



# The Yukon Legislative Assembly

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Number 5

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26th Legislature

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## **HANSARD**

Thursday, March 20, 1986 — 1:30 p.m.

Speaker: The Honourable Sam Johnston

# Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

## CABINET MINISTERS

NAME	CONSTITUENCY	PORTFOLIO
Hon. Tony Penikett	Whitehorse West	Government Leader. Minister responsible for: Executive Council Office; Finance; Economic Development; Mines and Small Business; Public Service Commission
Hon. Dave Porter	Watson Lake	Government House Leader. Minister responsible for: Tourism; Renewable Resources.
Hon. Roger Kimmerly	Whitehorse South Centre	Minister responsible for: Justice; Government Services.
Hon. Piers McDonald	Mayo	Minister responsible for: Education; Community and Transportation Services.
Hon. Margaret Joe	Whitehorse North Centre	Minister responsible for: Health and Human Resources; Women's Directorate.

## GOVERNMENT PRIVATE MEMBERS

### New Democratic Party

Sam Johnston	Campbell
Norma Kassl	Old Crow
Art Webster	Klondike

## OPPOSITION MEMBERS

### Progressive Conservative

Willard Phelps	Leader of the Official Opposition Hootalinqua
Bill Brewster	Kluane
Bea Firth	Whitehorse Riverdale South
Dan Lang	Whitehorse Porter Creek East
Alan Nordling	Whitehorse Porter Creek West
Doug Phillips	Whitehorse Riverdale North

### Liberal

Roger Coles	Liberal Leader Tatchun
James McLachlan	Faro

## LEGISLATIVE STAFF

Clerk of the Assembly	Patrick L. Michael
Clerk Assistant (Legislative)	Missy Follwell
Clerk Assistant (Administrative)	Jane Steele
Sergeant-at-Arms	G.I. Cameron
Hansard Administrator	Dave Robertson

**01 Whitehorse, Yukon****Thursday, March 20, 1986 - 1:30 p.m.**

**Speaker:** I will now call the House to order. We will proceed with prayers.

*Prayers***DAILY ROUTINE**

**Speaker:** Are there any Introduction of Visitors?

**INTRODUCTION OF VISITORS**

**Mr. Lang:** I would like to introduce to the House a long-standing Member from the Northwest Territories, representing the community of Hay River for, I think it is going on, decades now. If he is not the dean of the House in the NWT Legislature, he is close to it, similar to myself. I would like to introduce to the House Mr. Don Stewart, who is here to observe the Arctic Winter Games and, hopefully, we can attend the final hockey game together here tomorrow.

**Speaker:** Are there any Returns or Documents for Tabling? Reports of Committees?

**PRESENTING REPORTS OF COMMITTEES**

**Mr. Phelps:** I have the honour to present the Seventh Report of the Standing Committee on Public Accounts.

**Speaker:** Petitions?  
Introduction of Bills?  
Notices of Motion for the Production of Papers?  
Notices of Motion?  
Statements by Ministers?

**MINISTERIAL STATEMENTS****Impact of Federal Spending Freeze**

**Hon. Mr. Penikett:** As all Members know, and as has been widely reported in the media, the federal government has placed a freeze on all discretionary spending where no final agreement was in place on or before February 6, 1986. The freeze is in effect until March 31, 1986.

The negative impact on the Yukon economy as a result of this freeze has been significant. The known implications for the Government of Yukon affect the Canada-Yukon Economic Development Agreement, the Northern Oil and Gas Action Plan, the Northern Health Services, and joint research projects with our Department of Justice. To the extent that it has been possible to determine, it appears that the financial impact on federal/territorial cost-sharing arrangements will exceed \$500,000. This, of course, does not include the impact on the Yukon of cuts in other federal departments that operate in the Yukon. It is not known whether any of the funds will be reinstated in the new year.

The people of the Yukon rely on the federal government for essential services to a much greater extent than do our neighbours in the south. Services as important as those provided by the Whitehorse General Hospital will be affected by the freeze. An action such as this clearly demonstrates the severity that this freeze will have on the level of services provided by Yukoners by the federal government.

<sup>02</sup> It is disappointing for the Government of Yukon to enter into federal/territorial agreements of this kind only to be advised, without consultation, that funding has been withdrawn and probably will not be made up in subsequent years. Given our efforts to stabilize the Yukon economy, the Yukon government must be concerned when unilateral decisions by the federal government can have such direct and adverse effect on our programming and our economy. Since the realm of economic development activities is the area most significantly affected by the unilateral federal action, our

concern can only be heightened. A continuation of the process as demonstrated by the freeze, if continued, will hamper development in the north.

All Members should know that we are still trying to determine the full extent of the federal government's freeze and we intend to make every effort to recover the lost funding. I intend to keep the House informed of any additional information that may become available on this important matter.

**Appointment of Judge**

**Hon. Mr. Kimmerly:** It gives me great pleasure to announce the appointment of a third territorial judge. Our government has chosen Daleatta Ilnicki for this important and sensitive position.

Ms. Ilnicki comes from Saskatchewan, where she is at present a staff solicitor with the legal aid commission in their Prince Albert office. She has extensive family law and cross-cultural experience, including two years as an instructor and counsellor with the Saskatchewan Indian Cultural College. She has also been legal advisor to the Federation of Saskatchewan Indians.

