



The Yukon Legislative Assembly

Number 11

4th Session

25th Legislature

HANSARD

Thursday, April 5, 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, Recreation and Culture
Hon. Clarke Ashley	Klondike	Minister responsible for Justice; Yukon Liquor Corporation; Yukon Housing Corporation; and, Workers' Compensation Board
Hon. Andy Philipson	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 Penkett	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

01 Whitehorse, Yukon

Thursday, April 5th, 1984 - 1:30 p.m.

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

Prayers

DAILY ROUTINE

Mr. Speaker: We will proceed at this time to the Order Paper. Are there any returns or documents for tabling?

TABLING RETURNS AND DOCUMENTS

Hon. Mr. Lang: I have for tabling the Protective Services Annual Report for the years 1982 and 1983.

Mr. Speaker: Reports of committees? Petitions?

PETITIONS

Mr. Clerk: Mr. Speaker and hon. members of the Assembly, I have had the honour to review a petition, being Petition No. 3 of the Fourth Session of the 25th Legislative Assembly, as presented by the hon. member for Whitehorse South Centre, on April 4, 1984. This petition meets the requirements as to the form of the Standing Orders of the Yukon Legislative Assembly.

Mr. Speaker: Accordingly, the petition has been, then, received.

Introduction of bills?

Notices of motion for the production of papers?

Notices of motion?

Statements by ministers?

MINISTERIAL STATEMENTS

02 Hon. Mr. Ashley: I am pleased to advise that on March 21st, the Department of Justice initiated a Yukon-wide program to recognize 120 Yukoners through the community service order program for their efforts as volunteers. Yukon was one of the first jurisdictions in Canada to initiate the community service order program and we have been operating it successfully since 1978.

This program clearly demonstrates a positive and effective form of community participation that involves community volunteers who work directly with offenders. Community service volunteers provide an excellent avenue for helping the communities to relate to offenders as individual people. Each community service order volunteer is an important ambassador for the Department of Justice within his or her community.

Now, more than five years later, we can say that the program has met with a great deal of success, involving 120 individuals and groups. The program has enlisted a wide range of Yukon communities who have benefited from this program through such services as: assisting teachers at the school on activity days in Pelly Crossing; slashing a dog team trail in Watson Lake; packing water and chopping wood for the elders in Old Crow; and, assisting in making up Christmas hampers for the Salvation Army in Whitehorse.

I raise this today, so that this House may recognize the volunteers for their time, their effort, and their commitment to the community. I had the pleasure a few weeks ago to present the first certificates of appreciation to the Whitehorse Boys and Girls Club for its participation in the community service order program. All our other volunteers in Yukon will be receiving their certificates of appreciation during the next week.

Mrs. Joe: I am certainly happy to see that the minister has recognized these individuals who have put in hours and hours of volunteer work. I am quite aware of the program. When I was a justice of the peace, I very often was given the chance to become involved with the community work program. As a matter of fact,

since I have left the courts, I have been a volunteer.

03 I doubt if I will get a certificate but I have been a volunteer. I am pleased that the minister has recognized these people who have put in a large number of hours and who have given a lot to the community.

Mr. Speaker: Are there any further ministerial statements? This then brings us to the Question Period.

QUESTION PERIOD**Question re: Alcoholic beverages mark-up**

Mr. Penikett: My question is to the government leader. On March 27, the government leader undertook to supply this House with the current Yukon Liquor Corporation mark-up on alcoholic beverages and, although the minister responsible for the corporation made a ministerial statement in response, he did not supply the Liquor Corporation mark-ups. Will the government leader table the figures that he promised on March 27?

Hon. Mr. Pearson: Yes.

Mr. Penikett: I would like to ask the government leader further if he could tell the House from his current knowledge — he or the minister responsible for the corporation — if the current Yukon Liquor Corporation mark-ups on alcoholic beverages are higher than those imposed last year and, if so, how much higher?

Hon. Mr. Ashley: My understanding is that they are not higher; they are the same as they were. In fact, the prices have gone down.

Mr. Penikett: I am afraid it proves nothing of the kind.

A final supplementary to the government leader that relates to fiscal and taxation policy, tax levels on alcohol as it affects the tourism industry: a matter raised before in this House.

04 Since the government is concerned about the level of federal taxation, why does this government add its 10 percent in taxes, plus the mark-up, on top of the federal tax, in effect profiting from the federal tax?

Hon. Mr. Pearson: I am a bit confused by the question. If the member opposite knows that we have a 10 percent add-on mark-up on liquor — he seems to have just stated that — why bother having me table it in the House?

That is, in fact, our policy: that we do have a mark-up on the cost of liquor to this government. Now, if the federal tax is part of that cost, and it goes up, then that is what happens: the price goes up.

Question re: Business strategy

Mr. Byblow: My question is to the Minister of Economic Development.

In the government's Throne Speech, reference was made to the development of a comprehensive business strategy to strengthen Yukon's business community, to attract markets and investment. Reference was also made to discussions with the City of Whitehorse and the Chamber of Mines. What comprehensive business strategy is the government talking about? In other words, what are its principles and what is being done?

Hon. Mr. Lang: It is an area that we are becoming more and more involved in, in view of what we perceive as possible markets for the various businesses here in Yukon. We began by making a trip to Calgary and Vancouver, with the business community, to meet with the major proponents who have investments either in Yukon or in the Beaufort Sea and Norman Wells.

05 I should point out that it was very successful. We are also looking at, as the member knows, the opportunities that could exist in Alaska. We are working in conjunction with the business community, with the idea of being the coordinator, at times, and also at other times, supplying what information is necessary for the business community to get out and sell their goods from a marketing point of view and compete in the open market.

At the present time, the basic principle we are working under is that we will be a coordinator and a proponent of our business community, do what we can in conjunction with them, work with them and, wherever possible, open the necessary avenues of opportunity for them in the competitive marketplace.

Mr. Byblow: Has any documentation or statement been produced describing the strategy or its plans?

Hon. Mr. Lang: A number of ideas have been put forward. You will be seeing one fairly soon as far as the business development fund is concerned that we voted in our capital main estimates. We have one individual working full time in this particular area and, as time goes on, I am sure further documentation will be brought forward.

From my conversations with the Chamber, the city and the various other people involved, they are very pleased with the work of the department and what we are attempting to do. We have their full cooperation as well.

Mr. Byblow: Is any consideration being given, or will any consideration be given, to outlying communities in any refinement of the strategy?

Hon. Mr. Lang: We are looking at that, at the present time. I am hoping that we can provide some services to all communities in the territory, where necessary. There is no question that small business people out there, especially those who are just starting, could use a little bit more expertise. We are prepared to provide that as time goes on.

I should point out, also, that the other role that we see ourselves playing is, in view of the numbers of various programs that are being offered by the Government of Canada, to attempt, where possible, to make that information available to the business community so that they can take advantage of those programs that are available to Canadians. I think that that is going to be a plus as far as the business community is concerned. When you look at programs such as, I believe it is referred to as, the IRDP, which is available here if you meet certain criteria.

Question re: Yukon Housing Corporation

Mr. Kimmerly: About the Yukon Housing Corporation. Is the minister aware of a disagreement or tension between the corporation and the local association in Carmacks concerning the authority over evictions in that community?

Hon. Mr. Ashley: No, I am not.

Mr. Kimmerly: Will the minister undertake to look into the situation and determine if ministerial action is deemed appropriate?

Hon. Mr. Ashley: The member opposite knows it is a board responsibility. The Yukon Housing Corporation Board of directors is responsible. I will certainly look into it. If there is something I can do I will certainly do it, but it is the board's responsibility.

Mr. Kimmerly: Is the minister able to state the government policy or the board's policy on who has the right to evict in a community, the local association or the corporation from Whitehorse?

Hon. Mr. Ashley: I will take the question on notice, but I do believe the Yukon Housing Corporation has the overall authority.

Question re: Rural electrification program

Mr. Porter: My question is to the government leader. Many of the provinces of Canada have had a rural electrification program for years; Is this government considering instituting a policy to assist rural communities of Yukon to improve access to reasonably priced electricity?

