



The Yukon Legislative Assembly

Number 24

2nd Session

24th Legislature

HANSARD

Wednesday, October 17, 1979 — 1:30 p.m.

Speaker: The Honourable Donald Taylor

Yukon Legislative Assembly

SPEAKER — Honourable Donald Taylor, MLA, Watson Lake
DEPUTY SPEAKER — Geoffrey Lattin, MLA, Whitehorse North Centre

CABINET MINISTERS

NAME	CONSTITUENCY	PORTFOLIO
Hon. Chris Pearson	Whitehorse Riverdale North	Government House Leader — responsible for Land Claims, Pipeline, Tourism and Economic Development, Economic Research and Planning, Renewable Resources.
Hon. Doug Graham	Whitehorse Porter Creek West	Minister responsible for Education, Justice, Information Resources, Consumer and Corporate Affairs
Hon. Dan Lang	Whitehorse Porter Creek East	Minister responsible for Highways and Public Works, Municipal and Community Affairs, Yukon Housing Corporation
Hon. Meg McCall	Klondike	Minister responsible for Health and Human Resources

Government Members

(Progressive Conservative)

Al Falle	Hootalinqua
Peter Hanson	Mayo
Jack Hibberd	Whitehorse South Centre
Geoffrey Lattin	Whitehorse North Centre
Grafton Njootli	Old Crow
Donald Taylor	Watson Lake
Howard Tracey	Tatchun

Opposition Members

(Liberal)

Iain MacKay	Whitehorse Riverdale South
Alice P. McGuire	Kluane

(New Democratic Party)

Tony Penikett	Whitehorse West
---------------	-----------------

(Independent)

Maurice J. Byblow	Faro
Robert Fleming	Campbell

Clerk Of Assembly
Clerk Assistant (Legislative)
Clerk Assistant (Administrative)
Sergeant-at-Arms
Editor of Hansard

Patrick L. Michael
Missy Parnell
Jane Steele
G.I. Cameron
Lois Cameron

Whitehorse, Yukon Territory
Wednesday, October 17, 1979

Mr. Speaker: I now call the House to order.
 We will proceed at this time with Prayers.
 Prayers

DAILY ROUTINE

Mr. Speaker: We will proceed at this time with the Order Paper.
 Are there any Returns or Documents for Tabling?

TABLING OF DOCUMENTS

Hon. Mr. Lang: Mr. Speaker, I have for tabling a letter dated October 16, 1979, from the Association of Yukon Communities, concerning the Taxation Ordinance.

Mr. Speaker: Are there any Reports of Special or Standing Committees?

Petitions?

Reading of Petitions?

Introduction of Bills?

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

Notices of Motion?

Are there any Statements by Ministers?

This then brings us to the Question Period. Have you any questions?

QUESTION PERIOD

Mr. MacKay: I have a question for the Government Leader, Mr. Speaker, and perhaps I could be informed as to who he is today before I proceed?

Hon. Mr. Lang: Mr. Speaker, for the time being, the Honourable Member can direct his questions to me.

Question re: Water Board Appointments

Mr. MacKay: Thank you, Mr. Speaker.

It has been the prerogative of this House, Mr. Speaker, to make appointments to the Water Board, and will the Acting Government Leader provide us with assurance that this will continue to be so?

Hon. Mr. Lang: Mr. Speaker, it is my understanding that appointments to the Water Board have to be put through the Legislature here in the present terms of reference and it would be our intention to do so.

Mr. MacKay: Would the Acting Government Leader inform the House whether he has developed any response to the Yukon Conservation Society's charge that there is an unbalanced bias existing in the Water Board?

Hon. Mr. Lang: Mr. Speaker, I suggest that the Honourable Member direct his question to the Government Leader as he has had some conversations in this particular area.

Mr. Speaker: Perhaps the Honourable Leader of the Opposition would wish to restate his question to the Honourable Leader of the Government.

Mr. MacKay: Thank you, Mr. Speaker. Perhaps a little preamble would be useful to the Government Leader, the question is relating to the Water Board and the appointments thereto. Would the Government Leader inform the House whether he has yet developed any response to the Yukon Conservation Society's charge that an unbalanced bias exists in the Water Board?

Hon. Mr. Pearson: Mr. Speaker, I have received correspondence from the Conservation Society in respect to this matter but have not yet determined that there is an unbalanced bias. I think what we have to determine is whether we feel that specific interest groups should be represented on the Water Board, or whether the Water Board should be a completely unbiased board.

At the present time it seems to be somewhat of a mixture. We are dealing with this and we will hopefully be able to make a recommendation to the Board at the earliest possible date.

Mr. MacKay: In view of the implied threat, I think it was, in the Yukon Conservation Society's letter of taking legal action, will the Government Leader be taking legal advice prior to making recommendations for the latest appointment to the Board?

Hon. Mr. Pearson: Oh, yes, Mr. Speaker, there is little doubt about it. There was an implied threat in the letter; however, I must state frankly that I was not overly concerned by that implied threat.

Question re: Game Ordinance

Mr. Fleming: I would like to address this question I presume to the Government Leader. Will there be any legislation in this Session put before the House dealing with anything within the Game Department?

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

Question re: Game Ordinance (Continued)

Mrs. McGuire: Thank you, Mr. Speaker, I have a question to the Minister of Renewable Resources. At our first Session on returns of a question asked, the Minister of the day ensured this House that designated citizens of special groups, re: trappers, hunters and game associations, would participate and be consulted on the revision of the Game Ordinance. Mr. Speaker, would the Minister tell this Assembly if consultation has taken place with the said groups?

Hon. Mr. Pearson: Mr. Speaker, there has been some consultation on some specific areas in the proposed changes to the Game Ordinance that, by the way, Mr. Speaker, are not completed yet; there will be some further consultation taking place, but I would also like to stress that the consultation on the legislation really takes place in this House, between the Government and the Opposition Members. It is the Government's responsibility to put together this legislation and to put it before the House for its consideration. Consultation is then conducted at that point in time.

Question re: Resource Policy

Mr. Byblow: I have a question for the Government Leader also to follow up on a topic raised yesterday. Respecting the Task Force Report on Resource Policy, the Government Leader announced his planned intention to travel to Ottawa next week and discuss the contents of that report with the Minister. My concern, Mr. Speaker, is that any position of this Government, with respect to mineral development, has not yet been articulated. My question is to enquire whether the Government accepts the recommendations of the Task Force Report and will be proposing these as his Government's position also.

Hon. Mr. Pearson: Mr. Speaker, this Task Force Report is one that was commissioned by the Federal Government and has gone to the Federal Government and we have been given a copy of it as information.

Certainly we will use that information in formulating what I hope will be a policy on nonrenewable resources. But that report, Mr. Speaker, the recommendations in that report deal to a large extent with financial incentives, which are a Federal matter, to income tax or tax incentives which are a Federal matter, and those things do not really apply to this Territory. I would suggest that any policy that we might come up with and bring to this House would be of a much more basic nature than what is recommended in that report.

Mr. MacKay: Supplementary to that previous question to the Government Leader; with respect to his statement that income tax has nothing to do with us, has the Government Leader, or his Department done any research with respect to what effect upon Territorial revenues, given the passage of the income Tax Bill here, what effect upon Territorial revenues, the \$8,000 tax free income proposal would have?

Hon. Mr. Pearson: The Income Tax Ordinance deals with income tax. The taxes that the Honourable Member are referring to, I believe, deal with corporation taxes.

Mr. MacKay: My question was referring to a proposal that would exempt \$8,000 of personal income from tax. Perhaps my question should now be, will the Government Leader, if it is permissible, be seeking information from his ERPU Department about the effect upon Territorial revenues of this?

Hon. Mr. Pearson: Mr. Speaker, that is one of the areas amongst all of the others in that report that are being very seriously considered by us.

I have not indicated, I hope, that we are in any position yet to react positively or negatively to that report. However, I do want to

October 17, 1979 YUKON HANSARD

assure the House that we actually will, with the House's knowledge, Mr. Speaker.

Question re: Yukon Energy Policy

Mr. MacKay: Mr. Speaker, this is a question for the Honourable Government Leader. The Minister of Indian Affairs and Northern Development recently announced that he was formulating a northern energy policy.

My question is, does this Government have a Yukon energy policy?

Hon. Mr. Pearson: No, Mr. Speaker, however, I will be taking the opportunity, during the course of this month, to speak to the House in respect to energy conservation. An energy policy, per se, we have not had an opportunity yet to develop fully. It is a very, very important one.

Mr. Speaker, I would suggest that the Minister's announcement in respect to an energy policy for the North was primarily in relation to the Northern Canada Power Commission and what the Federal Department that has the responsibility for that Commission sees happening in the future.

I would also suggest that we would be very interested in seeing such a policy from the Federal Government.

Mr. MacKay: In view of the rapidly developing constitutional powers of this Government, I am wondering whether the Government Leader still feels it is appropriate for the Federal Government to be forming an energy policy for Yukon?

Hon. Mr. Pearson: Mr. Speaker, I thought I was quite explicit when I answered the last question.

I do not anticipate that the Minister of Indian Affairs and Northern Development is formulating an "energy policy for Yukon". I anticipate that what he is formulating is a policy for Northern Canada Power Commission, a corporation that he has responsibility for and that he has the responsibility to make policy for.

Mr. MacKay: Will it be the Government's intention, when they have developed their energy policy, to make that public, before entering into any negotiations or representations to the Minister?

Hon. Mr. Pearson: Mr. Speaker, we will make it public as quickly as we can.

Question re: Impost Fee Assessments

Mr. Byblow: Mr. Speaker, I have a written question for the Minister of Municipal and Community Affairs.

Would the Minister provide the following information: 1. the rationale behind the charging of an impost fee to land developers;

2. the communities, over the past several years, that have had impost fee assessments;

3. the amount of monies recovered from impost fee assessments;

4. whether monies collected under (2) have been rechannelled back into the community for any specific purpose or service;

5. whether this Government plans to continue the practice of charging impost fees against new developments?

Question re: Hospital Care

Mr. MacKay: Thank you, Mr. Speaker. My question is to the Minister of Human Resources.

Is the Minister aware of the current difficulties being encountered by some Yukoners in having their own doctor look after them in the Whitehorse General Hospital?

Hon. Mrs. McCall: Yes, Mr. Speaker, I am.

Mr. MacKay: Has the Minister undertaken any enquiries as to the reasons for this concern?

Hon. Mrs. McCall: That actually is not part of my portfolio, Mr. Speaker. Perhaps the Minister for Consumer and Corporate Affairs could answer that.

Hon. Mr. Graham: Thank you, Mr. Speaker.

Mr. Speaker, most of the concerns have been directed by my colleagues to myself, because of the fact that I have, under my Consumer and Corporate Affairs portfolio, the Medical Profession Ordinance.

I will say this to you, that we are presently looking at the circumstances, which I am sure we are all aware of, but it must be clearly understood that the doctor in question has had a hearing by his peers in the hospital and, in fact, it is on their recommendation that his privileges have been revoked.

This Government has had nothing to do with that decision.

Mr. MacKay: Some serious charges have been made in public which it would seem to me to fall under the purview of the Department of Consumer and Corporate Affairs, and the Department of

Health, Mr. Speaker, with respect to the health care of Yukoners.

I am wondering if the Minister could undertake to investigate this matter to its conclusion and give the House some report on the matter?

Hon. Mr. Graham: Yes, I will, Mr. Speaker.

Question re: Tourism Department Location

Mr. Byblow: Mr. Speaker, I have a question for the Government Leader.

It has come to my attention that members of the public find the accessibility of the Department of Tourism, to say the least, difficult.

The complaints are mainly with respect to the physical location of the Department in this building. Specifically, has the Government any plans to relocate this Department in a higher profile location, more in line with the rating of the industry in the Yukon economy?

Hon. Mr. Pearson: Mr. Speaker, one of the banes of our life is space within the confines of this building. The alternative is, of course, the expenditure of more funds to gain more space so that, in fact, departments can expand and people can have the required amount of working room.

We are the first to admit, Mr. Speaker, that we do have staff that are, at the present time, sitting in allocated work spaces that are not suitable. We are trying to overcome this problem as quickly as we possibly can.

Mr. Byblow: Yes, Mr. Speaker, the overcrowding conditions in the department certainly seem to be a major concern. It is my understanding that funding approval for at least two more staff is not being utilized simply because there is not more room and the Government Leader has given his assurance that he would look into the matter.

Specifically, I would like to enquire whether the Government Leader intends decentralization as a method to alleviate the space problems?

Hon. Mr. Pearson: Mr. Speaker, decentralization will do very little to alleviate space problems and the same answer has to be given that has been given to the question the other times that it has been asked. Our initial efforts at decentralization should become obvious when we table the budget next spring.

Question re: Indian Language Education Programs

Mrs. McGuire: Thank you Mr. Speaker. I will address this question to the Minister of Education. The Yukon Native Language coordinator and teachers are in a dilemma as to when they will receive some response from the Minister concerning their problems and recommendations on language and cultural programs.

Hon. Mr. Graham: Could I have a repeat of that question?

Mrs. McGuire: Thank you, Mr. Speaker. I am referring to a letter of request. The Yukon Native Language Coordinator and Teachers are in a dilemma as to when they will receive some response from the Minister of Education on their problems and recommendations on their language and cultural programs. Can the Minister be persuaded to commence action on this?