This is the first time a woman has been appointed as a territorial court judge in Yukon. It is an example of our government's goal to make the justice system more representative of the population it is to serve.

<sup>03</sup> **Mr. Phillips:** I will just be brief. I am very pleased to see that we have a third judge appointed in the territory. I am, again, I would like to repeat, very disappointed that it took nine months to appoint this judge but I think that this is a small step in a lot of work we still have to do with the judicial system in the Yukon. I am pleased to see that we do have a third judge, and it will help clear up the court backlog.

**Mr. McLachlan:** I am pleased to see that the Minister has moved, as he promised the House a few days ago, on making the announcement on the final selection of the judge. I am pleased to see the successful candidate is a woman, as agreed. I am pleased that we will be able to get on with the job instead of just filling law offices in the new law courts building. Only one question remains in my mind: when does the individual start on the job?

**Hon. Mr. Kimmerly:** July 1.

**QUESTION PERIOD****Question re: Carcross-Skagway Road**

**Mr. Phelps:** Could the Minister of Transportat on advise whether or not the contract for this season of construct on the Carcross-Skagway Road has been put out yet?

**Hon. Mr. McDonald:** I am not sure whether any contract for construction work has been tendered. I do know that very specific plans have been undertaken with respect to engaging engineering services to determine the long term construction plans of the road. With respect to the tender of specific construction projects, I cannot tell you now.

**Mr. Phelps:** When is the construction going to start and when is it going to finish this year?

**Hon. Mr. McDonald:** The construction will start this summer. It will finish in three to five years, as I have stated. When, exactly and specifically, it will start and stop this season, I will have to check and come back with the answer to the Member.

<sup>04</sup> **Mr. Phelps:** Yes, I would be pleased if the Minister would, even if he sends me a letter on it as soon as he knows. Can he advise whether, under the terms of the agreement reached with the Government of Alaska, Alaskan companies will be permitted to bid on the Canadian construction over the course of this next season, or the next three-to-five years?

**Hon. Mr. McDonald:** My understanding is that the reference in the agreement to equal preference under the agreement for Americans and Canadians refers specifically to the transporation of ore on the road and does not refer to construction or reconstruction of the highway.

**Question re: Carcross-Skagway Road**

**Mr. Phelps:** In reviewing the two agreements it is very clear this government agreed to a fairly important change with regard to who performs the actual maintenance work on the American side. Now it will be done by people from the State of Alaska. Can the Minister tell us why there was this change?

**Hon. Mr. McDonald:** I would like to reiterate that the change the Member is referring to was a change which we had announced in the House last October as being a change we thought was supportable. Clearly the principle of cost sharing has not been challenged here and has been a principle which has been established since the beginning, and is a principle which is reflected in the agreement today. But, in any case, the reason why we reverted to the original principle, negotiated in part by the Member from Porter Creek East, I believe, and the Member from Porter Creek West at the time, was that the Alaskans felt they could not politically support the idea that Canadian workers would be working on Alaskan soil performing maintenance work traditionally done by Alaskans. It is a principle which I and the government understand. It is a principle which we support, and in our negotiations with B.C. it is a principle that the Government of B.C. has supported with respect to maintenance on the Alaska Highway. So given that climate of support for that principle, we felt it was not an unreasonable change.

**Mr. Phelps:** Can the Minister tell us whether or not these new arrangements will be more expensive, with the American government actually doing this operation and maintenance?

**Hon. Mr. McDonald:** The reasons why we had attempted to get agreement that we should maintain the Alaskan portion of the road from Fraser Camp was that we thought that we would be able to save money, logistically, for the Yukon side. It is not a change beyond that principle which was established by the previous government. It is still 50/50 cost sharing. Clearly, because we cannot maintain the American side of the road, it will be more expensive. The 50/50 cost sharing principle, the original one, will be more expensive than having us maintain that first six kilometres.

**Mr. Phelps:** Could the Minister provide this House with the estimates for the October plan, as opposed to the estimates now that we are paying for the Americans to do it?

**Hon. Mr. McDonald:** I will endeavour to get that information.

#### Question re: Apprenticeship program

**Mr. Coles:** Could the Minister confirm to the House whether or not he had a meeting with the manager of Super Valu and the Teamster's business agent on November 14, 1985, regarding their bakers apprenticeship program?

**Hon. Mr. McDonald:** I had a meeting. I cannot verify the actual date that the Member refers to but, certainly, I did have a meeting with the manager of Super Valu and the Teamster's representative to discuss the bakers and butchers apprenticeship programs.

**Mr. Coles:** Perhaps the Minister could reiterate to the House why four months later the manager of Super Valu and the business agent for Teamster's has no answer from the Minister's office regarding the program?

**Hon. Mr. McDonald:** Perhaps the reason no response has come from the Minister's office is simply because the department has been working almost full time on issues like that. I know, from direct involvement in the issue, that people from the department have been directly involved on an ongoing basis with both Super Valu and Teamster's to try to resolve that difficult issue.

