have had that opportunity in the Second Reading, and if I get the inference from the Honourable Member from Whitehorse West, in reflection, in respect to the principle of

the Bill, the Bill must entertain the consequences of what is going to happen here, because the principle can also be addressed at Third Reading.

We are discussing the details of the Bill and once we have clarification of the Bill, and if one asks to discuss the principles of the Bill once again, it should be done at the Third Reading. I do not think that it should be done in the Committee of the Whole, Mr. Chairman.

**Mr. Chairman:** We will proceed with Clause 1, and the Memorandum for General discussion.

**Hon. Mr. MacKay:** Mr. Chairman, I have a general question for Mr. Ferbey. Could you explain to me, Mr. Ferbey, what are the advantages to Yukon in signing this agreement; what are the disadvantages, and then what are the advantages to Canada in this signing this agreement, and the disadvantages?

**Mr. Ferbey:** It is a difficult task, Mr. MacKay, but I will try. Advantages: if one looks at the Northern Pipeline Act, Section 9 of the Northern Pipeline Act provides the Governor-in-Council with the authority to proceed across the Yukon Territory with or without the consent of this Council. If you will notice in the Annex of the Agreement, that they got letters of understanding from the three provincial jurisdictions involved in the pipeline prior to negotiating the Agreement with the United States of America, suggesting that the three provincial jurisdictions would in fact abide by the terms of that Agreement. They did not afford the courtesy of a letter from this Government prior to negotiating that Treaty. I think that a case was made that future involvement in this situation should involve this Government.

We have a constitutional expert, Dr. Elliott, of Carlton University, look at the situation and we were advised, that in fact, the Northern Pipeline Act could override the Yukon Act and leave the Government of the Yukon Territory out of the situation completely. So in some ways, from a constitutional point of view, this is giving recognition to the Government of the Yukon Territory. That is what I see as a major advantage politically in the area of responsible Government.

If you are talking about advantages, in the fiscal sense, other than the Clause which permits us to consult about cost recovery, and it simply is consultation initially. There are no guarantees. That opening is there. The initial Agreement that came from the Federal Government did not even provide us that. It was a very one-sided kind of Agreement.

There were changes made in the Agreement at the recommendation of this Government. The very fact that we are going to be able to discuss the matter of cost recovery, I think, is preferable to not having that open, and as you do a review of the Northern Pipeline Act, which this flows from, you will see that the Governor-in-Council could, in fact, proceed without consent of this House.

The disadvantages, I suppose are that there are no guarantees to YTG. The advantages to Canada are as stated in objective Section 4 of the Northern Pipeline Act, which is the building of the pipeline, is in the Canadian interest and they mention it very specifically as part of the objectives. In addition to this, they will make every attempt to alleviate any major adverse affects in those areas where there may be major impacts. They are not guaranteeing anything because they see it as see it as a major economic benefit nationally.

Does that answer your question?

**Mr. Chairman:** Thank you.

**Hon. Mr. MacKay:** Mr. Chairman, I think I have then a question of the view of the government. This agreement which has been amended, this draft agreement, is it the final product of negotiation between this government and the Government of the Yukon Territory, and can we expect this agreement to be signed exactly as it is?

**Hon. Mr. Pearson:** Mr. Chairman, Mr. Ferbey was, in fact, the government's negotiator in respect to this agreement, and I would suggest that he is in a much better position to answer that question than I am at the present time.

**Hon. Mr. MacKay:** On the contrary, I would say that this is becoming a political decision at this point. We are being asked to approve a bill which does not specify what agreement is going to be entered into. I think it would be a fair question to ask, is this the agreement that is contemplated? Is this exactly the agreement that is contemplated by this Ordinance?

**Hon. Mr. Pearson:** Yes, Mr. Chairman, I thought it might be beneficial to get some background as to the negotiations. I thought it might be beneficial to Mr. MacKay to get some background from Mr. Ferbey in respect to negotiations, exactly what did happen and how this document has arrived here today. But this is the intent of

the Bill, to have this agreement signed.

**Hon. Mr. MacKay:** Mr. Chairman, thank you. I just wanted to establish the one point, that this is the proposed agreement. Now, Mr. Ferbey, could you tell us what positions the Yukon Government put forward in this negotiation for this agreement that were not successful.

**Mr. Ferbey:** There were six proposals put forward and five of the six were accepted. The one that was not accepted was the inclusion of a clause which would have specified there not being a favoured jurisdiction kind of situation, meaning that all four jurisdictions involved would be treated equally. We had to back away from that one in our particular agreement because, had that gone into play, it would have presented some problems with respect to the Province of British Columbia, who are considerably upset at the present time about the level of taxation permitted to this government, under the agreement, which they are not able to do in the north-eastern part of British Columbia or in the southwestern leg.

So, that was the only issue that was not included, Mr. MacKay, in the negotiation.

**Mr. Byblow:** Mr. Ferbey, could you explain, as you see it, what the relationship will be, pending the approval of this Bill, tied in with that agreement, between the YTG and the existing regulatory agencies or other agencies that have been set up under the Northern Pipeline Act. In other words, how well does YTG interact with these other agencies?

**Mr. Ferbey:** In relation to this agreement?

**Mr. Byblow:** Yes.

**Mr. Ferbey:** I think that, with respect to the agreement, it will be a matter of YTG working through the Federal-Provincial-Territorial Consultative Council, because this is where the agreement was initially raised, each one of the jurisdictions, including ourselves, were involved at the council with the agreements. I think that, in fact, it simply legitimatizes the relationships between the agency and the governments. Then, the consultation flows from this agreement.

**Mr. Byblow:** So, in fact, the Commissioner will become part of a consultive mechanism of all the three provinces and the Territory?

**Mr. Ferbey:** There is a consultive council now, Mr. Byblow, consisting of representatives from the Yukon Territory, from the three western provinces and from the Northern Pipeline Agency; Mr. Sharp, representing the Federal Government, representatives from the provinces, and I was designated the representative by the last Legislature for the Yukon Territory. The people from the provinces are all senior public servants.

**Mr. Byblow:** That clarifies it in my mind.

**Mr. Fleming:** Mr. Chairman, I would just ask you, Mr. Ferbey, in 7.(1) of this agreement, and I think I am not quite clear on just how this agreement could be affected maybe by the actual Pipeline Agreement that we had before, because the Government of Yukon and, of course, the provinces that were mentioned in that agreement which was signed by the pipeline company, signed by Canada, and what they say there goes.

Now we have another agreement coming in that is sort of under that one. I am wondering, in 7.(1), "The Territory agrees that the maximum level of the property tax, and other direct taxes having an incidence exclusively or virtually exclusively on the pipeline as imposed by the Territory or any of its subordinate legislative bodies shall be as set out in paragraph 5 (b)." I am sorry, I do not have paragraph 5 (b) here.