Hon. Mr. Graham: Mr. Speaker, the action that the the Honourable Member is requesting requires an increase in funding by the Department of Education, and this is something I cannot decide on my own. I must first of all consult with other Members and I am sure that when a supplement, if necessary, comes forward that the Members of the Opposition will support that supplement.

Mrs. McGuire: Mr. Speaker, I would like to tell the Minister of Education that it does not have anything to do with funding. It is to do with their problems and recommendations which you have asked them to write a letter on, and they have had no response since the 15th of September.

Mr. Speaker: Order please. I believe the Honourable Member is engaging in debate. If the Honourable Member has a supplementary question would she kindly proceed.

Mrs. McGuire: Sorry, Mr. Speaker.

Hon. Mr. Pearson: Mr. Speaker, I want to apologize, sincerely, to the House for being late today. The reason was that I was on the telephone with the Minister's office and, Mr. Speaker, I have been advised that Mr. Gray, the Chairman of the Rail Section of the Canadian Transport Commission has ordered an inquiry into the White Pass and Yukon Route.

I do not know any of the details yet other than the fact that Mr. Keith Thompson, Senior Council for the Canadian Transport Commission, will be the Chairman of the inquiry. I understand that the inquiry will be public and that the mandate of the inquiry is to

investigate the problems that have been brought to the Canadian Transport Commission's attention by the Minister of Indian Affairs and Northern Development. These problems, of course, are primarily the ones that were raised in this House in the extensive debate that we had this spring on this subject.

Mr. MacKay: If I might be able to reply to the Honourable Minister's statement, Mr. Speaker, thank you. I would just like to indicate that we appreciate that we have been given this information in the House as soon as it is available, and that it does sound like it is a step to break the hard deadlock that has existed in this situation. The Opposition will be watching with interest to see what facts are made public and watching with interest to see what recommendations the CTC may come up with.

Mr. Speaker: Perhaps the Honourable Member could get to his question. I must advise the Honourable Member that he is rising in debate which is, of course, contrary to the rules respecting the Question Period.

Question re: Cultural Exchange with New Brunswick

Mr. Byblow: Yes, I have a question for the Minister of Education. Inquiries of mine over the past summer from my community respecting the method of selection of Yukon artists in the recent cultural exchange with New Brunswick have not been answered. Is the Minister aware of the matter that I raise?

Hon. Mr. Graham: Yes, Mr. Speaker.

Mr. Byblow: As the Minister may be aware then, Faro hosted the New Brunswick delegation for a couple of days, which I might add was a very enjoyable exercise, but was unable to participate in or even provide input into the return program. Would the Minister inform me why Faro was excluded from providing the cultural expertise and personnel on the exchange program?

Hon. Mr. Graham: Mr. Speaker, first of all I should inform the House that it was not a return program at a later date. The exchange took place coincidentally.

To the second part of the question, in fact, Mr. Speaker, there were only five representatives from the Territory who journeyed to New Brunswick, and I must inform the Honourable Member, Mr. Speaker, through yourself, that there are more than five communities in the Yukon. That is a fact of life and unfortunately not all communities in the Yukon are represented on this type of exchange. We attempt to get a good cross-section of Yukon cultural people to attend this type of thing, and if we unfortunately did not include Faro in this exchange, I am certain that we will at some point in the future. Thank you, Mr. Speaker.

Mr. Byblow: Mr. Speaker, I would thank the Minister for his assurances. It is alleged that the selections may not have been a fair representation of the Yukon's cultural diversity, and perhaps I could inquire of the Minister if he would consider, in the future on any similar program, whether he would entertain an application basis for selection?

Hon. Mr. Graham: Mr. Speaker, I am certain that the Department would entertain applications from various areas throughout the Yukon, but we still are put in the position of, at some point in time, making a choice. I am afraid that we must reserve that right.

Mr. Speaker: This then brings us to the end of Question Period. We will now proceed to Orders of the Day, under Motions for the Production of Papers.

ORDERS OF THE DAY

MOTIONS FOR THE PRODUCTION OF PAPERS

Mr. Clerk: Item Number 1, standing in the name of Mr. Penikett.

Mr. Speaker: Is the Honourable Member prepared to discuss Item Number 1?

Mr. Penikett: Next sitting day, Mr. Speaker.

Mr. Speaker: So ordered.

We will now proceed to Motions other than Government Motions.

MOTIONS OTHER THAN GOVERNMENT MOTIONS

Mr. Clerk: Item Number 1, adjourned debate, Mr. Hibberd.

Mr. Speaker: Is the Honourable Member prepared to proceed at this time?

Dr. Hibberd: Next sitting day, Mr. Speaker.

Mr. Speaker: So ordered.

We will now proceed to Government Motions.

GOVERNMENT MOTIONS

Motion Number 29

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

Mr. Speaker: Is the Honourable Member prepared to proceed with Item 2?

Hon. Mr. Graham: I am, Mr. Speaker.

Mr. Speaker: It has been moved by the Honourable Minister of Education, seconded by the Honourable Member from Mayo,

THAT the Yukon Legislative Assembly views the announced consideration of the federal government to privatize the Northern Canada Power Commission as a matter of concern and that it urges the federal government not to undertake any action concerning the Northern Canada Power Commission without first giving full consideration to the desires of this House.

Hon. Mr. Graham: Thank you, Mr. Speaker.

Mr. Speaker, there has recently been a great deal of curiosity and concern by not only the Members of this Legislature, but by the citizens of Yukon concerning the announced consideration of the Federal Government to privatize the Northern Canada Power Commission.

As part of my portfolio, I have the Yukon Electric Public Utilities Board and it was after some discussion with other Members of this Legislature that this motion was put forth for discussion in the House, so that not only can we express our own personal views, but so that the people of Yukon may know, from the Resolution that I hope will be passed in this House today, of the concern of this Government and of the total Legislature as to the announced intention of the Federal Government.

So, Mr. Speaker, I have basically brought forth this motion to allow all Members to speak on this very important subject.

Mr. Penikett: Thank you, Mr. Speaker.

Mr. Speaker, I would like to begin by telling about a day in the life of a mythical Tory.

He wakes up in the morning to the sound of news and music provided by the local publicly-owned radio station, he turns on the light, power for which is provided by the local, publicly-owned power company, he washes in water provided by the public body, the local city, he makes breakfast in the kitchen of his publicly-owned government house, he sees his kids off to public school, he then catches a publicly-owned Minibus, which he rides on publicly owned streets to his government job, where he works all day with the help of the publicly-owned telephone.

After work, he returns to his publicly-owned house and watches publicly-owned television networks, until it is time to go to his neighbour's government-owned house, for a meeting of the Conservative Association to debate a resolution condemning the socialistic encroachment into the affairs of citizens and infringements upon the rights, privileges and responsibilities of the individuals.

Is my symbolic Tory afraid that perhaps he is living in a socialist society? I doubt it. Perhaps he is merely indulging himself without too much thought in the luxury of political debate, one of the favourite recreational activities of Yukoners.

He is, of course, free to do so because society has liberated him from the burdens of clearing the bush for his own house, cutting wood for the fire, fetching water from the well, educating his own kids, and making his own entertainment. Like many comfortable people, he may be wallowing either in sentimentality or guilt, or both. Public ownership, Mr. Speaker, is not socialism. Socialism is not bureaucracy. Socialism is a society with general social and economic equality. I think that all Members would agree that the Yukon obviously does not qualify. I think in his heart of hearts, our mythical Tory knows this.

Public services are highly developed in social democratic societies and in mixed economies like ours primarily because they can be both democratic and efficient. Private monopolies tend to be less efficient from the public point of view than public enterprises because their goal is profit and not service. As a result, they will charge more for the same service. They are undemocratic according to these lights because in no way are they responsible to the public to whom they deliver services. That is why, Mr. Speaker, right wing governments in British Columbia have found it politically impossible, in spite of their philosophical and rhetorical commitments, to return, for example, auto insurance and power distribution to the private sector.

The Clark Government, however, is new. The Members of that Government are inexperienced and, no doubt, some of them are

doctrinaire conservatives. They have promised to cut taxes, but they do not really have the cash to do it. Their only way out is to auction off some Crown corporations to finance their promises. As I will show later, it really makes about as much sense as selling one's house in order to pay for a trip to the North Pole. The privatization of Crown corporations is quite simply comic book economics. It is what some people would call primitive conservatism.

The Clark Government has not yet realized the ridiculous state we would be in if certain public services were turned over to the private sector. I would like to ask Members if they can imagine Whitehorse, for example, with several competing privately owned sewer systems. If one thinks the streets were bad this summer, they would be very quickly reduced to moose pasture after a few months of rival sewer firms ripping out and gurgling in pipes for each new house they could sign up on each block.

I ask Members, for example, if they can imagine trying to phone for a pizza if we had three or four phone companies. Or trying to travel from Porter Creek to Riverdale on several different privately owned toll roads.

Now, Mr. Speaker, the Prime Minister comes from the kind of small town with one newspaper, one school, one taxi and one store. It is the kind of place where the only competition really is between the churches.

Now, I know, I have been to High River. I spent a month there one weekend. His is an innocent, child-like vision of the world, that I would submit shows no understanding of business nor government.

That the Federal P.C. caucus is considering the plunder of NCP's assets is a matter of great concern to us. I believe it is not to suggest too strongly that there really is something of an emergency debate.

I had drafted an emergency resolution on this topic, but I did not proceed because I believe the Government in Yukon shares some of my concerns on this subject. I think it is true, as the Minister of Education said, that we are all in this together.

I certainly hope this debate, or the substance of it, will be transmitted, not just in Conservative caucus, but to all MP's in Ottawa, through to the Chairmen of the Federal Party caucuses.

Let us say quite clearly that we are opposed to the Clark government's inclusion of NCP's on a list of Crown corporations which are slated for the auction block.

Let us say that the problem with NCP is not that it is publicly-owned, but that it is owned and is responsible to the people of Canada, rather than to the people it serves in Yukon and Northwest Territories.

On October 2nd, the Chairman of the Federal Progressive Conservative caucus, Mr. Harvey Andre, argued on CBC Radio that a private presence in the electrical power business in the North might improve the efficiency of NCP.

Mr. Andre, apparently, does not know, or did not know at that time, that a foreign-owned, private utility already has a profitable share of Yukon's electrical distribution system and that it operates in the same market as NCP, which distributes power to some of the other areas.

To Mr. Andre's suggestion that once private interests become minority shareholders of NCP, NCP would better serve Yukon by becoming responsible to these private shareholders, I would suggest this is a patently ridiculous observation. There is probably no one, with the possible exception of the Leader of the Opposition in Yukon, with the money to buy into NCP. Any extra-Territorial investors would demand that the Corporation become a profit-making entity as soon as possible.

To achieve this end, Mr. Speaker, Yukon consumers would have to suffer further unjustified and unfair power rate increases.

We, the people of Yukon, representatives of the people of Yukon, have already paid for NCP, but if it were sold to the Federal Government, who would get the money? It would be the Federal Government.

The buyer would then come looking for rate increases to justify their investment and the rates would climb skyhigh and we would have to pay for NCP all over again.

Some estimate the value of NCP's assets in Yukon at around \$200 million. We have bought and paid for those assets with our electrical power bills.

Mr. Penikett: They should belong to the people of the Yukon. But what happens if they are sold? The money goes to Ottawa and not to us. We get nothing and what is worse, and I want to reaffirm this, the private buyer of those assets would want a profitable return on

his investment. So we would have to pay for them, buy them all over again and our power bills, which are already too high, would multiply. We simply must not allow this to happen. The people of the Yukon would never forgive this Assembly if it stood by and let it happen.

For myself, I believe that utilities should be publicly-owned and locally-controlled, an enlightened view, I would like to point out, that is shared by Ontario Conservatives who created Ontario Hydro many years ago, and even by some less than enlightened governments, such as W.A.C. Bennett's Socreds, who nationalized B.C. Hydro.

I think it is unfortunate that it must be true that the Federal P.C. caucus obviously had not consulted the Conservative caucus here in Yukon on this subject, since it was a Conservative motion we debated this spring in the House, which asked that the assets of NCP be transferred to a publicly-owned Yukon power corporation.

Perhaps the most likely purchaser of NCP would be Yukon Electric or a branch of that same company, which is an American owned multi-national, which recently limited its Canadian share ownership to 35 percent equity in the Canadian arm of its operations. We all know that Yukon Electric's parent company is Alberta Power which is owned by Canadian Utilities which is owned by International Utilities which is an American Company. I do not believe there is any good reason financially, morally, economically or socially for our power company or power distribution, an important public utility like this to be owned or to be in foreign hands.

We see absolutely no advantages for the Yukon consumer in the privatization of any part of NCP, particularly if foreign investors were to gain an influential voice in the management of its affairs. It is my view that the Yukon Government should proceed with its plan to acquire NCP's holdings in Yukon as well as those of Yukon Electric.

Again, I think it is regrettable that the Yukon Legislative Assembly's views on this subject were not conveyed to Ottawa in our previous debate. I think it is now time for us to send a very strong and clear message to Ottawa. We should say, "No, No, No. You sell NCP, you should sell it to us."

Just to repeat and in conclusion, I would express the hope that some record of this debate be communicated to every single Member of Parliament in Ottawa. Failing personal messages, perhaps the transcript could be sent over the Government Leader's signature to the Chairman of each of the Federal Party Caucuses there. Thank you, Mr. Speaker.