**Mr. Coles:** I can guarantee the Minister that neither Super Valu nor the Teamster's has had any answer from his department or his office. Because of that, the apprenticeship baker program in Super Valu is about to be cancelled and one person is about to be put out of work. I am wondering what the Minister could possibly do to solve that problem.

**Hon. Mr. McDonald:** We obviously have a difference of understanding about the facts of the case. The department has had extensive consultations, to my knowledge, with both the Teamsters and the employers at Super Valu, to try to resolve the problem. The problem, essentially, is one where the journeyman program requires a journeyman to supervise apprentices. In those operations where

no journeyman exists, it is very difficult to provide the supervisory work necessary for people to acquire their apprenticeship and their own journeyman papers. It is something that is part of a national agreement. We have tried to resolve it here and, as yet, have not come up with a solution.

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#### Question re: Carcross-Skagway Road

**Mr. Lang:** I have question to the Minister of Transportation. Last March 18, 1986, the Minister, on the question of the Carcross-Skagway Road, stood up in this House and said, "Our position throughout negotiations has not varied from the principles established at the outset. Throughout the process the Government of the Yukon took a consistent, firm and forthright approach to the negotiations. Further, I believe this latest Agreement is an improvement over the previous version and is a good deal for both Yukon and Alaska". He stood up in this House and told the people of the territory that he had a good deal and when we met with our federal counterparts, the Minister stood in this House and began to tell people that we had been out-negotiated as far as the Skagway-Carcross road is concerned. Could the Minister please tell me why he is telling the people of the territory that he made a good deal on behalf of Yukoners yet, at the same time, in a different forum, he is saying that we were effectively out-negotiated?

**Hon. Mr. McDonald:** The deal was a good deal. I expressed only last night, with our federal counterparts, that there were some difficulties during negotiations with our counterparts in Alaska. The deal is a good deal for Yukon. The principles were adhered to throughout the process and the deal, overall, is a good deal for Yukon. We are committed to this transportation corridor. We are committed to making sure this transportation corridor is as safe as possible. This is a good deal for Yukon. There were difficulties during negotiations. Everyone in the territory, everyone in south-east Alaska is aware of those difficulties. But, those difficulties did not prevent us from acquiring a good deal on behalf of the territory, and I am happy to be associated with this deal in order to get the Faro mine reopened and to reduce transportation costs for all people in the territory.

**Mr. Lang:** I am referring to the Minister's ability to negotiate a good deal with the government of Alaska, that is good from the financial point of view of the taxpayers of Yukon. Could he explain to me how he can account to this House that with the major change that he indicated earlier, from us from the Yukon Highways Department maintaining the Alaskan portion to the part where the Alaskans will maintain that portion and it is going to cost us more money, how that is a good deal for the people of the Yukon Territory who are paying the bill?

**Hon. Mr. McDonald:** I was referring to the deal overall. Clearly, this one item in the deal was something that we could not get an agreement on from the Alaskans because of the severe political implications in Alaska. There would be the same political implications in Yukon. I can understand that. Clearly, overall the deal is a good deal for Yukon. We stand by that.

**Mr. Lang:** Why was that presented to this House and not signed after we departed from this House? Why did he wait till March 12 to get an arrangement with the Americans? Every day that went by, what happened was that it put strength into the Alaskan side as far as negotiations were concerned.

**Speaker:** Order. Would the Member please get to the question.

**Mr. Lang:** I say to Member opposite: why did he wait till March 12 to get an Agreement? Did he try to go over and meet with the Commissioner in December or did the Government Leader? Why did he wait so long and why did we put the taxpayers in such a vulnerable position?

**Hon. Mr. McDonald:** I explained this to the Member numerous times. The Member is being absolutely pig-headed about this. Clearly, we tabled the draft agreement in the House last October, in the interests of open government. We tabled the draft agreement, we had a telex from the State of Alaska saying this deal was a deal. Now, it was not our responsibility for the fact that there was some insecurity injected into the negotiations. It did not come from the Yukon side, it came from the Alaska side. We did meet with the Commissioner, we did meet with the State of Alaska throughout

December, January and February. We are attempting to get a deal which they essentially reneged on. In the interests of Yukon, in the interests of the future transportation corridor, in the interests of lower transportation costs, and in the interests of opening the Cyprus Anvil mine, we pushed it, pushed it, pushed it. We feel that we have a good deal today.

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**Question re: Carcross-Skagway Road**

**Mr. Lang:** That is not what my information is. The telex that the Minister received, and obviously had not read, stated, "This will confirm the Alaska Department of Transportation and Public Utilities and Yukon Department of Transportation Services have reached an agreement in principle to provide year round maintenance on the Klondike Highway contingent on the reopening of Cyprus Anvil Mine. Consistent with previous discussions, final details will be addressed in written agreement to be completed and signed shortly." This was dated October 21.

Why did the member wait until March 12 to get an agreement with the State of Alaska? Five months elapsed when we did not have an agreement. Why was he so negligent to the point where he put the taxpayers in a vulnerable position that they were paying more money? Why did he wait so long to get an agreement?