I was wondering if you could clarify why that is in here, because I was worried about that paragraph in the original agreement. Has that been changed, is there something that is needed somewhere in this one that changes that aspect of that paragraph.

**Mr. Ferbey:** No, Mr. Fleming, it outlines the maximum level in Section 5(b), the \$30 million, which we could tax, but it is simply reiterating the fact that it cannot be discriminatory. We cannot put charges through the taxation that we would not legitimately put on any other pipelines in the Territory.

As you know, we have the Skagway-Whitehorse Pipeline and we have that 14 miles of twenty inch in the southeast corner of the Territory that were in operation prior to thought being given to this project.

So, if we were to impose on this project something that we did not on the others, then it would be discriminatory and this is just guaranteeing non-discrimination.

**Mr. Chairman:** I would ask the people to speak up a little louder so that the girls doing the "Debates and Proceedings" can hear them.

I would ask also that you recognize the Chair before you ask or

answer questions.

**Mr. Penikett:** Mr. Chairman, I would like to pursue the question of taxation with Mr. Ferbey. I guess I am a little confused about the \$30 million figure.

As I understood the treaty that prohibits discriminatory property taxation, it is a treaty that predates the Canada-U.S. Agreement. It was one to provide for the fact that both Canada and U.S. have pipelines on each other's territories.

Now, I had always thought, and perhaps I am wrong, that the principle of discrimination there prohibited a local jurisdiction from imposing a higher rate of taxes than existed in a neighbouring jurisdiction, perhaps on the same pipeline, or that there was some kind of mechanism to ensure that no one jurisdiction, on either side of the border, was to extract some unfair property tax revenues from such a project.

What I am interested in is how, if I am correct at all in that assumption, such a figure as \$30 million was arrived at and how would such a number be affected by, say, some radical changes in property tax legislation in the State of Alaska, for example, which might have bearing on the pipeline?

**Mr. Ferbey:** To answer the question of how the \$30 million was arrived at, I have heard various theories but the one that seems most sensible is that it was plucked out of the air. There were all kinds of questions being raised about cost to this government with regard to socio-economic costs.

Because of the Canada-U.S. Agreement, which specified that no direct costs related to socio-economic matter could be charged against the United States consumer. They made provision in this, and it was not considered discriminatory to give us a maximum level of taxation of \$30 million.

Radical changes in property taxation here, I do not think would have any effect because it is based on diameter sizes, the taxation of pipelines at the present time. The work that we are doing on pipeline taxation legislation may result in some changes which I do not think would be in conflict with regular property taxation.

**Mr. Penikett:** Mr. Chairman, thank you. I would just like to pursue that point for a moment with Mr. Ferbey.

If the maximum amount that we would be permitted to extract from the former property taxes has been set at \$30,000,000, presumably that was done on some kind of underlying assumption that not only was that a reasonable revenue for us to extract from such an enterprise, or such a piece of property, but also that we would somehow be able to pay for the social and economic costs that are going to be borne by this community from those revenues.

How strong in your view is our bargaining position with Ottawa? This gets into that area of consultation. Should we find in year two of the construction project, for example, that the burden on this government to meet the related social and economic impacts is considerably in excess of the revenues we are receiving?

**Mr. Ferbey:** I am sorry, I do not think I could even attempt to answer that question for you, Mr. Penikett, because I think that kind of negotiation is ultimately going to be political negotiation.

**Mr. Fleming:** Yes, Mr. Chairman, you have clarified the other question for me, Mr. Ferbey, and I now would like to go to 5. There are a couple of questions there.

Under (f), Manpower and training for the pipeline, I am just wondering just how this affects us and what the intent of Canada and the Yukon Territorial Government would be? What there action would be, what would be the type of thing that they would do? The pipeline itself has agreed that they are going to train and so forth, certain peoples for the pipeline after it is built, for the permanent jobs.

So, I am wondering about that one, (f), and (h), "additional costs incurred by the Territory, to determine whether Canada should assist the Territory in meeting these costs." Now, in your discussions and in your meetings when you were in Calgary, is this one of the items that you brought up, these two for instance, the training and also the extra cost that we would have from the pipeline and who is to pay for it?

**Mr. Ferbey:** Mr. Fleming, the manpower and training requirements for the pipeline were included in the initial agreement. There was no mention at all of additional costs, so Item (h) was an item which we negotiated into the agreement at the direction of the government. That was a new one. It was not included in the original at all.

With respect to manpower and training requirements for the pipeline, Foothills has had to submit a plan, they had to submit a plan by the 15th of February, with respect to what their manpower

requirements were going to be regarding construction and a schedule of their needs, and the development of the use of human resource was going to be done through the Canada Employment and Immigration Commission, in consultation with the Government of the Yukon Territory, bearing in mind the stipulations that this government had requested in the socio-economic terms and conditions.

**Mr. Fleming:** Mr. Chairman, that is clear. Now, you say that (h) was not discussed there. Would you say that (h) was in addition to the old agreement, where there was some agreement to supply a certain amount of money to the Territory? Would you say that this was in addition to what was in the old agreement with Canada and the States?

**Mr. Ferbey:** Well, there was nothing in the old agreement. We negotiated item (h) into the agreement and I think it was to ensure the kind of access Mr. Penikett was asking me to give him an answer about a little while ago. I cannot tell the degree of participation which you people may have. But I think the access is there in this agreement.

My personal feeling is that Mr. Sharpe, the Commissioner of Northern Pipeline Agency, is aware of the kinds of problems we may have and has a degree of sympathy with us. I think that is why he might have included it to enable us to press through this agreement in our fiscal negotiations with the federal government.

There was one additional item I forgot to answer for you, Mr. Penikett. You asked about were we in anyway tied to Alaskan legislation. The \$30,000,000 is not a top limit, because our rates can go up by the amount that they raise their assessment in Alaska on pipeline taxation.

**Mr. Penikett:** Thank you, Mr. Chairman. I would just like to, for my own understanding, get perfectly clear while we are talking about this \$30,000,000, I want to be certain, Mr. Ferbey, that I can understand what type of taxation this is, and I am somewhat wondering if any part of the \$30,000,000 is made up by income tax, that might be on the company that is functioning here, or is that at all from what we normally call property taxes.

I am wondering if you have had a chance to sort of review, under our current tax rates, what kind of assessment that amounts to, that \$30,000,000, the rate per mile? You mentioned that it is based on the size of the pipe. I am curious, because I do not remember if the Territory has, in fact, developed an assessment formula for that kind of thing, and if the numbers we are talking about are based on some kind of rates and schedules which we have, in fact, planned very carefully?

