



The Yukon Legislative Assembly

Number 5

4th Session

25th Legislature

HANSARD

Tuesday, March 27, 1984 — 1:30 p.m.

Speaker: The Honourable Donald Taylor

Yukon Legislative Assembly

SPEAKER — Honourable Donald Taylor, MLA, Watson Lake

DEPUTY SPEAKER — Bill Brewster, MLA, Kluane

CABINET MINISTERS

NAME	CONSTITUENCY	PORTFOLIO
Hon. Chris Pearson	Whitehorse Riverdale North	Government House Leader — responsible for Executive Council Office (including Land Claims Secretariat and Intergovernmental Relations); Public Service Commission; and, Finance.
Hon. Dan Lang	Whitehorse Porter Creek East	Minister responsible for Municipal and Community Affairs; and, Economic Development.
Hon. Howard Tracey	Tatchun	Minister responsible for Renewable Resources; Highways and Transportation; and, Consumer and Corporate Affairs
Hon. Bea Firth	Whitehorse Riverdale South	Minister responsible for Education; Tourism, Heritage and Cultural Resources
Hon. Clarke Ashley	Klondike	Minister responsible for Justice; Yukon Liquor Corporation; Yukon Housing Corporation; and, Workers' Compensation Board
Hon. Andy Philipsen	Whitehorse Porter Creek West	Minister responsible for Health and Human Resources; and, Government Services

GOVERNMENT MEMBERS

(Progressive Conservative)

Bill Brewster	Kluane
Al Falle	Hootalinqua
Kathie Nukon	Old Crow

OPPOSITION MEMBERS

(New Democratic Party)

Tony Penikett	Whitehorse West Leader of the Official Opposition
Maurice Byblow	Faro
Margaret Joe	Whitehorse North Centre
Roger Kimmerly	Whitehorse South Centre
Piers McDonald	Mayo
Dave Porter	Campbell

(Independent)

Don Taylor	Watson Lake
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Clerk of the Assembly
Clerk Assistant (Legislative)
Clerk Assistant (Administrative)
Sergeant-at-Arms
Deputy Sergeant-at-Arms
Hansard Administrator

Patrick L. Michael
Missy Follwell
Jane Steele
G.I. Cameron
Frank Ursich
Dave Robertson

ERRATUM

Yukon Hansard, March 15, 1984, page 30, right hand column, line 39, should read: "...produced over \$40 million in gold."

Whitehorse, Yukon
Tuesday, March 27, 1984 — 1:30 p.m.

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

Prayers

DAILY ROUTINE

Mr. Speaker: We will now proceed to daily routine. Are there any returns or documents for tabling?

TABLING RETURNS AND DOCUMENTS

Hon. Mrs. Firth: I would like to table the answer to a question from the member for Whitehorse North Centre, concerning the security measures for art exhibitions shown at the Art Gallery of the Whitehorse Public Library.

I would like to table the answer to a question by the member for Faro, concerning the Tourism and Small Business Incentives Program.

Mr. Speaker: Are there any reports of committees?

Petitions?

Introduction of bills?

Notices of motion for the production of papers?

⁰² Notices of motion?

Statements by ministers?

MINISTERIAL STATEMENTS

Hon. Mr. Lang: I am pleased to advise this House today that the Yukon government has now entered into an agreement with the Government of Canada which will allow for power subsidies to be granted to small commercial lodges operating outside of the City of Whitehorse which generate their own power.

Under the terms of this agreement, power subsidy applications can be made by commercial lodge operators who have revenues of less than \$2,000,000 per year and who are generating their own power.

This particular subsidy agreement has been requested for the past few years and we are pleased to be able to announce today that the agreement is now in place and the application forms for power subsidy requests for the past financial year will be available in the very near future.

With the cost of fuel in Whitehorse reflecting the base fuel cost, subsidies will be calculated and the cost of producing power per kilowatt hour computed on the delivered price of fuel. The monthly maximum consumption rebate will be calculated on the first 1,000 kilowatt hours to a total annual maximum of 12,000 kilowatt hours.

I would just like to add that this subagreement is actually the expansion of an existing program, which now takes into account those operators who produce their own power. Formerly, under this program, only small commercial power consumers, who purchased their power from the Northern Canada Power Commission or the Yukon Electrical Company, were eligible for power subsidies under this program.

The successful negotiations of this particular subagreement makes the subsidy program more equitable for those Yukon lodge operators who were formerly denied access to this program.

And while it is only fair to acknowledge the Government of Canada's participation in the much-needed expansion of this power subsidy program, all the members of this House owe a debt of gratitude to the member for Kluane who lobbied so hard to make this program fair and equitable to the many commercial lodge operators who previously were being denied the benefit of this program.

⁰³ As you know, Mr. Brewster first made a motion to correct this inequity in this House on December 8, 1982, at which time he received the full support of all members of the House. Almost a year later, in October, 1983, when still no action had been realized,

the member for Kluane once again reminded us all of our earlier commitment. I am very happy to be able to tell the member for Kluane and this House today that the commitment has now been realized. It is a clear example where perseverance has been worth the effort.

Mr. Kimmerly: We welcome this announcement as we welcomed and supported the original motion a year and a half ago. There was a comment about gratitude, and we can all take that in several ways, of course. The only reason why perseverance was needed is that it took so long and one could, I suppose, look for blame. In any event, all of that is political rhetoric and largely useless. We are pleased to see the program expansion and support this measure.

Mr. Speaker: Are there any further statements by ministers. This, then, brings us to the Question Period.

⁰⁴ **QUESTION PERIOD**

Question re: Taxation of alcoholic beverages

Mr. Penikett: In answer to a March 14th question on the high level of taxation of alcoholic beverages and the possible effects on tourism, the Minister of Tourism indicated concern about the issue and reported consultations with other ministers of tourism. Can the minister now tell the House what concrete steps her government has actually taken, and is prepared to take, to address this concern?

Hon. Mrs. Firth: We are not prepared, at this time, to mention any steps that we are going to be taking.

Mr. Penikett: I take it, then, that there is no action over the concern.

I would like to ask a supplementary of the government leader on the same subject. Since the Yukon Liquor Corporation adds a mark-up to the cost of all alcoholic beverages sold in Yukon, and since the Yukon government also imposes a 10 percent tax on top of all other costs, including federal tax increases of alcoholic beverages sold in Yukon, does the Government of Yukon have plans to reduce liquor taxes or will the Yukon Liquor Corporation reduce its mark-up on alcoholic beverages to offset the effects on the tourism industry of high prices on beer, wine and spirits?

Hon. Mr. Pearson: It is the same question that he asked of my colleague and he is going to get the same answer.

Mr. Penikett: I take it the answer is no.

The government leader has indicated, on a number of occasions, that returns from the sale of alcoholic beverages are a valued source of revenue for the Yukon government. For the record, as a matter of tax policy and pricing policy, what is the Yukon mark-up currently in effect, and on which does the government leader put, currently, a higher value: the revenues from the sale of liquor or the health of the Yukon tourism industry?

⁰⁵ **Hon. Mr. Pearson:** I do not know what the current mark-up is. I will have to ask for notice on the question. I will get the answer for the member. I am sure he is very interested.

I do not believe that there is any sort of correlation or connection between the mark up of liquor and the health of the people of the territory.

Question re: Native languages

Mr. Byblow: I want to pursue a question on native languages with the Minister of Education. Given the commitment by the federal Minister of State towards increased funding for the development of native language services, I want to ask the minister what steps she is taking to capitalize on this available funding?

Mrs. Firth: I am pleased that the member for Faro has asked that question because I wanted to make a clarification regarding an answer I had given to the member for Whitehorse South Centre, yesterday.

The member for Whitehorse South Center had asked if we were presently lobbying the federal government for more funding, and I believe he meant more funding for the french language services as well as the native language program. I commented that, yes, we were approaching the federal government for more funding. However, that applies only to the french language program. We do

not ask the federal government for funding for the native language program. That is funded 100 percent by the Government of Yukon.

When the Minister of Indian Affairs and Northern Development was here, he did not approach the Yukon government with any possibility of negotiating for, or seeking, more funding for our native language program. I believe his discussions were strictly with the Government of the Northwest Territories regarding additional funding for native language education.

Mr. Byblow: I appreciate the minister's explanation on the subject, but I believe she is incorrect in assuming that the federal Minister of State has not made any commitment toward increased funding for native language services in Yukon, so I would ask the minister if she has had any communication or information from the federal Minister of State on the subject of increased funding for native language services?

Hon. Mrs. Firth: I was not here when the federal minister was in Whitehorse; I was in Yellowknife at the Arctic Winter Games. My colleagues passed on to me that the federal minister had asked us how much money we had spent on the native language program, and that was the only discussion he had with us regarding native language programming.

I know the federal government has a *modus operandi* right now that is very popular and they prefer to distribute funds through newly-chosen, newly-nominated, Liberal candidates. Perhaps that could have been his motive for releasing the news to Yukoners, as he does his consultation with those individuals.

Mr. Byblow: Perhaps we might have a Liberal candidate who is prepared to come forth with an explanation. Could I ask the minister if her department has any intention to step up the delivery of native language programs in the schools in the next fiscal year?

Hon. Mrs. Firth: The Liberal candidate will always come forth when he is running against Firth.

With regard to the stepping up of the native language program funding, the member will have to wait until the budget is tabled.

Question re: Air industry regulation

Mr. Kimmerly: To the Minister of Consumer and Corporate Affairs: this morning, the minister supported a continued regulation of the air industry. Is it the government policy that the current high cost of fares into and out of the Yukon should be maintained?

Hon. Mr. Tracey: I would like to correct the member across the floor. I did not support continued regulation of airlines into the Yukon Territory.

Mr. Kimmerly: I would ask the minister: was he misquoted on the CBC News at 12:30? Is it government policy that there should continue to be a monopoly of air service on the Whitehorse to Vancouver run, thus denying the consumers the possible benefits of competition?

Hon. Mr. Tracey: I suggest that the member across the floor do a little more investigating before asking a question. It is quite possible now for another airline to apply for the Whitehorse to Vancouver route. If one should choose not to do so, that is its business.

Mr. Kimmerly: I am aware of that. I asked for the government policy on the question, and I again ask the same question.

Hon. Mr. Tracey: I do not know what the member's question is. If he suggests that we want to see higher airfares, then the answer is no, certainly not. We want to see the cheapest airfares that we can possibly see for the people of the territory.

Question re: COPE agreement

Mr. Porter: I will direct this question to a more reasonable member of the government, the government leader.

The recent agreement struck between COPE, the federal government and this government provides for equal representation between aboriginal groups and governments concerning representation on land use and environmental review boards in northern Yukon. Is this government prepared to negotiate similar arrangements for southern Yukon?

Hon. Mr. Pearson: We already have a negotiated agreement with respect to southern Yukon in place. This is not the place that I

can carry on those negotiations.

Mr. Porter: Is it the government's policy to treat the northern and southern Yukon differently, with respect to aboriginal representation on land use and environmental boards?

Hon. Mr. Pearson: No, in fact, we put forward our management model that reflected exactly what the policy was in northern Yukon. We have been forced to negotiate away from that particular policy in some areas: this is one of them. It was not our choosing at all; it was part of the negotiations.

Mr. Porter: In the documents tabled in the legislature yesterday, concerning the COPE claim, it is stated that the Inuvialuit final agreement is not intended to serve as precedent. Why has the government taken this position?

Hon. Mr. Pearson: We have negotiated for the past number of years — something like 11 — with the Council for Yukon Indians and there are areas in the COPE agreement-in-principle that are contradictory to the Council for Yukon Indians claim. We do not feel that there should be precedents set by one claim against another.

Question re: Inmate incarceration

Mrs. Joe: I have a question for the Minister of Justice.

As the minister is aware, the incarceration of inmates in Yukon is three to four times higher than the national average. Could he tell us if his in-house committee on justice has made any recommendations with regard to improving this situation?

Hon. Mr. Ashley: Yes, we are quite aware of the fact. There are many reasons for it and the steering committee has looked at it. One thing that the member opposite should be aware of is that one of the main reasons is because of the fine options program being cancelled, having been ruled illegal in the Supreme Court of Yukon. That is where a lot of our incarceration rate is coming from.

Mrs. Joe: Could the minister tell us if the department has a replacement for the fine option program to cut down on this high incarceration rate? I understand probation may be looking at something and I just wondered if they had come up with any program, to date?