Hon. Mr. Pearson: I have been associated with this government with respect to electricity and the distribution of electricity for some 20 years now. It has always been the policy of whoever the government of Yukon might have been at the time to try to get some sort of rational equalization throughout the territory. Certainly, it is a major objective of this government. It is one of our goals. We work toward it all of the time.

Mr. Porter: Just further on the point of policy, with respect to how this government is proceeding in the policy area in providing reasonably priced electricity to communities, is the government looking at assuming a lender's role or a position of a guarantor of loans so that those loans could be amortized over a number of years? Is the government looking at those as possible roles for itself?

Hon. Mr. Pearson: The major problem has not been capitalization; that is not the problem. The major problem has been the ownership of the Northern Canada Power Commission and the requirement of that major supplier of electricity in the territory to

recover its costs every year. It is something that is in a federal piece of legislation. What we, and what everyone else, have been doing, all of these years, is to try to convince the Government of Canada that they have to change their concept of the way the terms and conditions under which Northern Canada Power Commission should deliver electricity in this territory.

Mr. Porter: From the rural consumer's point of view, cost is the big factor; the ability to afford the provision of power to their homes in rural Yukon. In the government's review of this policy issue, is the government prepared to apply any policy that eventually comes forward on a Yukon Territory-wide basis, or is it considering to limit the policy to only those rural areas adjacent to Whitehorse?

Hon. Mr. Pearson: I do not know whether the member is aware of the fact or not, but there is one scheme in place, at the present time, with respect to rural communities. It is funded primarily by the federal government and it is administered by this government. As I said, our objective, our goal, is to make the cost of electricity the same for everyone in the territory; it does not matter where they live.

Question re: Court services

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

At present, it is not uncommon for a person waiting to go to trial on a criminal charge to wait anywhere from five months to nine months for a case to be heard by a judge. Since the department has been aware of this problem for years, why has the minister not expanded the court services to solve this problem?

Hon. Mr. Ashley: The figures the member opposite is using are not figures that I am receiving, so I do not know where she is digging her figures up from.

Mrs. Joe: I will have no problem with supplying the figures to the minister.

Can I ask the minister if his Justice Steering Committee has made any recommendations to rectify this problem?

Hon. Mr. Ashley: If I am not receiving those figures, very possibly it is not the problem the member opposite thinks it is.

Mrs. Joe: I would like to ask the minister if there has been any consideration given to establishing a third territorial courtroom and a third territorial court judge?

Hon. Mr. Ashley: We consider it every year. Budget restraints are always looked at. It will be discussed, I imagine, in our upcoming O&M budget debate.

Question re: Government employees crossing picket line

Mr. McDonald: I have a question for the government leader. It has come to my attention that Yukon government employees using Yukon government vehicles are crossing the legal employee picket line at the local food store on government time. Can the government leader state whether it is the policy of this government to allow or permit this kind of activity to occur.

Hon. Mr. Pearson: I can say that we do not have a policy, either allowing or disallowing such a thing to occur.

Mr. McDonald: I have a question of general policy. As a matter of general policy, can the government leader state whether or not it is government's policy to permit the use of government vehicles on government time for employees to conduct private business?

Hon. Mr. Pearson: As a matter of policy, no.

Mr. McDonald: Then I have another question of general policy. As a matter of general policy, can the government leader state whether or not it is this government's policy, or whether this government is prepared to take sides in an industrial dispute, by directing its business to stores that are being legally picketed?

Hon. Mr. Pearson: No, I am not prepared to take sides at all.

Mr. Speaker: We will now proceed to the Order Paper. Is it the wish that the Question Period continue? Obviously, no members rose to ask questions and it is only assumed from the Chair that there are no questions. Are there questions?

Mr. Penikett: Point of order, Mr. Speaker. Your mouth is quicker than our legs today; that is all. We do have more questions.

Mr. Speaker: I would suggest to the hon. members that if they do have questions they rise and be recognized. On this one occasion, I will permit the Question Period to continue; however, in the future, when no members rise for further questions, the Question Period will be deemed to have been concluded.

Question re: School facilities

Mr. Penikett: I am sorry, Mr. Speaker, it is just that we are permitted so little time in which to put the questions, it sometimes slips right by.

I have a question to the Minister of Education concerning the Association of Yukon Communities' resolution that the use of school facilities for community recreation purposes be conditional on public use agreements signed by the Government of Yukon and individual municipalities. Could I ask the minister what her ministry's position is on this important question?

Hon. Mrs. Firth: We have been having the communities, for example Whitehorse, enter into a joint use agreement, and they have been administering it for us.

Mr. Penikett: The minister did not answer with respect to the other communities. Perhaps I could ask the supplementary to the minister responsible for the municipalities. AYC has resolved that private third party advertising along highways within municipalities be subjected to municipal zoning regulations. Does this agree with the position of the Government of Yukon.

Hon. Mr. Lang: The responsibility for highway signs lies with the Minister of Highways, not the Minister of Municipal Affairs. I do know that he has been working closely with the Association of Yukon Communities, and there will be some question of zoning if signs are going to be permitted, which, I believe, would be a function of the municipality. There is going to have to be cooperation between the two levels of government on whatever the community decides is going to be best for the area within its boundaries.

I can assure the member opposite, from my information, that I believe the Minister of Highways is working very closely with the association and whatever other organizations that have to be involved in order to ensure that there is the cooperation necessary to achieve the ends that the various communities want to meet.

Mr. Penikett: From that answer, we are to understand that highways are close to municipalities, which is not news to us, and I do not want to come between the Minister of Highways and the municipalities, nor does the minister opposite, but I would like to know if I can interpret the minister's position, or is it the position of the government, that these signs referred to in the resolution by OAC shall be subject both to the regulations of this government, the Minister of Highways regulations, and the zoning requirements of the municipality? In other words, both will dictate their use?

Hon. Mr. Lang: I think that is a safe statement. The principle is that the highways are the responsibility of the Government of Yukon Territory. Therefore, the legal authority for that responsibility comes from the *Highways Act* and I would be more than pleased to provide the member opposite with a copy of it. If he cannot understand it, I would be more than pleased to meet with him in his spare time to explain it to him.

Question re: Yukon Housing chemical stock

Mr. Byblow: The minister responsible for Yukon Housing is looking forward to this question, because I know he wants to give an update on the subjects. What is the current depletion status of the infamous chemical stock of Yukon Housing?

Hon. Mr. Ashley: The subject is still under RCMP investigation, so I cannot go into any discussion on it.

Mr. Byblow: Relating to a matter on the subject that ought not to be under investigation is a consequence of the use of the chemical, whereby, allegedly, boilers deteriorated rather than were preserved through the use of them. Has the minister been able to determine if there was any extensive damage that cost this government money by that consequence?

Hon. Mr. Ashley: The information I have is that did not take place; that is not the case. I will take the question on notice and get back to the member on it.

Mr. Byblow: Has the minister had any indication as to when the police investigation will be over?

Hon. Mr. Ashley: When they are done.

Question re: Yukon Housing Corporation, door replacement

Mr. Kimmerly: Again about the Housing Corporation, but a constituency question. I am advised that the front doors were painted on almost all the units in my constituency and a month or so afterwards, were replaced. Why was the painting of the front doors done just before the replacement of these front doors?

Hon. Mr. Ashley: I am going to have to take the question on notice. It should have been a written question, I believe.

Mr. Kimmerly: Are the maintenance costs, concerning the painting of the front doors, ultimately charged to the tenants?

Hon. Mr. Ashley: That has never been the case before. It will not be the case now, I am sure.

Mr. Kimmerly: I am pleased to hear it. What is to become of the newly painted front doors with no houses around them? Are they to be scrapped or sold?

Question re: Constitutional process and CYI

Mr. Porter: My question, again, is directed to the government leader.

Does this government accept the distinction, made by the federal government, between those rights that will be defined by the Section 37 constitution process and those rights that have been the subject of negotiation between the Council for Yukon Indians and the Government of Canada?

Hon. Mr. Pearson: I do not think there is any doubt about it, there will be a distinction because the rights negotiated by the Council for Yukon Indians, with respect to their land claims settlement, we anticipate will be enshrined in a piece of settlement legislation. Other rights, at one time or another, may will be enshrined in the *Constitution*.