**Mr. Ferbey:** At the present time there is, I think it is called, Schedule A to the Property Taxation Ordinance, dealing specifically with pipelines in the Territory, and it refers to Section 17, I think, of the tax legislation in the Territory, and the Schedule does allow pipe to diameter of 48-inches. The pipe through the Yukon, or a section of the Yukon, was 56 inches, so we have, in fact, extrapolated the amount, and I cannot tell you what the value per mile was, but a ball park figure, if we were to use the current rate in the legislation, would net us a revenue of approximately \$12,000,000, whereas the revenue that we have a potential for is \$30,000,000.

**Hon. Mr. MacKay:** Mr. Chairman, I would just like to pursue a couple more points about the negotiations you had. You said there were six items which you had asked for, five of which had been agreed to. Can you tell me which five these are?

**Mr. Ferbey:** Well, (h), which I told you about, was not included at all in the initial agreement.

Under Section 3, the original agreement only provided that we consult in the formulation of terms and conditions of a certificate of public convenience and necessities. I think if you look at the agreement before you that the revision amendment or addition to terms and conditions is considerably more forceful than just the formulation of terms and conditions, because one of the problems that might occur is that if they were going to rescind or amend the certificate, there would be no need, when they were just talking about formulation, to ever come back to this government. So, it was felt that the revision amendment or addition was much stronger.

In item (d), the original statement was simply the socio-economic impact of the pipeline, including the concerns of the native people and, as you can see, there was a change made in that, and listed to the region directly affected by the construction.

It was the feeling that you would not necessarily want all regions of the Territory becoming involved so it was put on a regional basis.

"(e)" has just simply stated Federal surveillance practices. We are more concerned about Federal monitoring and inspections in

those areas such as wildlife for which this Government has a responsibility. We would like to see that the Federal monitoring and inspection be comfortable to our wildlife people and our regulations in this area.

Item number five is totally new. "Canada hereby agrees to give to the Commissioner advance notice of any intention to seek amendments to the Northern Pipeline Act, the Northern Pipeline Act Agreement or the Transit Pipeline Treaty..." There was no guarantee whatsoever in the initial agreement. That is a new one.

**Hon. Mr. MacKay:** I would like to ask Mr. Ferbey, did you at any time, seek a guarantee from Ottawa, from the Government of Canada, with respect to the direct costs incurred? Did you ever ask and were refused, a clause in this agreement which would give us some form of guarantee that all the costs are not going to wind up on our bill?

**Mr. Ferbey:** Our initial clause was for direct cost recovery, Mr. MacKay. It was a negotiable item and ended up as Item (h).

**Hon. Mr. MacKay:** Did you ever consider the insertion of anything in this agreement with respect to the setting aside of revenues from this pipeline to a Heritage Fund?

**Mr. Ferbey:** No, that was not done because I think that is subject to another agreement, rather than this particular agreement. There is quite a separate agreement called for with respect to Heritage Funds than this one. This is the guarantee of the Canada-U.S. Agreement and suggesting that this government agrees with that agreement will not do anything to further the agreement.

**Mr. Penikett:** Thank you, Mr. Chairman. I would like to, if I could, move on to another matter, Mr. Ferbey, and that is the question of the right-of-way of the final route, and ask how this sub-section of this agreement would give this government the input and final selection? Also I would like to, if it is possible in the context of this agreement, to be illuminated a little bit about the kind of current thinking on the way in which the land on that route would be held, either by the federal government or by the operator of the pipeline or by possibly some other method?

**Mr. Ferbey:** Section 37 of the Northern Pipeline Act is very specific in that it states, "lands appropriated to the Commissioner: . . . may by an order of the Governor-in-Council expropriate these lands if they are required for pipeline."

Section 37 of that Northern Pipeline Act was a concern of this government because, in fact, we felt that it was going to, or it could conceivably, be used to withdraw lands which this government already has.

So, this is why we have this one included and think it is important in that we are going to be involved in the right of way and final route alignment, and where there are lands appropriated to the Commissioner, the Government of the Yukon is, in fact, going to have some input and say.

The current thinking, the investigations that we have been doing, is that there are two manners of dealing with rights of way for pipeline, one being lease. Generally that applies to the ancillary facilities, such as the compressor stations, where they may give a long-term lease with an annual rental for that space, but the actual right of way is an easement, rather than a lease, with some sort of rental.

The problem that I think is going to be encountered between Kluane Lake and Beaver Creek, is that there are 50 crossings of the Alaska Highway and the right of way of the Alaska Highway has been appropriated to the Commissioner, and how the other land of the pipeline will be going is federal land, so we are going to end up with a bunch of really problematic kinds of agreements, but we are hoping to resolve that.

**Mr. Penikett:** Thank you, Mr. Chairman. Let me, perhaps if I could, Mr. Ferbey, explain my concern on that question and then you might be able to address it further in terms of your experience in negotiations. I suppose anybody who knows anything about the history of western Canada knows that CPR was given a massive land grant in order to build a railway across it. In fact, the CPR was given half of western Canada, and they have been giving it back to western Canada in one form or another ever since. There is no doubt that if there were a large transfer of land, by whatever means, to the operator of such a pipeline, along such a right-of-way, which is going to be, I think, a zone of intense economic activity in the years ahead, that that would give whoever owned that land enormous economic power in this Territory for some time to come.

I think, of course, if the land were ever transferred to this government and we held the lease, it would give us, I think, a very powerful economic lever

**Mr. Ferbey:** I should mention that we are having a meeting in Whitehorse on the 26th of this month with the pipeline agency and some of the federal people involved in lands, so there is some consistency in dealing with easement right of way. I do not think that there is any question of there being a transfer of land whatsoever to Foothills Pipeline in that, as you mentioned in the provinces, the provinces are all surveyed on a grid system, and when pipelines are going to cross a road allowance there are certain things that have to be done.

In the Territory, we do not have that kind of survey situation and, as a government, we are going to have to have access across this right of way to ensure that if we need roads to any part of the Territory, and let us say that it has to take off north from the Alaska Highway and cross the right of way, we have to ensure that there is this access. So, to give them that land, I think is highly unlikely. At follow-up meetings, we may be able to provide more information.

**Mr. Fleming:** Yes, in your talks, Mr. Ferbey, or possibly in your talks later, which you say you may have again on this very subject, I see that the government has thought of the Territory itself and the Commissioner and the Government of Yukon, in the acquisition of land by Canada for this land. I am wondering if also there was any mention on federal lands. Let us forget all about land that is in townsites and so on, or that belongs to the Commissioner or belongs to the Yukon Territorial Government, but the federal lands.

Was there anything said about people who may be on the right of way on federal lands, and anyway that they would be handled: whether they would be compensated in some way, or would you be mentioning it later on at the next meeting?