Hon. Mr. Ashley: Yes. Actually, since February, we have a new program implemented: the Community Service Order Program. It is dealing, in part, with that, although it does not answer the whole question. We are still looking at trying to get the fine options program implemented, but we have to wait either until we receive the attorney-general function or the new *Criminal Code* amendments that the Attorney-General of Canada has introduced in the House of Commons. If either one of those come about, then we will certainly have the fine options program again.

Mrs. Joe: I would like to ask the minister if he has any up to date statistics with regard to the incarceration rate since the fine options program was found illegal.

Hon. Mr. Ashley: I would have to take the question on notice.

Question re: Agriculture

Mr. McDonald: A question for the minister responsible for agriculture. During the recent agriculture seminar held in Whitehorse sponsored by the YTG minister Dan Lang, of the responsible department, the guest speaker, Mr. Lloyd Spanglow, brought to the attention of the participants the possible conflict between forest and agriculture industries. In determining the merits of particular agriculture land applications, how does the government establish a comparative value between the two resources, forestry and agriculture?

Hon. Mr. Lang: This has not been a major problem in the past with respect to the areas that we have examined for the purpose of allocating land. If that conflict were to arise, I am sure that we would consult with forestry, who have representatives here within their administration, and get their views, if that was seen as a major obstacle in releasing land.

Mr. McDonald: There have been informal announcements recently in public that there may be an agricultural policy brought forward this spring. Can the minister state exactly when we might expect such a policy and can he also say whether it will address such issues as land use conflicts?

Hon. Mr. Lang: I do not know who the member opposite has been listening to or speaking to. We have brought forward an agricultural policy. As far as the release of land is concerned, the member opposite, I am sure, was hanging on every word I said at the meeting he referred to earlier. We indicated a number of areas that we were examining. The question of a grazing policy, question of health standards and all those aspects are to be considered over the forthcoming year. I do not know what the member's beef is.

Mr. McDonald: I was speaking to no one less than the minister's own advisor on the issue, the chairman of the Agriculture Development Council. The chairman of the Agriculture Development Council had a meeting with the Yukon Livestock and Agriculture Association some month and a half ago. He did mention that there would be an agriculture policy to deal with such issues as health standards, et cetera, coming forward this spring.

Dealing with the supplementary agriculture policy, when might we expect this formally and what areas of concern for the agriculture industry will be addressed?

Hon. Mr. Lang: The member will get it when I am prepared to bring it forward.

Question re: Coroner inquests

Mr. Penikett: I have a matter of policy that I would like to pursue with the Minister of Justice who is responsible for the coroner's office. Is it currently the practice in Yukon for the coroner to conduct inquests into all work place fatalities?

Hon. Mr. Ashley: I am not sure on that. I would have to take that question on notice. I believe it is but I am not sure.

Mr. Penikett: The annual reports for the Workers' Compensation Board will show that on average about six workers have died in each of the last few years. I would be curious to know if either the Minister of Justice or the minister responsible for occupational health and safety have, in fact, considered the issue of inquests, or automatic or mandatory inquests, into such fatalities.

Hon. Mr. Tracey: I believe that all of these deaths are subject to inquests.

Mr. Penikett: I would appreciate it if the minister could clarify his answer. There is at least one Canadian province that has recently amended its laws to make such inquests mandatory. I would be curious as to whether the cabinet has discussed, or is prepared to consider, a similar measure in any new occupational health and safety legislation that it is now considering.

Hon. Mr. Tracey: Certainly, I will take that under advisement, and it will be addressed, and we will consider it for our new Health and Safety Act.

Question re: School curriculum

Mr. Byblow: I have another question for the Minister of Education on the subject of the BC curriculum that Yukon currently follows. As the minister is aware, BC is now adopting a policy where senior students will be grouped into academic, vocational and job market categories. This process is to start this fall. Could I ask the minister if it is the intention of this government to follow this programming change here in Yukon as adopted in BC?

Hon. Mrs. Firth: We have not been discussing this recent categorizing of high school students. I have not discussed it with my cabinet colleagues. I have had some very minimal discussions with department officials, but we have not made a decision regarding that yet.

Mr. Byblow: Is the minister taking any steps to review the proposals taking place in British Columbia at this time?

Hon. Mrs. Firth: I am not taking any steps personally; however, the department officials are always reviewing curriculum changes or new curriculum development in BC.

Mr. Byblow: Why we follow the BC curriculum is a question often raised around the territory, and I want to ask the minister exactly under what authority we follow it. In other words, why are we committed to following the BC curriculum as we do, because, as the minister knows, certainly towards developing our own, we could capitalize on the best of other jurisdictions as well as develop our own local, regional input.

Hon. Mrs. Firth: We have been following the BC curriculum

for many years in Yukon, and it does not mean that we have to continue to do so. If there were a decision to change to another province and follow its curriculum, the government has the ability to do that.

As far as developing our own curriculum, we could also do that; however, it is extremely expensive to have your own curriculum. It requires many, many departmental staff officials and we, in Yukon, feel that we are just not that advanced yet in education, though we are taking some initiatives of our own to adapt the BC curriculum to Yukon, and to Yukon environmental and social conditions. I think that that can be reinforced by the native language program that we have, and some of the proposals we have for new native instruction and curriculum for native children that we are introducing.

I would caution the member for Faro about us developing our own curriculum, but we are constantly reviewing other curriculums across Canada to see if there are some that are better suited. It would not be conceivable to take partial curriculums, because we either go with one province or another, and we derive a lot of benefits. Also, we then have the ability to follow through with the post secondary education.

Question re: Geriatric services

Mr. Kimmerly: I have a question about geriatric services. On October 26th, last, the minister talked about a consultant's report on geriatric services. Have any Yukon senior citizens been employed in this process?

Hon. Mr. Philipson: The process is being handled by the Resource National Corporation and the final report is expected to be in at the end of April. I have asked whom they employ on the project.

Mr. Kimmerly: The report was originally due on April 1st. I am disappointed at the delay.

Will it be tabled in the House, once it is completed?

Hon. Mr. Philipson: Not likely.

Mr. Kimmerly: Is the minister expecting that the report will deal with home care nursing and a handyman service?

Hon. Mr. Philipson: I am expecting that the report will deal with every aspect of geriatric care in the Yukon Territory.

Question re: COPE claim

Mr. Porter: With respect to the government leader's response to my previous question concerning the precedence factor of the COPE claim, is it the government leader's position that the agreement tabled in the legislature yesterday represents a change of policy on the part of the federal government, with respect to the precedence of the COPE claim?

Hon. Mr. Pearson: No.

Mr. Porter: The government's agreement with COPE — and the federal government — states that the parties will proceed expeditiously to conclude the Porcupine caribou herd management agreement. When will those negotiations begin and where will they be held?

Hon. Mr. Pearson: I am not sure when they are going to be going back into negotiations, but I would guess that it would be within the next week or two. A majority of those meetings, I understand, have been held in Edmonton, just because that is the most central place for all of the large group of people who are involved in these negotiations.

Mr. Porter: In a meeting of the Canadian Bar Association, the Minister of Economic Development stated that the COPE claim represented an impediment to Yukon obtaining provincial status. Is it the government leader's position that this is no longer the case, and what specific part of the agreement struck with COPE and the federal government removes the impediments mentioned by the Minister of Economic Development?

Hon. Mr. Pearson: I am sorry, I do not have the agreement with me, but there is one section that deals specifically with devolution. It was agreed, when the issue was raised with COPE and the Government of Canada, that the offending section, to us, of the COPE agreement would be changed to allow, and make it clear that, devolution can happen in this territory.

Question re: Family court services

Mrs. Joe: I have a question for the Minister of Justice. In between court circuits in Watson Lake, family court matters are heard by a JP3s, who are family court judges. Since no legal counsel is available to those families at those hearings between court circuits, could the minister tell us if his department intends to make those services available, where none exist now?

Hon. Mr. Ashley: No.

Mrs. Joe: Since the training of JPs has been upgraded to serve the community courts more efficiently, could the minister tell us why his department does not intend to upgrade legal services for the accused at those hearings?

Hon. Mr. Ashley: If it becomes necessary, we will certainly look at it.

Mrs. Joe: I think the Minister of Justice is out of touch.

The training of JPs under the Northern Careers Program has been used in three cases so far. Could the minister tell us if his department has considered training court workers under that program?

Hon. Mr. Ashley: This is part of what my steering committee for justice is looking at. That is one of the many things they are looking at. At the present, no recommendation has come in that regard.

Question re: Mayo property line dispute

Mr. McDonald: I have a question for the Minister of Highways, for which I have given his office notice. Last year there was a property line dispute in Mayo involving a local resident, the LID and the Government of Yukon's highway camp. It was noted that the highway camp would be moved to the industrial subdivision outside of town. Can the minister state when the decision was made, and when the move will take place?

Hon. Mr. Tracey: The decision was made last year when I found out that the highway garage was in a non-conforming use area, and that we were going to expend money on upgrading the facility. At that time, a decision was made that we would move it to the industrial subdivision and that move should take place this year.

Mr. McDonald: Could the minister state when the in-town lot will be available for other use and to whom the lot will be sold or transferred?

Hon. Mr. Tracey: I could not answer that. First of all, we would have to move all of our facilities off the lot, and then a decision would have to be made by the government. The property would be turned over to the Department of Municipal and Community Affairs for disposal.

Mr. McDonald: Can the minister state why the building in the highway camp compound was retrofitted this winter after the decision to make the move off the site was already made?

Hon. Mr. Tracey: There was a contract out for retrofit of the building. It was intended that we move the building, which would not have held up the retrofit. I was not aware that retrofit had continued on during the winter. I would have to investigate that.

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Question re: Handyman service

Mr. Kimmerly: On October 26th, last, the minister responsible for senior citizens talked about an investigation of a handyman service. Has the department developed an actual plan for delivery of this service?

Hon. Mr. Philipson: For all of the services that we have wished for for seniors, we are waiting for the report from the RMC Corporation before expanding our programs.

Mr. Kimmerly: Is the minister able to give any goal or target date for the establishment of a handyman service?

Hon. Mr. Philipson: No, I am not able to give an update.

Mr. Kimmerly: The department has been in an investigating stage for in excess of two years. When is the department planning an implementation stage?

Hon. Mr. Philipson: When the decision is made by the department that it can be implemented.

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

GOVERNMENT BILLS**Bill No. 2: Second Reading**

Mr. Clerk: Second reading, Bill No. 2, standing in the name of the hon. Mr. Lang.

Hon. Mr. Lang: I move that Bill No. 2, *An Act to Amend the Municipal Finance Act*, be now read a second time.

Mr. Speaker: It has been moved by the hon. Minister of Municipal and Community Affairs that Bill No. 2 be now read a second time.

Hon. Mr. Lang: When the *Municipal Finance Act* was introduced in this House in 1981, the then Minister of Municipal and Community Affairs pointed out that the approach in the act was new and, in many ways, experimental. Further, it was stated, since the act was experimental, provisions might be required after there had been an opportunity to operate under the new system.

Once the act came into force on April 1, 1982, the question of treating local improvement districts as municipalities for the purpose of financing immediately arose. This had been considered as a transitional step for LIDs that would be incorporated as municipalities later in 1982. However, when the *Municipal Act* was deferred, the decision was made not to penalize the local improvement districts by returning to the discretionary grants they had traditionally received. Instead, they were treated as municipalities for purposes of funding, so that they could develop some cash reserves to help them to handle municipal status and to give them experience in managing their own financial affairs.

Since the *Municipal Finance Act* has been in force for two years, I requested the staff of the department to review it to determine whether adjustments should be made to make the act more effective. I also instructed them to ensure that the review was conducted in consultation with the Association of Yukon Communities.

I am particularly pleased to be able to state that, as a result of the consultation with the association, many of the amendments that I am now proposing to the House originated from that.

This government has repeatedly stated its desire to work with community representatives to foster the evolution of strong local government in Yukon. This *Act to Amend the Municipal Finance Act*, I believe, confirms our interest in working together to strengthen local government and services.

A major feature of the *Act to Amend the Municipal Finance Act* is a restructuring of the unconditional municipal operating grant program. In addition to dwelling unit grants, this program provides for establishing several classes or categories of municipalities and determining an appropriate level of standard municipal services for each of these categories, as well as the amount of property taxes which could be raised by each of the classes of communities based on a proposed tax rate.