Mr. Porter: John Munro, the present Minister of Indian Affairs, has indicated to the CYI that whatever constitutional rights might be defined for aboriginal peoples, which would apply to beneficiaries of the Yukon settlement, would take precedence over the rights provided them as part of a comprehensive claims settlement package. Is that this government's position, as well? Does this government have the same understanding as the minister?

Hon. Mr. Pearson: I would respectfully suggest that it is irrelevant what this government's position might be, with respect to that. There is absolutely no doubt about it, the *Constitution* takes precedence over any other piece of legislation.

Mr. Porter: I would like to ask the government leader when this government is going to negotiate an agreement with the federal Government of Canada, with respect to instituting a Yukon constitutional process?

Hon. Mr. Pearson: We have been assured by the Government of Canada, many times over by the current Government of Canada, that it will sit down and seriously talk constitutional change in this territory, once land claims are settled.

Question re: Women's Bureau

Mrs. Joe: I have another question for the minister responsible for the Women's Bureau.

Last year, the Women's Bureau was granted \$10,000 for research on battered women. Could the minister tell us what the present status is of that project?

Hon. Mr. Ashley: This review was conducted between both the Department of Justice and the Department of Health and Human Resources. We had a contract worker working on it. The contract worker has now completed the report, which has been given to justice and health and human resources, the two departments involved. The appropriate people in the departments will be going through the recommendations, along with education. In a month, they will be making another report to me, which I will be tabling at the conference of ministers responsible for women's issues, in May. The funding for that report was supplied by the federal government. It was mainly in respect to this ministerial conference coming up.

Mrs. Joe: Since the minister will be tabling this document on its completion, could I ask the minister if it will be made available to the public?

Hon. Mr. Ashley: I will have to wait and see what the document is. If it is in a form that can be tabled, I will answer it then. I have no idea at this point.

Mrs. Joe: Since one of the terms of reference from the federal government was to include recommendations in the final report, could I ask the minister if it is the intention of his department to implement those recommendations in the near future?

Hon. Mr. Ashley: I am not sure what the question actually is. I have already stated what we intend to do.

Question re: Agricultural land protection

Mr. McDonald: I have a question for the minister responsible for agriculture regarding agricultural land protection. After the agreement for sale of agricultural land is complete and titles transferred from Yukon government to individuals, can the minister state what protection exists to prevent the individuals from subdividing the property and thus speculating, or allowing these individuals to sell land to speculators?

Hon. Mr. Lang: The regulations.

Mr. McDonald: Can the minister assist this member by stating which regulations he is referring to pursuant to what act?

Hon. Mr. Lang: Pursuant to the *Lands Act*.

Mr. McDonald: I will check that out and be back to him on Monday. I have a question for the minister regarding land use conflicts and the statement of general policy issued by the government to prospective farmers. The policy states that each parcel of land must be accessible by road or by water and must not involve any major land use conflict. Can the minister state why agriculture is given such a low priority when there is a land use conflict?

Hon. Mr. Lang: The member opposite is entitled to his opinion. I personally believe it is given a very high priority.

Question re: Government taking a side in a strike

Mr. McDonald: I have a question for the government leader. The government leader said it was not a matter of this government's policy to either take sides in an industrial dispute, nor to permit employees to use government vehicles on government time to conduct private business. Can the government leader state why the Yukon government has, in fact, taken sides in this dispute by permitting the use of government vehicles for private business on government time?

Hon. Mr. Pearson: The question, of course, is impossible to answer. I would submit that it is probably an improper question. If the member has a specific instance that he would like to bring to my attention, I would be most pleased to hear about it. At that point in time, this government will act upon it.

Mr. Speaker: Yes, the question would seem to be argumentative.

There being no further questions, we will proceed to the Order Paper to Orders of the Day under Government Bills.

GOVERNMENT BILLS

¹² **Hon. Mr. Lang:** I would move that Mr. Speaker do now leave the Chair and 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 the Committee of the Whole.

Motion agreed to

COMMITTEE OF THE WHOLE

Mr. Chairman: I now call the Committee of the Whole to order. We will have a brief recess, and when we return we will go on to Bill No. 10, *An Act to Amend the Income Tax Act*.

Recess

¹³ **Mr. Chairman:** I will call Committee of the Whole to order. We will proceed with Bill No. 10, *An Act to Amend the Income Tax Act*.

Bill No. 10: *An Act to Amend the Income Tax Act* *On Clause 1*

Hon. Mr. Pearson: At second reading, the leader of the opposition suggested that the words "by reference to a table" be added to the amendment to Subsection 4(5). I am advised that it is not necessary that these words be added, because the proscribed rules govern how the tax is determined and how the amounts in the table are to be calculated. To add the wording suggested would add nothing to the meaning of the subsection.

With respect to the leader of the opposition's comment about the possibility of the word "and" being added at the end of the paragraph, I do have an amendment and, at the proper time, I will move that amendment.

The wording used in subsection 17(1)(a) of the act, which is the wording that is used here, is that wording that is recommended by the federal government. We cannot see any reason to argue with them about it.

Subsection 17(4) is added to define the first installment base and the second installment base of a corporation, because this is the first time they are referred to in our legislation. Consequently, we need to define their meaning.

¹⁴ I might emphasise that the amendments are here because of the recommendation, or the demands if you will, of the federal government. We have an agreement with them that says that we will change our legislation to meet the requirements of their legislation and rules; upon being advised by them that we should do so.

Mr. Penikett: As the government leader says, I guess it just goes to show that you cannot trust that guy, Lalonde. I phoned him up, and I say: is this bill okay? We talk about it, we go through all this thing and he tells me the stuff about reference to a table prepared. In both official languages, he talks to me about the estimates of the taxes payable and everything. I take him at his word, I trust him. He tells me, he says all this stuff is supposed to be amended and he is not right. I have lost all faith in him. I just have to tell you that, Mr. Chairman, I guess I have nothing to really argue about anymore except the last clause, and that is all. I should say that I was talking about Fred Lalonde.

Mr. Chairman: Is that all the general debate? If so, we will go on to subclause 1.

Clause 1 agreed to

On Clause 2

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

On Clause 4

Mr. Penikett: I would appreciate, seriously, the government leader explaining this a little bit more.

¹⁵ I understand that he used the expert wisdom of the Department of National Revenue and presumably that of his own officials in the Department of Finance. I confess to not being a lawyer or tax accountant, but the language of that clause seems to me to be quite clear about the references to taxes payable. This section allows people to put forward, on a monthly basis, an estimate of their taxes payable, but it does not refer to estimates, it refers to the amounts payable. It may be legally correct; it just concerns me that it is a little bit imprecise, because you really are only making an estimate of what may be due, because you have no way of knowing, technically, what the amount payable actually is.

Hon. Mr. Pearson: Evidently, if you have the rules, then it is clear that these are estimates, and the rules very clearly dictate where you get those estimates out of the tables.

Amendment proposed

Hon. Mr. Pearson: I move that Bill No. 10, entitled *An Act to Amend the Income Tax Act*, be amended at Clause 4(1)(a)(iii), page one, by deleting the phrase "for the year." and substituting for it the phrase "for the year; and".

¹⁶ *Amendment agreed to*

Mr. Penikett: On Clause 4(2), I would appreciate a little further explanation about this. Again, the government leader was kind enough to recall my remarks at second reading and I must admit that I am still a little foggy, even after having had his explanation now.

The section that we are talking about amending here, 157(4), is, as I said at second reading, very long, involved and complicated, and quite specific in its terms. As I understood the government leader, he was making reference to language in this section, which talks about a first installment base and a second installment base.

The words that concern me were in the final phrase, "with such modifications as the circumstances require". I am just curious as to whether this creates a new delegating power that can be acted upon by further regulations or by regulations written by the government, to the act, or whatever. I was curious about that and, if that is the case, what kinds of regulations might follow from that? If it is not the case, then I am afraid I do not understand the phrase, "with such modifications as the circumstances require".

Hon. Mr. Pearson: We are not amending anything with this section. What we are, in fact, doing is adding a definition to our act, and what this section is saying is that first installment base and second installment base of a corporation for a taxation year have the meanings that are, in fact, established: under section 157(4) of the federal act.