Hon. Mr. Pearson: Mr. Speaker. I am very pleased to rise to speak to this Motion. I have been closely connected with the supply of electricity in the Territory for a number of years now and I feel very strongly on this particular subject.

I know that I am expressing the views of all of the Members of this House when I reiterate what the Honourable Member opposite has said this afternoon, that the Northern Canada Power Commission is owned by the people who now have the dubious honour of using that Commission. It is not owned by the Federal Government and it is my contention, Mr. Speaker, that the Federal Government does not have it to sell. They cannot sell it.

All that the Federal Government owns of Northern Canada Power Commission is a debt.

Now, Mr. Speaker, the assets of the power corporation, because of the legislation that it functions under, are owned 100 per cent by the people of this Territory and by the people of the Northwest Territories. The funding that is used to keep the corporation going at the present time is supplied by Ottawa. We do not have any argument with that. But that is the only equity that the Federal Government does have. I do not think, Mr. Speaker, that anyone, public or private, is prepared to buy that debt.

So, it is a very, very basic question that it is just morally wrong that there should be any suggestion at all by anyone that the Northern Canada Power Commission, as we know it today, should be sold to anyone at all. What must happen, Mr. Speaker, is that at the appropriate time, and, Mr. Speaker, I suggest that it should be at a time when for this House it is appropriate, the assets of the Northern Canada Power Commission, those assets that are in the Yukon Territory, should be turned over to a Yukon Hydro Corporation, so that we do gain that control that we desperately need.

I agree with the Honourable Member's contention that the production of hydro power, particularly in this country, should be public ownership. It is a function that can be used as an economic development tool and it is vital that we have some say, and hopefully some day all of the say, in how that corporation is going to be

developed in the future so that our own aspirations can be reflected in that development.

Now, Mr. Speaker, if the worst happened and the Federal Government, and I might say, Mr. Speaker, to make it clear to everyone, that Northern Canada Power Commission, at the present time, is not on a list of Crown corporations that are going to be sold by the Federal Government; however, it is being considered to be put on that list and that does frighten me. I do not think that that should even be considered at this time, nor at any time, to be going on to a list where it would be sold to private enterprise.

Mr. Speaker, the rates in this Territory that we are so concerned with could not do anything but go up, because, at the present time, the Northern Canada Power Commission does not have to make a profit. All they have to do, in the electrical rates that they charge, is recover their costs. With rates at what they are at now, they are having trouble doing that. Every year they are having trouble doing that. As a consequence, they do have a large debt load.

If any portion of Northern Canada Power Commission were sold to private enterprise the profit making factor would then have to be added and there is nowhere else for that money to be made but in the electrical rates charged to the users in the Territory.

From both a financial and a moral point of view, Mr. Speaker, it is obvious that we must impress upon the Federal Government that the Northern Canada Power Commission should remain as it is now until this House has given a clear indication that we are prepared to take over what I consider to be our share of that Corporation.

Mr. Fleming: I must rise in support of this very strongly, and agree with the Government Leader and also the New Democratic Party Leader and his Party.

I, for a long time in the Yukon Territory, have seen us taken down the road, not intentionally, by any power company because they are private but because it is a fact of life that they must make some money.

I feel that there is only one way that this Territory can operate its own power facilities and give the people a fair break. It is not through the Northern Canada Power Commission or anything like that. We have to own it ourselves, and, if it needs to be supported, it has to be supported in this House at budget time, not with little bits and dribbles from Ottawa that can be cut off tomorrow, or subsidies from somewhere else that go to the electric company that has it as it is today. That just is not working.

For one thing, you must remember that we are right now, in a large area of the Yukon, under a private ownership. The subsidies to us, we say, "Well, we are being subsidized, and our power bills are not so high." But do not forget that those power bills are just as high and higher and going higher every year to the company. The company is charging money to make money. The shareholders make money. There is none of that coming back to the Yukon Territory. The only thing that you are receiving back is from the income tax that that company might pay.

Therefore, I feel that we should take over the complete ownership of all power in the Yukon, not just the Power Commission but we must take it all.

If you consider that there is a couple of million dollars of income tax paid to the Government, and then you get it back in subsidies, that is fine, but you must consider also that if you have a private company, that to pay a couple of million dollars income tax, the private company and the shareholders are making considerably more than that. That is never returnable.

I say that we run the Hydro Commission here ourselves, and if there is a bill at the end of the year to be paid, that is when the bill should come forward to be paid as one block sum that is needed to subsidize, or whatever you want to call it, but do not do it in little bits and pieces on every bill that is sent out to individuals.

It is a matter of economics to sit down and say, "We will run the Company for the least possible expense; we have the control; if it cannot pay its own way, have a block sum put towards the corporation and pay it, the same as you would with any other corporation.

I am not going to elaborate on it, because I think we have had a very good explanation already and I would hope that every Member votes for this motion.

Mr. Speaker: Is there any further debate?

Mr. Byblow: Mr. Speaker, I, too, will fully support this motion. I think that it is clear that NCPC cannot be put on the auction block without some serious ramifications.

As noted, Yukoners will pay the price, as already they have, and should be, by virtue of the price that was paid, already owning it.

Certainly, if a profit-oriented private enterprise undertakes the utility, we can expect nothing but increases.

I am sure it must have been a mistake on somebody's part to have suggested that this utility be sold. I think by virtue of Yukon's unique features and population and size, its geography, its energy potential, its future needs, it should be owned and operated by Yukoners. It should be responsible through and by government. That makes it fully accountable and equitable.

Under the present structure of formulas, I am not sure that anyone is really certain who is paying what proportion of actual electrical costs. I am not sure we know who is subsidizing whom, or who is accountable.

I would like to note an interesting fact, that it has been alleged that Whitehorse is reputedly subsidizing the rest of the Territory, but, in fact, it is being subsidized by the mines at Faro and Keno. Electrical costs are defrayed throughout the Territory by those mines.

To carry that fact a point further, Cyprus Anvil pays in the area of \$3 million to \$4 million a year to NCPC for electrical usage. That usage will double in the next couple of years.

If you rewrite that in terms of electrical development, it appears to me that it does not take many years to finance another Aishihik or any power plant.

The point of it all is that the Territory, as NCPC now stands, is that we should be in the driver's seat, in command of this utility.

As it is now, on the one hand you have an unaffordable utility to residents because of numbers and, on the other hand, you have a wide-ranging cost of the utility across the Territory, subsidized by the mines, in turn whose revenue goes to feed the corporation losses throughout, of course at the same time, a corporation that cannot supply the demands of our own expanding resource base.

It is a complicated mess, to say the least, and somewhere in this delivery we have another distribution company, whose lineage again traces across the border. I suppose it could be suggested that, in a way, money is being usurped from the country to compete against this country in the delivery of a utility elsewhere. I cannot see that we, as Canadians, should be allowing that kind of investment to be hindering our own independence development.

I think, on the practical side, Mr. Speaker, that it is impossible for us to purchase NCPC outright if we assume that it has a value that is calculated in terms of asset.

As pointed out, and I agree with the Honourable Leader of the Government, there should really be no sale taking place. But I would like to go a step further, and this would be a suggestion that would enhance the reasoning behind our command of the utility. What is preventing this Government in any take-over bid of the NCPC division, to negotiate an exchange grid with either B.C., Alaska or even Alberta? Each of these have an excess of power now but no doubt will run short later.

I would suggest that this marriage would meet our immediate demand needs, on increase, as our own projects come on stream. In time that would reverse itself. With our rich potential of electrical output, we would be in the selling game within a few short years.

This, to me, would be responsible resource management, Mr. Speaker, capitalizing on existing systems for those who need it.

In the process you would be able to get rid of the equalization formulas and the and the subsidy by community syndrome. I think equal power rates are a must at an affordable rate, subsidized if necessary only from general revenue tied in with an exchange grid, owned by government and equitably distributed.

Thank you.

Mr. Tracey: Mr. Speaker, I too must rise in support of this Motion. I do not think it is very often that we have the unanimous feelings in this House especially with our fellow on the left of the Government.

I have a couple of disagreements with some of his reasoning, for example, a public corporation is more efficient than a private one. I have never seen that in my life and I do not think he ever has either.

I agree with his concept that if somebody bought it, it would be double payment. We not only have paid for NCPC, or are in the process of paying for it, we have to pay interest on the money that is borrowed from the Federal Government in order to purchase assets.

We pay interest on our public money, taxes that went to Ottawa to support this organization. Our funding is supplied by Ottawa, as Mr. Pearson stated, and we do pay the interest on it.

We should have our assets of NCPC turned over to the Yukon at an appropriate time, as was stated, debt free. There should be no reason why we are saddled with the debts of NCPC, especially considering that we had to pay the interest on what was public money.

Mr. Fleming has stated that perhaps we should not only take over NCPC, we should also take over Yukon Electrical Company. I think that is something that this Government, if it does take over NCPC, would have to give serious consideration to. I would not recommend that we just do it out of hand. I think some study would have to go into it.

I agree with the Member from Faro that not only should we take over NCPC but power for use and consumption of commercial and residential consumers should be equalized. Nobody should have to pay more than anybody else.

We quite often hear that Whitehorse is supporting the outlying areas. I think everybody in this House and everybody in the Yukon has to realize that there is only one reason why Whitehorse is here and that is because the Territory is here. The financial generation of money is done from outside of this City.

I also have to agree with the Member from Faro that we should extend the grid. As Mr. Epp has stated, hydro is one of our development tools, and we have stated on more than one occasion that hydro and transportation are the main development tools of the Yukon, and we have to expand this development tool in order to get economic development in the Yukon Territory.

While we are making that expansion, we should tie into the Alaska grid and the national grid in Canada so that we can not only import power, but we can export our excess power.

Mr. Speaker, I think that for once in the House, we have a unanimous body in this regard.

Thank you, Mr. Speaker.

Mr. MacKay: I am afraid, Mr. Speaker, that I am going to have to agree with just about all of the previous speakers. This of course makes a very dull debate so I will not spend a lot of time repeating things. I would like to perhaps make a few points though.

About this privatization, it is a horrible word; it is not even in the dictionary yet and I hope it never gets in the dictionary.

Privatization is sprung from a desire, I think, on the part of the Tories to appear to be reducing the Government's involvement in the economy and they are hell-bent in selling off all of the assets that have been acquired over the years by various Crown corporations. I think that some of them should be distributed back to the private sector because there are certain facets of corporations that are presently owned that need not be operated by the public domain, for example, aircraft manufacturing and so forth.

However, we should not lose sight of the fact that some of these decisions to purchase Crown corporations in the first place were made, not from the point of view of economic intervention in the sense of making it more efficient, to protect a national interest or a regional interest, to avoid companies being taken over by foreign ownership, to provide capital in the type of industries where large amounts of capital are required.

So, the Government got into these things and have, in fact, made successes out of them in many cases. Now, we are allowing the new Tory Government to look good in saying that now we can sell it back to the private sector at a profit. The only reason they can sell it back to the private sector at a profit is because it has been successfully operated.

However, I do agree, I do agree that having got these industries back on their feet, they should be put back in the private sector.

The rationalization, though, that privatization will make things more efficient, i.e. cheaper, to the taxpayer, does not stand up to scrutiny when you deal with NCPC. I think that, contrary to my friend to the left, there are certain functions in the distribution of power that are handled efficiently and well by the private sector. I pick out particularly the retail end of it, where you are dealing with service calls, where you are dealing with immediate response to public demand.

I think that the type of industry, the private enterprise system works better at that level, where you are responding to a definite and immediate need. Contrary to what my friend has said here, I think that the proof is in the pudding here and that Yukon Electric has, over the years, provided efficient service at that level.

However, I do not think that the privatization of the total hydro power assets of NCPC would make the distribution of power any more efficient than it is today.

I think, having installed a dam and having a generator turning

out power, there is very little you can do to make it more efficient. You cannot make the generator run much faster if the water is coming down the same height. The thing will continue on, having been installed.

There may be an argument saying, well, because of disasters such as Aishihik, that that would not have occurred in the private sector. Well, private sector companies make mistakes, too. They have the unfortunate necessity of going bankrupt if they make such a large mistake. NCPC, in this case, has just turned around and charged back most of these costs to the Yukon consumer.

The other argument for rationale of privatization is to reduce government spending. That, again, does not hold water when you consider it in the context of NCPC, because NCPC is required, by law, to recover all its costs from the consumer. So the government is not losing or spending a nickel of its revenue, in this instance.

Now, privatization does not apply, I think, any of the rationale for privatization do not apply to NCPC.

I would like to take issue with the Government Leader's assertion that the people of Yukon and Northwest Territories own NCPC. If such were the case, we would not be having this debate today, because there would be no way that anybody could sell it out from under us.

The facts are that, if you examine the financial statements of NCPC, that it is the Government of Canada that owns NCPC.

However, we should not lose sight of the fact that some of these decisions to purchase Crown corporations in the first place were made, not from the point of view of economic intervention in the sense of making it more efficient, to protect a national interest or a regional interest, to avoid companies being taken over by foreign ownership, to provide capital in the type of industries where large amounts of capital are required.

So, the Government got into these things and have, in fact, made successes out of them in many cases. Now, we are allowing the new Tory Government to look good in saying that now we can sell it back to the private sector at a profit. The only reason they can sell it back to the private sector at a profit is because it has been successfully operated.