Communities are then provided with a transfer of payment equal to the difference between the hypothetical property tax revenues and standard expenditures for each class or community. It shortly became apparent that this formula suffered from the following deficiencies. One, it is extremely arbitrary in terms of many factors such as hypothetical tax rates and the definition of various classes of communities and standard municipal services. Two, the formula is difficult to calculate due to the different accounting and bookkeeping practices of the various municipalities. Three, because of the small number of communities in each class there is a strong disincentive for communities to exercise prudent and responsible financial management. This results from the ability of communities to substantiate increased expenditures and levels of services in one year and then receive an increase transfer of payment approximately equal to this amount in the subsequent year.

The formula is both unstable and unpredictable and it resulted in dramatic fluctuations in transfer payments to individual communities and the inability of municipalities to undertake long term financial planning.

Therefore, with these reasons in mind, it was necessary for the government, with the concurrence of the Association of Yukon Communities, to arbitrarily set the 1983 transfer of payments to

each community at the same level as 1982.

It was further agreed to replace this component of the municipal operating grant with an assessment equalization formula. This formula recognized that the property tax assessment base or assessment per dwelling unit of many of Yukon's smaller communities is inadequate and deficient, both in an absolute sense and relative to Whitehorse. The property tax base in the smaller communities is simply insufficient to generate revenue required to provide a reasonable and equitable level of municipal services.

The proposed new formula provides for a transfer of payment to the smaller communities which will basically equalize their property tax assessment base to that of Whitehorse. The proposed formula is also neutral in the sense that no one, or even several of the communities, can significantly change or affect their transfer payments by increasing or decreasing their expenditure levels or tax rates. It is this same feature that also provides a formula with greater stability and predictability than the present formula.

Another important feature of the act is that the amendments will strengthen the support this government provides to small organized communities. The *Municipal Finance Act* was based on the ability to pay principal. The larger communities, which have more local resources, are expected to assume a greater portion of their operating costs. This principle is strengthened by the use of assessment equalization grants and the introduction of the dis-economy of scale factor in the program. Essentially, this recognizes that there are some basic services that are demanded by a local government, regardless of its assessment base.

For example, the people of Teslin are as anxious to have a skating rink as the residents of Whitehorse, yet the operating costs to maintain a rink in Teslin are proportionally far greater per capita than they are in the City of Whitehorse. We are attempting to recognize this disparity between community resources and hope to receive the support of all members of the House in our attempt to develop a municipal finance program that will allow all communities to proceed with development on an equitable basis.

In addition, the proposed legislation permits greater flexibility in the definition of a dwelling unit, which has been requested by the Association of Yukon Communities.

In conclusion, I think we have come to the point where we have a fairly pragmatic formula that can be adopted by the House that will give some stability to the municipalities, as far as their financing is concerned. To further inform members of the House, I am taking this opportunity to table a document that will illustrate how municipal grants will be calculated for 1984-85.

Mr. Penikett: It is my pleasure to participate in the debate on Bill No. 2. I should say, at the beginning, that I hope my remarks demonstrate that I had the benefit of a briefing. If I succeed in demonstrating that, I will thank the minister for the briefing; if I fail, I will apologise to the deputy minister for any misunderstandings that I may have absorbed.

As the minister says, there are several significant administrative changes to the structure of municipal finances in this act. The major one is the one the minister spent some time addressing and that is the changes that are affected in the conditional grants formula.

Members will recall that there are, basically, three types of municipal grants: there are conditional grants, the ones that provide for operating deficits for some municipal services like sewer and water; there are the unconditional grants, which are the ones that we are going to be discussing here; and there are the grants in lieu of taxes, which are the, if you like, polite fiction by which the Crown avoids paying taxes.

The major issue of concern, I think, of the government in this business has been the situation with unconditional grants. As the minister said, in 1981 we debated a bill in this House that moved from a system of per capita grants to a dwelling unit system. I was a participant in that debate and I can say, for my own part, that it was not a particularly high level of discussion, since I do not think any of us understood the formula very well. The extent of the debate probably revolved around whether, when certain of the smaller and poorer communities came under the *Municipal Act*, they would suffer because they might have a higher per capita population per

household, or some such concern as that. Needless to say, before that event has taken place, we are again amending the formula, so the problem that we spent a lot of time addressing back in 1981, has not come to pass.

However, there are other problems. Members will recall that there is, or was, a pot of money set aside to provide for the grants in our budgets. Two kinds of grants come out of that pot: one, the dwelling unit grants; and the other one is for the basic operating grants, which concern us here. Of course, once the formula that provided for the basic operating grants had done its work, the balance of the money that remained was then dispensed of in forms of the dwelling unit grants.

To use an analogy, the dwelling unit grants are something akin to the transfer payments that provinces or territories get from the federal government, and the other grants, the basic operating grants, are something like equalization payments. It is an interesting analogy and it may be useful.

Under the old formula, I think everybody involved is quite frank in admitting that the previous formula was quite arbitrary. There were classes of communities established that were based on the experience in Nova Scotia. The problem here in Yukon was that the classes were quite small. In some cases they only had one community in the class.

Then, approximate costs per class were calculated for providing certain essential services. The services that were not common or not considered essential in all of those communities were put into a second class of services, which were frills or discretionary services, even though some communities regarded them as very basic parts of the budget.

Then there was a comparison made of the cost of providing these services with some kind of hypothetical tax rate. The old grant was calculated by deducting from the standard expenditures the revenue that might be produced from that hypothetical tax rate.

The problem was that the rate was hypothetical, and while it was a neat factor in the first year in which the old scheme operated, it was evident in the second year that there were problems. The problems perhaps derived from the fact that it was arbitrary, but perhaps the basic idea was, in some way that we are not entirely clear about yet, flawed.

The problem, as I think the minister will well understand, is whatever classes we bump communities into, they are all obviously unique. As I recall, one class included Dawson City, Faro and Watson Lake. Quite clearly, the history of those communities, the character of those communities and the cost of providing the different kinds of municipal services in those three communities is different in every case, and we all know about the Dawson sewer and water system. It is also ludicrous to compare that community with Faro, which is a relatively new community, and to compare it with Watson Lake, which has physically and geographically a different kind of character.

The other problem, I understand, is that every municipality, at least until recently, has used a different accounting system, which has further complicated matters. Then there was an economic problem, which, I think people with economic training, like the deputy minister, talked about, in that the grants were not neutral in their impact. There was clearly some incentive built into the old structure to spend on those services for which you received grants and a disincentive to spend on the services for which you did not receive grants, and there was at least a potential that municipalities would begin to budget accordingly.

Another problem was in funding the old grant formula, and as the formula continued to operate, it was clear that there were distortions in the communities that were perhaps not deserving. I can think of one in particular but I will not name it. They would have received a lot of money and would then have impoverished a lot of the others.

Well, the minister invites me to respond. I understand that there was one possibility that Whitehorse would have got most of the money under the old formula, which it clearly did not need as much as some other communities did.

How ever we do these things, how ever we try to operate a system of unconditional grants, there is, I think, we have to admit,

no perfect formula. The old system was related to the expenditures. I think the analysis of the department is that it is much more rational to relate these things to correcting a problem in the tax base than it is to adjusting it to expenditures.

¹⁶ As we know, there are some communities in this territory that are very parsimonious, have an interest in keeping a low tax rate and in fact provide a small or lower level of service than other communities. There are other communities where their citizens, for various reasons, have created or demanded for much higher services.

Without going into complexities of the new formula, which essentially is a complicated calculation involving the number of dwelling units in the community, which is divided then into the total assessment of the community, and an analysis made of an average assessment, therefore, per dwelling unit. I should stop there, and say that that is a bit arbitrary because, of course, there are some communities where a very large part of the assessment is not made up of dwelling units. This community is an example. There are some communities with more of an industrial base or of a tourist base, or more of a commercial base. There are some communities where practically all the assessment is dwelling units.

Even if we accept that that is arbitrary, it is probably still functional. Then a calculation was done on comparing the assessment per dwelling unit in Whitehorse with the other communities, and there were various dwelling unit assessment deficiencies calculated for each community, then a computation of what it would take to equalize that assessment by way of grants in comparison with the dwelling unit grants, which is the other part we talked about earlier, and then some total figures.

The working out of this formula, at least for this year, produces, with one minor distortion or correcting factor, which the minister talked about, a situation where, I understand, only Carmacks appears to suffer by way of the amount of this grant. That is not because it is being discriminated against in any way, but because historically, I gather, the base year budget was based on a partial year and the total expenditures or revenues for that community were not as originally anticipated.

We talked about the measure being arbitrary, and the four smallest communities or municipalities have for the purposes of this formula had their number of dwelling units inflated by a factor of 25 percent. That is for this year, though that figure can be changed by an order-in-council, so that they are in fact topped up at the bottom.

The amount of the other changes that are clearly put into this bill in that respect will, I understand, if I read it correctly, in essence place a cap on the amount of money that the government will dispense in the way of grants, which is limited to either the increase in either revenues or expenditures of the territory in the main estimates in any one year. There is also, I gather, a change at the request of the AYC, with respect to how you define a dwelling unit that could affect places like Faro, where they have a large number of bunkhouses that previously could only be defined as one dwelling unit, but a bunkhouse unit that had many units can now be classed as having more dwelling units for the purpose of these grants.

There are some other changes that I gather will have the effect of cutting down the paperwork by which the communities can apply for these grants. There is also a provision, where we are dealing with grants in lieu of taxes and where there is a dispute about the amount that the Crown has paid versus the amount that has been billed, for the government to pick up the difference if the amount is substantial. This amounts to an interest free loan.

¹⁷ There are also one or two other housekeeping changes. There is some provision here for the cabinet to add some lists of things for which grants are available in conditional grants, which were previously water and sewer, buses and so forth. The cabinet can now add to that list. There is a new regulation-making power here.

As I mentioned, there is a cap on the amount of grants. There is also a change in the provision that previously restricted the government to giving grants, and it also now allows it to give loans or contributions to municipalities under another section. There is also another section here that deals with the existing situation with

respect to the grants for the Dawson City sewer and water system. There is also a provision to allow for interim borrowing against anticipated revenues.

The opposition will be supporting this bill in principle. I have no reason to believe that we will not do that in committee and report stage. I think we understand that this formula is a result of considerable analysis and thought by the department. I understand that they did test the assumptions behind certain other proposals, such as the famous Andre Carrell square root proposal, which was very good from the point of view of the municipalities, but it implied an infinite open-ended source of funding from the territorial government. I can understand the municipalities being keen about that. I can also understand that the territory was less than enthusiastic about it.

I think we have to be frank in saying that it is clearly possible that this formula may yet prove to be flawed for reasons we cannot anticipate and we may have to come back to the House again in a year or two and continue the search for the perfect formula to provide for grants for the local governments in the territory.

Motion agreed to

Bill No. 13: Second Reading

Mr. Clerk: Second reading, Bill No. 13, standing in the name of the hon. Mr. Pearson.

Hon. Mr. Pearson: I move that Bill No. 13, entitled *Fifth Appropriation Act, 1983-84*, be now read a second time.

Mr. Speaker: It has been moved by the hon. government leader that Bill No. 13 be now read a second time.

Hon. Mr. Pearson: This is the supplementary estimates for 1983-84. They represent our known expenditures up until the end of period number 9, then provide a contingency for the rest of the fiscal year.

It will be noted that income tax yields are down. They are down due to the federal Department of Finance updates of previous years' estimates. As members will recall, each year we pay back or receive from the federal government the actual make-up of our income tax revenues for two years previous. This year we have to pay money back because we got too much money two years ago.

Recoveries are up slightly. These recoveries are strictly a function of expenditures. We are asking for \$4,105,000 more in O&M expenditures, and \$2,078,000 less in capital, or a net request of an additional \$2,027,000 in current account spending.

¹⁸ This net request includes a contingency of \$1,292,000. Without this contingency, we are asking for a net increase in spending of \$735,000, or four-tenths of one percent of the previous total.

The contingency of \$1,292,000 is necessitated by the new *Financial Administration Act*, which we will be proclaiming in force on April 1, 1984. It prohibits expenditures in excess of a vote without prior approval of the legislature and the use of a contingency fund, at this stage of our estimates, is a normal practice in all jurisdictions in Canada.