**Hon. Mr. McDonald:** First of all, the telex that the Member just read out said that we had a negotiating agreement in principle and that the details would be consistent with previous discussions. They reneged on that deal. We, in the interests of the Yukon and in the interests of getting the mine opened, had to deal with that situation. It had absolutely nothing to do with being negligent. It had everything to do with acting on behalf of the Yukon taxpayer, on behalf of Faro, and in the interests of lower transportation costs. I realize that the member may not support any of those initiatives. We do support them. We are interested in opening that corridor and we will continue fighting on behalf of the Yukon in the face of having had the deal turned back by the Alaskans for some inexplicable reason.

**Mr. Lang:** The point I want to make to the Member opposite is that he has bungled the agreement. It is not a question of whether or not we agree with the principle of the opening of that corridor. Was it not the Member's understanding that the phrase "consistent with previous discussions" was clearly understood by the Yukon government to include the need for final approval by the Governor and his Cabinet? In other words, a more political step had to be taken. Was that clear when he received that telex or, if not, prior?

**Hon. Mr. McDonald:** It was understood by us that the Commissioner was acting on behalf of the Governor. When they sent this telex to the Yukon government, they were acting, we assumed, as a government on behalf of the Governor. That is the assumption that we were operating under. That is the assumption which was communicated to the people who were cutting the deal, including the financial backers of the Curragh deal itself, in Toronto. We believed the Government of Alaska and we now see the results. We acted on behalf, and in the best interests, of the Yukon public.

**Mr. Lang:** Why did the Minister not go to Alaska a week or two after the session closed to get the agreement and get it signed? Why did he not go? Give me one clear reason why he waited until March 12, the day before this House opened, and cost the taxpayers multimillion dollars through his negligence?

**Hon. Mr. Penikett:** There is only so much of this claptrap from the opposite side that I am going to sit here and listen to. The flutulent gentleman on the other side knows full well that when you are executing agreements between governments, as he was told in this House, that the agreement to be signed finally by the Governor of Alaska and the head of this government was delayed at the request of the Government of Alaska so that they could sign it at a suitable ceremony, and at a suitable time and place to us and to them.

It was not until the Governor of Alaska, who is running for re-election, went to a public meeting in Skagway and suddenly discovered that he had a political problem in his own jurisdiction that he decided to change and to renege on some of the terms of the deal. At that point, as would have happened with any other

commercial transaction, any dealing between government to government, we had to go back into negotiations. We do not have a right, a unilateral fiat to say: you agreed, you communicated with us, that is it. We would like it that way. We would like intergovernmental relations to be held that way.

But let me tell the Member opposite one other thing that he may not know, since he has just mistakenly told the House that the Governor's signing is the final step. Let me tell him something else that he may not know about the American constitutional system, as compared with ours. Even when the Governor signs, as Canada has found to its painful experience in the past, that *ain't* the end of it because in the American system, legislatures and congresses have to ratify treaties.

08 There will, in the end, have to be legislative approval in Alaska, not just the Governor's. We, though, are bound under our system to deal government with government and that is what we will be doing; that is what we hope we will be concluding shortly. We are going to try and sign it as soon as we possibly can. The delay is not on this side of the border.

**Mr. Lang:** Is the Government Leader telling the public of this territory, the taxpayers, that he was prepared in his position, as the leader of this government, to sit back for five-and-a-half months and let the other side decide how they want to change the terms of our agreement? Why did he not, as the Government Leader, say it was essential to have this agreement signed so that the necessary steps would be taken to get that mine open? Why did he wait and let the Alaskans let too much go by and perhaps then confront their own political problems? Why did he permit that to happen?

**Hon. Mr. Penikett:** I *ain't* going to take lessons in negotiations from the Member opposite, who did nothing in three years as Minister of Economic Development to get that mine in Faro open. Nothing, Mr. Speaker, and the principals have told me he did nothing, he was not prepared to move, because he was as inflexible as he is today. And unimaginative as he is today.

We have been trying to get that deal signed since we got that telex. The Governor changed his position. The Governor would not make up his mind. We have no control over that. We have been trying to close this deal from the beginning and we have been trying diligently. The Minister of Transportation Services has been to Alaska, he has been on the phone, officials from Alaska have been here. We even have officials from the Governor's office here, as well as the Commissioner of Transportation. But when a Minister, a Cabinet official of a government, sends us a communication agreeing to a deal, we assume, as any people would anywhere in the free world, that that communication means what it says, that we have a deal.

**Mr. Lang:** The government must have a sore point with the Government Leader. Why did he not go over to Alaska himself, as soon as he received that communication — it is very clear that he had to take one more step — and get that document signed? Why did he not go himself, as opposed to the Minister of Transportation, instead of giving the political speech, which really he is not supposed to be doing during Question Period, I might say to the Speaker.

**Hon. Mr. Penikett:** Well, clearly the Member opposite cannot trade political speeches with me. You notice he starts off with his synthetic outrage, his plastic emotion, and then when there is a response from this side, in the same tone, we see him now in full retreat.

The fact of the matter is, and the Member knows this full well, intergovernmental relations are not conducted in that way. I cannot phone up Governor Sheffield tomorrow and say, "Hey, Bill, let's go and have a signing ceremony tomorrow at your coffee shop over in the Baranoff in Juneau." That is not the way things are done. It *ain't* going to be done that way by this government, it *ain't* that way by the government of Alaska, and it *ain't* going to be done that way by any modern, sophisticated government in the twentieth century.