However, I do agree, I do agree that having got these industries back on their feet, they should be put back in the private sector.

The rationalization, though, that privatization will make things more efficient, i.e. cheaper, to the taxpayer, does not stand up to scrutiny when you deal with NCPC. I think that, contrary to my friend to the left, there are certain functions in the distribution of power that are handled efficiently and well by the private sector. I pick out particularly the retail end of it, where you are dealing with service calls, where you are dealing with immediate response to public demand.

I think that the type of industry, the private enterprise system works better at that level, where you are responding to a definite and immediate need. Contrary to what my friend has said here, I think that the proof is in the pudding here and that Yukon Electric has, over the years, provided efficient service at that level.

However, I do not think that the privatization of the total hydro power assets of NCPC would make the distribution of power any more efficient than it is today.

I think, having installed a dam and having a generator turning out power, there is very little you can do to make it more efficient. You cannot make the generator run much faster if the water is coming down the same height. The thing will continue on, having been installed.

There may be an argument saying, well, because of disasters such as Aishihik, that that would not have occurred in the private sector. Well, private sector companies make mistakes, too. They have the unfortunate necessity of going bankrupt if they make such a large mistake. NCPC, in this case, has just turned around and charged back most of these costs to the Yukon consumer.

The other argument for rationale of privatization is to reduce government spending. That, again, does not hold water when you consider it in the context of NCPC, because NCPC is required, by law, to recover all its costs from the consumer. So the government is not losing or spending a nickel of its revenue, in this instance.

Now, privatization does not apply, I think, any of the rationale for privatization do not apply to NCPC.

I would like to take issue with the Government Leader's assertion that the people of Yukon and Northwest Territories own NCPC. If such were the case, we would not be having this debate today, because there would be no way that anybody could sell it out from under us.

The facts are that, if you examine the financial statements of NCPC, that it is the Government of Canada that owns NCPC.

We certainly have paid for the bills, that is why we are upset. The point is that the Government of Canada is quite capable, legally, of selling these assets to another company without having to confer with the Yukon people. That is why we are having the debate, that is why we are upset.

I do not think it is right to blindly say that we own the assets. Morally, we certainly do, financially, we have paid for them, legally, we do not, hence, we have had resolutions in this House asking for the transfer of NCPC to Yukon assets. That is why we are asking for it. So I cannot accept the blind assertion that we own the assets therefore everything is going to be all right.

The point has been made and it is worth making it again, I think, that if the Government of Canada were to sell the assets of NCPC, which we have paid for, they would realize probably a monumental gain for the sale of these assets because the original cost of building the Whitehorse Dam and the Mayo Dam have long since been paid for by Yukon consumers. All that would happen is that the purchaser would pay what is fair market value for these, because I hope the Government of Canada would sell off Crown Corporations at less than fair market value, it would pay fair market value which might be \$200,000,000 and then would be turning round and charging \$200,000,000 back, through the rates, to the Yukoners, plus interest, plus the return on investment, plus the provision for income tax.

It could be four or five or six times higher than what we are paying right now. It is a very serious matter and I think I agree with the Member from Faro that it could only have been a gross error on somebody's part that NCPC ever got on the list of companies that could possibly be privatized.

Perhaps I should not leave it at that. I should look a little further, as some of us have today, about the future. I would be concerned about the transfer today of NCPC Yukon assets to the Yukon Government, not because I do not think that Yukoners could run that utility, in fact, it has been run by a Yukoner right now, and not because, I think that the costs of maintaining the existing system would be beyond us, but I would be very concerned about accepting all of the assets of NCPC without some guarantees of future financing from the Federal Government.

It would be only sensible, before accepting that responsibility, to at least have, in writing, a condition that in the event that the Yukon Government decides that it needs to borrow a \$100,000,000 to build a new power facility, that that funding would be available, because I do not think that a very small utility such as NCPC of Yukon would be able to go to the public market and borrow. I think it would be a very necessary condition we stipulate before accepting the transfer.

I think the realities are, of course, Mr. Speaker, that new power projects will be developed when there is a demand for them and I do not think that we should lock ourselves into any position where we are going to build a dam to export the power. This may give us a short term profit but it may very well tie up our hydro resources, and they are not unlimited, to the extent where we will be unable to develop our own resources with our own hydro power, so a cautious word on that. It may well be more expensive to import the power through a different jurisdiction than producing our own power.

I do not think I have disagreed with too many people here today. I would like to conclude by saying that I strongly support this Motion. I hope that our original Motion back in March will be forwarded along, with other matters, to the people in Ottawa, to the leaders of all the parties, and particularly one to Mr. Clark.

I think this debate has been useful because it has allowed us to unite in one issue and show that the interests of Yukoners are at the basic heart of all of our concerns in this Assembly and that, while we disagree sometimes on how to achieve the best for Yukon, there are certain things that are inviolate.

NCPC Yukon Division is not for anybody else but us!

Mr. Falle: Mr. Speaker, I, too, have to rise in support of this Motion.

I am one Tory that has no problem with the publicly-owned essential services.

Development in the north, the key to it is power, controlled here, in this House, by us. If there are any mistakes to be made, I think we are big enough that we can take the flak now. They will be our mistakes. They will not be somebody's in Ottawa or anywhere else. If mistakes were made, they would be made here, such as the Aishihik one, which is the one I am thinking of. We would catch the flak. We would have to pay for it.

The main thing, I think, is that power is the key to development, in the north or anywhere. I do believe that it should be controlled by the people of Yukon.

Hon. Mr. Lang: Mr. Speaker, I just have a couple of comments to make in respect to the resolution before us.

I had a note passed to one of my illustrious colleagues, asking for a good right wing speech to liven up the debate of today and I thought that I might oblige, at least to a certain extent.

I would first like to comment, from the Honourable Member from Whitehorse West, who indicated, at the beginning of his pronouncements, that the Government could be the end-all and be-all and resolve all the problems of the people of Yukon, and for that matter, I gather, in western and eastern Europe.

But, Mr. Speaker, I think there is one point that should be made in his short dissertation, I notice that he did not state that the pizza that the local Tory was going to purchase was going to be made by the Government and I think probably with good reason. I think that, Mr. Speaker, as the Honourable Member from Tatchun stated, that on the bottomline, with respect to corporations, or, for that matter, small business, there is generally more efficiency due to the fact that at the end of the year they have to answer at the bottom of the ledger.

Even the Leader of the Official Opposition recognized that fact in view of his statement that the option is to go bankrupt. In other words, you go into what they term "receivership".

But, Mr. Speaker, I think there is, in respect to the NCPC and the evolution to this Government, and I was very pleased to see that the Leader of the Official Opposition agreed that it should be an overall transfer to Yukon, because I think that perhaps it is not consistent with what has been said in the past and perhaps he actually does believe that more responsibility should be here at home. In his statements, and I believe we will be able to read Hansard, that we do have a very well qualified Yukoner running NCPC and I am sure that if it was divided and he were to run it here in Yukon, that he could do just as good a job and run it very efficiently.

I think this is the key, Mr. Speaker, in respect to the evolution of NCPC, that, yes, it is a public corporation but, at the same time, I think that it has to be run efficiently, in order that the people can get the best rates possible in respect to the investment that has been put out.

Therefore, it would have to be run like a business and answerable as a business. I would like to think that when it does transfer to the Government of the Yukon Territory, that the Legislature and the corporation that would be set up would proceed accordingly.

In closing, Mr. Speaker, I would say that I have no problem with supporting the concept of the transfer of the responsibilities of the Northern Canada Power Commission for Yukoners to the Government of Yukon.

I am glad to see that the Leader of the Official Opposition has no problem, but at the same time, I think in respect to the distribution, I think that has to be looked at seriously, whether or not it should be Government or whether it should be private enterprise. I think that is an area that will have to take a lot of thought before any decision would be made.

Mr. Speaker, I just want to make one more comment in concluding my comments here. That is in respect to the Member from Whitehorse West once again, since he spoke so eloquently on the merits of socialism. I just want to say, in this House, Mr. Speaker, that he has forgotten one thing, that socialism, to all intents and purposes, and I think that it has been proven throughout the world, is the equalization of poverty.

I think that the Honourable Member well knows that it takes the initiative away from the individual and I think it is important, Mr. Speaker, that all Members in this House attempt to protect those freedoms that does give that initiative to individuals to get out in the private sector and go about their business and not have to depend on government from seven o'clock in the morning until ten o'clock at night, or for that matter, twenty-four hours a day.

Motion agreed to

Hon. Mr. Graham: Mr. Speaker, I move, seconded by the Honourable Member from Hootalinqua, that Mr. Speaker do now leave the Chair and the House resolve itself into Committee of the Whole.

Motion agreed to

Mr. Chairman: I shall call Committee of the Whole to order. At this time we shall take a short recess.

Recess

Mr. Chairman: I shall the Committee of the Whole to order.

This afternoon, we will now deal with Sessional Paper 79-2-23, that being the Lease Agreement between McNevin Construction Limited and the Commissioner of the Yukon Territory.

This agreement has been referred to the Committee of the Whole by Motion Number 20, which reads:

"THAT Sessional Paper 79-2-23, being a lease agreement between McNevin Construction Ltd and the Commissioner of the Yukon Territory, be referred to the Committee of the Whole for consideration; and

THAT Committee of the Whole report on the procedure used in entering into the said lease agreement and on the content of the said lease agreement, including but not restricted to any commitments made to McNevin Construction Ltd. by the Commissioner of the Yukon Territory."

As this is an unusual item of business for the Committee of the Whole to deal with, if there are no objections, I would like at this time to entertain general debate on the subject.

I must remind the Committee, however, that before the Committee can report to the House, it will be necessary to introduce and deal with motions in regard to the procedure used and the contents of the lease agreement.

Mr. Fleming: Mr. Chairman, just for clarification on the total motion, there will be an amendment coming forth later on that may deal with your concern over that portion of it.

However, in the meantime, if I may, I would like to take a moment to explain why, more or less, the contract is here to be studied at this time.

I realize that it was the past Government, or the past Executive Committee, that did have the contract put forth.

I would like to get a few answers. Of course, to start with, I would like to explain that we did not have a hand in that, as a total Assembly at that time.

So, where and by whom was the decision made to go that route? That is something that I would like to know today.

The decision to go that route in the first place, certainly was not made in this House. We, as MLAs, have no part in this venture whatsoever. An undertaking of this magnitude that would tie up people's tax dollars for fifteen to thirty years, with very little chance for opting out, should, I would think, have been brought to the attention of every politician and every taxpayer in the Yukon before it was implemented.

The manner of how this deal was handled has so far remained a mystery. Now I must explain, this was last year that this was more or less a mystery to me at that time. Now, it has passed and, of course, I may have some of the answers. I do not believe that this should be the case. It is sometimes very difficult to receive direct answers from the government in Question Period, so in my simple, humble way, I would rather air it here in Committee. I would appreciate some facts from the Government as to why this route was taken.

There was some mention that when I tried the question in the House at that time that the government did not wish to have any two-bit operators on the Dempster Highway. It was more or less inferred, we were all that way at one time and another, and I say we were all that way at one time on the Alaska Highway, and we have operated possibly from that, and for twenty-five to thirty years we have done a good job. So therefore, I was a little annoyed with that statement at that time and therefore I took up the contract, I looked it over. I am not quite satisfied that it is a good thing. I would like to have a few answers to it. That is all Mr. Chairman.

If I may, I will go through a few of the areas where I would have a question or two, I suppose to the Minister of Community Affairs now, in his position. I would start by asking the Minister just what procedure they did go through to let out that contract in the first place?

Hon. Mr. Lang: Mr. Chairman, I think maybe I should give some background. Before I proceed I want to make it very clear that the decisions that were made were by previous administrations. What I am giving here is the history as I find it going through the various files and everything else, so long as that is clearly understood, and I want to impress that upon you.

Mr. Chairman, the way I understand it, this dates back to approximately 1974 between the Government of Canada and the Government of the Yukon Territory dealing with isolated roads. The decision of the day, the way I understand it, was that the concept of a public/private operation should be considered by the Government of the Yukon Territory, not only to resolve some of the prob-

lems that had been encountered in respect to sporadic development along the highways, but at the same time to give the opportunity to private organizations, private individuals to look at a proposal and perhaps bid in conjunction with the Government on a Government guarantee to provide a service to the Government and to the public at the same time.

Following that, as you know, in the past number of years it has been very difficult to procure land for anything, and that included Government as well as the private individual, and with the policy that was in effect that would perhaps resolve the situation for getting land and making it available for that type of a service.

Subsequent to that, Mr. Chairman, the proposals were reviewed sometime in 1977 and it was asked to put out for public tender, an invitation for the public here, for that matter, I gather there was also advertising to people outside of Yukon as well, there were five or six proposals that were put forward.

Subsequently, the one in question was accepted. The cost of the installation was roughly in the area of between three to four million dollars which was a major investment. I would imagine that this had something to do with the final decision coming about, that the Government did not have to put out a major capital expenditure. In other words, the capital expenditure that was available to the Government could be spent elsewhere, for example, perhaps, channelled for a school in Faro or perhaps, at that time, the school in Watson Lake. Otherwise, the Government did have a commitment, and it would have had to put out the capital expenditure to build a major maintenance camp for the Government who has to maintain the highways. I am assuming that that was some of the logic behind it, at the same time to attempt to get a tourist establishment run by a private entrepreneur in the situation where he or she could be financed in such a manner that they could provide first-class tourist accommodation for those people who were travelling the highways, and in this particular case, the Dempster.