We are dealing now with two pieces of legislation. Later on, in our legislation, the first installment bases and second installment bases are referred to. In our legislation at the present time, there is no definition of them.

This now says that these two terms mean what they do in the federal act, except instead of them being for federal corporations they are for territorial corporations. The modifications in respect to circumstances are those modifications that make a federal corporation different from a territorial corporation.

Mr. Penikett: The thing is becoming clearer. "With such modifications of circumstances require" refers back then to section 157(4) in the federal act, not to the territorial act.

Hon. Mr. Pearson: That is exactly correct.

Clause 4 agreed to as amended

On Title

Title agreed to

Hon. Mr. Pearson: I move that you report Bill No. 10 with amendment.

Motion agreed to

Mr. Chairman: I declare that Bill No. 10, *An Act to Amend the Income Tax Act*, be cleared from the Committee of the Whole as amended.

We shall now go to Bill No. 2, *An Act to Amend the Municipal Finance Act*.

Bill No. 2: An Act to Amend the Municipal Finance Act
On Clause 1

Hon. Mr. Lang: You definitely have observed that I always like to wait.

With respect to the bill that is before Committee, as I indicated in the second reading speech, we wanted to amend the legislation that was on the books to come up with a better formula for the distribution of dollars for the purposes of the dwelling unit grants so that we have an equalization, if you like, between the various communities of the territory.

I think the formula we now have before us for consideration is going to be fairly flexible, in that if there are changes in the community, will be able to be altered and not affect the financial base of the community, or communities, depending upon the situation.

The number of dollars we are talking about is significant, from the point of view of the government and the people of the Yukon Territory. The distribution through this formula totals \$2,146,941, therefore it is a significant number of dollars that are being distributed throughout the territory for the purposes of offsetting the costs to those communities.

I think the most important aspect of the bill before you is that it assures that the smaller communities will get a transfer of dollars,

significant enough to be able to pay, in part, their operating costs in comparison to say, for example, the community of Whitehorse. We have worked very closely with the Association of Yukon Communities, and I do believe we have come up with a formula that is going to meet its objective, which I think all members in the House would like to see.

I believe it is important, for the record, to recognize the work that the deputy minister, Mr. Kent, has done on this, because he is the one who did all of the background and finally came up with the formula that you have before you. I know he spent many hours trying to come up with a formula that would not only be fair in one year but have enough flexibility built into it so that we will not have to amend it every year.

Contrary to what the member for Whitehorse West indicated in his second reading speech, that we may well be amending it next year, I hope that is not the case, and I want to assure the members opposite that we have done everything possible to ensure that that is not the case. I am trying to be optimistic here that hopefully this particular act will be on the books for sometime prior to there being any need for amendments.

Mr. Penikett: I must say, at the outset, that I share the minister's hope that this is not a transitional measure, though I must say that I am not so optimistic as to believe that this measure will outlive either the minister or myself.

It is true, as the minister has indicated previously, that this act ought to provide more stability and flexibility and predictability in the provision of the transfers to the smaller communities. I think it can be said, if it works, from a small community's point of view, that they are only going to be looking at the bottom line or the end line. It ought to do away with some of the complexity of the existing system and, hopefully, allow some of the smaller communities more control over their expenditures and revenues.

I think, as the deputy minister of the department has said, this formula recognizes that the proper tax assessment base or assessment per dwelling unit, in many of the Yukon's smaller communities, is inadequate, both in terms of the revenues that can be derived from it and in the sense that it is relative to Whitehorse.

As we said in second reading debate, it provides transfers to those communities, which will have the effect of equalizing their property tax assessment base to that of Whitehorse. It is recognized here: the principle of the larger communities to be able to pay, and which contain within their borders more local resources. They are, consequently, expected to assume a larger share of their operating costs.

This new formula also recognizes that there are some basic services that are required of local governments, regardless of their assessment base. I think examples of this are obvious around the communities.

The other advantage, I suppose, of this formula, from the point of view of the ministry, is that, unlike the square root formula proposed by the former Executive Director of the Association of Yukon Communities, it does not assume that the government has a bottomless well from which to draw funds. Communities cannot improve the level of their transfers by increasing their expenditures or decreasing their expenditures, for that matter. Even if the community is fiscally conservative or fiscally prudent, it will not affect their transfers.

There are, as well, some changes in the bill, with respect to the definitions of dwelling units, which will probably be useful, as they will affect places like Faro, I think, and hope, that this measure will have some success in reducing the financial disparity between the communities.

Let me say, again, that I do share the minister's hope that the bill has a longer life than the last set of amendments to *The Municipal Finance Act*. I honestly hope that, although I do not believe, of course, that they will last forever.

Hon. Mr. Lang: I am definitely an optimist, for example, to draw the attention of the member opposite to the results of the Gallup Poll. There is always going to be a consistency there that definitely meets the majority of people's approbation. Taking a look at this act, I have no doubt that with the broadening of it to ensure that the structure, such as the apartments and whatever, are taken

into account — whereas, in the past they were not — we will definitely try to have an equilization so that the dollars we have, although finite, will be distributed in such a manner that it will be advantageous, especially to the smaller communities, because I recognize the economy of scale that they have to operate under.

Mr. Penikett: Fortunately, I am not into a numbers game, otherwise I would have probably, as the minister would, compared the total IQ of the members opposite with the members on this side. The minister, I think, if he had done that, would have quit and gone home a long time ago.

I did, however, come here this afternoon to talk about this bill, not trade partisan quips with the minister opposite. If that is how he wants to spend the next hour though, I am sure I can gather in the rest of my colleagues and we can waste a total afternoon doing it.

If it suited you, sir, I would be quite prepared to end general debate at this point and move on to the specifics of the bill. If, however, you wish to continue this bantering, I am prepared to join in.

Mr. Chairman: As I understand general debate, you are supposed to allow it to be fairly free. If we are agreed that we have finished general debate, we will go on to subclause 1, shall it carry?

Clause 1 agreed to

On Clause 2

Mr. Penikett: I would just like to confirm my understanding of this section. It is less specific than the old bill in that it allows some of the definition of dwelling units to be left in regulations. In other words, some of the things that were previously specifically excluded would now be excluded only by regulation. That would allow for some more reasonable assessment in respect to bunkhouses, or bunkhouse residences, in a place like Faro. Rather than having a 20 unit bunkhouse being treated as one dwelling unit, it might be treated as something more than one, but perhaps less than 20, which would be more fair for the community. Can I confirm from the minister that that is the case?

Hon. Mr. Lang: In fear of being criticized by the member opposite for being partisan, I will say that that is correct.

Mr. Penikett: The minister is not often partisan, just wrong.

Mr. McDonald: I will accept that view, as well. Of course, the minister knows that bunkhouses, for example, are technically rented on a daily basis. Would this at all affect their status in a community, such as Faro?

Hon. Mr. Lang: Could the member opposite repeat his question, please?

Mr. McDonald: Bunkhouses, for example, in Faro or Elsa, are technically rented out on a daily basis. There is a room and board charge on a daily basis. Would this affect bunkhouses in those communities?

Hon. Mr. Lang: No.

Mr. Penikett: I think I know what Clause 2(1)(c) means, but could the minister just make that clear? Are we saying that you cannot claim as a dwelling unit or a building that is not otherwise designed for that purpose? In other words, I guess you could not describe a store or other commercial property as a dwelling unit for any purpose, even if there were people living in it, if it were not legally a dwelling unit on the assessment roll, is that the definition?

Hon. Mr. Lang: I think that is a proper assumption.

Clause 2 agreed to

On Clause 3

Mr. Penikett: Do I understand the effect of this section correctly? Relative to the old bill, is it to cut down the paperwork that a municipality would have to go through in order to claim the money that they were eligible for here? In effect, all they have to do is essentially send a letter or invoice now in order to make the claim from the territory. Is that the case?

Hon. Mr. Lang: That is correct.

Clause 3 agreed to

On Clause 4

Mr. Penikett: The total section allows the government to pay a municipality part of the money that may be due from grants-in-lieu of taxes, especially if it is a significant amount of money that perhaps the feds have not paid. YTG, in essence, may pay a percentage of the taxes due. It probably is an interest-free loan to

the municipality, because once the municipality collected from the senior governments — presumably the feds in this case — then the municipality would be required to repay the territory?