**Mr. Ferbey:** There is provision for compensation, at the present time in the legislation, Mr. Fleming. There is also a bill that Senator Wilson, from Alberta, has before the Senate at the present time, with respect to compensation for properties of this kind of land, so I am sure that it will deal with.

**Mr. Byblow:** Mr. Ferbey, with respect to costs again and specifically indirect and related costs, what existing provisions are there, if any, to recover these?

**Mr. Ferbey:** At the present time, we only have had preliminary negotiations with the Pipeline Agency. I think in some ways that we had looked at various routes and I do not think that I can be terribly optimistic, because precedence in pipeline and other projects in the Territory are being looked at when you look at the Northern Pipeline Act, and I would hate, Mr. Byblow, at the moment, to say what things are going to look like. I must admit also it is kind of difficult doing so many of these things by myself and some of the areas have not been researched the way they should have been. I cannot give you an answer on that at the present time, we are working on it.

**Mr. Byblow:** Aside from Section (h), of Number 3, do you see any avenue in this Agreement to provide room for further negotiation aside from that one Section?

**Mr. Ferbey:** No, I do not see much room for negotiation, other than in that Section, Mr. Byblow. We kept in very close contact with the Federal and Inter-governmental people in the Province of Alberta with respect to where they were moving with their Agreement. Sometimes I like to check out other people when you are working in an area by yourself and are not too sure. I had an opportunity to check this out with both the Alberta and Saskatchewan people and I would suggest that our Agreement is every bit as good, if not better, than what those two jurisdictions have.

British Columbia will not discuss their agreement with us because they are upset by not having access to taxation, for example, the way we are and they do not have access to money for bringing their section of the Alaska Highway back up to the level. You know, that \$30,000,000 of money that we had for our transportation system, they were not given any money for the section of road south of Fort Nelson. This has bothered the British Columbia Government. So I do not know what their Agreement is like.

**Hon. Mr. MacKay:** To the Government Leader, in case he was falling asleep there. Are there any plans to strengthen the staff of Mr. Ferbey's Department?

**Hon. Mr. Pearson:** Mr. Chairman, when we get into the Budget, I am sure that it will become evident that has been done.

**Hon. Mr. MacKay:** I was just looking in the Budget for some indication that that was so, and it was not there. Mr. Ferbey, Clause 8 states that Clause 7 shall not preclude the inclusion of natural gas throughput as a factor in the calculation of levies contemplated by Clause 7. Can you explain what that means.

**Mr. Ferbey:** I find that difficult, but I will try. Number 7 talks basically about, not taxes as we know them, but of the value of whatever is there, sort of market value. Nobody wants to buy a

pipeline, so in some jurisdictions at the present time they are assigning what is called an economic value related to the profitability of the pipeline and transmission systems. That has been included just to insure a decision is made by the elected people. If they do not want to go on an actual market value, but want to use an economic value, they would be able to.

**Hon. Mr. MacKay:** Is it not all irrelevant when we are told already what we are going to get for property taxes? I do not understand why we have to have that when we are told there is \$30,000,000, and that is it, plus allowance for inflation.

**Mr. Ferbey:** Well, that is true. On that particular pipeline we are going to get \$30,000,000, but it must be remembered at the present time we have that small diameter line from Skagway to Whitehorse. We have that 14 miles of 20 inch line in the southeast corner and it is being examined at the present time. I am sort of optimistic, that there will probably be more, and whatever Legislation or whatever form of taxes apply to that particular pipeline will have to apply to the other one. You are not going to have a second piece of pipeline legislation for just the Alaska Highway Pipeline.

**Hon. Mr. MacKay:** Mr. Chairman, are you saying that we can turn around and tax the White Pass Petroleum Pipeline on the same basis, at the same rate per mile, as the gas pipeline, as a result of this?

**Mr. Ferbey:** It is totally possible. It depends on the kind of schedule, but it will not bring you those kinds of revenue I can assure you.

**Hon. Mr. Pearson:** Mr. Chairman, just for clarification, the White Pass line is taxed through our Legislation now, as per the schedule in the Ordinance. So if we wish to change it, I guess we could.

**Hon. Mr. MacKay:** I am not sure, is it taxed on the basis of the value of the product going through it, or what is it based on?

**Mr. Penkett:** Mr. Chairman, I would just like to touch on one of the other features of this document we are dealing with. I hope its understood that after I considered some of your answers we will be able to get back to some of the other things. As you have observed, we are responsible for renewable resources in this Territory. We have already this Northern Pipeline Agency and various Federal bodies who are interested in the environmental questions associated with the project. How do you see, I would just use this as perhaps a case in point, this Government proceeding if it identifies a particular environment problem in connection with the project, either prior to construction or during construction? Perhaps we identify some concern if we gain populations in an area, for example, that has not been identified by the Federal Agencies. Do you see this Federal-Provincial-Territorial Advisory Body being the instrument through which we deal then or some other route?

**Mr. Ferbey:** I certainly think that it could be brought up at the Federal-Provincial-Territorial Council. There is no question, but I think that the agency who is going to have the ultimate responsibility could, if it wanted to, overrule that, but every effort is being made in the environmental terms and conditions and in socio-economic terms and conditions that have been accepted, but the designated officer, will not make any of those decisions without consultation, again, with this Government. It is very difficult to make ours strong enough to override the Federal Legislation.

So in many ways it will only be on a consultative basis.

**Mr. Byblow:** Yes, Mr. Chairman, my question relates to the Orders-in-Council, under the existing Legislation the Orders in Council can apply, or be applied, at any point relative to any matter on the pipeline issues or dealings. From what you have just said, the Orders-in-Council would apply regardless of approval by the Territory, as it were.

**Mr. Ferbey:** That is right, and may be any other Federal department or agency that can be overridden by that Order that comes through the designated officer.

We are hopeful, by signing this Agreement, that we are still going to not be walked over. I think that Section 91 or the British North America Act, which delegates power and responsibility, even that is tied into this, Mr. Byblow, you can go back that far, not only does the Northern Pipeline Act override. So in the long run, the Federal Government could intrude on the responsibilities of this Assembly if they decide to.

**Mr. Byblow:** Section 91 of the BNA Act relates to Provincial rights.

**Mr. Ferbey:** Provincial/Territorial Rights.

**Mr. Byblow:** And you are saying that the Northern Pipeline Act does not supersede those. The Orders-in-Council and the Northern Pipeline do not supersede these.

**Mr. Ferbey:** No, I mean they can take those Orders-in-Council

back to that section and they can supersede ours.