The additional O&M funds required are primarily due to the following titles: increased demands on the education system and repairs to the Grey Mountain School; increased requirements associated with land claims; prior years' accounting adjustments; higher volumes for child welfare, hospital out-patient services and Medicare; additional recoverable work on the Alaska Highway and Haines Road for the federal government; increased demand for legal aid services; increased requirements associated with the ambulance service; costs associated with the government organization review; and wildlife studies.

The reduced capital request is largely due to late project approvals by the Government of Canada for work under the Engineering Services Agreement and the late requirements for community assistance programs, specifically the Jim Light Arena here in Whitehorse.

Given our new *Financial Administration Act*, it is desirable that we pass these supplementary estimates prior to the end of the fiscal year. I will be asking the committee of the whole to abandon the business that they are now at in committee, this afternoon, and go directly to the supplementary estimates, so that we can deal with them in an expeditious manner.

Mr. Byblow: I thank the government leader for his comments and, by way of notice, raise some of the questions that we will have at committee stage of the bill.

In a general way, I want to tell the government leader that I find the method of presenting this appropriation somewhat confusing, if one is attempting to get a financial perspective of the whole year's expenditure for the various departments. I suppose that is because the amounts presented in this bill are actually the variances from the last appropriation that we passed in the fall. Perhaps this bill shows a requirement, as the government leader explained, for \$2,000,000 more to be appropriated. It shows \$1,000,000 in the bill.

The picture is actually quite different, when you compare the final amounts presented today against the originally budgeted amounts in the mains last spring. When I did that, very briefly, I found that the government actually spent just under \$29,000,000 more, through the course of 1983-84, than what was budgeted in the spring. That translates into a 15.6 percent increase, distributed between \$13,000,000 in O&M and nearly \$16,000,000 in capital. Certainly, we will have some questions about how this came to pass, and where the money came from. We can predict some of the answers about that. Of course, there will be some questions about why the money was spent in variance with the originally estimated figures in last spring's budget. The government leader has indicated some of the general areas of the increased expenditure and there may be some more questions on that.

It seems to me that the principle in question here is the value of budgeting, and certainly I know the problems of budgeting in difficult times. It may be useful to note that while recovery has clearly come to the Yukon government, we have some questions about the state of that recovery in the Yukon economy. I believe that this is further borne out if one takes a look at the mains and the final supps of the year previous, that is 1982-83. During that year, the variance between the original estimates and the final supps was actually a decrease of \$5 million dollars or a three percent drop in the spending. This year, as I explained earlier, we have a 15 percent increase, or \$29 million. Clearly there is a recovery pattern there. There is no question that there is an improved rate of finance for this government.

I am not sure, but I would anticipate that this appropriation should wrap up the 1983-84 fiscal year but, if I recall from previous sessions, we probably will still have another small appropriation this fall. I believe the government leader said that this is the known expenditure to the end of March.

I suppose, in conclusion, it would be a fair prediction that members on this side will have some queries on line items in their critic areas with respect to major variances. Certainly those that have the most variance will get the closest scrutiny. I am sure the ministers will be prepared for that. There may be some questions on recovery, as to why the government calculated an error. Again, I can predict those answers. The government leader can elaborate. I think we can look forward to an interesting debate in the committee stage.

Mr. Kimmerly: I am going to speak extremely briefly about what I will be expecting in the committee stage for the departments for which I am critic. In the main estimates, we go through an elaborate process of voting for programs line by line. In my experience on the supplemental estimates, the coordination of the supplementals with the original lines is extremely confusing at best. The information is not readily apparent. It has certainly been confusing to me.

What I will be looking for and asking specific questions about in each department — and I put everybody on notice because I have not done this in previous years — is an identification of the part of the supplemental in the single figure shown in the appendix that relates to each line in the O&M budget. Without that information, it seems to me it is impossible to rationally control and audit, in a political sense, the expenditures on the various programs. I will be questioning to discover that information, so that the supplemental figures for each program can be known. I simply advise the Minister of Finance, in that he is the only one aware of it, that I will be asking for that information this time around.

Motion agreed to

Bill No. 11: Third Reading

Mr. Clerk: Bill No. 11, standing in the name of the hon. Mr. Pearson.

Hon. Mr. Pearson: I move that Bill No. 11, entitled *Interim Supply Appropriation Act, 1984-85*, be now read a third time.

Mr. Speaker: It has been moved by the hon. government leader that Bill No. 11 be now read a third time.

Motion agreed to

Mr. Speaker: Are you prepared to adopt the title to the bill?

Hon. Mr. Pearson: Yes. I move that Bill No. 11 do now pass and that the title be as on the Order Paper.

Mr. Speaker: It has been moved by the hon. government leader that Bill No. 11 do now pass and that the title be as on the Order Paper.

Motion agreed to

Mr. Speaker: I will declare that the motion has carried and that Bill No. 11 has passed this House.

May I have your further pleasure?

Hon. Mr. Lang: I move that Mr. Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

Mr. Speaker: It has been moved by the hon. Minister of Municipal and Community Affairs that Mr. Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

Motion agreed to

Mr. Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Bill No. 13: Fifth Appropriation Act, 1983-84

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

After we break for a brief recess, we shall be going on to Bill No. 13, *Fifth Appropriation Act, 1983-84*. We shall now recess until 3:00.

Recess

Mr. Chairman: I will now call Committee of the Whole to order.

We will go to Bill No. 13, *Fifth Appropriation Act, 1983-84*. We will go to clause 1, general debate.

Bill No. 13: Fifth Appropriation Act, 1983-84

On Clause 1

Hon. Mr. Pearson: Members opposite raised a couple of queries at second reading, and possibly I can take a couple minutes to see if I can clear those questions up.

I think that the first one was with respect to my statement that the income tax yield is down, partly due to the federal Department of Finance updates of previous years' estimates.

Just to refresh members' minds, what happens is this: each year, the Government of Canada estimates how much money this government is going to have accrue to it from federal and territorial income tax. They make those estimates three or four times during the course of a year, and they either send us money or send us a bill each time they change the estimates. This goes on for three years. They are giving us this money each quarter based on their estimates. They have a formula that they use all across Canada, but three years hence, — I said "two", but I was in error — they then have their calculations finished and they know exactly how much money should be transferred to this government for income tax purposes. At that point in time, they either send us money to make up for that three years or they send us a bill.

Now, what we are telling you at this point is that with respect to our supplementary number 1, which was passed at the last session, we had been advised by the Government of Canada that we are going to be getting an additional \$2,764,000, which we did get. That was in addition to what they had originally estimated that we were going to get when we prepared our estimates that were passed last April. That payment at that point in time was \$72,809,000.

Since then, because of income tax, it has been increased by \$2,764,000, and now it is going to be decreased by \$3,000,281.

I think it was misunderstood by the member for Faro, but I also said that these supplementary estimates are based on known expenditures to the end of period 9, then estimates from that point on, along with a contingency.

Period 9 ends the third week in December. It is a bit extraordinary in that we do not have 12 periods, we have 13 periods in the year, based on the accounting procedures that are used in the government. Period 9 is up to about December 24 of the fiscal year. Then, what we must do with these supplementary estimates is provide sufficient funds to see us through to March 31.

There will be another set of supplementary estimates for 1983-84. They will be the final supplementaries that are done after the Auditor-General has tabled his report in the House. We are required then to table legislation, a supplementary estimate, which will reflect the actual expenditures to March 31st. We are in no position to that until after the Auditor-General has completed his report.

I think the member for Faro also said that he could not find the number \$2,027,000 that I said was what we were asking for in the actual current accounts spending. If he refers to the background paper, the brown book, "Estimates, Supplementary No. 2, 1983-84", page two and page three, under the column supplementary number two for operation and maintenance expenditure summary, \$4,105,000 and then capital expenditure summary supplementary number two, in brackets, \$2,078,000. The difference — with all due respect as I recognize he is an educator — is \$2,027,000, and that is the additional money that we are looking for in the supplementary estimates.

If I could take just one more moment and explain what happens is that in these three columns — if we deal with pages two and three, the three columns voted to date — is the amount of money that was voted for each of these programs or each of these departments in our original estimates, plus the amount that was voted in the first supplementary estimates.

Okay, now we are dealing with Supplementary Estimates No. 2, and the third column is then the revised vote.

Mr. Byblow: Several questions have been promoted by the government leader's remarks, and I appreciate his explanation.

I have just one small question relating to the income tax recovery. I understand the process as, to put it in practical terms, an adjustment that is being made. Now, the period 13 of the last fiscal year reflects the correct income tax adjustment for how long ago?

Hon. Mr. Pearson: For period 9; it reflects the adjustment for the same period in 1981.

Mr. Byblow: The government leader explained how this appropriation is asking for \$2,027,000. Perhaps, just for clerical purposes, you can explain to me why the actual bill that was tabled calls for \$997,000 in the schedule?

Hon. Mr. Pearson: I think what we should try and do is deal with the background paper and the numbers in there and then they will relate to the schedule. We have to vote the money in a proper sequence of events and these amounts will relate to the schedule in the final analysis, of course. We have to vote the amounts on a schedule, but they all come out of this book.

Mr. Byblow: I see that the vote reflects the entire budget. The bill reflects the line item, budgetted amounts, without recoveries. I understand what is happening.

During the second reading comments, I made the point to the government leader that this appropriation reflects an increased expenditure of some \$29,000,000, overall, for the year. That includes the capital as well as the O&M. It is higher in capital than O&M by \$3,000,000. I think the figures I cited were \$16,000,000 and \$13,000,000.

Could the government leader take a moment to explain what took place during the course of the year to permit this government to be in the financial position of actually spending \$29,000,000 more? I realize the answer is in part federal money that was obtained during the course of the year that was not previously calculated, but could the government leader afford some explanation of why this appropriation reflects such a high increase in the amount of 15 percent from the original mains?

Hon. Mr. Pearson: As is indicated on page one, our operating grant at these supplementary estimates has been increased by \$5,797,000. Our Equalization Program Funding payments have been increased by \$1,500,000. Our recoveries are up by \$506,000. Our income tax is down by \$3,281,000. Revenue is down by \$49,000. So, what has transpired is that we have additional monies that we are able to spend. As I said when we last had supps here in the fall, we feel very strongly that the government is one of the few acts going in the territory that has money to spend at the present time, and we should be trying to stimulate our economy in whatever way we can by spending this money. It would be fairly simple to just squirrel it away in the bank, and increase our surplusses.

But, we have gone out and tried to create employment. We have gone out and tried to create projects. Of course, a majority of that was done in the supps in the fall. That is where the big chunk came from. We went from total expenditures of \$130,000,000 in the original budget to \$140,000,000. We had a supp of some \$10,000,000, to \$140,329,000, and we are now going up by another \$4,105,000. That is our total expenditure.

Mr. Byblow: I appreciate what the government leader is defending, in terms of what money was spent on and why it was spent, and those are all very solid reasons.

When the government leader reviews page one, he has to recognize that the first column reflects what is voted, to date. It does not reflect the original budgeted amount.

Hon. Mr. Pearson: I have told you that before.

Mr. Byblow: What I am saying is that the original O&M and capital of this fiscal year that we are just passing through, or completing, reflects some \$155,000,000 in total. Before the end of the day is through, we will have spent an additional \$29,000,000. I guess all I really want to know is where did the \$29,000,000 come from, in general terms? Was there a specific point in time when the federal government changed a formula of financing and some money came through? Were there EPF monies that were adjusted to that magnitude, because \$29,000,000 is a significant amount.

Hon. Mr. Pearson: No, if you will recall, we negotiated a supplementary estimate last August. That is reflected in this current budget. That totalled something like \$67,000,000, in itself. Our revenues have increased. I was just pointing out that the EPF has gone up by \$1,500,000. The EPF, by itself, has gone up by \$1,500,000.

Our operating grant, because of our ongoing discussions and negotiations with the Government of Canada, and I recognize that the leader of the opposition — and I am sorry he is not here — likes to think that we do not get along very well with the Government of Canada, but what has happened during the course of this year is that we have been able to increase the size of our operation grant, by one method and another, by another \$5,790,000, which is fairly substantial.

Money flows back and forth between the Government of Canada and the Government of Yukon all of the time. Our recoveries are up, primarily because we are doing more work, so our revenue is down a little bit. That is a disappointment but, mind you, it is not very much, only \$49,000.