**Mr. Lang:** We know the signing is taking place in Skagway. He should read his own press releases. I would like to ask the Minister once again, and I would like a reasonable reply: why did he not make the effort as the Government Leader, in view of the

seriousness of the situation, to get a signed agreement with the State of Alaska? I would also like to know how much more this agreement is going to cost the taxpayers of this territory, as opposed to the agreement that was tabled in this House, that we took at the Government Leader's word that that was the agreement. What is the increased cost? Because that is what we voted that money for.

**Hon. Mr. Penikett:** I get reasonable questions, I give reasonable answers.

He will get the estimates that he is looking for in terms of the changes. The issue here is not my word or the Minister of Community and Transportation's word. The issue is the word, an honourable word, of a Cabinet Member of the Government of Alaska. It was not we who changed our mind, it was the Governor of Alaska who changed his mind.

If we could have closed that deal then, we would have done. We are still going to get a signing ceremony as soon as we can possibly arrange it.

#### Question re: Municipal block funding

**Mr. McLachlan:** I have a question for the Minister of Community Services with regard to municipal block funding. Will the Minister advise this House if there was a general consensus in any of the five proposals that he made to the municipalities for the formula regarding the block funding? Was there a consensus?

**Hon. Mr. McDonald:** It is my understanding that this Member is talking about capital block funding. It is my understanding that the AYC has very, very recently come to somewhat of a general consensus with respect to an alternative for capital block funding. It is not one of the alternatives that we had suggested as an alternative but, nevertheless, it may be a reasonable one. We have yet to hear from Mayo as to their opinions on that consensus. We will pursue it with alacrity, as we have done in the past.

**Mr. McLachlan:** Can the Minister assure this House that he will bring forward legislation respecting the capital block funding only when the consensus of opinion has been received amongst the municipalities?

**Hon. Mr. McDonald:** It is my intention to bring forward legislation this spring to, essentially, establish the ground rules for capital block funding. It was my feeling that I did not wish to force the Association of Yukon Communities and Mayo into making a decision prematurely and, therefore, it is my intention to bring forward a bill which allows for capital block funding, but without actually stipulating the formula itself in the bill. It would be my intention, in the fall, to cement that formula in the bill once we have an agreement with the Association of Yukon Communities as to what type of formula we will adopt.

**Mr. McLachlan:** In the event that the municipalities, two years hence after two or three years of the capital block funding, find themselves in an unworkable position, will the Minister build any safety release or any change into that system that will allow them to change, so that they are not structured for ten years, or fifteen years, into an inflexible system of capital block funding?

**Hon. Mr. McDonald:** It is a bit of a hypothetical question, very much a hypothetical question, but I would hope we could address that kind of concern in the legislation itself. We do not want to burden the communities with something they do not wish. It is quite fortunate that they have all whole-heartedly adopted the general principle of capital block funding. We do not want to build in any onerous system that is going to cause trouble. At this time, we do not anticipate any such major problems, given the state of discussions with respect to the formula to date. Obviously, if there are some problems two years from now, or four years from now, or six years from now, we will address those when they come.

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#### Question re: Carcross-Skagway Road

**Mr. Phelps:** I have a question for the Government Leader and/or the Minister of Transportation, again with regard to this essential issue about the contract and the fact that the contract did not seem to be reduced to final detail in writing, and that what we have before us is a telex from R.J. Knapp, Commissioner in Alaska. It states that there is an Agreement-in-Principle, which is something that we had for some time, but final details will be

addressed, which, surely, on the face of it, means that the final details of the Agreement were not reduced to writing. I ask the Minister or the Government Leader whether or not that is the case? At the time this telex was sent, I would like to know whether or not you had a final Agreement reduced in its entirety to writing with regard to all aspects of the opening of that road?

**Hon. Mr. McDonald:** The wording of the telex, as the Member can see — you have one in front of you — says, "consistent with previous discussions". In those discussions there was no sense given ever to Yukon negotiators that Skagway would be given a veto over the deal. There was no sense during those negotiations, at any time, that all the trucking jobs for the truck service would be given to American truckers. These were not only details, these were major changes in principle. When we talked about the final details and their consistency with previous discussions, we had very specific technical items which we would write in consistent with the discussions between the Commissioner and me. There was no sense that the changes that the Governor wanted to see which prevented the Governor from signing the deal, which caused the Governor to change his mind, that they were expressed prior to this telex being sent.

**Mr. Phelps:** I certainly appreciate what the hon. Minister is saying and I have some sympathy for what he is saying as well. The point that we are trying to make very clearly is that, on the basis of this telex and without a final detailed contract completed, and without some assurance in writing from the Governor himself with reference to a signed document, surely, does this Minister not realize that he put the taxpayers of the Yukon in great jeopardy and probably, once we analyze the final product, cost them a lot of money?