**Hon. Mr. Lang:** Mr. Chairman, I think, possibly for clarification, perhaps the witness, and I am sure he would agree, that under Section 5, if there were amendments to the Regulations even, they would have to consult with the Territorial Government; so therefore, that is in reference to an Order-in-Council. So it is a case of co-operation and I am sure, from the Governments side, that you will see that it will be as co-operative as we possibly can.

In view of the change in philosophy of the Government of Canada, I think there will have to be times there are compromises, but at the same time, I think that it will work out to the advantage of everybody concerned. I am sure the Leader of the Opposition will be glad to hear that.

**Mr. Fleming:** Yes, Mr. Chairman, I just still want a little clarification on that Section 7, too, the shoe goes both ways there. They can not charge any more than what is being charged, we cannot charge a pipeline in the Yukon any more than what we charge them. Is it a fact that we cannot charge them anymore now? If they put the pipeline in, we cannot charge them any more than what we are charging now for the pipeline from Skagway over here?

Is that what you are saying, is that what that section means, that we cannot go above, Mr. Chairman, what we are charging White Pass, for instance, is that right?

**Mr. Ferbey:** The authority is based on taxation in place now, which has a specific schedule attached to it about what the assessment for pipelines would be, you are right. This is our argument for pipeline taxation legislation, because then we would be limited to, as I said, a ball park figure of \$12 million.

**Mr. Penkett:** Yes, thank you, Mr. Chairman, I just wanted to pursue for a moment the question raised again by Mr. Byblow. I guess that if Orders-in-Council are bad enough, Mr. Ferbey, I guess the international treaties probably would be even worse, from the point of view of us having to live with their dictates.

Presumably you have reviewed the Canada-U.S. Agreement in some detail before embarking on these negotiations and I wonder if you could just, for our education, describe some of the failings in that Agreement from the point of view of the Yukon Territory?

**Mr. Ferbey:** I think that it really is not my place to describe them. I think that you, as a group, have described them, the lack of guarantees with respect to some of the indirect costs which this Territory may incur. I think that is the biggest disadvantage and at one time the possibility of requesting the federal government to negotiate a protocol to the agreement with the United States, with respect to some of these things was discussed. But, because the object of the Northern Pipeline Act, within the national Canadian interests, rather than a jurisdictional interest, the matter was not pursued because there are no guarantees for some of the areas.

**Mr. Penkett:** Mr. Chairman, I just would like to pursue that point a little bit, assuming in addition to the costs, I hope you are not entirely satisfied of the job provisions in there either, that we may have the guarantees for jobs for local residents. I am assuming this continues to be a difficult area for us in terms of enforcing that, even under this memorandum, even under this agreement, and this Bill.

**Mr. Ferbey:** There is no question, I think, that local hire is problematic and I think the guarantees of local employment, whether it was in the agreement or in legislation or in terms and conditions or in the certificate, are going to be very, very difficult.

**Hon. Mr. MacKay:** Thank you, Mr. Chairman. The impression I got when you were answering Mr. Fleming's question was unless we went ahead with this we would not be able to raise the taxes, the \$30,000,000. Am I correct in that interpretation?

**Mr. Ferbey:** Well, it would have to be in the Government of Yukon, under the Northern Pipelines Act, to enter into an agreement with the Government of Canada, to enable us to implement the terms of the Canada-U.S. Agreement, which is an annex to the Northern Pipeline Act, and it is the annex which gives us the authority, under that section, to raise taxes to that amount, Mr. MacKay.

**Hon. Mr. MacKay:** Mr. Chairman, if we were just to unilaterally change our Property Tax Ordinance to account for the value of the throughput, by extrapolating backwards, say, we have got \$30,000,000, so what does that mean per cubic foot, we could do that.

**Mr. Ferbey:** Yes.

**Hon. Mr. Lang:** Mr. Chairman, the way I understand, with respect to the taxation of this pipeline and other pipelines, it is going to be the intention of the government to bring in separate piece of legislation to deal with this particular area, because it is a very complicated area and one must remember that we are not only dealing with an area of jurisdiction within Yukon Territory, or nationally. Any legislation that we bring forward is going to come under inter-

national scrutiny. So it is going to have to really be looked at carefully in respect to, not only this situation, but as the witness has pointed out, in the advent of possibly more pipelines coming into Yukon Territory.

Now perhaps we are being optimistic. Perhaps there might not be a pipeline, but, with the assurances of consultation and everything, I am sure the leader of the Opposition will be prepared to accept the bill.

**Mr. Penikett:** If I could just pursue the question of jobs a little bit with Mr. Ferbey. Would it be possible for you to explain, or give us some kind of insight into the problems that you experienced in Calgary, for example, in trying to negotiate, if you like, guarantees for Yukon employment and job training.

I am particularly interested in hearing if you like the federal point of view on this question as opposed to what the differences were between their view and our view. I am assuming there were some.

**Mr. Ferbey:** I do not think there was that much difference in view on local employment between this government and the federal government. Both feel very strongly that there should be employment of local people.

One of the problems that we are running into are jurisdictional questions with unions, as much as anything, and with the employment situation the way it is, when I first started in discussing manpower requirements, the unions were most optimistic, but because the economy appears to be stagnant, or not moving, there are many union people unemployed. One must be more pessimistic about how much utilization, during construction, of local labour there will be. I think that that is a problematic area. From the operation and maintenance point of view, however, Foothills, this government and the Federal Government are working very hard to train and utilize local people, which will mean something like 100 jobs initially.

**Mr. Penikett:** Mr. Chairman, just to pursue that point further, Mr. Ferbey has reminded me of the situation with unions. I remember at the time when the Mackenzie Valley pipeline was more of a reality than it is now, seeing a copy of a master agreement between some of the larger pipeline contractors and some of the larger international unions involved in pipeline construction, that not only set wage rates, but was very specific in terms of identifying the southern hiring policy where those employees would be found.

At that time, I think there was only one of those unions who was signatory to that agreement which was really represented in the North by way of having many members or an office here or anything. You raise the problem in this, have we encountered, in the case of this pipeline, anything like a similar problem in terms of job opportunities for locals or has the federal legislation clearly superseded any contractual agreement which may have been made between contractors and large unions?

**Mr. Ferbey:** Number one, all four unions are signatories now and they have specific stipulations for North of 60 that are in place until 1980. The matter of jurisdiction with respect to labour matters and what ordinances will apply has not been resolved. It is an area we are working on.

**Mr. Byblow:** Mr. Ferbey, on this same track, respecting employment, to what extent in your deliberations was there discussion of guarantees or protection respecting the drain of employment from other areas of Yukon to the pipeline?

**Mr. Ferbey:** There has been discussion of it, but there certainly has been nothing resolved and there has been a concern expressed, both by this government and by the Canada Employment and Immigration Commission, about loss of people in established type employment to the pipeline.

There does not seem to be very much that either jurisdiction can do because then you begin treading on people's individual rights.