So, we have been able to estimate our revenue fairly closely, this year, but we have done better than we expected by the federal government, there is no doubt about that. This money accrues that way.

Mr. Byblow: I suppose, if I spent more time, I might be able to answer my own question about where the \$29,000,000, in fact, is, which has changed the figures from last spring to this current sum.

I did some comparisons and, in fact, last spring we budgeted a total in the O&M and capital for that year of \$155,000,000. This final supp reflects \$184,000, so there is some \$29,000,000 additional funding that has accumulated to this government through the fiscal year 1983-84.

While I can appreciate that some explanation for that increase is afforded in the operating grant in income tax variance and EPF and so on, the government leader will recognize that income tax in this last period has actually dropped, but altogether, it is still \$29,000,000 ahead.

What I would require myself to do is to try and analyze it through

the course of the supps to find out where the money accumulated for this increased amount.

I suppose, then, it would remain to ask a question that I alluded to in my second reading, and that deals with the whole value of budgeting. If the government leader accepts that 15 percent variance from the beginning of the year to the 13th period of the year is significant, what really then is the purpose of the original mains?

Hon. Mr. Pearson: I think that the member opposite has to accept that it was a very extraordinary year; a very, very extraordinary year for us to come in with supps in the fall of \$10,000,000. I believe it is the first time, and certainly in my memory, that that has ever happened in the territorial government, because it was the first time that we have ever received a supp from the federal government. It has been an extraordinary year. I do not think there is any doubt about it, there is no other way for government to function than by budgeting. Certainly, as a minister responsible to this legislature for the expenditure of those funds, I want to see them budgeted in this House. They must be budgeted. I do not have any kind of protection if the funds are not budgeted in the House.

You can be wrong with a budget. I guess that has to be the cry and the plea of every minister of finance who ever existed. We do not have any crystal balls better than anyone else's. You try and estimate to the best of your ability what, in fact, is going to transpire during the forthcoming year. If things change, like they did for us, to your advantage, during the course of the year, then you are going to be very quick to come back and say "Hey, let's do this because it is going to be good for everyone in the territory". That is what we have done. We have just simply been able to get this money on to the street, if you will. We feel that is where it is going to do the most good.

Mr. Byblow: Does any of the amount of money reflected in today's supp represent funding that is extracted from next year's anticipated operating grant, as it were?

Hon. Mr. Pearson: No, not at all.

Mr. Byblow: About a year ago, we were talking quite seriously about a cash flow problem this government had. How had that changed in the course of the last year, and what is the current status of the government?

Hon. Mr. Pearson: We anticipated a very serious cash flow problem, however, we were able to convince the Government of Canada that they had to change their method of funding us. We are not yet on formula financing. I heard the member use that before. It is speculating. We have not yet agreed on formula financing. We are still being funded by the same method as we always have been. We were able to get the Government of Canada to agree to send us money, our money, at different periods of time. There are certain times when we need a lot of cash in this government, and other times when we do not need so much. For instance, in the fall when service contracts are coming due or are finishing up, road contracts are finishing and so on and so forth, we have very large expenditures. Other months of the year, we do not have as high expenditures and that was the kind of problem that we were running into. We have that, I think, now ironed out so that our cash flow is in fact very, very even and quite respectable.

Mr. Kimmerly: I raised a question about the line items in the original budget. It appears to me that what we do is vote money for programs within a department on the mains. On the supps, we vote money for the department, period. It is identified in "other information". We ask where it goes, but the question is: why do we not vote the supps the same way as the mains, as it would be much easier to follow it through if we did it that way?

Hon. Mr. Pearson: With all due respect, we would be voting some very miniscule amounts of money, in some cases. In fact, for a lot of these, even on a departmental basis, they are fairly small amounts of money. Some are substantial.

We are quite prepared to give you the line item detail on anything you want but, with all due respect, to print that all up would be tremendously costly in itself.

Mr. Kimmerly: I understand that answer and it is a reasonable answer, from my point of view, and I accept it. It appears to me

that when program managers within the department — I am not particularly knowledgeable about it — talk about budgets, they are interested in their authority under a particular vote, and properly so. It is our duty to see that the budget is followed as much as is reasonably necessary or that is reasonable. That information would be very useful in some cases. I fully recognize that if it is a difference of a few cents or so, there is no useful purpose in debating it.

I am interested in the possibility of money flowing from one vote to another. On the procedure that we follow, that could be possible. I am not saying that it occurs, but it could be possible. We have no way of knowing about it, and I would ask for that concern to be addressed.

Hon. Mr. Pearson: No, it is not possible for money to flow from one vote to another. It can happen within the vote from one program to another, but it cannot flow from one vote to another. We have to vote that money in this House. That vote only has the amount of money that is voted in this House, and that is why, with all due respect, we have this year, in these particular supps, \$1.2 million in what we are calling contingency money.

It is allocated to each vote. I can go through the votes and tell you how much each vote has in contingency to make sure that they do not over-spend their vote. We get into a conundrum where we have a department that has spent more money than it had.

Mr. Kimmerly: In the case, for example, where a department finally underspends by a couple of dollars — let us say \$20 or so — but a fairly small amount, presumably the Department of Finance knows about that, but it is not actually published. In a case where, for example, there is a supp in the department for a million dollars and, on a particular line, there is an under-expenditure of \$10 or so, would that be included in the supp? Is the supp actually a \$1,000,010? The under-expenditure is added in and we vote only \$1,000,000?

Hon. Mr. Pearson: I am sure that I can find an example quite quickly for the member. If he goes to page nine, under the Department of Economic Development, he will see there that we require funding of \$64,000 for an energy equalization program and we have available \$109,000 due, largely, to smaller than anticipated expenditures on the Special ARDA Program. As a consequence, there is a turn-back of money there of \$45,000.

So, we show the variances. If we know that there is going to be an under-expenditure, then that is reflected in the supps. If you flip over the page, there is another one in the Department of Education where the same thing happens.

Mr. Kimmerly: I would ask a further clarification. For example, on page nine, if there was another capital project where \$50,000 was voted and we actually were spending \$49,000, would that actually appear as a number in the book or would it be lumped among other items?

Hon. Mr. Pearson: Now I think I understand what the member is asking and the answer is no; these are totals. If there were five capital projects and three of them were under-spent by \$10,000, you have \$30,000 of under-spending. If you have, then, one project that was \$30,000 over, at this point in time, nothing would show in the supplementary estimates, it would be a zero balance.

I hope that answers it for the member. We are dealing with totals in supps.

Mr. Kimmerly: I understand that, but I am still confused about the transfer of monies from one vote to another. I understand the previous answer. Perhaps an explanation of that could be given.

Hon. Mr. Pearson: We might be using the term "vote" in a different terminology. A vote, to my way of thinking, and in the terminology that is used in legislation, is a department, not a project or a line item; it is a department.

The various votes are listed on the very first page, the index page. They are also listed on the appendix sheet of the bill itself.

All of the machinations that we go through with this book actually mean nothing but information. The actual vote is when we get to the bill itself and we vote those 13 or 18 specific totals. Those are the votes.

You cannot transfer money from Consumer and Corporate Affairs to Education, Manpower and Training, but Mrs. Firth can transfer

money between education and manpower because they are in the same vote.

Mr. Kimmerly: I understand that. I was operating under a misapprehension or wrong information I received somewhere along the line. I do understand. So, it is a ministerial decision, or it could possibly be a cabinet decision, to shift the money around from a line item in the mains as long as it stays in the same department?

Hon. Mr. Pearson: Yes, that is correct.

Mr. McDonald: I have a short question probably only requiring brief clarification. I would like to direct the government leader back to page one for a moment to the operation and maintenance section under income tax. The figure quoted to date is \$18,000,000 and some, and the revised vote is \$14,929,000.

I guess when we were originally estimating the expected income tax recovery of \$18,000,000 last year, we were obviously in a deep trough in terms of economic activity. The mines were not operating. Bankruptcies were up, et cetera, et cetera. In the previous year, for which we are expecting a loss in terms of \$3,000,000-and some, which is about 20 percent, we anticipated mines being engaged in increased activity. We were supposedly on the road to recovery. I am wondering if the government leader can explain why, in terms of the very different situations in which we find ourselves in terms of economic activity, we still expect to be off by approximately 18 percent in terms of income tax expected?

Hon. Mr. Pearson: We do not make these estimates, the Government of Canada does. They have a very, very sophisticated, complicated formula that they use and they make the estimates on how much we are going to get paid, with respect to our income tax recoveries, every year.

What these estimates are telling us is that, in 1981, they over-paid us by \$3,281,000. It has absolutely nothing to do with what is voted for this year. You cannot make it a percentage of what is voted for this year. This money was paid to us; it was an over-payment made to us in 1981 and we have had to pay it back. It is going to decrease the estimates that the federal government has made of the income tax revenues for this year by that amount.

So, it is an estimate made by the federal government and it is with respect to income tax revenues that we received three years ago.

Mr. Byblow: I have just got a couple of minor questions. During second reading, the government leader indicated that he would be proceeding with this in committee today, because of the urgency to get the money passed. I am curious about the principle that my colleague was talking about, at this time.

We are talking about known money required — and I do not know if I should use the word “spent”, because I am not sure if it is spent — for period nine, and period nine was a couple of months ago. For all intents and purposes, the money is already spent, so under what authority are we operating, since December until now, if you cannot transfer money around to have it spent?

Hon. Mr. Pearson: It is under the authority of the *Financial Administration Act*. That is why, of course, we would like to get the money voted, in the legislature, prior to the end of the fiscal year. The *Financial Administration Act* gives the government the authority to spend the money, but they must come to the House for the approval.

It is true that, to a large degree, supplementary estimates reflect money that has already been spent. What I would say to you is we know that this reflects our known expenditures until Christmas. We have estimated our expenditures to the end of the fiscal year by means of a contingency in each department.

Mr. Byblow: So, then, this supp is giving us the authority to finish out the year in legitimate fashion because, under the *Financial Administration Act*, you are required to get the approval at the first next sitting of the House?

Hon. Mr. Pearson: That is correct, and also we are required to get it before the end of the fiscal year the money is being spent in. That is why the contingency is there, so that we make sure that we do not run into that little conundrum.

On Yukon Legislative Assembly

Hon. Mr. Pearson: As is indicated, the funds are required

primarily because of the salary increases for MLAs. I do not know whether the member of Whitehorse West wants me to go back. There were salary increases for the staff that were reflected in the first supplementary estimate. This reflects the salary increases for the MLAs. There is also \$5,000 of it in an increase with respect to the elections. The amendments that we made in the *Elections Act* have dictated that the Clerk spend this additional amount of money this year. Then of course, we have a small capital expenditure as well.

Mr. Kimmerly: I just saw elections and that \$5,000. I would appreciate a very brief and general explanation of the expenditure, and if an election is called what would we expect the expenditure to be and could it be done within the existing budget or would a supplemental be needed?

Hon. Mr. Pearson: I am sorry, I did not foresee the question and I cannot get into the details of exactly how the \$5,000 is spent but I can tell you that if we did call an election, it could not be done within this budget at this point in time. There would have to be additional funds voted for the election. There is no doubt about that. I do know that the requirements of the amendments that we made to *The Elections Act* last fall necessitated hiring additional personnel in the Clerk's office over the course of the year.^{u9}
Mr. Byblow: Does the \$23,000 in this vote reflect the contingency that the government leader talked about to carry us through to March 31st under requirements of *The Administration Act*?

Hon. Mr. Pearson: Yes, in this particular vote, \$10,000.
Yukon Legislative Assembly in the amount of \$23,000 agreed to

On Executive Council Office

Hon. Mr. Pearson: The breakdown that I have is that with respect to Cabinet support and personnel, costs were increased by \$8,000; travel by \$65,000; hospitality by \$5,000; in the Commissioner's Office, travel was increased by \$6,000; in the Internal Auditor's Office, there was an increase of \$4,000, primarily for audits outside of our audit schedule; in Professional and Special Services, land claims was increased by \$14,000; in Inter-governmental Relations, travel was increased by \$8,000; communications in Public Affairs was increased by \$27,000; and travel for the Ottawa Office was increased by \$4,000.

The major amount of money was with respect to land claims. Over the course of this year, primarily because of the two claims — the CYI and the COPE claim — we incurred a tremendous amount of additional expenditure. So, with respect to line item costs, I guess, probably travel is up a considerable amount, just because it cost us more than we estimated it was going to cost us at the beginning of the year, and we have had to travel more.