**Hon. Mr. McDonald:** We did no such thing. We assumed, on the basis of this telex, sent by the Governor's representative, acting on behalf of the Governor, and in fact we were told while in Juneau, on one of my numerous trips to Juneau that the principles of this document were consistent with the principles expressed by the Governor himself. As I have just stated, the major principles which caused the Governor to renege on the deal had nothing to do with this Agreement and, in fact, were never negotiated in this Agreement and, believe it or not, are not in the Agreement today. I cannot explain in any kind of entirety why the Governor changed his mind, why the Governor did what he did. We can speculate why the Governor did what he did, but as far as we are concerned when the Commissioner for Transportation, who said he was speaking on behalf of the Governor, sends us a telex which says, "this deal, we as a government agree to", we take him at his word.

**Mr. Phelps:** Surely the Minister will consider the situation in an objective fashion, and realize the kind of vulnerable position he put taxpayers in the Yukon, the mine, and the federal government into by not doing a proper job.

We, of course, saw a big, thick document.

**Speaker:** Order. Would the Member please get to the question.

**Mr. Phelps:** My question about the big, thick document is: is this Minister going to stand here and say that that document, which he tabled in this House and we went along with their bill on the guarantee on the basis of, contained all the final details and, therefore, that he could rely on this because the official in Alaska had said we made some kind of mistake?

**Hon. Mr. McDonald:** Everything that we had agreed to, the Commissioner of Transportation and I, acting on behalf of the Yukon government and the Commissioner acting on behalf of the Government of Alaska, was tabled in this House in the interest of open government. We did do that.

I did not, nor did this government, put the deal in jeopardy by assuming that what the Government of Alaska was telling us was the truth. We did not create any vulnerability on behalf of the Yukon taxpayers. We were, essentially, faced with a situation where the Governor of Alaska changed his mind.

**Mr. Phelps:** The obvious situation is simply that we had a telex that talks in terms of final details being worked out — whatever that means, little, tiny details, large details, or whatever — and I submit that surely the Minister knows it is sloppy, inappropriate business practice to put a bunch of people on the hook with guarantees and

undertakings that amount to \$7 or \$8 million, without having the cornerstone of the whole agreement, the whole key, nailed down to the best extent possible. Surely, will this Minister not agree that the taxpayers of Yukon were jeopardized by these actions, or lack of actions, of the Minister and his staff?

**Hon. Mr. McDonald:** The Member is all wet. We did not wait for circumstances to generate a deal. We tried to actively get a deal on behalf of the Yukon. We were active throughout. We moved throughout. We did not create vulnerability. I am not sure where the Member is taking this line of questioning. The uncertainty was created by the Alaskan side, where the major principles of the agreement were changed on the Alaska side. This is not details we are talking about. The thing that started it was the granting of a veto to Skagway. Then it was the job guarantees issue, which were both major, major items of principle in the deal.

The Member does not understand, perhaps, what has happened, what is going on, and perhaps even what the current situation is, despite my best efforts.

**Mr. Phelps:** Is the Minister stating that we would have been placed in this unhappy position if we had received the final agreement either signed by Mr. Sheffield or attached as an addendum to a letter saying that he agrees with each and every clause of the attached contract as negotiated in good faith between the two governments?

**Hon. Mr. McDonald:** Allow me to reiterate one more time, for the umpteenth time. The details that we are referring to are consistent with previous discussions. These were the final details. There was no discussion of major principal changes granting vetoes to a community, of job guarantees of major proportions, or the sorts that prevented, in the Governor's words, the deal from going ahead. Now, clearly, if the members do not understand that then we will be dragging this whole issue through the Legislature day after day. They have to understand that the Commissioner of Alaska stated that the principles were agreed to and we were going to iron out the final details consistent with previous discussions.

We never discussed giving Skagway a veto. We never discussed job guarantees. It is contrary to the preamble of the agreement. It is consistent with the agreement that we have today.

**Mr. Phelps:** Does the Minister understand the issue? Does he understand the issue that we were asked in this House, on the basis of an agreement that we thought was there and would be binding and complete, to vote in favour of putting Yukoners on the hook for \$7 to \$8 million dollars? Does he not understand that that is the issue that we are concerned about? We feel that the Minister let us down by letting us believe that we had a firm contract. Does he understand that?

**Hon. Mr. McDonald:** The truism here is that we thought, as well, as we stated many times already today, that we had a binding agreement. The Government of Alaska communicated that supposed fact to us. We have been more than open in providing all the documentation. Clearly, we felt that we had a deal. The Government of Alaska gave us the impression that we had a deal and the Government of Alaska reneged on that deal. I did not come into the Legislature thinking that perhaps the Governor of Alaska would change his mind or that there was any trend during the negotiations which would even lead people to believe that. We believed that we had a deal. The Government of Alaska had communicated that to us and now we have it. We were wrong. The Governor of Alaska changed his mind.

#### Question re: Apprenticeship Program

**Mr. Coles:** The Minister of Education replied to me that it is hard to run an apprenticeship training program when no journeymen exist. Is the Minister aware that there are four European journeymen working in the Super Valu bakery, and two more bakers with over nine years experience each with a total of 103 years experience?

**Hon. Mr. McDonald:** I am aware of the fact that there were people from Europe working in the bakery who hold certification from European countries. If there was any way we could transfer the certification to Yukon, we would. We are operating under a national agreement, which states that people have to take a

journeyman test agreed to by all the provinces. We explored the possibility of having those people with European certificates write the Canadian test to prove conclusively that they have the skills and can become journeymen under the Canadian jurisdiction. My understanding is that they chose not to take that test.