**Mr. Penikett:** Mr. Chairman, thank you again. Mr. Ferbey is touching on what I think is a fascinating area of this whole pipeline problem, discussion of individual rights and people leaving jobs.

As everybody knows, we have a fairly significant tourist industry here and something like, I think it was 300,000 people coming to this Territory every year. From time to time, the problem of transient workers coming into the Territory to look for jobs has been broached. It has been pointed out that, of course, in Alaska there were many people who visited the State during the construction period, it would have been hard put to define whether they were tourists or job-seekers. In fact, they may have been tourists when they started, but if they saw an opportunity for a job, they clearly would stop and search.

I am very curious because we have always had these assurances

about people from the north being hired in the north and people from the south being hired in the south, how we are going to, in this jurisdiction and in co-operation with the federal government, establish those kinds of distinctions between tourists and job seekers?

What steps beyond this simple publicity is the federal government going to be able to take to discourage, in fact large numbers of these people flocking from southern Canada, where there are a million unemployed, up to this jurisdiction?

**Mr. Ferbey:** An undertaking of Foothills Pipelines, during initial hearings, was that they would have a study done on potential of in-migration. It is my understanding that the study is virtually completed and we will be provided with copies shortly and we will look at the various kinds of suggestions, other than just the publicity, that perhaps this government, the federal government and or Foothills would have to get involved in to prevent the massive transient in-migration.

**Mr. Penikett:** Perhaps just to go back to the original question we discussed, in cases like that which may not be covered, if you like, specifically, in the document we are talking about, do you see this agreement for this legislation facilitating that kind of negotiation, if you like, or agreement, or do you see it as of no relevance whatsoever?

**Mr. Ferbey:** Well, I see it as being very relevant, but I suppose having been involved in the pipeline scene for so long, I look at your concern as being a very real concern, but seeing the consultation on socio-economic terms and conditions as guaranteed by this agreement and knowing that we have draft terms and conditions that will be attached to the certificate, that are going to be discussed at the public hearings, I have not noticed it as a concern because if it does not appear in this agreement, it is in the document of socio-economic terms and conditions with respect to employment and training.

**Mr. Fleming:** I am just jumping up and down, Mr. Chairman. I hope, someday, we get rid of that.

Mr. Chairman, I would not like to take up Mr. Ferbey's time here now, but I do have a question for the Leader of the Opposition.

I wonder if it will be possible for him to obtain for us, say, Monday morning, a rate structure of what is being paid on tax for any pipelines in the Yukon Territory in operation today, just for our benefit and our knowledge.

**Hon. Mr. Pearson:** Yes, Mr. Chairman, I think the Leader of the Opposition will have a tough time getting it, but I will get it and table it in Committee.

**Mr. Penikett:** Mr. Chairman, on a similar question, I wonder if it might be possible for all Members to be provided with copies of the Canada-U.S. Agreement because I think a quick look at that document might help our further discussions of this piece of Legislation?

**Mr. Ferbey:** I am sorry, I did not hear what Mr. Penikett suggested.

**Mr. Penikett:** I was just wondering if Members of this House could be provided with a copy of the Canada-U.S. Agreement because I think an examination of that would probably help our discussions of this Bill.

**Hon. Mr. Pearson:** I will attempt to facilitate that request.

**Mr. Byblow:** Mr. Chairman, I wonder, too, in this exercise of digging out more documentation to research this vital Bill before us, if we could also have some clarification or elaboration respecting the total framework of those regulatory agencies, under the Pipeline Act as they relate in the Territory and in personnel?

**Mr. Penikett:** Mr. Chairman, may I just follow up on the concern that Mr. Byblow is expressing. I think Mr. Ferbey has been talking eloquently this afternoon about the Federal-Provincial-Territorial Council, I think it is. He made reference to the NPA, we have talked about the Advisory Council, I think even for all of us, much less the general public, it might be starting to get a little confusing as to how these little parts all fit together and that is where we fit into the picture.

**Hon. Mr. Pearson:** Mr. Chairman, I am sure if I prevail upon Mr. Ferbey he will come up with an organizational chart, a line drawn thing that might show us just exactly how the whole thing fits together, and hopefully, this will meet Mr. Byblow's requirements as well.

**Hon. Mr. MacKay:** Just as a final word perhaps, Mr. Ferbey, try and find a place for us in that chart.

**Mr. Chairman:** Shall Clause 1 stand?

**Mr. Fleming:** Mr. Chairman, it is my understanding that we would read the Clauses and then go back to them. This is not going



to be passed today, that we can go back, that is what Mr. Hibberd was trying to ask too, and he could not get it quite across. We go through the Clauses, but we do not pass any this afternoon.

**Mr. Chairman:** Would you ask that Clause 1 stand.

**Mr. Fleming:** That Clause 1 be stand over, yes.

**Mr. Chairman:** All in favour.

(Clause 1 stood over)

**Mr. Penikett:** While we are at it, I would like to thank Mr. Ferbey for his presence here, but hope that he can make himself available for further questions while we are dealing with this Bill.

**Mr. Chairman:** Mr. Ferbey, if nobody else has any questions of you, you may be excused. Thank you for appearing here.

**Mr. Ferbey:** Thank you very much, Mr. Chairman, may I just make one statement to the House. I am at a Federal-Provincial-Council meeting on Monday and Tuesday of next week, so if there are questions, I would not be able to come, but some of the staff I have been kindly provided with could probably answer most of your questions.

**Mr. Chairman:** Mr. Chairman, does Clause Number 2 stand?

**Hon. Mr. MacKay:** I would like to discuss Clause Number 2. There is a particular part of this Clause which I take some exception to, Mr. Chairman, and that is if we pass this Clause we have authorized the Commissioner to enter into an Agreement with the Government of Canada. We just heard the Government say that in fact, an agreement is the agreement, this one here. We have heard the discussion from the witness with respect to the weakness that this agreement has, and also with respect to the gains that the Government's negotiator has made.

I am going to propose an amendment to this Clause, for two reasons. One is that I think it is necessary, from a point of view of principle, that if this Assembly is going to give the authority to the Commissioner, I do not mean the Commissioner as a person, I mean it in the form of Executive Committee, if we are going to give the authority to the Executive Committee to execute these agreements, and we have the Agreement here, why do we not include that Agreement as part of the Bill, in the form of a schedule? I think that would be an exercise of responsible power and the power of the Members here to at least know what we have agreed to. Because, if we pass this, and if there is a change of mind tomorrow, we have not agreed to that. We want to make sure you would not do that.

There are two points: there is a matter of principle here. If this Assembly is going to have any authority in these things, and I hope we do, that we agree to the attachment of this Memorandum of Agreement as a schedule. That is one point, principle. Now I should that explain the second reason for this is that having then attached it, I hope they will pass the motion. Having then attached it, I am going to propose a couple of amendments to that Agreement.