Other than that, personnel costs are quite low: \$8,000 is, primarily, the wage of the communications advisor.

Mr. Kimmerly: I would ask for an explanation of the \$5,000 expenditure on hospitality. What was that for?

Hon. Mr. Pearson: We are finding that we are having to spend money on things like this. The British High Commissioner was in Whitehorse not too long ago. I note that the leader of the opposition was at one of the dos that he was involved in. We are getting more and more dignitaries here all of the time, and it is necessary that we do treat them in a manner that they have been accustomed to. We feel that the people of this territory would want us to treat them in this way so that they do go away from here feeling that they have been warmly received.

Mr. Penikett: I am still curious about the \$5,000. Is that in respect of the social that I attended. I believe that was at the invitation of the British High Commissioner and I would assume, in such a case, since we were guests of the British High Commissioner and the British Consul, that that event would have been picked up by the British Consulate, would it not, or does the Yukon government assume some responsibility for such affairs?

Hon. Mr. Pearson: I would have to get a great long list. I am not suggesting at all, that the \$5,000 is only for the British High Commissioner. I was using it as an example of a multitude of events that happened during the year. We have senators and committees of the House of Commons who show up in Whitehorse

and we are expected, and rightly so, I think, to entertain them.

Mr. Kimmerly: I have constituents, and I have one constituent in particular who almost certainly did not vote for me, but he keeps on calling me, concerned about these kinds of expenditures. I am sure all members will appreciate that they are necessary, in that many people do agree with the statements of the government leader that these kinds of functions are expected, and he used the word "necessary". I would not have used that word.

Many other citizens are profoundly upset, and consider these expenditures as waste and pandering to an elitist few, to use a loaded phrase. It is a sensitive issue.

I would ask the government leader if he could supply information as to the expenditures involved on the various hospitality functions over the last year. There are certainly a number of lunches or dinners, or whatever, and, possibly, gifts. That information all should be public information, and I would ask if, under this item in the budgetary process, or whichever way it is accounted for in the Executive Council Office, that a list of the expenditures be provided. If the minister wishes, I can provide a written question to explain that that information is required.

³⁵ An additional comment, or, perhaps, a second question: it has been brought to my attention that the guest lists for some of these functions bear interesting study, from a sociological point of view. I am not asking for a copy of all of the guest lists — because I would be extremely bored reading them and it is probably useless information — but I am asking and, perhaps it is an easy question to answer, for a statement of the policy used over the last year. A policy could be that there are certain public officials routinely invited to public events. The Commissioner is, obviously, one; the Commissioner of the RCMP, the military commander, and those kind of people are, obviously, on a lot of lists.

It has come to our attention that, frequently, defeated Tory candidates, but not the MLAs, are invited to some functions, and I am interested in why that is, if it is a government function paid for by the public purse. This has occurred frequently.

In at least one jurisdiction, it is a policy that some people on the lists are recipients of social assistance, the philosophy being that everybody should benefit — the poor, as well as the wealthy or the privileged. I would ask for a general statement about the policy for guest lists for taxpayer-sponsored social functions.

Hon. Mr. Pearson: There is not a laid down policy, with respect to guest lists. We do have a protocol officer who works in the Executive Council Office who, invariably, comes up with a guest list for whatever function is being carried out.

If the member so desires, I will make an undertaking to table it, along with the forthcoming budget, or to give to him at the appropriate time, when we are dealing with the new budget, a list of all of the functions that this government has posted or put money into, with respect to hospitality during the past year.

³⁶ If that is what you would desire, I would do that. If that is satisfactory to him.

Mr. Kimmerly: I am interested in the list and the amounts beside the identification of the function. That would be most informative and I would be interested in reading it.

Mr. Porter: The government leader has stated that the single biggest factor in terms of the increases in the expenditure in this particular department was attributed to the increased costs associated with the negotiations with respect to land claims. Aside from the factor of increases costs as they relate to transportation, what are the specific areas of costs that have been incurred? Have these costs been because of additional people hired to assist in the claims process?

Hon. Mr. Pearson: No, primarily our land claims negotiator is paid on a per diem basis and during the course of this past year he has been working just about steady, more so than any other year. I think probably that is the major area. Also, transportation costs increased dramatically during the course of the year. It was one area where we just simply did not provide enough money in our original estimates.

Mr. Porter: Has there been an increase then to the per diem that has been paid to the negotiator for the Yukon government?

Hon. Mr. Pearson: No, not for four years.

Mr. Porter: Has there been any additional staff hired to assist in the negotiations with respect to claims?

Hon. Mr. Pearson: That is very difficult to answer. Yes, there has been one person transferred from Renewable Resources during the course of the year to the land claims secretariate. So, the land claims secretariate at the present time consists of three people, plus Mr. Pheips. One person was transferred in.

Mr. Byblow: I have a question brought to my attention by a constituent who apparently was reviewing the regulations published in the Yukon Gazette and noted that ministers' composite allowance, as it is referred to, is \$60 a day, whereas the average government employee is \$34 a day. Why the variance? That is the question asked of me and I did not have an answer.

Hon. Mr. Pearson: I guess probably for the same reason that the member from Whitehorse South Centre questions the hospitality. It, in fact, does cost ministers that much more when they are travelling, on a daily basis.

³⁷ **Mr. Byblow:** Is the government leader saying that it costs a minister more to travel than an MLA like me, or any other government employee on government business?

Hon. Mr. Pearson: Yes, Mr. Chairman.

Mr. McDonald: The obvious question everyone is asking is why that happens to be? If the government has already budgetted a hospitality portion of the Executive Council budget, why would there necessarily be a desire for almost a 100 percent increase in travelling expenses between government employees, regular members and cabinet members?

Hon. Mr. Pearson: They are two entirely separate things. Members opposite are going to have to believe me; it is a fact. It does cost a minister much more than government employees to travel.

Mr. McDonald: With all due respect, the government leader has merely restated that his position is that it does cost them more. I wonder if the government leader could just explain why it costs a minister more rather than just alluding to questions asked by the member for Whitehorse South Centre, who was referring specifically to the cost of hospitality. If the increase is not for the cost of hospitality, why does it cost a minister approximately double what it costs every other government employee and members of this House?

Hon. Mr. Pearson: Once again, hospitality has absolutely nothing to do with travel expenses — absolutely nothing to do with travel expenses. Do not mix them up. The reason I alluded to hospitality is because ministers are expected to do certain things, and you do them on behalf of everybody in this territory, and that is a fact.

I do not want to get too specific.

Mr. Byblow: I just want to explore it, because I know my constituents will have questions. If the government leader is telling me that the minister does more things than the average government employee or an MLA, then surely the compensation comes by way of remuneration through straight income. The ministers are already receiving \$20,000 more. The composite travel allowance constitutes breakfast, lunch, dinner and incidental expenses in terms of a breakdown.

Again, as the member for Mayo asked: why should the minister have double that expense?

Hon. Mr. Pearson: All I can say is that they have incidentals that other members of government do not have, and they are expected to have incidentals that other government employees do not have. Mr. Chairman, with all due respect, a government employee is travelling as a government employee. A minister of this government is travelling as a minister of this government, and is expected to do so.

I might also say that we are one of the few governments in Canada whose ministers travel economy, and we do.

³⁸ **Mr. Kimmerly:** That raises another question. I was going to ask are the airfares different or the hotel accommodations different? It may be that ministers stay in more expensive hotels, and I rather expect it is. I am interested in that question but, more importantly, the government leader has said that ministers have incidentals that other government employees do not have. I simply do not accept

that. What would they be, as justified public expenditures? What incidentals?

Hon. Mr. Pearson: I question the line of questioning, at this point. We are talking about supplementary estimates and there is no increase in the travel expenses for ministers, interestingly enough, in there.

It is unfair to expect ministers to travel, on behalf of this government and the people of this territory, and suffer out of pocket expense because of the people of this territory or the government of this territory. It is just unfair and this is not an extraordinary circumstance. It exists everywhere, it really does, and it is a fact; it is a fact that is founded on good cause.

I cannot say any more. My goodness gracious, this is what it costs a minister to travel. It costs this kind of money. I do not believe that there is a minister here who does not end up out of pocket at the end of any trip. It has nothing to do with airlines, either. As I said, we travel, we stay in the same hotels, we travel on the same airplanes and sit beside government employees.

Mr. Kimmerly: The statement was made, repeatedly, that ministers have more incidentals, or other incidentals. The question was very, very clear: what are they or what were they? The Minister of Finance has not answered that so it leaves it, of course, to the public imagination.

What the public is saying is that if a government employee travels and eats a dinner, it is reasonable or justified that there be a reasonable reimbursement for dinner. The public does not feel it is justified to pay for a bottle of wine or two drinks before dinner and a liqueur afterwards. Now, are those the incidentals that the government leader is expecting Yukon taxpayers to pay for? I ask that very specific question.

Hon. Mr. Tracey: I think the members across the floor will recognize that ministers are actually ambassadors for the people of this territory. When they leave this territory and, for example, they take people into a restaurant, or even one person, and they buy them a meal or they go and sit and they have a cup of coffee and the minister picks up the tab, would you expect the minister to ask for a receipt in that restaurant, or wherever he happens to be, in order to recover his claim? Is that the kind of representation you would expect of your people, and the kind of position you would like to put forward to the rest of the people in Canada; that the ministers cannot even buy you a cup of coffee without asking for a receipt in order to get their money back?

They require more money. There is no way you can function on the money that is available for a regular government employee, and you are required to expend that extra money.

Mr. Kimmerly: That is not so. You are not required to. I would ask the question again: does that minister feel it is justified that the taxpayers pay for his bottle of wine with dinner?

Hon. Mr. Pearson: No, I think that it is quite justified that I get \$60 a day when I travel on behalf of this government. If I want to have wine with my meal, that has absolutely nothing whatever to do with business. I am quite prepared to pay for my wine, and it has absolutely nothing to do with it. It is an irrelevant question, because I do not get paid additional money to drink wine. That is the implication that is being made and that is not what it is all about, at all.

Mr. Kimmerly: The implication is, and the public policy is, that the taxpayers are paying \$60 a day, plus the transportation and accommodation, for a person's travel. I bet that the taxpayers do not support that: I do not support that. There is no reason why ministers cannot live according to the average standard that average Yukoners live by, especially when they travel. If they are ambassadors of the Yukon people, they should represent the average standard here in Yukon and it sure ain't \$60 a day.

Mr. McDonald: There is one question that the member for Whitehorse South Centre asked earlier, regarding the policy for hospitality. He mentioned the fact that certain defeated Conservative candidates had been members of the guest list at some of these various functions, where elected members of the legislature were not members.

I just recall, at a rather high profile function in Mayo, for example, during my term of office, where the member was not

invited to a function, which happened to be the opening of the Mayo Administration Building. I showed up, anyway, of course, as is my duty, but other people were in attendance, certainly. It may have been appropriate to ask the defeated Conservative candidate to tag along, because the decision to build the Mayo Administration Building was made during his tenure.

However, the member for the House representing that area, was not in fact invited. I am wondering, as a general policy clarification, whether or not the minister could just suggest what the policy happens to be regarding the invitation of defeated candidates and the invitation of elected members of this House, who just unfortunately happen to be in opposition?

Mr. Pearson: It may well have been an oversight and I am prepared to accept that admonition with respect to that. I can recall other functions where members of the opposition had, in fact, been asked to be in attendance. The minister of health's tour around the territory with respect to *The Children's Act* is a prime example.

Mr. McDonald: That may not be the best example, because as a matter of fact, I was not invited to that. I happened to show up, as is my duty, again. We are talking about public functions for the purposes of hospitality here I think, for the Minister of Education's edification. In respect of the various functions, I would like to ask the minister if there have been any cases, and how many cases would he suspect there to be, where there would be defeated candidates invited and not members of the legislature?

Hon. Mr. Pearson: I do not know. I can think of one where a defeated candidate was invited to the opening of the administration building in Mayo. He was invited for that very reason, because it was he who got that building built. He was elected and he agitated and he worked very, very hard to get that administration building started. That is a fact of life; he was invited because of that. I think probably members should be a bit careful in that there may have been other functions where defeated or past members of this legislature have been invited but it would probably be because they were on a committee or something that is connected with what is happening at that point in time.