Mr. Penikett: The language talks about a substantial part of the municipality's revenues, so we are not talking about quibbling amounts here, but large amounts. The AYC, in its only comment of record, I understand, about this proposed legislation, was expressing concern about the use of the word "may", rather than "shall" throughout this bill, with respect to the obligations of the territory. I would like to have the minister's comment in reference to that.

The president of the Federation of Canadian Municipalities, in his remarks to the annual meeting of the AYC this year, talked about the problem continuing to be experienced right across the country, with respect to grants-in-lieu of taxes from the federal Crown. That gentleman expressed concern about the arbitrariness of the federal response to the assessment, sometimes: the arbitrariness of certain Crown corporations saying, "Well, we do not figure we owe you this; we will only pay you 80 percent of it, or 60 percent, or whatever"; and the tardiness with which some of those amounts are settled.

The president of the FCM indicated that it had made representations to the federal government on this subject, or had been doing so in the last year. Has the minister had any successful correspondence on this score? If it is his view that things have improved or, if it is otherwise, I would like to know. Can he tell me if he has had occasion to make representation to the federal government on this score — or, perhaps, the Minister of Finance — and what is the current situation? Are we relatively unhappy, slightly unhappy or very unhappy about the situation with federal grants-in-lieu? That is the one question.

The original question concerns the use of "may" versus "shall" in the language of the clause.

Hon. Mr. Lang: First of all, I gather, from my information, that the Government of Canada, at times, has been slow with respect to paying what is perceived to be their obligations by the municipalities. In most part, I would assume that the municipalities are 99.9 percent correct.

Further, it is my understanding that the Government of Canada has a policy, at least for this area, whereby they pay 85 percent and hold back 15 percent of what is outstanding, if they choose to come and bring their own assessors, for the purpose of ensuring that the property is being assessed properly and, subsequently, they are paying what they feel is their responsibility.

To my knowledge, at the present time, I believe they are pretty much paid up, over the past year. At the same time, we have had representation by the communities indicating to us that, at times, it has made a major financial hardship on them, with this money outstanding and not being able to get dollars over the period of time that the Government of Canada chooses not to pay.

That is why this particular section is discretionary. It will give us the ability to look at a community and say, "Well, in your particular case, yes, we are prepared to advance the dollars". We may look at another community that has a substantial amount of reserve dollars in its working capital and say, "Look, no, you have enough to weather the period of time that these dollars are outstanding and, subsequently, we do not have to, at this time, proceed with advancing dollars".

Mr. Penikett: I think that the member opposite would be very surprised if this section said "shall". It is not our objective to assume the responsibilities in this particular area. That is the financial responsibility of the Government of Canada. We are just strictly asking for a discretionary clause that, where we see a community is in trouble, if we do have the dollars available, and need is there, then it gives us the legal authority to proceed with issuance of such dollars.

As far as representation is concerned, on a number of occasions over the past couple of years, we have brought to the Government of Canada's attention representations to the federal government that were put forward to us by the municipalities. I have to say that it would appear — I will doublecheck this — that, in most part, they have paid their bills as far as the taxes are concerned. I could double check that and perhaps provide the member opposite with

further information on that.

Mr. Penikett: I thank the minister for his answer. I do not want to delay passage of the clause or the bill. For the record, I would ask a couple of specific questions on this subject. One, I would be interested in knowing if, in the minister's knowledge, there are any outstanding or ongoing or substantial disputes about assessments on large Crown properties in the territory? Two, whether there has been any particular problem in collecting the 15 percent, or a particular problem about collections of that difference between the 85 percent they are willing to pay and the 15 percent that they might want to argue about?

I ask the questions only because I think that, from what I read elsewhere, this has been a problem. Frankly, I am also a little bit concerned about the constitutional fiction that we are into here with grants in lieu of taxes; the notion that somehow every other taxpayer is liable for the taxes, but somehow the federal Crown or the Crown is not. The Crown does not pay taxes, they just pay the money if they want to pay the money. It seems to me, in this day and age, that is a bit of an anachronism. I would hope that administrative practice does not cling to the fiction but rather, in fact, would respect what should be the proper financial obligations of the government, no matter how senior.

Hon. Mr. Lang: I would prefer to take notice on the two questions that the member has asked me. They are very specific and I do not want to give information that perhaps could be inaccurate. Therefore, if the member opposite would agree with me, I will get the questions looked at that the member opposite has raised and perhaps bring something in writing and provide it in the Committee of the Whole in the next couple of weeks, even if we are discussing other bills. Just to conclude my comments I, like the member opposite, share his concerns that the Government of Canada can so arbitrarily decide that they really do not feel like paying taxes or they feel like they are paying too much and, therefore, they withhold their taxes and no one else can do that. Who knows, perhaps, I may be prime minister some day, perhaps the member opposite may be, and maybe we could change that.

Mr. Chairman: In clause 4(3) there is a typo on the second line from the bottom: "municipality" should be "municipality". Is that agreed?

Some hon. members: Agreed.

Clause 4 agreed to

On Clause 5

Mr. Penikett: The only question I feel bound to ask here, and I hope the minister does not get bored with my doing it, arises from the request of the AYC that the "may" in this clause might become a "shall".

Hon. Mr. Lang: We have to recognize that there are only so many dollars to be voted per year for the purposes of allocating dollars to whatever programs, and this is one of the programs that the Government of Yukon has committed itself to. I have had discussions with the Association of Yukon Communities on the question of the "may" versus the "shall". I recognize where they are coming from. I appreciate that but, at the same time, in view of the financial situation, which fluctuates every year, I do not believe I am at liberty to put a "shall" in there as opposed to a "may".

If we agree that we may put a "may" in the clauses as opposed to a "shall", obviously we will see some commonality between both sides of the House. All I want to do is assure the member opposite, as we have in the past, even when things were fairly tight financially, we did carry out our obligations to the municipalities so that they could function on a year-round basis. It always has been a high priority of all members of the House.

Mr. Penikett: The minister does not have to persuade me on this question. I was just thinking of our friends in the municipalities and I suppose the only thing I should do here is ask for his assurance that as long as this bill should be in effect that the Government of Yukon shall pay, in each year, a municipal operating grants and assessment equalization grants.

Hon. Mr. Lang: There is no question that this bill is going to be here for a long time, and I am going to be here for a long time, and I have made the commitment to the member opposite and I am sure I will be in a position to carry it out.

Mr. Penikett: The problem with the old formula, apart from the fact that it did not work, was that it was flawed in its conception. As we begin this long section, 5(8), which really gets into the nuts and bolts of the new formula, or factors of the new formula, the one possible distortion that is built into it is that it is founded on the assessment that includes, in places like Whitehorse, a considerable number of properties that are not dwelling units.

When you get into the smaller communities, it is probably the case in most of them — with the possible exception of Haines Junction — that a much larger percentage of the total assessment is made up of dwelling units. That is not a reason to oppose the section, but it may be that there are some distortions that result from the different mix of commercial and business properties and residential properties in the different communities that are built into the total assessment.

I do not know that this is a problem in this year; it may not be a problem until next year, but it is a possible distortion. I say that only by way of observation, because I recognize that any formula that we are going to adopt is, of necessity, going to be arbitrary, and that may contribute to the arbitrariness of this formula. Like the minister, I only hope it works, that is all.

Hon. Mr. Lang: I cannot see that as a problem, because you want your total assessment. As the member opposite knows, the total assessment will dictate the percentage levy of your taxes and your ability to raise dollars, whether it be dwelling units or whether it be commercial or government buildings.

So, I would submit to the member opposite that, with the number of units, if you have more public units and commercial units than dwellings, for the purposes of a smaller community, you would be in a very, very good position, as far as the dollars coming in and the number of services you really have to supply to the community, as a whole.

So, I will keep in mind his comments, but I think there is enough flexibility built into the system. As I indicated earlier — and I think the member opposite believes, too, in view of the explanation that has been presented — that I think it is a formula that will work. If there is a corresponding increase of dwelling units in one community, of course there are increased dollars going through it and, subsequently, less transfers required. If the converse happens, of course, then there are more dollars going to the communities.