I would like you to consider, there are two parts to this, you can pass the attachment of this schedule and you can defeat my amendments, that is fine. Having done that, you have agreed with me on a point of principle. The Agreement should be attached.

I think if you were to hear my amendments, I would like to perhaps give you some preview of them, that you might see fit to indeed pass them, and the amendments I would propose, and I am not about to hand them to you now because, I cannot amend this now because it is not part of the discussion. Just for the purposes of informing the Members opposite, what I would hope to achieve by amending, if I would hope to eliminate Clause 3(h).

I would like to include a paragraph to be numbered 5 and all the remaining ones, at the present time, would be numbered one upwards. I would like to include a paragraph where Canada would hereby agree to pay the additional costs incurred by the Territory as a result of matters directly or indirectly related to the planning, construction, maintenance, and operation of the pipeline, including but not limited to the welfare and health costs, policing costs, including game protection, costs of construction of capital projects required to facilitate the pipeline, government administration costs and education costs.

Now that is precisely what this Government tried to achieve in negotiations and failed. I wonder if they failed because the Government of Canada did not think we were serious. I think passing that would certainly show we are serious. We may have to go back and delete it again, but at least this Assembly has had its say.

Then I would like to make another amendment. This would come after what is presently paragraph 9. This would be just a simple little Clause but would certainly be to the long term benefit of the Yukon if it were passed and agreed to. That Canada agrees that one-third of all taxes collected by the Territory under Section 8.(1), which is presently 7.(1), will be immediately appropriated from

General Revenue Funds of the Territory to a Yukon Heritage Fund to be administered at the sole discretion of the Territory for the benefit of the residents of the Territory.

That is a mere \$250,000,000 I am asking for, one-third of \$30,000,000 for 25 years.

Once again, we have sought and asked for these things and have not got them. I am suggesting to you that as soon as we pass this Bill, and the Government of Canada must be quite anxious for us to pass this Bill because it does give them everything. It gives them all the power without any resistance, which, as is pointed out by Mr. Ferbey, they have, if they care to enforce; nevertheless they want us to sign this so that they can proceed legally to do all the things that they want to do to us in the form of this pipeline. I say before we give up that lever, because that is what it is, it is about the last lever I think this Territory may have. Before we give up the lever, we should protect ourselves because, as I said earlier, in this discussion on Second Reading, I really see in this Agreement no way of ensuring any net benefit to the taxation revenues, to the wealth of this Territory.

Because, Mr. Chairman, simply what will happen if we do not seek to set aside money for a Heritage Fund, and we do not seek to recover some of these direct and indirect costs, our costs are going to go up, our revenue is going to go up, maybe our revenue is going to go up more than our costs. Great, maybe we are going to have \$10,000,000 extra, but all that means is the federal government is going to cut our deficit grant by \$10,000,000, back to zero. We will not have benefited one iota from the pipeline.

The whole exercise is an exercise in bookkeeping, which I am thoroughly familiar with. I know how the entries are made and it debits Yukon, credit Ottawa on this one, I will tell you.

So, that is going to be the proposal I would like to make. I do not particularly want to bring this to a vote at the present time, but I would like to put the amendment on the floor and, perhaps Mr. Cosman will advise us whether we have to vote on that immediately, but I would like the the members opposite to have some time to consider what they want to do.

**Hon. Mr. Pearson:** Mr. Chairman, this agreement is the result of an awful lot of work by an awful lot of people in this administration. Now, the Member was informed that the Heritage Fund question is a subject of another agreement. I think that he should be very, very careful in proposals such as this that he is not, in fact, jeopardizing something else that is already in the works.

I would respectfully suggest to him that possibly the best method would be, in fact, to check this out with the pipeline coordinator. I am very afraid that messing or changing this agreement in any way, good, bad or indifferent, would jeopardize its passage and would be of a detriment to us, because it prohibits us from getting on with such things as the Heritage Fund.

**Hon. Mr. MacKay:** Mr. Chairman, I appreciate the opportunity to debate this with the Leader of the Government. It has been my experience in the course of doing business, when you enter into negotiations, you have to hold some cards in your hand in order to be able to have any chance of winning the pot.

I think what I am saying is that by signing this agreement, we are agreeing to everything that they ever want to do to us, and that we no longer then have any cards. If they decide that they would like to give us a Heritage Trust Fund, that would be very nice of them, but there is no lever that I can see, having passed this Bill, there is no leverage left to the Territory to demand it, and that is why I am saying before we treat this as a routine manner, just to be able to go on with the discussions with the Government of Canada, who are again not a charitable foundation, no matter which party is in power, we are not going to get a free gift from them. We have a valuable piece of territory that they want to run that pipeline over. If we sign this, we have no guarantees of anything.

**Hon. Mr. Pearson:** Mr. Chairman, the one fact that the Honourable Member is missing is that the day that the Northern Pipeline Agreement Act was signed, we did not have any cards left. It supersedes the Yukon Act. We are not in a bargaining position. We do not have any cards at all, right now, today.

**Hon. Mr. MacKay:** Mr. Chairman, we can still play the embarrassment card and it would be very embarrassing for Ottawa to have to repeal the Yukon Act to put their pipeline through here. In fact I suggest--

**Hon. Mr. Pearson:** Mr. Chairman, they will not have to repeal the Act at all.

**Hon. Mr. MacKay:** It would be very embarrassing for them to have to override this Assembly.

**Hon. Mr. Pearson:** Mr. Chairman, they have done it already. They appointed a committee that, although they did in fact request

names from the Territorial Government, but they did not have to, this agreement gives us input into that advisory committee. We do not have it at the present time. The Northern Pipeline Agency will virtually become the mouthpiece of the Government of the Yukon Territory, if we fail to enter into this agreement, because they have the authority just to take over and they will become the ones concerned with all of the mitigative measures and so on of the pipeline in Yukon, if we do not get into a bargaining stance with the federal government.

**Hon. Mr. MacKay:** I appreciate the concern for the niceties and getting everything down so that everybody is acting legally. That is really all that agreement is doing is that we are going through the niceties to allow the federal government to do exactly what they want to do with us. As you suggested, the Pipeline Agreement Treaty, followed by the act, took away a lot of these powers that we have.

I am suggesting, perhaps, though, that, by our meek acceptance of that, and this is what I would call this agreement, is a meek acceptance of that because when you read it, they are going to consult and prepare, if they should talk about direct costs. You know, that is the best that we could get out of it.

That is true of Mr. Ferbey, working on his own, powering out with all the assembled multitudes of the Ottawa bureaucrats, he managed to get that concession out of them.