Mr. Chairman, in other words, to answer the question of the Honourable Member, it was, I understood, put out for public tender, for proposals, back in 1977 and there were, as I said, there were five or six proposals that were put forward.

They were reviewed by the Treasury Department of the day and it was felt that McNevin's was the most financially advantageous, as well as perhaps facility-wise, more advantageous than any other proposals that were put forward.

It is interesting to note that the agreement is, as the Honourable Member said, for thirty years. It was analyzed by the finance people and it was felt that it was most advantageous to the Government, if they were going to make a long-term commitment. The company in question supplies accommodation, fuel, service station facilities, et cetera to the travelling public, but, at the same time, he supplies to the Government, which I must stress the Government would have had to put a major capital expenditure out to provide these services for the government activities that are involved, the office space for the Game Department, office space for Department of Indian Affairs and Northern Development, rooms for Highways and Public Works staff, apartment for the foreman, as well as garage shop for Game and a garage for Highways and Public Works.

The agreement in place allows the company to bill YTG directly and, for those services that are provided to the Department of Indian Affairs and Northern Development, the YTG bills the Department of Indian Affairs and Northern Development for whatever space that they have available, the office space, because of their particular responsibility in that area.

The fixed costs for the YTG, the share of the cost of financing the buildings, based on the area of the facilities that the YTG uses, is \$130,000, roughly, a year. Operational costs are \$134,000, roughly, a year.

The fixed costs do not escalate in the agreement and the amount will vary for the term of the agreement. The way I understand it, after the first fifteen years, the operation and maintenance costs can be renegotiated. Therefore, the fixed costs are permanent and will not be altered.

At the same time, the Game Branch provides \$18,000 and the Department of Indian Affairs, as I said, is charged back for the space that they have in that particular building, for a total of roughly \$6,400. So, the total recoveries are \$25,000.

As I said earlier, the value of the complex is in the area of between \$3 million and \$4 million, probably \$3.5 million. It was indicated by this House, YTG should purchase it back, we would not only be purchasing a garage, but also going into the Lodge business, which I do not think any one of us here wants the Government involved in.

It is interesting to note that the operating costs of our other camps, and I just want to use two examples just to show you the comparison, in camps that we, the Government, I should not say we, the Government, but the past administrations paid the capital expenses for to put them in place initially, but the operational costs are in Mule Creek, \$130,000 for 1978-79 and Tuchitua is roughly about \$85,000.

So, it just shows you the cost comparisons of the operations of the various camps.

The Highways and Public Works portion that they have to pay for the particular complex in question is roughly \$126,000. So it compares very well.

I will leave it at that and if there are any other questions, I hope I can answer. As I have said, I am just going on information that I have received and researched.

Mr. Byblow: Just to clarify, Mr. Chairman, it is my understanding that this agreement precipitated out of a 1974 terms of reference between YTG and the Government of Canada and, by 1977, proposals were called for.

Very specifically, my question is, were the guarantees by YTG in place before the proposals of 1977 were called for, the guarantees of space, of time and so on?

Hon. Mr. Lang: Mr. Chairman, I would suspect that they were included in the proposal called to give an individual an idea of just exactly what was being requested.

Mr. Byblow: The Minister mentioned that there were at least five or six proposals reviewed at the time tenders were called. Were any of those from Yukon bidders?

Hon. Mr. Lang: Mr. Chairman, it is my understanding that there could have been one. I am not too sure. They varied from roughly \$280,000 per year, to \$2.4 million. I believe the Yukon contractor, I am not sure of the name, actually, but it was probably in the area of twice to three times of what the lowest proposal that was offered, but I am not too sure which was the Yukon company and which is not.

Mr. Fleming: Mr. Chairman, I do not know if the Minister knows that. I really do not know. That is why I say that I was so interested in it at that time but it is so far past that. From my information, and this comes again from sources in the government, there was no Yukon bidder in the first round at all. Then the tender was revised and set out again.

However, I have never seen, in the paper, I have never seen anywhere, any proof of any of these documents that they say they tendered the contract even. Now, that is what made me wonder in the first place how the thing was handled.

When you consider that it is over a quarter of a million dollars a year, escalating with the rise in cost of living, it is a large contract, for fifteen years, on half of it, renegotiated and on thirty years for the other half of it. It amounts to an awful pile of taxpayers' money and therefore, I am not saying the contract was let wrongly. I am not saying that McNevin Construction is not doing the best that he can and that he got too much money or anything. I am just questioning the logic of what was done without any input from this House, especially.

The reason I am here today, I would have taken it off the Order Paper but I wanted it understood very clearly in this House, that I hope nothing like this happens again, that the Progressive Conservative Party, as a Government in this House, and they have something of this magnitude in the Territory, do come forth to this House and give the Yukoners and the total House a chance to discuss something like this before wading in to it.

I have one specific question, it is really, in a sense, not a question but I would like to have it recorded here so that we know whether our government makes a mistake or not because I feel that they have made a very serious one and that is on Section ten, Supply of Diesel and Gasolines to the Tenant. It says, "The Landlord shall provide Diesel and Gasoline fuel to the Tenant."

"The Tenant will pay the posted public pump price using credit cards issued to each of the Tenant's vehicles."

"The Tenant's Vehicles will be fuelled by the Landlord's employees."

"The Tenant will supply its own oils, grease and other required lubricants."

That is all. That, to me, for a thirty year contract is really, really pretty sick. I am afraid that if I was in government or the person who was signing this contract on the part of the tenant, I would have said, "Just a minute. I will pay the public price posted as long as that price does not go too far over the cost to the landlord."

In other words, they are giving the landlord here, and I am not saying that this may happen, I am saying that it could happen, the price could be very excessive on fuel and gasoline for the next thirty years at that place and there is nothing in this contract that I can find that would control it whatsoever.

Of course, there would be some dissention between the Government and the contractor if this happens. I would sincerely hope so. It cannot very well be a question, unless the Minister can tell me that there is some form where they can control the price on that pump, which we do not have in the Yukon today.

That was one of my big concerns because a thirty year contract, my heavens, you would have thought that the government would have said, "We will pay you a price that is a percentage above the cost to you being there, and have some control rather than turn it completely loose."

I am a little amazed at some of the figures that we are paying, also for rent, but they claim they have got them from all sorts of manuals, as usual.

When I look at a house, which is a three bedroom home, 1,100 square feet, it is not really a big house. It is a fairly small house and when I look at the operational costs and the fixed costs together, that house is costing us, and we are renting it actually, at \$24,376 a year, which is over \$2,000 a month. It just amazes me that this can be true.

When you look over the period of fifteen years, it amounts to an enormous pile of money for one house. I just do not quite consider it appropriate. It is too much.

I must say this, on the singles' quarters, of six singles' quarters, \$51,943.60 a year, I know we are up on the Dempster Highway where it is high, I realize that, but I am running a motel, I am in the business myself. I am part of the way up there and I have no single units but I have six, four of them are double and two of them are a double and a single in those, room for five people in two of them, four in all of the others. If I could realize that type of rent, \$51,943.60, I probably would not be here today. I would be in California or someplace because I can only realize about \$30,000 in that same business.

I wonder if somewhere along the line, the Government did not really just go into something and I am just wondering who is behind it all.

The only thing I can say here today is that let us be very careful if we go into something like this again. If anybody else has anything to say on the contract, anything specific, I will listen in and I have a motion here to help the cause as far as the procedure goes, to help the Clerk get rid of it off the Order Paper later.

Hon. Mr. Lang: Mr. Chairman, once again, I would just like to reiterate the operational costs. I had to look into the background of it.

I just compared the operational costs that the Honourable Member refers to in respect to other camps, and they are relatively close in respect to dollar value, and the fact is that the Government did have to make a major capital expenditure that undoubtedly delayed or prevented some other project that was perhaps needed at that time in Yukon to be constructed.

I think it is fair to say in respect to the building of the Dempster Highway as opposed to whether it be Teslin or Whitehorse, the cost, I think we would all agree, that there is a great deal of difference in respect to the actual costs of supplies and everything else that goes with it and the actual cost of construction itself in respect to that kind of thing.

We are looking at history, as the Honourable Member has said, I agree with him, but in the future in areas where we possibly can, I think that the Government should be renting units where it is economically feasible and at the same time, rather than putting up that capital expenditure that could well deny Teslin a liquor store or something that is a direct Government responsibility.

You have got to weigh the two and try to come up with a conscious decision on anything of this kind. It is my feeling that you can possibly get a better deal, or I would like to think so, from the private sector, with respect to office space and this kind of thing.

At the same time the responsibility lies with the private sector, as opposed to the Government and then flows through the Government. The costs are hidden, but in most cases are quite a bit higher than what perhaps could well be with the private sector.

Those are the only comments I have to make, Mr. Chairman.

Mr. Njootli: I have only one concern regarding the agreement. I understand that the agreement was made by the former government, but with the development that may come along on that

Highway, this thirty year lease agreement may be affected.

With respect to that, on page 16 of this agreement, Section 12, the Tenant is the Commissioner. In this case, Commissioner Art Pearson, at the time, had agreed that the landlord could construct buildings for use as storage on the land there and at locations mutually agreed to by the parties and the cost will be borne by this Government.

That I totally disagree with, because both the tenant, which is the Government here, and the landlord, who is a person from Saskatchewan, might get carried away during the construction of pipeline, in the case that there is one along the Dempster Highway, and create an Eagle River town.

I do not know, I think there could be a possibility of this, I am not sure. I do not know of anyone from the former Government or from this Government, who knows for sure whether this lease agreement could be reconsidered in some way. There could be legal advice.

Up to now, in this Committee of the Whole, there is no legal advice as far as discussions from both sides of the House. I just thought maybe there is a possibility that this thirty year agreement could become null and void in some way, if the landlords, who are people from Saskatchewan, agree that they do not benefit from the lodge, because we do not have any people who are going up and down the Highway, maintaining the road in wintertime because some months the Highway is closed. Yet we have to pay the landlord the cost of operating the Lodge, which is a fairly large building, I think, there are about thirty rooms, I am not sure. I have not gone through this agreement that thoroughly.

But that is just one of my major concerns. What if there is a legal point where the agreement becomes null and void? I am sure that I, being new to the Government here and not being party to this agreement, am in complete opposition to the agreement. I am sure that any agreements like this should come before the House so that we can hear the views of the Opposition. I am sure they represent some people in Yukon who have concerns, that pay taxes which go into the project, thanks to me, but that is for the old Government.

That is the only concern I would like to express, Mr. Chairman.

Thank you.

Hon. Mr. Lang: Mr. Chairman, it is my understanding that if the agreement were not to be filed, then it would be a case of negotiations with the individual company involved, or the courts. I think that would be the two options.

In respect to any community being built, I think it is fair to say that the Department that I have responsibility for in this Government would be fully involved and the Honourable Member would definitely be involved in any decision-making that would have to take place in any situation of that kind.

Mr. Fleming: Yes, I would like to clarify that for you. In the contract there is a clause and sections in there that, I agree, if the Territorial Government and the contractor do not agree, the Territorial Government can purchase the property for so much. If they disagree on the purchase price, it goes to arbitration. It is in the contract. So, that portion is covered.

I would ask the Minister if he could tell me what date this contract went into effect and what date the contractor, McNevin Construction, when did he start billing the Government, on what date? Because on the contract itself, which is signed by the Commissioner of that time, of course, I have 1978, but I have no actual date on the copy I have, which is supposedly, I think, a genuine copy of the agreement itself.

One other question and I am all through, is directly to the Minister and make sure he hears this one. Did the fact that you, as a Government now or you, as the Minister, contract, in effect, and you do have to pay the fixed costs, regardless of whether you close the road or not, did that have any bearing on the fact that you kept the Dempster Highway open or are keeping the Dempster Highway open?

Mr. Chairman: I think the Chair would consider that last question, that this is an inappropriate time to answer that one, but the first question, go ahead.

Hon. Mr. Lang: First of all, no, Mr. Chairman, for the second part of his question.

If the Honourable Member were to pursue it, then perhaps we should be doing a review of some of the highways in his area and see whether or not it is logical to keep it open in the winter.

I have already stated so many times in this House, and I do not see why I have to do it again, the fact that the cost-sharing arrangement with the Government of Canada, is obviously in the

national interest and, indirectly, Yukon's interest, as well, because it does provide some jobs and, at the same time, does service the people in the Northwest Territories, who happen to be Canadians just like himself.

The second point, I do not have the actual date that the agreement was signed. I am assuming that it was sometime in late 1977 or early 1978, but I do not have an exact date for him.

Mr. Fleming: The reason why I asked the question was, upon signing the agreement, regardless of if the Highway was open or not, we were paying the fixed costs, according to the contract. That was my reason for asking the question.

Mr. Chairman: Is there any further discussion?

Mrs. McGuire: I am just having trouble with this and understanding it. Now, the excuse for the YTG and Government of Canada in building this place of business was it was an isolated road and the Government wanted to cut the cost and rather than setting up a proper government camp, they set up a business. Right?

I understand that this establishment and operators have the guarantee of YTG utilization. Is that right?