We have tried our best to come up with a formula for those dollars, so that it does not become strictly a political decision as to how many dollars goes to a community. I do not think that would fair and I do not think the perception of that kind of a method would be very well taken by the AYC, as well. To my knowledge, I think that the AYC has accepted this formula in the manner that it has been brought forward, and that is to try and bring in as fair and equitable a system as we possibly can.

Mr. Penikett: I am not being disagreeable, I hope. I would just point out that, when you have a formula that is based, for a start, on the total assessment, then on the number of dwelling units and then you proceed from there to a calculation, which is called, for the purpose of this bill, an assessment per dwelling unit — a figure that may not represent or bear any relation at all to the value of the housing stock in that community or the average value per unit — then, I think the numbers show that. From that, you then proceed from there to a calculation of the dwelling unit assessment deficiency and then, logically, an assessment equalization grant, which is picking up the difference between that community and the value of the assessment per dwelling unit in that community, versus Whitehorse.

As I say, this does not cause me any great alarm. It just seems to me that there may be a factor that, in time, because it is a distortion built into the formula, may produce some distortions in the end figures. I will not precipitate this debate, again, but it does not escape my notice that I expect that the total amount of grants that Whitehorse will be given, this year, bears a surprising relation to the amount of money that the territory will also be taking from Whitehorse, on the other hand, in the form of school taxation. But that is another issue that we will not get into, at this time. It may not bear much relation, with respect to the other communities, but it is a very close one, with respect to Whitehorse.

²⁶ It does not specify in Clause 9(3) that the diseconomy scale factor shall be 25 percent, but that is what it is for the purposes of the calculations this year.

As far as the minister knows, is that the kind of level of the diseconomy factor for the four smallest communities that he would be inclined to continue for the foreseeable future?

Hon. Mr. Lang: In looking at the formula and the way the dollars are distributed, I would suggest that that would be the factor that we would use for the purposes of diseconomy of scale. It would appear to me, in view of the distribution of dollars, that we are meeting the financial needs of the communities, plus a little bit more with our transfer. If it has to change, we will have to look at it at that time. Maybe this will be the saving factor as far as small communities are concerned; the flexibility to perhaps alter that particular factor if there is a distortion somewhere else in the formula.

Clause 5 agreed to

On Clause 6

Mr. Penikett: I understand that section 11 is being repealed and it will be substantially replaced by regulations. Is that correct?

Hon. Mr. Lang: In part, he is correct. The change to the definition of "dwelling unit" earlier in the bill makes this section redundant.

Clause 6 agreed to

On Clause 7

Mr. Penikett: This basically puts the cap on the amount of money that could be handed out to the municipalities. As I understand it, the cap will relate to the increases in the territorial expenditures or revenues, and that will be the formula used by the government to govern the amount of money that it will give to the communities from year-to-year?

²⁷ **Hon. Mr. Lang:** It would put a cap on it, as the member opposite indicates. The reason for this section was to clarify an ambiguity in the act. The original intention was that the formula for increase in the total for grants should relate to the government's operation and maintenance budget. The calculation is to be based on a comparison with the immediately preceding year. It is strictly to clarify the language of the section that was in the previous bill.

Clause 7 agreed to

On Clause 8

Mr. Penikett: I guess the total effect of the section included in 15(6), apart from the earlier parts where they can add to the lists of the grants of water, sewer, buses and so forth that are currently on the list, is that the territory is basically saying there is no way that it is going to pick up 100 percent of the cost of any of these things?

Hon. Mr. Lang: That is correct. I think we should be very explicit in our bill that that is not the intention of the government. I think that the member opposite shares the same philosophy in this particular case, that if a service is being provided, at least part of that service should be paid for by the community that is undertaking the program.

Clause 8 agreed to

On Clause 9

Mr. Penikett: Perhaps the minister could confirm my understanding here that basically the sections we are removing limited the government to giving grants. What this would allow the government to do is also, in effect, as other sections do, give loans and contributions as well. Therefore, it increases the flexibility of the territorial government.

Hon. Mr. Lang: That is correct.

Clause 9 agreed to

On Clause 10

²⁸ **Mr. Penikett:** This is the Dawson City sewer and water clause, is it not?

Clause 10 agreed to

On Clause 11

Mr. Penikett: Clause 11(2) is the provision to allow for interim borrowing against anticipated revenues, is that correct?

Hon. Mr. Lang: That is correct.

Clause 11 agreed to

On Title

Title agreed to

Hon. Mr. Lang: I would move Bill No. 2 out of committee without amendment.

Motion agreed to

Mr. Chairman: I declare Bill No. 6 has cleared this Committee.

We will go on to Bill No. 6, *Miscellaneous Statute Law Amendment Act, 1984*.

Bill No. 6: Miscellaneous Statute Law Amendment Act, 1984
On Clause 1

Hon. Mr. Ashley: I believe the proposed amendments are self-explanatory and I ran through them, basically, in the second reading speech. I would suggest that we just go into it, clause-by-clause.

Mr. Chairman: Order, please. On Bill No. 6, it has the "Twenty-fifth Legislative Assembly, Third Session" and it should be the "Fourth". Is it agreeable that we change this?

Some hon. members: Agreed.

On Clause 2

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

On Clause 5

Clause 5 agreed to

²⁹ *Clause 1 agreed to*

Mr. Chairman: *Miscellaneous Statute Amendment Act*, shall it carry?

Some hon. members: Agreed.

Hon. Mr. Ashley: I move that *Miscellaneous Statute Amendment Act, 1984* be reported out of Committee without amendment.

Motion agreed to

Mr. Chairman: Bill No. 6, *Miscellaneous Statute Law Amendment Act, 1984*, has cleared Committee without amendment.

We will now go to Bill No. 14, *Fifth Appropriation Act, 1982-83*.

Bill No. 14: Fifth Appropriation Act, 1982-83

Hon. Mr. Pearson: If I might, I would suggest that members get out the background paper entitled "Estimates - Supplementary No. 3 - 1982-83". That has the detail of the final amounts that we must vote in order to make our books balance with the audited accounts of the territory for the year.

As is indicated, there is an amount of \$6,090,000 being voted in operation and maintenance money, and a decrease of \$2,723,000 in capital expenditures for the total year.

Mr. Penikett: I do not want to say anything in particular in general debate, except to the extent that I will serve notice of any questions at all to the government leader. I expect that most of our curiosity will concern the larger numbers.

Mr. Chairman: I will refer you to Schedule A on page six.

On Executive Council Office

Mr. Penikett: I am moderately curious to know how many Cabinet tours that would represent that would be reduced there?

Hon. Mr. Pearson: I would suggest that the major reason is that we did not go on one Cabinet tour that we had anticipated going on during the course of the year. The other money is very very small amounts that are picked up in different establishments in the total votes. There was one Cabinet tour that we normally go on during the course of the year, which we did not, in that particular year, primarily because of the election.

³⁰ **Mr. Kimmerly:** What is the approximate cost of a Cabinet tour?

Hon. Mr. Pearson: I would guess, now, between \$35,000 and \$45,000, taking in everything.

Executive Council Office in the amount of a reduction of \$60,000 agreed to

On Health and Human Resources

Hon. Mrs. Firth: The health and human resource's operation and maintenance, \$6,577,000, is due to funds required to adjust for unpaid billings from the federal government for hospital services, from 1979-80 and 1982-83. The 1983-84 base has been adjusted to

take into account the increased costs. This resulted because of the deficit in funding for all of the years, in the medical services branch.

Mr. Kimmerly: This is worth exploring. It is obviously a large amount of money. Was the money billed and not paid, or was the money not billed by the federal government until later?

Hon. Mr. Pearson: I have been trying for so many years to explain it to members of the House and I realize that it is a very, very funny situation.

The problem is that we have an agreement with the Department of Indian Affairs and Northern Development in Ottawa — the Government of Canada, actually — that they will provide us with the money to pay these particular expenses. This agreement is years and years old and, for a large number of years, it went along just fine. Each year, in our transfer payment, there would be an amount of money to pay the federal Department of Health for those services that they have rendered to people in the territory, that the Department of Indian Affairs and Northern Development was expected to pay.

And then, about five years ago, all of a sudden they stopped paying us money; *ergo*, we stopped paying, as we did not have the money to give to the Department of Health and Human Resources. As a consequence, we started building up a fairly large deficit with them.