I suggest that if we showed some more backbone, these people would realize that we do want something for the Yukon out of this pipeline and until we show that we really are serious, it can be very easily construed in Ottawa that, well, they are just going along with it. It means more jobs, I guess, so they will go along with it.

But it is not just more jobs. We have the future of the Territory at stake after this pipeline and if we do not get some Heritage Trust Funds, if we do not get an assurance that all the money we get out of this pipeline is immediately going to go to reduce the deficit grant, then we have gone through the whole exercise, the whole pain and everything for nothing.

Let me tell you something more, that all I am saying is almost word for word what your own resolutions said in September.

You know, I am not saying anything particularly brilliant from the Yukon Liberal Party here, I am talking about what all Yukoners wanted out of this pipeline.

Now, all these agreements were in place before last September when we all went campaigning and all looked for things to do.

I think we went to the people of Yukon saying we were going to seek these deals and now we are saying, well, we will just pass this agreement.

**Hon. Mr. Pearson:** Mr. Chairman, the Member just will not seem to accept the fact that this is not the end-all or the be-all of agreements in respect to pipeline with Canada. This is simply one of a number.

Now, you know, I do not know how many times I have to say it to him. The Heritage Fund is a matter of another agreement. I just do not know what else to say to try and get that point across to him.

You know, the implication that this is something that the Government of the Yukon Territory has meekly gone into, you know, is false and misleading. It just is not so. There has been an awful lot of time and an awful lot of work and an awful lot of effort put into coming to this agreement.

**Mr. Penikett:** Mr. Chairman, I just would like to join this discussion for a moment. I think part of our problem on this side is that we have not been privy to all the negotiations and all the discussions that have gone on that have lead up to this agreement or to the drafting of this Bill.

I think I can speak for myself, and perhaps some other members of the Opposition, when I say that I am still not completely clear about what this piece of legislation does. What is really different yesterday that, upon tomorrow when the thing comes into effect.

The Government Leader has just said that it is one of a number of Agreements. Perhaps if I had some idea what some of those other Agreements were it would help me put this Agreement in some kind of context. Nonetheless, I think perhaps, and we all share this view, and I think the Opposition Leader has said it, perhaps the Government Leader has emphasized that we have a number in this Territory, a number of substantial and very serious questions about what would be happening to this place during construction, and after, of the pipeline.

So far, this is the first vehicle that has come before this House where we have had a chance to discuss some of those things, and perhaps it is inevitable that all our concerns are going to be aired at a time when we are talking about this. Whatever happens to this

Bill, and there is no doubt that the Government has the Majority to put it through, there is no question about that, but we have also had a very commendable assurance from the Government Leader that it will not be run through, that we will have chance to have full discussion on it.

I think no doubt, and hopefully, the debate and discussion on this Bill, by the time we finish dealing with it, will be an excellent reflection of the kind of concerns and fears and perhaps the hopes of the people in this Territory.

For that reason, at some point I hope that everybody on both sides of the House will be getting in their two-bits, and perhaps their fifty cents, and their dollar's worth.

I frankly cannot speak as passionately to this question as my colleague in Opposition yet, because, the reason I stated in the beginning, I am not exactly sure where this piece fits into the whole. I am still not completely clear what difference it makes to anything. I am not completely clear whether this advances our position, maintains it, or is, in fact, as might be suggested by my friend on my right here, as something of a retreat. For that reason, I hope this discussion will continue and the Committee hearings will continue because I am sure we all need at least a weekend to sleep on this thing, and perhaps do some more reading and get some understanding of it.

Also, for the reason that I wish that more Members on the other side would in fact help educate us on this side, and perhaps those people, especially, who may have been privy to some of the discussions, the negotiations, and perhaps participated in the process by which this measure came to this place.

**Hon. Mr. Graham:** Mr. Chairman, I see it is five minutes to the hour, so I would like to move that Mr. Speaker do now resume the Chair.

**Hon. Mr. Lang:** Mr. Chairman, prior to moving that we move into the formalities of the House, perhaps it would be in order at this time to move that Mr. Chairman, you report progress on Bill 9 and ask leave to sit again, just for the rules.

**Mr. Chairman:** It has been asked that progress be reported on this Bill. Do you agree?

**Some Members:** Agreed.

(Motion agreed to)

**Hon. Mr. Lang:** Mr. Chairman, further I would move that Mr. Speaker do now resume the Chair.

(Motion agreed to)

(Mr. Speaker resumes the Chair)

**Mr. Speaker:** I call this House to order.

May we have a report from the Chairman of Committees.

**Mr. Lattin:** Mr. Speaker, the Committee of the Whole has considered Bill Number 9, Northern Natural Gas Pipeline Agreement Ordinance and has directed me to report progress on same and asks leave to sit again.

**Mr. Speaker:** You have heard the report of the Chairman of Committees. Are you agreed.

**Some Members:** Agreed.

**Mr. Speaker:** Leave is so granted.

May I have your further pleasure at this time.

**Hon. Mr. Pearson:** Mr. Speaker, could I beg the indulgence of the House in its permission to ask to revert back on the Order Paper to Routine Business for the introduction of a bill in respect to the Budget.

**Mr. Speaker:** Such a request would require unanimous consent of the House. Do we have unanimous consent?

**Some Members:** Agreed.

**Mr. Speaker:** Proceed.

## ROUTINE PROCEEDINGS

### BILLS: INTRODUCTION AND FIRST READING

**Hon. Mr. Pearson:** Mr. Speaker, moved by myself, seconded by the Honourable Member from Tatchun, that the Fifth Appropriation Ordinance, 1977-78, be introduced and given First Reading at this time.

**Mr. Speaker:** It has been moved by the Government Leader, seconded by the Honourable Minister of Economic Development to introduce and give First Reading at this time to the Fifth Appropriation Ordinance, 1977-78.

(Motion agreed to)

**Mr. Speaker:** May I have your further pleasure at this time?

**Mr. Falle:** I would like to move that we call it 5:30 o'clock.

**Hon. Mr. Lang:** I will second that, Mr. Speaker.

**Mr. Speaker:** It has been moved by the Honourable Member from Hootalinqua, seconded by the Honourable Minister of Municipal and Community Affairs, that we do now call it 5:30.

(Motion agreed to)

**Mr. Speaker:** This House now stands adjourned until 1:30 p.m. Monday next.

(Adjourned)

**The following Sessional Papers were tabled on March 8, 1979:**

79-2-10

Future Whitehorse School Enrolment (1978-1983) (Stanley Report)

79-2-11

Auditor General's Examination of the Accounts and Financial Statements of the Government of the Yukon Territory.

79-2-12

Government Comments on Auditor General's Management Letter - Audit of Fiscal Year 1977-1978.