Therefore, we are still in the situation where there are no people at Super Valu with journeyman certifications — or there were not in November — which were satisfactory to Yukon. That is part of an agreement that we have with other provinces, because we work on these things cooperatively in order to promote the concept of uniformity of regulations with respect to this matter.

**Mr. Coles:** Is the Minister aware that five years ago, Super Valu enrolled a registered apprentice with this department who completed his apprenticeship program, and was, I believe, number five in his class in theory, and first in his class in practical and technical portion of the exam, with the same bakers who are there now.

**Hon. Mr. McDonald:** It just so happens I am aware of that information and there is the question of consistency here, of course. Clearly, if the person who passed the journeyman exam a few years ago did not have a journeyman present while they were working — but my understanding is that someone in Vancouver signed off the hours that the person was working, as a supervisor — clearly that was outside the bounds of the rules of the day five years ago, and is certainly not consistent with the rules of the day we have established, nationwide, now.

**Mr. Coles:** Will the Minister assure the House that he will at least attempt to get back in contact with the manager from Super Valu and the Teamsters Union Business Agent and give them a decision on the questions he was asked four months ago in his office?

**Hon. Mr. McDonald:** Allow me to reiterate one thing. It is my understanding that the department has sent people to Super Valu to try to resolve the problem on site. It is better than receiving a stark letter from the Minister stating a position. I directed, and the department carried out, an on-site evaluation. They tried to resolve the problem in a hands-on sort of way. I addressed the policy implications of this. It is still a concern, because we know that in Yukon there are a large number of operations, small operations, that would love to get involved in journeyman programs, but do not have a journeyman present. The problem is that we are operating under a national agreement and we want to promote that and continue with it so the people who acquire journeyman certification in Yukon can take their certification elsewhere in the country.

**Speaker:** Time for question period has now elapsed, we will proceed with Orders of the Day, Government Bills.

## ORDERS OF THE DAY

### 14 GOVERNMENT BILLS

#### Bill No. 5: Second Reading

**Clerk:** Second Reading, Bill No. 5, adjourned debate, Mr. Phelps.

**Mr. Phelps:** I am very pleased to rise at this time in response to the Budget that was recently tabled in the House by the Government Leader. I would like to say that the finances of the territory are a very deep concern to many Yukoners, and a very deep concern to those of us, certainly, on this side of the House.

I was very pleased that, when we left office on the government side at the end of May last year, we left this government in fine financial shape, despite the fact that we have been through pretty tough times because of the world market in terms of prices of ore and the shutdown of some mines. Despite that fact, Yukon was on the rebound. We had a healthy surplus on hand in case of contingencies that might arise, or contingencies of which we were somewhat concerned. Not only that, we had negotiated the new Economic Development Agreement for some \$18-plus million, and we had negotiated the new formula financing agreement.

The net result of all this was that payments from the federal government, which were slightly over \$170 million in the fiscal

year ending in March of 1985, this year amount to \$153.5 million, an increase of \$46 million over the previous year. For the fiscal year over which we are debating the Budget, the total monies coming from the federal government amount to some \$158.7 million, an increase of more than \$51 million over the year that ended last March.

That is a lot of money. We are extremely concerned that we have all this money, and yet we are faced with a situation where we have a lack of completed policy creation from the other side. The public of the Yukon was told that this was a government-in-waiting when they were in opposition and during election. Yet, all this time, we have not seen policies. We have seen a lot of promises and a lot of plans to develop policies. They all sound really excellent. The policies even yet are not completed. Yet, this government is plunging ahead, spending all this extra money, and what has happened? What happened to the Yukon? We end up in a deficit situation in this budget. We end up with tax increases in this budget. We end up in a situation where our analysis would show that we are probably looking at either a deficit or further tax increases in order to overcome a shortfall of some \$10 to \$20 million in the 1987-88 fiscal year if this government continues on this course of largesse, and if this government does not either cut its spending or raise taxes.

<sup>15</sup> So, we are concerned, deeply concerned, that the prudent management of the previous administrations would suddenly appear to have been for naught, and that we have a government that is so busy spending money that it does not really have time to put forward new policies. It probably will. I certainly hope it does by the fall sitting.

When we look at the speech, the address of the Government Leader, we wonder, along with a lot of Yukoners, where this government is going to come up with the money to pay for abolishing medicare premiums, and what the deficit is going to be next year, the year following and the year after that as a result of the huge expenditures of this government; expenditures which mean more taxes or that the government starts and expands and continues to mortgage our future and the future of our children. Their future will be placed in some jeopardy because of the ad hoc, carefree spending habits of this government. For all these reasons, we intend to be very thorough in our analysis of this budget, line-by-line, department-by-department, program-by-program, activity-by-activity.

I would like to mention a concern that we share on this side with a lot of Yukoners as well: all this capital money being spent on these large buildings and these huge facilities. Eventually, that kind of spending is going to come home to roost with the taxpayers by paying property taxes in some of the smaller communities, as well as Whitehorse, because these things cost money to keep up. I certainly hope that the government eventually gets a handle on what the O&M costs of these edifices that they are planning and building are going to be.