Each year, in our negotiations with the Government of Canada, at the IGC meetings, we would point this out. At a couple of them, the department of health was there to see whether they could expedite the payment of this money. They have not been too successful. Our bill today, as I said at second reading, is now \$6,930,000. It grows every year. We keep lobbying the Government of Canada — the Department of Indian Affairs and Northern Development — to please put this money in their estimates or in their supplementary estimates, in the blue book, so that they can do this transfer and we can get this off our books. They also have the Auditor General of Canada after them in respect to this, because it is legitimately a federal government charge; it is just that we have to carry it on our books. For a number of years we did not.

The Auditor-General has insisted, though, that we show that as a deficit, and so that is why we have to do that now.

Mr. Kimmerly: Does the federal agreement provide for medical services specifically in Beaver Creek?

Hon. Mr. Pearson: No, that is one of the problems that we have. They do not provide for medical services specifically anywhere. It is a very general thing and is something that we hope we can get resolved fairly quickly.

Health and Human Resources in the amount of \$6,669,000 agreed to

Mr. Penikett: If I may, before you go bouncing along; just let me ask the government leader one question. Notwithstanding the Auditor General's helpfulness on this subject, what would be the net effect of the House refusing to vote the \$6,000,000 plus in any one year? Would that expedite matters for the federal government at all?

Hon. Mr. Pearson: I do not know that it would, particularly not at this stage of the game. We are talking now about money that was supposedly spent two years ago, just about.

That gambit was tried once, with respect to the Police Services Agreement, when one of the members of the old Territorial Council got very angry at the RCMP because — if you can believe the stories that were told — he got a ticket that morning on the way to the Legislature and, then, he managed to talk his colleagues into not voting the RCMP estimates for the year. The department simply wrote them into their estimates and paid the RCMP for that year and, the next year, we went back to normal, again.

I do not think it would have very much effect, particularly in this case, where we are talking about funds. In that case, it was something a little bit different, in that the RCMP, I imagine, could have packed up and left, if they were not going to get paid. If the money was not voted, then they were not going to get paid and they did not have to provide the service.

These services have already been provided and it is money that is

owing and I think that is the major problem that the Department of Indian Affairs has; they do not want to bother putting it in their budget.

Mr. Penikett: If I can recall the same incident, just to correct the record slightly, I do not believe it was the morning and I do not believe it was a parking ticket. If I remember correctly, it was very late at night and I believe the charge was something of considerable interest to my colleague from Whitehorse South Centre, but that is not pertinent.

Mr. Chairman: Before we continue with the Department of Municipal and Community Affairs, we shall recess for 15 minutes, so my clerk can get these schedules around in the right place.

Recess

Mr. Chairman: I will call Committee back to order.

On Municipal and Community Affairs

Hon. Mr. Lang: It is fairly straightforward, it is primarily for the overtime and casual workers' costs for the Whitehorse ambulance station in Yukon. You can see that it costs us a lot of money every year. I think we had this debate approximately one week ago as far as the supplementaries were concerned.

Department of Municipal and Community Affairs in the amount of \$164,000 agreed to

On Justice

Hon. Mr. Ashley: The \$308,000, as the book says, is funding required for adjustment to the Police Services Agreement.

Mr. Penikett: Was this the extra amount that the Solicitor General stiffed us for the increased percentage that we were going to have to pay on the total cost?

Hon. Mr. Ashley: In part, it could have been. It is that, plus in section 19(3) it provides an adjustment so overpayment of the previous year can be made in the police services agreement, so that every year this could come about. Hopefully it will not.

Mr. Penikett: At one point, I guess it was a couple of years ago, when we were discussing this, the member for Hootalinqua raised an interesting suggestion that perhaps there was a possibility we might have too many policemen in the territory, or more than we needed. Has that possibility ever been subject to discussions between this government and the RCMP?

Hon. Mr. Ashley: Yes, every year. Quite often more than once a year.

Hon. Mr. Pearson: If I could add a little bit to that. The police services agreement requires that a complement of members that served in the territory, in fact, have to be the topic of discussion between the Minister of Justice and the commanding officer of the RCMP each year.

Mr. Penikett: I do not want to take a long time discussing it now, but I would think that this is a fit subject for some further discussions in this House, particularly as it relates to what we call our crime rate and so forth. I think that is a very direct relationship established every where else in the world between the proportion of police per capita and the effective crime rate, especially when you get to the misdemeanors and the minor offences.

It is, therefore, a question with considerable cost implications, as well as some justice implications.

I am particularly concerned because I have heard people say to me that they are most concerned that, during the period of high crime in this city, for example — the evening period, essentially — there are very few policemen on duty; in fact, no more than four in the city. I am sure people are quite willing to pay for four, during that period. In fact, they might be willing to pay for a lot more than that, if that is the period when property and human life is at risk.

I guess I have the lingering concern that, perhaps, the member for Hootalinqua once had, that there may be some administrative costs involved in running a division — or whatever it is that we have here now — that are, I will not say inflated, but, perhaps, greater than we might be inclined to pay, were we running our own police system, which we are not likely to do.

Hon. Mr. Ashley: No, we are not likely to put in our own

policing force. It is much cheaper to contract the RCMP to look after our requirements.

What I would like to do is give you a breakdown of personnel and maybe that will help. On officers and regular members, there are 77. This is current, though, it is not really related to the previous year. Civilian members, 77; public servants, 9; special constables, 7; native special constables, 13, right now. That is the total territorial policing service complement. Then, for the federal policing complement, there are 27 extra, on top of that, which we do not pay for, or any part of. The total is 140.

Mr. Kimmerly: I had already planned to debate the topic in the main estimates and I certainly will. I would like to make a comment about the minister's comment: that it would be far more expensive if we established our own police force. I do not accept that, initially. If we established a police academy at the same levels of manpower as the RCMP now provide, it probably would be more expensive and less competent and would therefore be a poor decision. But if we revamped the policing priorities, it could be done more cheaply.

I am not going to be seriously considering that we establish our own police force immediately but the direction that the RCMP force goes in over the next five to 10 years, I think, is an important political decision for us to make, and obviously at least three members here are going to question the minister about it during the mains.

Justice in the amount of \$152,000 agreed to

On Department of Finance

Hon. Mr. Pearson: As I pointed out at second reading, the major expenditures, with respect to prior years' operation and that particular year's operation, was the increase in the Workers' Compensation payments for government employees of \$417,000; the accounting adjustments, with respect to previous years was \$423,000; and the increase in claims under the Energy Equalization Program, of \$161,000.

Department of Finance in the amount of \$936,000 agreed to

On Department of Tourism, Heritage and Cultural Resources

Mr. Penikett: I have a question about this project. As I understand it, from people in that part of the world, this thing was originally designed to use local material, rough spruce and so forth which might have been available from local sawmills, which would have maximized local employment benefits and spinoffs. Watson Lake Visitor Information centre? Oh, this is a reconstruction?

Hon. Mr. Pearson: I am sorry for interrupting the leader of the opposition, but I suspect from the line of thought that he is going on that he is talking about the wrong project. This is the reconstruction of the old liquor store.

Mr. Penikett: Well, it says in the book that it is the Watson Lake Visitor Information Centre.

Hon. Mr. Pearson: That is now the Watson Lake Visitor Information Centre.

Mr. Penikett: Well, in any case, I might as well serve notice of the question. I say I had heard from down there that this building had been designed to use local materials, the rough spruce and so forth, but the contractor substituted something else during the course of the project, material that was not local and therefore had to be imported which had a lower level of net benefit to us in terms of local employment. If this is the wrong item, I will serve notice of the motion now and we can deal with it whenever we can get to it.

Hon. Mrs. Firth: I think I can answer the question. There was some talk about the spruce or something that they were supposed to use on the reconstruction. I believe we had some problems between the architect and the contractor. There was a disagreement. The architect had said that you could use this material, when the contractor said that you could not. He proved functionally that you could not use the material and we had to go to another kind of material. It was gyproc and they had wanted to make a solid wood construction. There are a lot of details. If the member wishes more information, I can bring a more detailed accounting of the whole incident for him.