Now, it would appear that this arrangement would disenchant other free enterprises from going in there.

Do you not agree?

Hon. Mr. Lang: Mr. Chairman, to a certain extent, yes, I would suggest it does. At the same time there could well be that the time comes that the Government has to provide more services in that particular area and go out for a proposal once again to try to combine the private interests, and at the same time give them a certain guarantee that it is going to be utilized, so that they can put a first class service forward. My answer to that question, Mr. Speaker, is that that is a hypothetical question about what could well happen in the future. I do not know. It may not happen in the future.

Mr. Penikett: I would like to ask one question. It is supplementary to Mr. Fleming's last question. I do want the Minister to understand that he should not take offence at the question. I am certainly not going to phrase it in any way that would cause him any offence. It is possible, sometime in the period of this contract, that there may be a Government in the Territory of a different political complexion, and may make different decisions, for example, conceivably about the opening of the Highway. There is the provision that Mr. Fleming was referring to, section 14 on Page 16, which talks about the eventuality of the road being closed for six months or more, and some kind of alternate arbitration if the Government might have to buy the thing. I have not read the contract carefully enough. Was any consideration given, to the Minister's knowledge, when this contract was being drawn up, to the possibility of this operation, in spite of the subsidies, not being commercially successful? Perhaps, since we were talking about this possibility in free enterprise earlier, of it going bankrupt, has the Government considered what it might do in that eventuality?

Hon. Mr. Lang: Mr. Chairman, I was not involved in drawing up this contract. Therefore, I really cannot give a response to the question that the Member has presented.

Mr. Penikett: Mr. Chairman, could I ask the question another way? If the unthinkable happened, and the business were to go under this winter, would it be the Minister's intention to take over the operation and maintain it the way it is now?

Hon. Mr. Lang: Mr. Chairman, that is a very hypothetical question. I would not be prepared to answer it. If the situation arose, then it would have to be evaluated at that time. I do not know.

Mr. MacKay: I may have missed some of the earlier debate, and I apologize, Mr. Chairman, if I repeat things that have happened. However, it was on House business that I was engaged. The concerns I have with respect to this contract are of a more general nature. I think there are a couple of matters of principle that may arise, and some of them have been touched on, that I would like to emphasize, and that I consider important.

The business of letting a contract of that significance without going through the House opens up the vista of this happening again. I am wondering if there is any mechanism in place whereby long term leases, which are just like buying something over a time, really, that are not classified as capital in nature, and therefore would not be qualified for the capital budget, if long term leases such as this can be brought forward to the House under some mechanism in the Budget. In other words, where would the House become aware of this kind of thing happening?

Hon. Mr. Lang: Mr. Chairman, I am not disagreeing with what the Honourable Member says. I think that in retrospect, in reviewing

the file, I think that perhaps it should have been something brought to the House.

But, in respect to something of that magnitude, I do not know where the saw-off is. If the Government, for example, needs to rent space, as the Member from Faro raised earlier this afternoon in Question Period, we may well have to go into an agreement of private rental accommodation for a five year agreement for X amount of square feet, or ten years.

So there is some guarantee going to the private individual who is perhaps building or has a facility and says, look, we are prepared to give you a preferred rate if you are prepared to say look, we will keep it if you will guarantee that you will rent it for X amount of years.

I do not know where the saw-off is. I think that probably there is one area, in particular, the examination of the Budget, in respect to decisions of that kind. I would be more than happy to, since it is my direct responsibility, not that I am not happy about it, in charge of buildings and this kind of thing, to let Members know just exactly how much privately owned space is rented.

I just do not know where the saw-off point is in respect to what the Honourable Member is saying. Perhaps something of this magnitude, I think from this side of the House, if we were to go into it, I think we would bring forward a policy paper to let everybody know just what our intentions were, as long as time permitted.

Mr. MacKay: If I might just add a suggestion to that, it is normal practice in my business as an accountant, preparing papers, to disclose long-term leases because they are a long-term obligation to a particular business.

Perhaps if the Government had a policy of disclosing, as a note to the Budget, where X amount of dollars is budgeted for space, that this represents leases expiring on such and such a date, with so many dollars committed to it. It is just disclosure we are looking for, really.

I think that might be a solution to the problem, if you issued a policy or made a policy that for anything over so many years, it would automatically mean that it was specially noted in the Budget. That might overcome that problem.

The other side of the coin is that, in spite of the fact that perhaps this contract has a number of problems in the technical area or could have been negotiated tougher, all these things that hindsight means 20-20 vision on, the fact is that the effect of it is the establishment of a very good facility in a very remote area of Yukon and it also has the effect of limiting the number of other establishments that will be established within a radius of so many miles because, obviously, they will not be able to compete.

So, the Government, the previous administration, has presumably considered that as being a bonus from the point of view of protecting the environmental considerations that were involved in the building of the Highway.

So, that should not be overlooked in consideration of the contract, because the effect of it was, in fact, to concentrate development in one area and to try and control that development.

I do not have a lot of problems with that because it is, in fact, producing a result which may be beneficial. The thing was apparently handled in such a way that there were a number of bids on it, so that would take care of any sort of special favouritism being shown, and I assume there was none of that. Beyond that, I think that the motivation was probably not too bad in trying to do what they did. The alternative of setting up a government station there would not have provided for any tourists. It would have guaranteed, probably, the establishment of two or three other establishments along that highway, which would not have had the same level of service, and which probably have struggled for many, many years to make any money, and would probably not have had very good premises, either. While I feel that there are legitimate concerns raised about this, the principle of what was trying to be done was not bad.

Hon. Mr. Lang: My turn to ask a question if I could. I would like to ask a question of the Honourable Member. Looking into the future, does he agree with, other than, say, the contractual aspect of it, and notifying the House, the principle of the government going in with private enterprise in things of this nature? As I said before you came, I think it does give the opportunity to the government to not put out all its capital money in one area, but to be prepared to put it in other areas, and at the same time, allowing the private entrepreneur to get the necessary financing for whatever facility is being built.

Mr. Penikett: On the first day of the life of this House, Mr. Speaker ruled that questions can only be asked of Ministers, and not of

private Members. I thought I had to remind the Chair of that decision.

Mr. Fleming: As there seems to be no other discussion, I might say the Honourable Leader of the Opposition, this afternoon, is in the right party. He is being very liberal in speaking on both sides of the coin, on the NCPC Motion, and also this one. As a political party leader, I commend him for it. However, at this time, so that we do not get into any procedural difficulties with the Motion, I am going to present a Motion that the Committee will not present any recommendations to the House concerning Sessional Paper 79-2-23, and if I may speak for a moment on that Motion, it is not that I do not want to know all about it. I think I know most of the things already. It has been so long past, that it is too hard for this Government now to answer questions for the previous one. I have no resentment towards anybody who is building on that Highway, under these circumstances, and I want that very clear in the House. It is merely that I wanted a few questions answered about how our government operated before, and I did not appreciate it. So, with that, I hope that this Motion goes through, and you can remove it from the Order Paper.

Mr. Chairman: I have a Motion before us, moved by the Member from Campbell Mr. Bob Fleming that the Committee of the Whole not present any recommendation to the House concerning Sessional Paper Number 79-2-23.

Motion agreed to

Hon. Mr. Graham: May I suggest a short recess while we get the witnesses in place?

Mr. Chairman: At this time I shall call for a very short recess.

Recess

Mr. Chairman: I shall call Committee of the Whole to order. I should like to welcome as our witnesses, Mr. Smith and Mr. O'Donoghue. This afternoon we are continuing on with Bill No. 26, An Ordinance to Amend the Taxation Ordinance. I refer Members to Page 37. At our last sitting we had gotten to School Tax.

Dr. Hibberd: Mr. Chairman, just for Committee's edification, I think it might be appropriate to outline what the business might be for today, and in view of the absence of various Members, I would suggest that we continue with the consideration of the Taxation Ordinance and if we conclude on that today, that we would call it a day, and not go on to further business if Committee is in agreement.

Mr. Chairman: All in favour?

Some Members: Agreed.

On Clause 54(1)

Mr. Penikett: Mr. Chairman, I think the views of all Members of the House were fairly clear on this issue now. I do not want to reflect upon the wisdom of the majority decision on this question, as wrong as it is, but I feel bound at this point to point out a couple of things when we are talking about school taxes without belabouring the debate or wasting the time of Committee on this subject which there appears to be a strong majority view on the wrong side of the question.

The Minister today tabled in the House a letter from the Association of Yukon Communities and I would like to read a pertinent section from that letter on this question. It is addressed to the Minister and it is signed by Jon Pierce, Vice-President of the Association of Yukon Communities.

The fourth paragraph of the letter begins: "Our second concern is School Taxes. As an addendum to this letter, I have enclosed resolutions passed by the Association of Yukon Communities, Whitehorse City Council, Dawson City Council, and the Watson Lake Local Improvement Board. I believe these resolutions are self-explanatory. I would like to add that as municipalities are restricted to one source of funding at present, that of property taxation, and that as the two senior levels of Government have many and varied sources of funding, that property taxation should become the exclusive domain of municipalities. This is one area that we would like to discuss with the Territorial Government in future, particularly, if the Yukon Act is to be amended."

The resolutions referred to are as follows: The Association of Yukon Communities has resolved that whereas property taxes were originally designed to pay for services to property, such as sewer, water and roads, rather than services to people, such as education, be it resolved that the Association of Yukon Communities urges the Government of Yukon to remove education taxes from property assessment.

The most recent City of Whitehorse resolution reads as follows:

Whereas property taxes should be used primarily to pay for services to property; and whereas the present school tax levied against property bears no direct relation to education costs, be it resolved that the Council again urges that the Yukon Government discontinue levying school taxes against property.

The City of Dawson resolution reads as follows: That Council urge the Government of Yukon to remove education taxes, school, from property assessment since taxes were originally designed to pay for services to properties such as water, sewer and roads, rather than services to people, such as education.

Watson Lake Local Improvement resolution reads as follows: The Watson Lake Local Improvement District, as a member in good standing of the Association of Yukon Communities, concurs with the organization's resolution to have school tax removed from general taxation.

Enough said, Mr. Chairman, thank you.

Hon. Mr. Lang: Mr. Chairman, in fairness to the House, I think that it would be appropriate at this time to read the conclusion of the letter, and for the record.

"In conclusion, beyond the two points mentioned, we find the proposed legislation excellent and a good solution to many of the problems encountered in the past two years. With the new amendments to the Taxation Ordinance the Yukon Territory will have caught up to and surpassed most provincial legislations in establishing a fair, equitable and workable system of property taxation."

I just thought it would be apropos to complete the dissertation by the Honourable Member.

The only point that I would like to make, and I think it has been made before and I am not going to belabour it, number one, we have to raise the money from somewhere. We are talking in the area of \$1.7 million.

I think, to a great extent, that we have resolved the situation in respect to the statement being made that the present school tax levied against property bears no direct relationship to education costs.

If you will recall, on the principle of the Bill, I said that we had accepted a policy that we would tie the school into a percentage of the education operation and maintenance budget and that the details of that policy would be announced during the forthcoming Budget Session.

Therefore, to an extent, it has been tied in with the direct cost of education.

Clause 54(1) agreed to

On Clause 54(2)

Mr. Byblow: I just wanted it clarified whether, under Section 54(2)(c), that for the purposes specifically of school tax, you can, again, have different regions set with different rates, accordingly. In other words, are we going to have a different rate of school tax in different areas of Yukon? Is that the intention?

Hon. Mr. Lang: Mr. Chairman, that allows that provision to prevail. Right now, all I can say is that it is our intention to keep it universal. We may well be in a situation where we may have to bury it in the forthcoming year, due to the fact, as I said, in some areas, we have not been able to assess land to fair value. You will recall, in the discussion, that I stated that the other day. So, that may well exist, due to the fact that we have to raise an additional amount of money.

At the present time, it is our intention to maintain our taxation in such a manner that we are receiving approximately the same amount of money as we received this current year, for the forthcoming year, because we recognize the economic situation with the homeowner and, for that matter, the business community, and it will be our intention to try and keep it down to a minimum wherever we possibly can.

Mr. Fleming: Mr. Chairman, I could hardly disagree with that. I do not think that that is a fair way to collect any kind of tax, when you can set regions, especially in our school taxes. I would hope that it does not happen that, all of a sudden, some little town, because they have a school, which, of course, they cannot support through the taxes there because in the first place there is probably not enough land to pay taxes on, that they increase the school tax just in that one area to maintain that situation. I do not really quite get the drift of the reasoning for it being there, yet, actually. I am not too happy with it.

Clause 54(2) agreed to

On Clause 54(3)

Mr. Byblow: May I inquire, just for clarification again, what is the procedure if and when school taxes are not paid?

What onus lies with the municipality to collect that on your behalf?

Mr. Penikett: Mr. Chairman, I believe I can recall one case in which some monies that were due the municipality from the senior Government were not forwarded but were attached for the purpose, where in the case where that municipality was late forwarding the school taxes to the Territory.

Hon. Mr. Lang: Mr. Chairman, I have to bow to the legal advisor, but I think the subsection (5) covers that if the municipality is delinquent in respect to paying that particular levy.

Mr. O'Donoghue: Mr. Chairman, this is intended to force the municipality to pay, if it does not pay its share of the school taxes. Ordinarily, this is handled by agreement. This is only the procedural power of the Commissioner to enable him to force the collection, if it is not being done but it is always done by agreement.