I can assure you that there is no policy, one way or another, that says that defeated members, particularly defeated Tory members, are going to be invited to functions and NDP members are not going to be invited. That is not the case at all.

Mrs. Joe: With regard to invitations for openings and special events and whatnot, I can recall last summer when the ball park at Takhini was opened and the Minister of Recreation was not here and the Minister of Health and Human Resources was there in her place. I did not see the member from Whitehorse West, where the ball park is located, there. He was not invited. I was there. There were some members there from the cabinet and there were was not anyone on the agenda there from this side of the House.

And, although I was not there, I read in the paper about a defeated candidate from Faro, who had given a present to the Princess, and I wondered in what capacity she was doing that.

I would also like to speak with regard to the \$30-a-day per diem and the \$60-a-day per diem. The member for Tatchun had just risen awhile ago and said that they were ambassadors and so required a higher amount of per diem. The Minister of Recreation has said time and again in this House that we are all ambassadors for Yukon and we go to different parts of the country and promote Yukon. I am just wondering how the minister determines how one group of people, as ambassadors, should get a higher per diem than the other. There is a bit of a problem, and I feel that the taxpayers of Yukon should know why there is an extra amount of money being spent on a section of the group in this House and not on the other members or employees of the government.

Hon. Mr. Pearson: With respect to the gift that was given when the Princess was here by Mrs. Gates from Faro, that was the result of a telephone call from Faro asking that she be given the time to make that presentation from the people of Faro. That is what that is all about. I know that you were all invited. I made sure that you were all invited to that little affair.

With respect to the opening of the softball diamond, that particular function was operated by Softball Yukon. They made up a guest list, and they invited the people and they invited the ones

who they wanted to speak. We had absolutely nothing to do with it, other than to be there if we were invited. It is an unfair criticism, simply because one of us happens to be at somebody else's function, and one of them is not there; that is unfair.

Mr. Kimmerly: On a different point, the government leader identified \$27,000 as a supp for communications for public affairs. I would ask for a better explanation as to what communications means. Is it a phone bill, is it travel, or is it Yukon Info, or what is it?

Hon. Mr. Pearson: It is primarily the land claims information package that we put out, plus the supplementary that we got together as a direct result of a motion of this House.

Mr. Falle: I would just like to relate the \$60-a-day thing to the \$38-a-day. I had the opportunity of following the ministers around for a short time and I had the \$30-a-day per diem, and I ended up out \$20 to \$30 of my own money.

They do entertain, they do talk to people. I do not know how they can drink that much coffee, but every time you wanted to sit down and talk, you are immediately sitting down and doing just that. By the end of the day — you may shake your head, I followed them, I paid — it cost, and I am sure glad they have that little extra money to cover it, because I could not. I could not eat all my meals and cover all of the expenses on that kind of money, plus be an ambassadar, like they are.

It is very seldom you do hear me, but I thought I would say something to that. I think it is justified.

Mr. Byblow: I offer no comment or observation on the coffee drinking habits of the member for Hootalinqua, but I might point out to him that the member for Mayo and I are having a delightful time going around the territory, without the per diem.

Mr. Falle: And so am I.

Mr. Byblow: I want to raise an observation on a subject discussed moments earlier, because it relates to my riding. That is the subject about the presentation to the Princess by the defeated candidate. I suppose the only thing I would want to know from the government leader is how the representation of the community was authenticated, and I will leave it there.

The government leader made a comment, earlier, that I need a little explanation for, because I do not understand exactly what he means. He said that ministers of this government travel economy, I believe was the phrase he used. What was the government leader referring to by that?

Hon. Mr. Pearson: We do not travel first class.

Mr. Byblow: This is, then, in relation only to air transportation.

Hon. Mr. Pearson: Yes.

Mr. Byblow: Again, this is deadly serious, as a representation from a constituent, even though the government leader may not wish to accept that. What is the travel policy for ministers who represent rural ridings? I know what it is as an MLA from a rural area, and it was improved in the last Session to increase the number of trips that were available to us, so that we would not be out of pocket. What is the status, or what is the nature of the travel expense and accommodation when ministers, who are principally resident now in Whitehorse, travel back to their ridings, to their other residences?

Hon. Mr. Pearson: Ministers are principally resident in Whitehorse because it is a requirement of their job. It is in their job description; they must reside in Whitehorse. That is number one. They have the same terms and conditions of travel as the member for Faro with respect to their constituencies. In other words, they are entitled to the same number of trips.

Mr. Byblow: The are entitled to the same number of trips that I am as an MLA? The same thing applies with respect to accommodation? If they now have to stay in their ridings in paid accommodation because they have given up their residence, that falls under the same section as for me with the \$2,000 ceiling?

Hon. Mr. Pearson: Yes, that is correct.

Mr. McDonald: Can the government leader state what portion accounts for the wages of the communications advisor, of whom he spoke earlier?

Hon. Mr. Pearson: \$8,000 was part of the salary for the year.

Mr. McDonald: What portion of his salary does \$8,000 represent?

Hon. Mr. Pearson: I would guess that the communications advisor is paid in the neighbourhood of \$40,000 a year. It might be \$5,000 more; it might be \$5,000 less. I would guess that he is somewhere in that area.

Mr. Porter: With respect to the expenditures that are increases in claims, I would like to ask a similar question of the government leader, as to what is the increase over last year's expenditure for the government negotiator?

Hon. Mr. Pearson: We do not have those figures yet. You must understand that we are within a few days of the end of the fiscal year and it will be something like two months getting all of the numbers together. I could not possibly even guess at this point in time.

Mr. Porter: Will the government leader give an undertaking to provide those figures once they become known?

Hon. Mr. Pearson: I may well be in a better position to provide numbers by the time we are discussing our budget. It seems that we are just about into a 1984-85 budget debate here instead of talking about supplementary estimates. I imagine we will be going through this all in two weeks again.

Executive Council Office in the amount \$354,000 agreed to

Mr. Chairman: Before we break for coffee, I would read a ruling that I made on November 7. As I understand the rules, I will continue to recognize the two speakers who are debating an issue and list the others in rotation to speak when the two have concluded their debate, always recognizing that the minister responsible on the government side will be given first chance to answer any questions from across the floor.

We shall recess until 4:45.

Recess

On Education, Advanced Education and Manpower

Hon. Mrs. Firth: As the explanation on page 11 shows, these funds were required primarily as a result of increased requirement for teachers, also for some of the cost of fringe benefits for teachers, repairs to Grey Mountain School, and a greater volume of students attending post secondary institutions; that is, student financial assistance. The capital was a turn-back of money of \$288,000, funds largely available as a result of contract costs for the Whitehorse Elementary renovations being lower than we had anticipated.

Mr. Penikett: I would like to ask the minister a question about the explanation, which is described as increased requirement for teachers. As I understand it, there were a number of requests for teachers from school committees, and so forth, in the territory and that at the beginning of the school year or whenever the decisions are made about the staffing were turned down because there was no money available. The money was found to be available in mid-year in some cases. I may not be correct about my information, but let me give the minister an example of one school, where I understand there were two positions filled or two positions added during the year, which the minister would admit is a less than ideal time to do it. Could the minister explain how it was that the money was not available at the beginning of the school year or when the staffing decisions were made; how it was the money became available in mid-year, how the recruitment or staffing was done in those cases — and the third part of my question — whether she was not concerned that there was any — in those kind of staff additions — consequent disruption as a result of staffing in mid-year?

Hon. Mrs. Firth: I appreciate the member's concern about disruptions, particularly where the children are concerned.

At the beginning of the year, when we identify the teacher numbers, we identify fewer in anticipation of lowered enrollments. The lower enrollments did not materialize and, in fact, in some schools we noticed that, after Christmas, some of the enrollments had increased, and in four schools, in particular.

There have also been some principal changes in some of the schools and some administrative changes. So, at the request of the

school committees, and after having identified some particular problems in some of the schools, in order to comply with our teacher-pupil ratios, we felt that it was necessary, in some schools, to get a learning assistant — a half a year for a learning assistant, or a full person-year for a teacher.

Also, I have visited the schools and notice that there were some rather large classes for the very primary grades. We decided to go to the management board for some additional person-year complements for four schools, I think and, if I have forgotten, I will correct myself tomorrow. The schools were Takhini Elementary, Selkirk, Jack Hulland, and Whitehorse Elementary; they were all elementary schools. For some reason, we had noticed an increase in populations in those elementary grades in the schools all across Whitehorse.

I do not have the exact person-years that were identified for each school, but it did amount to approximately \$108,000 extra to finish off this year. We will have to look at making that identification in the next O&M budget to continue with that staff complement.

Mr. Penikett: I thank the minister for her answer. I should point out that I, too, noticed a population explosion in that age group in my neighbourhood.

I wonder if I could just ask the minister to pursue the point a little bit. She seemed to indicate that the department finally became aware of the changed situation with regard to elementary school populations, in this area, after Christmas or at Christmas. Presumably, there was some kind of count done then. She did not make it perfectly clear whether the populations were higher than at the beginning of the year, or whether they were just higher than expected. I wonder if she could just clarify that?

Secondly, I would be curious to know: having reached that conclusion at Christmas time, how long did it take, after the minister came to that decision and it went to management board, before those positions were actually filled?

Hon. Mrs. Firth: When we try to assess what the school enrollments are going to be, it is very difficult, because we take it from April of the previous year. Then we find that there are two significant changes in enrollment and it either raises or lowers them. In this case, it raised them higher in the beginning of the year, to answer the question the member asked.

School starts before the Labour Day Weekend so the enrollment numbers are different than after that Labour Day Weekend because some parents keep their children out of school. Then, we have another significant change at Christmas, and that has not happened traditionally. It has been since the economic conditions have been rather unstable.

As to the specific time period between us making that identification and going to management board for the additional teachers, I cannot give an exact estimation of whether it was two weeks or two months, or how long it would be. I can say it would be approximately a month and a half or two months — a month would probably be more accurate — and I will clarify that tomorrow if it is not accurate.

There were also some considerations that had to be taken into account because, although there had been the identification of a change in enrollment, there were also changes in the circumstances of which children there are more of, and I am sure that the member can appreciate that it can get very complicated. If you already have two or three grade one classes in a school and you only get an additional two grade one children and, however, you get many grade two children, it becomes an art in itself, trying to adjust the classes.

We did have a principal change at Whitehorse Elementary, when we seconded Mr. Bob Sharp to do the rural studies, so they have a new principal who had to look at his staff complement in terms of school enrollment, and so on. We all appreciate that different principals have different administrative styles, and as long as they are conforming to the pupil/teacher ratio, we like to accommodate them if we can.

Mr. Penikett: One last question in this area: concurrent with the additions to the elementary schools, is it not correct that there was also, as well as the transfer of Mr. Sharp to the department to do the rural school study, a movement of a principal — was it from

Teslin, Mr. Jones — into the department administration, or the bureaucracy of the department?

If my memory serves me correctly, there may have been one or two others as well, to increase the establishment of the education administration by four. I would be curious as to whether that increase is reflected in these numbers as well?

Hon. Mrs. Firth: I think they are reflected in here. I am pretty sure they are. I do not like to leave the impression that we are boosting up the administration of the department. These people have been seconded to respond to certain programs that were requested by school committees, by parents and by the Education Council. Mr. Jones, from Teslin, was seconded to start work on the alternate program and the two other individuals who were seconded were Mr. Hephner and Mr. Kelly, to work on the computer program.

I am sure the members can appreciate that once the computer program is established, we are going to have to look at some ongoing permanent person-years for that program, but these are just secondments for the time being to get the program established. We have not made the decision as to how long these individuals will be in that capacity, but we hope to be making that before the end of this school year.

Mr. Byblow: I was glad the minister referred to the secondment of some staff into the department in a couple of cases, to work on examination of approved programming and, in the other two cases, to work on the development of computer programming. I may have missed the figures, if the minister presented them earlier, as to what the actual increase in staffing was, and that was not predictable or was not calculated in the original estimates. Perhaps at the same time — I do not want to get into major debate, we will leave that for the mains coming up in a couple of weeks — it is often mentioned that the use of March enrollments to calculate September's staffing complements is not the most desirable policy. Somehow we have to get closer to the June closing enrollment and a better identification of numbers for the fall to gauge our requirements for September. So often, in the staffing complements in September, we are not properly meshed, and it works both ways. Sometimes we have more staff than a ratio might warrant. There is never more staff than can be used by the school. More often than not the numbers of March do not reflect close enough the September actual enrollment. That is something we can debate at some length some time in the future.