Mr. Penikett: I would like that. I do not wish to hold up the

time of the House to get it.

Department of Tourism, Heritage and Cultural Resources in the amount of \$122,000 agreed to

On Government Services

Mr. Byblow: Before you clear that, it says what it is for, by reference to repairs and maintenance to pool cars but it is quite apparently a substantial amount for a supp.

Hon. Mrs. Firth: Government services picked up the additional fleet responsibilities for the renewable resources department. They transferred them all over to government services and they did not transfer any of the money. The charge-back system was discontinued in 1983-84 so it did not cover all of the costs associated with the fleet maintenance, hence the need for the additional funding.

Mr. Byblow: Does that then place all the vehicles used by all departments in government services' distribution?

Hon. Mrs. Firth: Yes, except I believe there are some in highways that belong to highways.

Department of Government Services in the amount of a reduction of \$185,000 agreed to

On Loan Amortization

Loan Amortization in the amount of \$6,186,000 agreed to

On Yukon Legislative Assembly

Yukon Legislative Assembly in the amount of a reduction of \$24,000 agreed to

On Education

Education in the amount of a reduction of \$1,082,000 agreed to

On Consumer and Corporate Affairs

Consumer and Corporate Affairs in the amount of a reduction of \$61,000 agreed to

On Economic Development

Economic Development in the amount of a reduction of \$571,000 agreed to

On Highways and Transportation

Highways and Transportation in the amount of a reduction of \$1,582,000 agreed to

On Public Service Commission

Public Service Commission in the amount of a reduction of \$61,000 agreed to

On Renewable Resources

Renewable Resources in the amount of a reduction of \$764,000 agreed to

Mr. Kimmerly: The minister is not here, I know, but I wonder if the savings are all small amounts in various programs, or mostly in one or two?

Hon. Mr. Pearson: No, the \$237,000 is savings across the whole department; it is small amounts in each of the establishments. The \$527,000 was a case of getting started on the capital projects too late in the year and could not complete them. If members recall, we revoted that money in the following year. We did not cancel any of the projects, we did them all the next year.

Department of Renewable Resources in the amount of a reduction of \$764,000 agreed to

On Yukon Housing Corporation

Yukon Housing Corporation in the amount of a reduction of \$271,000 agreed to

On Yukon Liquor Corporation

Yukon Liquor Corporation in the amount of a reduction of \$15,000 agreed to

Schedule A agreed to

On Clause 2

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

Clause 1 agreed to

On Title

Title agreed to

11 **Hon. Mr. Pearson:** I move that you report Bill No. 14.

Motion agreed to

Mr. Chairman: Bill No. 14, *Fifth Appropriation Act, 1982-83*, has cleared Committee of the Whole without amendment.

Bill No. 21: An Act to Amend the Financial Administration Act

On Clause 1

Hon. Mr. Pearson: As members will recall from my second reading speech yesterday, the primary reason for this is that we find that in order to reach economies of scale that we should be reaching in this government, we find it necessary now, because of the transportation modes into the territory changing, to buy calcium chloride once a year instead of buying it in smaller batches and spreading out those purchases over the course of the year. In order to do that, we find it necessary to increase the size of the revolving fund from \$1.2 million to \$2 million.

Mr. McDonald: We have no objection to this, of course. We have just passed the *Financial Administration Act* only very recently and already we seem to be changing the statutory limits on more than one particular revolving fund. I am wondering why, after such a short time, we find it necessary to make this change. Why do we not permit certain limits like this to be precipitated through regulation, or, alternatively, why not budget them in the main estimates?

Hon. Mr. Pearson: If you would like the clause removed from the act, in all seriousness, I do not think that would be a good idea. I believe very strongly that government should be made to answer to the legislature in respect to the maximums on revolving funds. I think that is a very basic fundamental that we should make sure we do not ever lose in this legislature.

The reason for it being so soon is, as I said, we did not anticipate the railway closing and it has made a tremendous difference to the economies of scale in respect to hauling calcium chloride into this territory. That is the real reason.

12 Clause 1 agreed to

On Title

Title agreed to

Hon. Mr. Pearson: I move that you report Bill No. 21 out of committee.

Motion agreed to

Mr. Chairman: I declare Bill No. 21, *An Act to Amend the Financial Administration Act*, is cleared out of Committee of the Whole without amendment.

Bill No. 22: Government Employees Unemployed Insurance Agreement Act

On Clause 1

Hon. Mr. Pearson: Once again, this is an enabling piece of legislation to allow the Commissioner in Executive Council to enter into an agreement with Canada. The *Yukon Act* requires that if this government is going to enter into any provincial agreement, or any agreement that is available to the provinces, with the Government of Canada, then there must be enabling legislation in this legislature to allow the Commissioner, or the Commissioner in Executive Council, to enter into that agreement. If it is just a straight agreement, for instance, in respect to some issue between the Department of Indian Affairs and Northern Development and the Government of Yukon, then enabling legislation is not required. This is an agreement that is available to all of the provinces as well. Therefore, *The Yukon Act* requires that we have the enabling legislation.

I want to assure, particularly, my honourable friend from Mayo, that this does not imply that the UIC benefits to employees of this government are in jeopardy in any way. They are not. It is just that

it seems that the CEIC is cleaning up its act and discovered that we did not have this agreement and has asked us to enter into it with them.

Mr. McDonald: Under what agreement to date does the federal government permitted itself to pay unemployment insurance to provinces and to territories? Under what authority have they been doing that so far?

Hon. Mr. Pearson: Evidently they have been doing it under the authority of the act that says that there shall be these agreements. They have discovered, I understand, that they do have the agreement with some of the provinces and territories and they do not with others. They are making sure now that they have these agreements, because they should have the agreements pursuant to the act in order to make sure that territorial employees and provincial employees come under the federal act.

13 **Mr. McDonald:** Then, payments to provinces that have not had such an agreement in the past is something that has been overlooked, but both parties, both governments, have lived with it.

Hon. Mr. Pearson: That is correct. I imagine that the flexibility was put into the act, in the first instance, in case a province or some provinces did not want to participate, with respect to their employees, with unemployment insurance benefits. I mean, if they could hire their employees without unemployment insurance benefits, why not? I am sure that was the thought at the time.

I do not think it was a very realistic thought; I think they were very quick to realize that unemployment insurance is a universal benefit and it should apply to provincial or territorial employees, as well as to all other employees in that jurisdiction.

Clause 1 agreed to

On Clause 2

Clause 2 agreed to

On Title

Title agreed to

Hon. Mr. Pearson: I move that you report Bill No. 22 out of committee.

Motion agreed to

Mr. Chairman: Bill No. 22, *Government Employees Unemployment Insurance Agreement Act*, is now cleared out of Committee of the Whole without amendment.

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

Mr. Kimmerly: On a point of order. What are the government's plans for the work in the Committee on Monday?

Hon. Mr. Lang: As you can see, we have got through the work very quickly, today, with respect to what was planned. I should point out that it would be our intention, on Monday, with the Minister of Health and Human Resources, to resume work on Bill No. 15, *An Act to Amend the Mental Health Act*. From there, I would presume, if things went well, we would probably proceed to *The Children's Act*, since the Minister of Renewable Resources will not be in the House until Tuesday, I believe.

14 I move that Mr. Speaker do now resume the Chair.

Motion agreed to

Mr. Speaker resumes the Chair

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

May we have a report from the Chairman of Committees?

Mr. Brewster: The Committee of the Whole has considered Bill No. 10, *An Act to Amend the Income Tax Act*, and directed me to report the same with amendment. Further, the Committee has considered the following bills and directed me to report the same without amendment: Bill No. 2, *An Act to Amend the Municipal Finance Act*; Bill No. 6, *Miscellaneous Statute Law Amendment Act, 1984*; Bill No. 14, *Fifth Appropriation Act, 1982-83*; Bill No. 21, *An Act to Amend the Financial Administration Act*; Bill No. 22, *Government Employees Unemployment Insurance Agreement Act*.

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 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. Monday next.

The House adjourned at 4:20 p.m.

x

The following Sessional Papers were tabled April 5, 1984:

84-4-16

Protective Services Annual Report - 1982 (Lang)

84-4-17

Protective Services Annual Report - 1983 (Lang)