Clause 54(3) agreed to

On Clause 54(4)

Mr. Byblow: Could I inquire of the Minister, why, in preparation he did not consider a charge for the collection of taxes that would be paid back to the municipality as an administration fee?

Hon. Mr. Lang: Mr. Chairman, I think it is fair to say that we attempt to cooperate with the municipalities. If we are going to define that type of thing then we would probably charge the total assessment costs, for example, for assessing the City of Faro, to the municipality because it is a service that we are providing largely for the municipalities in respect to their tax base.

I think that if we get down to that type of situation in respect to our administrative costs on the division of capital assistance, all of this type of thing, it all costs money and the Territorial Government assumes that responsibility. I think that we attempt to be fair with the municipalities, and, for that matter, the Local Improvement Districts, in order to help them rather than to be on a straight business-like, almost confrontation basis on every aspect of businesses done with the municipalities and other local governing bodies.

Clause 54 agreed to

On Clause 55

Clause 55 agreed to

On Clause 56(1)

Mr. Byblow: What is the full intention of 56(1), in respect of a school tax?

Mr. O'Donoghue: It does not relate to school tax, Mr. Chairman.

Clause 56(1) agreed to

On Clause 56(2)

Mr. Fleming: When they have school tax in it, and they are talking about school tax, what is it doing in this area if it has nothing to do with it at all? There must always some reason for being there.

Hon. Mr. Lang: Mr. Chairman, the Legal Advisor was referring to 56(1), because we are talking about a local improvement charge in that particular section. So, school tax has nothing to do with that particular section. A local improvement charge is a situation such that if you want water and sewer, it is either on a tax levy, or you pay the capital expense directly, after it has been put forward.

It is the same way, if I could use an analogy, if you bought a deep freeze, whether you paid Simpson Sears right over the counter, or if you took a two or three year loan.

Mr. Byblow: I have some problems with that, the local improvement tax on the "real property that abuts upon." I am wondering what the benefit is to that property that abuts to it, to be charged a tax for that?

Hon. Mr. Lang: Mr. Chairman, like I say, you have a hundred foot frontage, and you have a water and sewer project in front of it, it is in front of the property, and therefore they should pay whatever the cost is.

Mr. Fleming: It says, "that abuts upon, or that benefits directly or indirectly". Is "indirectly" there for a reason? For instance, as an example I will give you, in the Teslin area there was a sewer main put through on the Main Street. But, back behind those streets, due to the planning and the laying out of the properties, there are some properties that are back off of the main line, and those, today, are not affected by that local improvement tax for the sewer there. Is that section in there to cover that type of properties?

Hon. Mr. Lang: If there is any benefit, Mr. Chairman, that can be accrued to a property that is not directly abutting but could benefit from a particular local improvement charge, then they would be requested to pay their fair share. Is that not correct, Mr. Smith?

Mr. O'Donoghue: Mr. Chairman, the whole of Section 56 should be read together. The intention of the drafting of the legislation to make it possible, when the Commissioner constructs a local improvement, this can be of any kind in a rural area. It could be sewer and water; it could be a community residence or hall or whatever. The group of sections is to enable the Commissioner not only to charge the directly benefitting piece of property, but other properties in the area or in the region, in subsequent sections, who would benefit.

Mr. Fleming: That is right. Before, under the past Taxation Ordinance we did not have to pay unless you were on that sewer line. There are many of them who are not paying now for that sewer line, but under this new Ordinance they will be obliged to pay.

Hon. Mr. Lang: No, they would not be obliged. It is discretionary. In this particular case you are talking about water and sewer. It would not be our intention to have somebody pay that could not benefit from the particular service.

If you were to construct in a rural community a community hall, and it was in the opinion of the majority of the members of the community that it should be built and it would be there to benefit everyone, then that would, in turn, possibly call for an increased levy in that particular area to help offset the costs. Is that not correct, Mr. O'Donoghue?

Mr. O'Donoghue: Yes, Mr. Chairman.

Mr. Byblow: I agree with the Minister that this may not be the intention of the section to force people to pay for an improvement that they may not directly or indirectly be benefitting from, but the wording reads that if you are adjoining to it, you can be taxed for it. I am just questioning the wisdom of that permission. I may suggest to you, let us suppose that we have a community well dug and I have a piece of property adjoining that with my own well, shall I be taxed the local improvement tax for that community well that I will not be using? This is what I am trying to clarify.

Hon. Mr. Lang: Mr. Chairman, I would suggest that there would be a certain amount of onus because the community well is there for everyone. Whether or not you utilize the community well as opposed to your own, that is your own decision to make. It is similar to the situation where you put in water and sewer into for example, the sections of Whitehorse where there is no water and sewer. Forty people on the block determined that they want that local improvement, three say that they do not. The majority wins out and subsequently, everybody is levied the same particular footage costs.

It is the same old thing. The Government is not going to do anything unless the majority of the people want it done.

Mr. Byblow: Mr. Chairman, it has been pointed out that Section 56 does not apply to school tax. It is a local improvement surcharge. Can school tax and additional property tax be assessed against this property on top of the local improvement surcharge?

Hon. Mr. Lang: Mr. Chairman, you are confusing two things. The assessment is the value of your property. If you have water and sewer, and the various other infrastructure there, your property is obviously going to be assessed more at fair value; because it is going to be worth more. The school tax and the general tax are separate levies. If you have a nicer home then your assessments are higher. It is the same old situation. Therefore, your tax and your assessment as defined in the Ordinance, are two separate things, your assessed value and then the levy of the tax. The local improvement charge is something apart from that. The charge is for something that you are receiving, as an individual, for a service being rendered, whether it be water and sewer, or perhaps it could be a community hall, or whatever.

Mr. Chairman: Shall Subsection (a) of Subsection 2 clear.

Clause 56(2)(a) agreed to

Mrs. McGuire: I wonder if we can back up just a little bit. It is only a problem with wording. It is 54(5), page 38, where it says here, "Where the Commissioner is of the opinion that a municipality is not making a reasonable effort to collect any delinquent school taxes, he may give notice to the municipality to pay the delinquent taxes." Who is "he"? The Commissioner of the day may not be a "he." It should be "the Commissioner" in here.

Hon. Mr. Lang: In law, the pronoun "he" is interchangeable. I take it from the Legal Adviser who has expressed that view many times in the House.

Mr. Chairman: You will confirm that Mr. O'Donoghue?

Mr. O'Donoghue: I confirm that "he" includes "she" by virtue of the Interpretation Ordinance. It saves a lot of typing to say "he" or "she," which is a manly thing to say, but "she" does not include "he", in legislation.

Clause 56(2)(b) agreed to

On Clause 56(3)

Clause 56(3) agreed to

On Clause 56(4)

Mr. Fleming: I would appreciate it if you will go a little bit slower, because I do not believe that there is any need for this tax legislation to be shoved through right at the moment. Furthermore, 56 on it is sort of a conundrum, and when I get back down to 56(7), over on another page, I will have questions, because I just do not know what some of it is even here for. I feel that, somewhere along the line, the government has got to have it there for some reason. I have not really found out yet. There are too many things. I did not really understand 56(3)(b) at all, but we will carry on.

Hon. Mr. Lang: Mr. Chairman, I am actually becoming afraid to say "clear". Perhaps we could rely on the Honourable Member from Faro and the Honourable Member from Campbell to give the nod.

Mr. Fleming: Mr. Chairman, we do wish to pass the Ordinance, do not wait for us.

Mr. Chairman: It is not the intention of the Chair, gentlemen, to rush it, but it is hard at sometimes to say whether we should proceed or not. If we do appear to rush it, it is not that we are trying to push it through, but it appears that nobody has anything to say.

Clause 56(4) agreed to

On Clause 56(5)

Clause 56(5) agreed to

On Clause 56(6)

Clause 56(6) agreed to

On Clause 56(7)

Mr. Byblow: I have a general question about 56(7). The majority of which persons, it says, "who will be liable to pay the tax". That is a declared region. Is that region a defined area, again, by a regulation, just for clarification in general as to the full implications of that section?

Mr. O'Donoghue: Mr. Chairman, this section is intended to reproduce the policy decision and it would be possible for the Government to take an area from a bigger area or to include other areas in an area, such as Watson Lake. As I say, it includes the Watson Lake airport area in Watson Lake for the purpose of construction.

So what we are attempting to do is to have it arranged so that there would be a plebiscite or some other arrangement to find out what the people do want, who will be paying the tax, and these are the people we are talking about, the majority of the persons. Which persons? The persons who will be liable to pay the taxes would be included in the assessment.

Mr. Fleming: Yes, Mr. Chairman, I am wondering though, they use the words, "No local improvement tax shall be levied by the Commissioner under this section except in accordance with the wishes of the majority of the persons..."

Now, I am wondering just what, if it is a question of whether the tax, whether we will be assessed with tax or not, I am sure the majority of persons would say forget it, we will not have any tax. That section, if it covers that, I am sure that no local improvement tax is going to be paid too often.

But, is it somewhere else and something else that they have a voice in, other than just saying whether there will be a tax on that property?

Mr. O'Donoghue: It is not that they will have a say in the levying of the tax once the improvement is finished. The plebiscite would be to find out will we build a new community hall, will we build a bridge, will we have a water supply? If the answer is yes, then their wishes have been ascertained.

Mr. Fleming: Mr. Chairman, could I ask the Legal Adviser, is that really what that section says there, because I just do not see at it all.

I see it as a saying, that if the majority of persons do not wish to pay any tax, because that is exactly what it says, in plain, simple language.

Mr. O'Donoghue: Mr. Chairman, it is what they call "participation democracy".

Hon. Mr. Graham: Yes, I have one question, Mr. Chairman. Does this, in fact, apply to municipalities, as well as areas under the jurisdiction of the Commissioner?

Mr. O'Donoghue: No, Mr. Chairman.

Clause 56(7) agreed to

On Clause 56(8)

Mr. Byblow: On Section 56(8)(a), I would assume from what the Legal Advisor said, that (a) refers to whether or not and how a plebiscite or such shall be conducted and how its wishes will be reached.

Mr. O'Donoghue: The technique would be the same. What the question will be, the geographical region which would be covered, the individual or class of individuals who will do it, whether it is to be a public meeting or whether it will be ballot cast by an electorate, that technical machinery. That is intended to be reproduced in subsection (a).

Mr. Byblow: My question is on 56(8)(b). I would like explained how you determine the assessment of frontage, again for this whole purpose of abutment and so on.

Hon. Mr. Lang: Mr. Chairman, for example, you may have odd shaped lots so you would take into consideration the frontage as well as the length at the back of the lot and divide it in two to get the assessed frontage.

Perhaps Mr. Smith has something further to add.

Mr. Smith: Mr. Chairman, there seems to be considerable confusion over this section of the Ordinance. With your permission, maybe I can explain it so that we can all understand it just a little bit better.

Mr. Chairman: Mr. Smith, we welcome your remarks.

Mr. Smith: Probably these particular sections that we are going through from 56 on do not really belong in the Taxation Ordinance. They would probably belong in the Local Improvement District Ordinance. But if we put them in the Local Improvement District Ordinance, then we could not do these sort of things in any place that was not a local improvement district. So, it was agreed to put them in the Taxation Ordinance.

The term "frontage tax" or local improvement tax probably is partially incorrect. It should be a local improvement charge. It is a charge that is made for putting a water and sewer line in and things like this. It really has nothing to do with the ordinary property tax. It is a local improvement charge.

Now, to answer the question specifically that Mr. Byblow asked, under 56(8)(b), (8)(b) provides that the people who going to pay the tax, together with the Commissioner, can choose how they are going to determine how these frontages are calculated. There are many different ways. They can be an average of the front and the back of the property. They could have a maximum size. It could be the frontage on where the building line is. It could also be determined on, if you have, a corner lot and the improvement goes by both streets, if you will pay 100 per cent on one side and just a part on the other, or none on the other, these are all the kinds of things that are determined under these things.

Mr. Byblow: With that very explicit explanation, can these local improvement surcharges, as he called them, be applied within a municipality then, over and above the property assessment?

Mr. O'Donoghue: Mr. Chairman, the answer is yes, but this section does not apply to the... (unintelligible)...

Mr. Smith: Mr. Chairman, similar legislation is in the Municipal Ordinance. This is only to apply to areas outside of municipalities.

Clause 56(8) agreed to

On Clause 57

Clause 57 agreed to

On Clause 58(1)

Mr. Byblow: On Section 58(1), could I have an explanation for "...through proceedings against the property,..."?

Hon. Mr. Lang: Mr. Chairman, that just reflects the fact that if an individual is not prepared to pay those local improvement charges, first of all, it would be charging them an interest rate on that particular charge. Secondly, then, if a space of time went by, then he would go into tax lien procedures.

In other words, it ensures that the local authority, whether it be the municipality or taxing authority, whether it be the municipal-

ity or the government, would ensure that they get the money back that they have invested.

Is that not correct, Mr. O'Donoghue.

Mr. O'Donoghue: Mr. Chairman, as the assessor pointed out, a charge is not really a tax. We were afraid if somebody in this House would latch on to the fact that they were charging a tax, so we put in this section to make it a tax and transfer.