While the minister is responding to the actual numbers, if she can, about the increase in staffing, I will simply ask for an undertaking for the mains debate to be prepared to discuss the pupil teacher ratio formula. There are many grey areas about it and many questions about it. I do not wish necessarily to have a formula tabled, because that then ties us to something we may not want. I do want to discuss that in a couple of weeks time. My original question is related to staffing increase so I will let the minister respond.

Hon. Mrs. Firth: I could be corrected on this: I think it is 4.5 person-years. I know the amount is \$108,000 for those extra teachers. I will be prepared to debate that more accurately when we do table the O&M budget and we do enter into debate regarding education.

As well, about the comments made about the March enrollment, they have, in the past, worked to a certain degree; however, the member must appreciate the unstable economic conditions, and so on. We had great difficulty in predicting enrollments and had predicted, because of statistics and so on done in the Department of Economic Development, a much larger decrease in enrollments that actually did not materialize. We will be discussing the pupil-teacher formula in the O&M budget, because we are looking at that area.

Mr. Byblow: For the purposes of this current fiscal year, and in consideration of the 4.5 that the minister believed was the increase in staffing complement, I would like to ask if this was strictly teaching staff or was it, in any way, related to support staff, as per remedial tutors, as per learning assistants, or any other support fashion?

Hon. Mrs. Firth: It was for teachers and learning assistants in four elementary schools, but no administrative staff, or principal, or

library or clerical. I think that is what the member may be getting at. It was strictly for teachers, and I believe there was a half a learning assistant or a half of a remedial tutor in one of the schools, as well.

Mr. Byblow: I believe that was in the Porter Creek junior secondary, where there was an increase within the last couple of months.

Hon. Mrs. Firth: No, these increases were only in the elementary schools: Takhini, Whitehorse Elementary, Jack Hulland and Selkirk.

Mr. Byblow: I will not pursue that in much more detail, as I am sure it will surface again and, perhaps, the minister will check out the numbers, because we will be talking about next year's numbers in a comparative way.

In this vote, during the course of the year we removed a branch, and that would be recreation. If I am correct on that, then we approved a million dollars along with the recreation transfer over to heritage and culture. So, the reflection, then, of the supp that we are voting today would more clearly represent an original \$27,000,000 in O&M, which is now moving to \$30,000,000. That would then reflect an actual increase of about \$2,000,000 in the education portion of the budget. Would the minister confirm that that is a correct interpretation?

Hon. Mrs. Firth: That could be correct, approximately \$2,000,000.

Mr. Byblow: One of the explanations for the requirement for increased funding to this period 9, and subsequently, 13, because that contingency I would assume is in here also, has been the post secondary student attendance. In other words, an increase in the number of people taking further education. Has the minister any figures reflecting last year's pattern in that?

Hon. Mrs. Firth: I am not sure if the member is asking for amounts or numbers of students? I have numbers of students. I know that the latest numbers were 319 students and that is up from some 260 or 270. I do not have the exact figure. That funding for 319 students is reflected in the amount of \$816,737. We can get into further discussion when the O&M budget is tabled.

Mr. Byblow: Just one closing remark respecting the 4.5 increase. The 4.5 staffing complement increase would reflect the cost for the entire year. Because a number of those positions were filled partly through the year, but would not necessarily reflect a full one additional complement; therefore, the 4.5, theoretically, in practical terms, actually represents an increase of seven or eight staff throughout the system for only a portion of the year?

Hon. Mrs. Firth: No.

Mr. Byblow: The minister will have to explain to me how 4.5 goes for the entire year.

Hon. Mrs. Firth: We made the identification that we needed some extra personnel in teachers and learning assistants. I went to management board with a submission requesting approximately 4.5, and that was divided among the four elementary schools; however, the funding we have received at management board was only to the end of this year. When I go back to the O&M budget process, I will have to make an identification of those person-years in the O&M budget for their funding. I am not saying 4.5 person-years in a sense where it is etched in stone. That is what I requested. There were going to be four and a half more people working; one half to combine with another half to make the whole.

Yes, I believe there were two teachers at one school. One teacher got the half a person-year and two other schools each got an extra individual to work; however, the salary dollars identified were only to carry us through to the end of this year.

Mr. Byblow: We will have to thresh this out in two weeks' time, but if the minister is telling me that 4.5 staffing increase took place in the schools with an additional teacher here, and an additional learning assistant there, for the complement to add up to 4.5. What she is not answering is that, at the same time, there were several people seconded from the system into administration. They must be added to the four and a half bodies making up the 4.5 person-years. To me, that is a little confusing, but I am not going to dwell on it.

Hon. Mrs. Firth: That is a separate issue. Perhaps we should

wait until the O&M budget debate. I know the principal from Teslin was replaced by a vice-principal and another teacher was replaced by someone else who moved up. The principal who replaced Bob Sharp from Whitehorse Elementary came from another school and the vice-principal moved up into his position. Perhaps it would be best if we waited until the O&M budget, then I can present all of the staffing complements for the member for Faro, as I know he is very diligent about doing his homework when it comes to person-years. I will have everything there for him.

Mr. Penikett: I am curious. The minister keeps referring to having gone to the management board, and the management board approving this and that. I wonder if I could just slip in a question to the government leader in his capacity as Minister of Finance. Under what authority is management board now operating, since the *Financial Administration Act*, which creates it, is not going to be proclaimed until April?

Hon. Mr. Pearson: We established management board about eight months ago. I reported it to this House — I am sure I can refresh the member's memory — indicating that what we wanted to do was put management board into place for some considerable length of time prior to declaring the *Financial Administration Act* in place so that we could iron out the wrinkles that we had to iron out. Management board functions under the authority of the old *Financial Administration Act*. It required the creation of a financial advisory board. We simply changed the name. It is still the financial advisory board; we refer to it as management board, and it will be officially called management board on April 1.

Mr. Penikett: Just to be clear then, the statutory authority is the statutory authority provided for the financial administration committee.

Hon. Mrs. Firth: (Inaudible)

Mr. Kimmerly: The number on page 11 under O&M is \$515,000. There are essentially two items identified in the explanation and a few more verbally, in a general sense. The person-years is \$108,000 of that \$515,000. What is the amount for grants concerning attendance at post secondary institutions and what are the other amounts, if any?

Hon. Mrs. Firth: The grants are \$118,000; the Grey Mountain Primary School roof was \$155,000; the higher cost of fringe benefits for teachers was \$332,000. If the member is trying to add them up to come up with \$515,000, he will not be able to do it because that includes all of the line items in the Department of Education, so it includes administration, public schools, French language program, advanced education and manpower, and then the approved adjustments that we have. The figure that we do come out with is \$515,000.

Mr. Kimmerly: I would like a word of explanation about fringe benefits for \$332,000: which benefits are those?

Hon. Mrs. Firth: Those are the teachers' fringe benefits: their holidays, their northern allowance — whatever benefits the teachers have in their contract.

Mr. Kimmerly: I am curious as to why that is in a supp. I remember voting on a teachers' salary, including a fringe benefits package, in the original estimates. Why is this in a supp?

Hon. Mrs. Firth: Because of the numbers of teachers, the government has been in the habit of identifying costs for their fringe benefits in the supps, as opposed to in the total salary dollars of the Department of Education. It is just something that we have done with the teaching staff.

Mr. Kimmerly: I understand the statements, but I am confused as to why that would be. The only explanation that I have understood was because of the numbers, but why is it in the supps?

Hon. Mr. Pearson: If my memory serves me correctly, this is the only department that this ever shows up in. It is simply because of the numbers; it has so many people. The other departments can pick up the fringe benefits and the changes in fringe benefits — for instance, the incremental salary increases — in the normal course of events during the course of the year. However, in education, where you have so many people, so much of the budget is salary, then it just does not work that way and we have to show it as a separate item. Normally, it does show it as supps.

Operation and Maintenance in the amount of \$515,000 agreed to

On Capital

Capital in the amount of a reduction of \$288,000 agreed to

⁵²

On Consumer and Corporate Affairs

Hon. Mr. Tracey: The \$76,000 is caused by the departmental reclassification and pay-out of the termination of an occupational health and safety officer, which cost us some extra money; internal travel for information meetings and public relations campaign on the new *Employment Standards Act*. Additional costs were for the industrial relations legislation and the amendments to the *Electrical Public Utilities Act*, and a \$10,000 contingency.

Mr. Kimmerly: I understand the list and I thank the minister for that: the dollar amounts were not given after each of the titles and I ask for that.

Hon. Mr. Tracey: For the occupational health and safety officer, it was \$7,000. A reclassification of the labour services, plus acting pay for a labour services officer was \$14,000. The increased requirement for a casual assistant related to development of all of the legislation that we required, \$7,000. We had a reduction of \$12,000 in internal travel for information meetings, public relations campaigns and employment standards. We had additional consultant services for electrical rate analysis of \$12,000. We had vacancy factors of a \$5,000 saving, which left \$23,000 in that section.

Industrial relations development was \$30,000, and a consultant for electrical public utilities was \$13,000, which makes it \$66,000 plus \$10,000 for contingency.

Mr. Kimmerly: The item I am confused about is a title called public relations for the *Employment Standards Act*. What kind of public relations was done and what is that for?

Hon. Mr. Tracey: There was no money extended. I said it was a reduction of \$12,000. We had money budgetted for public relations for employment standards, and also for various meetings. We did not expend all of that money, so that is a reduction of \$12,000. An increase in the consultant service for electrical rate analysis was \$12,000, which balanced that out.

⁵³ **Mr. Kimmerly:** I have a question about expenditures concerning the rentalsman. Is that on budget or is it above or below at the present time?

Hon. Mr. Tracey: There is no money budgetted for the rentalsman. The rentalsman is a function of one of the people in the department.

Mr. McDonald: The minister mentioned the departure of the occupational and safety officer and mentioned the costs associated with that in the amount of \$7,000. Can he explain what the \$7,000 is for?

Hon. Mr. Tracey: Yes, the occupational health and safety officer was here for a period of time and when he terminated it cost us extra money for his termination. It was not budgetted.

Mr. McDonald: Under what circumstances did this person leave? Perhaps you can inform me. I am not aware that when a person quits that this sort of expenditure is made.

Hon. Mr. Tracey: Certainly, if he has it coming, he has it coming. It is his holiday pay and all the rest of it that he has coming, for whatever reason he leaves the government.

Mr. McDonald: I assume that there is another person who has been hired and has taken his place, is that correct?

Hon. Mr. Tracey: Yes, there is a new person in the department.

Mr. McDonald: The figure for legislation, given at \$7,000: is that the complete cost of development of legislation or will this be an ongoing cost until this legislation is before the House?

Hon. Mr. Tracey: Yes, it was for casual help that we hired in order for us to develop all the acts. As you will notice, as we go through this session I am going to be tabling quite a few acts. We have very few people in our department; we had to hire casual assistance.

Mr. McDonald: The minister mentioned public relations campaigns. Can he detail those briefly here?

Hon. Mr. Tracey: Obviously the member was not listening when I explained that it is a reduction, not an increase.

Consumer and Corporate Affairs in the amount of \$76,000 agreed to

Mr. Philipson: I would move you report progress on Bill No. 15.

Motion agreed to

Hon. Mr. Lang: I move that Mr. Speaker now resume the Chair.

Motion agreed to

Mr. Speaker resumes the Chair

Mr. Speaker: I will now call the House to order.

⁵⁴ May we have a report from the Chairman of Committees?

Mr. Brewster: The Committee of the Whole has considered Bill No. 13, *Fifth Appropriation Act, 1983-84*, and directed me to report progress on same.

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

Some Hon. Members: Agreed.

Mr. Speaker: May I have your further pleasure?

Hon. Mrs. Firth: I move that the House do now adjourn.

Mr. Speaker: It has been moved by the hon. Minister of Education that the House do now adjourn.

Motion agreed to

Mr. Speaker: This House now stands adjourned until 1:30 p.m. tomorrow.

The House adjourned at 5:26 p.m.

The following Legislative Returns were tabled March 27, 1984:

84-4-1

Security for art exhibitions in the Art Gallery (Firth)
Oral - *Hansard* p.8

84-4-2

Tourism and Small Business Incentives Program (Firth)
Oral - *Hansard* p. 9