Clause 58(1) agreed to

On Clause 58(2)

Clause 58(2) agreed to

On Clause 59(1)

Mr. Byblow: Is \$100 the present minimum amount?

Hon. Mr. Lang: Mr. Chairman, it will continue.

Clause 59(1) agreed to

On Clause 59(2)

Mr. Fleming: 59(1) says that the minimum tax payable any year is no less than \$100. In 59(2), the municipality may, by bylaw, provide for a different amount of minimum tax payable. I would presume that they could not lower that amount, but could raise that amount.

Hon. Mr. Lang: Mr. Chairman, I would have to say, and I think that I am correct in saying it, that the minimum tax in a municipality would be established by them. At one time we had a minimum which was \$25, and we took that out. We introduced a minimum tax throughout the Territory, except within the municipalities, and we leave that to the discretion of the municipalities. At the same time, we are allowing the municipalities to establish a minimum amount of tax for land on which there are no improvements. It is different from the minimum amount of tax for other real property, and I think it is a major power for the municipalities, so that they can assure that land that is vacant will be utilized. Is that not correct, Mr. O'Donoghue?

Mr. O'Donoghue: The municipalities have control over their own affairs, and it is the Commissioner's land that is covered by Clause 59(1).

Clause 59(2) agreed to

On Clause 59(3)

Mr. Fleming: I would like a little explanation as to that minimum, because I know that it is so much different than in the past. "The minimum tax payable in any year under Subsection (1) or (2) shall be reduced by the amount of school taxes payable in that year under Section 54 in respect to the same real property". I realize that the municipalities can set their own minimum tax. The minimum tax in outlying areas is \$100.

Mr. Fleming: Is this saying that the amount of school tax you pay will drop that minimum tax on your tax notice?

Hon. Mr. Lang: It ensures that the minimum tax that is levied, that a portion of that will be paid out in school tax.

Mr. Fleming: It assures that the money will be taken from there and put into the school tax fund, or whatever you have, but that amount does not come off the minimum tax to the owner of the property, I would hope.

Hon. Mr. Lang: Mr. Chairman, to use an example, let us say that your property is assessed through the mill rate or the percentage that is established within a municipality, or outside of the municipality, that your total bill is \$100, but the assessment of it dictates that \$20 is owed to this Government for school tax. That ensures that we, as the Government, get the \$20, that it should be forthcoming. In other words there would be two sections to the tax notice to ensure that everybody is contributing to the education system.

Mr. O'Donoghue: Mr. Chairman, the answer to Mr. Fleming's first question should have been "Yes", which Mr. Lang said. He had put it correctly, the question was perfectly correct and the answer is "Yes." In other words, the minimum charge of \$100 includes both taxes and school taxes and everything else.

Clause 59(3) agreed to

On Clause 59(4)

Clause 59(4) agreed to

On Clause 60(1)

Clause 60(1) agreed to

On Clause 60(2)

Hon. Mr. Lang: Mr. Chairman, I have a question for the Legal Advisor. Should not that taxing authority be made by regulation or

bylaw? Or, it means the same thing, does it not?

Mr. O'Donoghue: Yes, it does mean the same thing, Mr. Chairman. I would like to point out that this is a new section. The power to do this does not presently exist.

Mr. Penikett: Mr. Chairman, I beg your indulgence for a second. I recognize that this is a new provision and I am just reminded of one or two cases of an inadvertent injustice that was done to a couple of people who had a clerical error, or something, on their assessment in a year when there was a new assessment coming out so they were confused about it. In the subsequent year they received a much lower assessment of their property, but having failed to appeal during the statutory period in the previous year, there was no possibility for any rebate.

I realize we are not talking about that kind of case here. I know that the individual that I am referring to is well acquainted with the Minister, or the Minister is well acquainted with him. I wonder if any thought had been given to that kind of problem?

Hon. Mr. Lang: Mr. Chairman, the principle was looked at for a forgiveness clause in respect to the Legislation. It was felt that type of situation could give rise to very major problems that the Honourable Member could well envisage.

At the same time, we feel that we are making the provisions for three steps in the appeal as opposed to what it was before with two. We feel that the individual has a responsibility, if he or she feels that they are being unduly done by, to go to that appeal procedure, and I feel that we are being as lenient as we possibly can.

You can well imagine the situation that could develop with that type of section in the Ordinance, or a situation developing where you could well be accused of helping friends. This type of thing could well develop, and I do not think that this side of the floor, or the other side of the floor, wants to put the administration in that type of a situation.

Mr. Penikett: I quite agree, Mr. Chairman. I suppose there may be some nasty people in the world who may suggest that such favoritism could be used in the first place. I wonder about that, and I understand perfectly the reasons for legal limits, appeal periods, and all that, of necessity. But it seems to me that in the case we were talking about, the government could not do anything. I wonder if it is really necessary to give up the power to make that adjustment, "the subsequent use," when, in fact, there is no contest about the facts at all.

Hon. Mr. Lang: We are not giving up that ability. What we are requesting is putting in that ability. I just feel that in the appeal procedure, there will be enough information disseminated, but it will allow people to know that this is the route to go. I do not want to get into the problem that the Honourable Member is well acquainted with. I do not really think this is the place to get down to the basic problem on its own. I think that it is just fair to say if a person has a legitimate complaint, then they should make the necessary approaches through the appeal procedure, because it then should be objectively taken care of at that time. You cannot get into a situation where you are looking at someone coming into the government one or two years down the road saying he was unduly done by. Taxation, in itself, you can argue, is something that nobody wants. I just feel that we have done everything that we can to accommodate the situation in the legislation, and I do not think that we should be going any further.

Mr. Penikett: I do not want to belay this point. I wonder if I could just ask a Mr. McKay - type of question to the Legal Adviser. In such a case as a person who has moved into the territory, unacquainted with this, bought a piece of property, was given, or inherited a piece of property, got an assessment notice one year of \$300,000, and the subsequent year the assessment notice was only \$30,000, and they thought, Oh, my God, there was something wrong last year. It turned out there was some kind of clerical error. Might that be a point of law into which they might be able to appeal in the last stage in the courts, even after the statutory limits provided for the Review Board and the Appeal Board?

Mr. O'Donoghue: The proper way to do it is do it under the Financial Administration Ordinance, as far as the Territorial Government is concerned. The City does not have that authority.

Clause 60(2) agreed to

On Clause 61(1)

Clause 61(1) agreed to

On Clause 61(2)(a)(b)(c)(d)(e)(f)(g)

Clause 61(2)(a)(b)(c)(d)(e)(f)(g) agreed to

On Clause 61(2)(h)

Mr. Byblow: I am having some difficulty with completely understanding the terminology revolving around "class", "region", and "area".

Repeatedly, through this Ordinance, we have come across these and, in most cases, they referred to an area that would be defined. I would probably simply ask the Legal Advisor if "class", "area", and "region" are, as points of law, adequately defined in this Ordinance.

Mr. O'Donoghue: Mr. Chairman, we have not tried to define them. We are trying to spread our net wide enough and break it up to be able to do what we are trying to do.

For purposes of administering Ordinances, they are adequately described as they are. They give flexibility.

Mr. Penikett: On this point, Mr. Chairman, I think I understand the intent of the Ordinance. I wonder if I could ask Mr. O'Donoghue a question of legal fact. Was there not an opinion in the Supreme Court; I think it was during the last set of appeals from the judge which made some mention in the opinion about the difficulty caused for the Bench by the lack of definition of the word "class".

I am operating on a very vague memory, Mr. Chairman, so I may be entirely wrong.

Mr. O'Donoghue: I did not know of such, but we would deliberately set out to avoid defining a simple English word like "class". It would take about two columns in the dictionary to define it. We prefer to have the judge apply class and have it fit into a class. Each class, then, can be defined, but not the umbrella word, the portmanteau word "class".

Hon. Mr. Lang: Mr. Chairman, I would like the opportunity, when we go back and review amendments in the definition section, perhaps we can look at that particular aspect, because I personally think that the two Members have raised legitimate questions in this particular area and maybe some attempt may be done to at least define, as broad as we can, and leave that definition open, that we can possibly even further expand it if necessary, by regulation, but at least make that initial attempt in the definitions.

I think it is a legitimate point, Mr. Chairman, and we will look into it.

Mr. Penikett: Mr. Chairman, I do not know where this piece of paper came from, but I was just handed this piece of paper by a page and I thank them.

It says here, and I would like to quote this, "During the assessment appeals in the Supreme Court in June, 1978, it was decided by Judge Kerans that a lack of a definition of the word "class" precluded the reflection of tax adjustments made by him to all but the approximate 12 appellants living as residents in the downtown area".

I am not quite sure what all that means, but someone did hand me that piece of paper.

Mr. O'Donoghue: Most Members will recall that there was a difficulty because of procedures in giving a lower rate of tax to some of the people in older houses in downtown Whitehorse. As a result, the assessor was forced to appeal on their behalf to the court of revision to enable them to sit within the time schedule to get the benefit of the new section in the Ordinance, because they had not done it themselves.

We were dealing then with the "class" of people who were to be considered, which was the single family residences. The judge held that the definition of the individuals to form the class, was clearly defined by the legislation. Therefore, he had trouble in finding out who fitted within the class.

But the word "class" itself did not cause any problem.

Mr. Penikett: Okay, I understand that, but I seem to recall that there was another problem at that time, some legal confusion arising, some uncertainty as to who they had to give authority for such an appeal on behalf of those people. I seem to recall that there was some question about the appropriate step in the process when the city surely should or should not have been asked for some kind of consent to this appeal.

I assume that now that we have the clear division between the assessing authority and the taxing authority and the flexibility that is now allowed to the City, we shall not have that kind of confusion in the future.

Mr. O'Donoghue: Mr. Chairman, what creates confusion, the Government requested the City to put in an appeal. The City refused. So then we had to take it to a further appeal in order to include the balance of the class.

Mr. Smith: Mr. Chairman, I guess I may as well get my little bit in too. As the administrator of this, my interpretation of a region would be a section of the municipality, or a section of the Territory, depending on who is the taxing authority. "Class" would be a type of property. Property that is used for commercial purposes would be one class. Property that is used for industrial purposes would be another. Residential, another, multi-family residential, a fourth. As administrator, that would be my interpretation of the Bill.

Mr. Byblow: An area?

Mr. O'Donoghue: Geographical area, Mr. Chairman.

Mr. Smith: I believe that my interpretation of an area and a region would be synonymous.

Hon. Mr. Lang: I will not belabour this point. I think that I have undertaken to look at these two words that are being used in the legislation, and try to come up with a definition so that there is some clarification in respect to it.

Mr. Chairman: Do you wish that subsection be stood over?

Hon. Mr. Lang: No, Mr. Chairman, I do not think it is a case for an amendment. I think it is a case where we may have to add two definitions to the definition section to insure that those two terminologies are accurately defined, and that the court has no problem in recognizing what we mean. I think that we can go through the Ordinance, if it is all right with the Members.

Clause 61(2)(h) agreed to

On Clause 61(2)(i)(j)(k)(l)(m)(n)(o)

Clause 61(2)(i)(j)(k)(l)(m)(n)(o) agreed to

On Clause 61(3)

Mr. Byblow: On Section 61(3), I just need an explanation of the rationale behind authenticating something that may be inaccurate.

Hon. Mr. Lang: There is a very good reason for it. In the past, they had the ability in the previous legislation if there were some appeals or something, they could hold up the acceptance of the assessment roll. It is very important that the assessment roll be able to be accepted by the taxing authority so that the everyday administration of government can be paid for.

At the same time, there are provisions in this particular section, if somebody has overpaid, that they will be forthwith paid whatever amount of money that is forthcoming.

But I think it is important that we do not allow, for whatever reasons, even if a class of property is in question, that an assessment roll be held up, because you could well be put in a situation where, in the long run, it is not to the benefit of the people in that particular area to, say for an example, the City of Whitehorse, where money would well have to be borrowed for the administration and government and, indirectly, have to pay the interest rate on that money.

Is that not correct, Mr. O'Donoghue. I am going on past.

Mr. O'Donoghue: Mr. Chairman, the section is probably not necessary because there is abundant law that people owe their taxes, regardless. But, we used to get a succession of telephone calls worried that something would happen because one single property was not properly done or was improperly placed, but the whole of the tax roll, which was visualized as a single piece of paper, would be invalid.

So, to make sure, doubly assured and sure, this goes in to make everybody understand quite clearly that a single case will go on on its own and the tax roll is intact once the judge has finally put his seal on it or whatever.

Mr. Penikett: Mr. Chairman, on the point that the Legal Advisor is making, I have a constituent who used to petition the City to appoint what was known in the old Ordinance as a "special examiner".

I just never did figure out what the Special Examiner was, but I think that one of the devices that he sought to use was to have this person, I guess he has disappeared now, but this person was going to do something to examine his taxes and hold up the process. I see that is completely removed from the Ordinance.

On Clause 61(3)

Clause 61(3) agreed to

On Clause 61(4)

Clause 61(4) agreed to

Hon. Mr. Graham: Mr. Chairman, may I suggest that we take a recess for the dinner hour. I see that interest is beginning to wane.

Mr. Chairman: At this time we will recess until 7:30 this evening. I trust that you will all have a hearty meal.

Recess

The following Sessional Paper was tabled October 17, 1979

79-2-35

Association of Yukon Communities: Letter regarding an Ordinance to Amend the Taxation Ordinance.