So, in second reading, we will be voting against this Bill because we do not have confidence in this government. We feel that it is expanding a government, expanding the socialistic idea of more government is better for Yukon. It expanded the expenditures by \$50 million each year and it is becoming more and more — and causing this territory to become more and more — a territory having a dependency on cash transfers and gifts from Ottawa. This dependency — reliance on the needle — is growing in leaps and bounds. We would like to say, too, that we are reasonably certain about what the Liberals are going to do, our friends next to us. After all, they said they would have no problem supporting, propping up, this government through this session. They said that before the budget was tabled. They were quoted in the media as making those comments and we say that is an abdication of their responsibility. We wonder whether they saw the budget before it was tabled, if there was a leak, so to speak, or whether they are blindly happy to continue propping up this spending machine.

<sup>16</sup> With respect, it would seem the Liberals are trying to buy time, fighting for time at the expense of the Yukon taxpayer, because they are afraid to go to the people now. I just want to end on a cautionary note to them. If they do vote in favour of this wild

spending of the socialist government, it is going to be harder and harder for them to go to the polls as people become aware of this free spending, wasteful spending, as people become aware that it is the Liberals who are propping up this spending machine.

**Mr. Coles:** Thank you Willard for the attention you have paid us. At least you know we are here.

We find, on this side in the Liberal caucus, that we share a significant degree of agreement with the government priorities for the fiscal year. While we are somewhat alarmed with the budget that introduces, for the first time, a targetted deficit, we also share some of the government's optimism that our economy is on the upswing.

We realize that the federal spending freeze is going to have a significant impact on the Yukon economy and, therefore, it is incumbent on us as a government to act in trying to fill this void now. At a time of high unemployment, this government or any government has no right to be sitting with a large surplus of Yukoners' tax money while Yukoners are sitting back without jobs. At the same time, the surplus does not give the government the right to go on a spending spree where anything goes.

We share some of the government's priorities and the intent to substantially increase both economic development and tourism. We will be watching very closely for the results or impacts of the 29 percent increase in this area. Throwing money at planning is one thing but it must produce results that will last and pay off with jobs.

We are very pleased to see the government opening up more possibilities to Yukoners regarding the in-house training positions. More native representative at the public service level is long overdue. We need to bring more Indian people into the mainstream of the public service.

The abolition of health care premiums and the expansion of health care programs is long overdue in this territory. I only hope that when we get into the particulars we will find that this expansion does indeed meet the needs of the many with chronic diseases that before were not covered. No one should be denied adequate coverage when it comes to health care.

Encouraging more exploration into our mining resources is gaining the applause of all Yukoners and I believe that we will see a great resurgence of activity in the resources that we are so dependent on for our economic wellbeing.

Increasing the size of government bureaucracy is causing me some difficulty. A year down the road we will all be looking at results from this and I would caution the government that the devolution process had better be meaningful. I would also like to commend the government for moving on the overdue accounts question regarding the payment of interest. I am concerned that our own bureaucracy has been unable to find a way to speed up payment of bills. I would hope that the government finds a way to avoid this problem by paying the bills when they are due. It is in their best interests. A \$60,000 saving is a \$60,000 saving and will assist in reducing the projected deficit.

We would also like to note the particulars of how they will spend the \$250,000 in developing a long term, economic development strategy. Planning is one thing, but Yukoners are looking for results. They will not be fooled if there is no action. Creation of an agricultural branch has the potential, if done right, to be a landmark or watershed in the Yukon's self sufficiency. I would hope that this government draws heavily on the expertise of Yukoners already engaged in this industry.

<sup>17</sup> In closing, I will conclude by advising the government that the next time we sit in this House to discuss a new budget, they will have to show results and not just a continuance of planning projections. We must go somewhere. Yukoners want to see results. Words and ideas are one thing, but actions speak louder.

*Applause*

**Hon. Mr. Porter:** It is my pleasure that I rise today to speak to the Operations & Maintenance Budget for the fiscal year 1986-87 for the two departments I represent, Renewable Resources and the Department of Tourism.

Let me say at the outset that this budget is not merely a



business-as-usual budget. I am proud to report to the House that for both my departments it represents major new initiatives which speak to this government's view of the importance of these two sectors of the economy.

First, let me deal with the Department of Renewable Resources. In broad perspectives, I have stated many times that the Yukon government is dedicated to renewable resource development as a contribution to economic diversification and economic stability in the territory. The government is also determined to ensure that open and responsive consultation takes place in the management of our natural resources. Within the framework of regional and economic development, the government is firmly resolved to preserve the Yukon's renewable resources, to maintain a high standard of environmental quality and to support viable resource-based lifestyle opportunities for Yukon residents.

These are cornerstone positions that the government has advocated since election in May of 1985. These positions have shaped and directed the significant advances that have been made in resource management of the past 10 months, and they will continue to provide the foundation for new initiatives the department will be undertaking in the upcoming months.

The government's commitment to maintain a high standard of environmental quality, the conservation and enhancement of resources, and to ensuring consultation with user groups can be viewed as principal components of the set of overall goals of the Yukon government. The benefits of these commitments are threefold.

First, managing our renewable resources wisely, and managing our environment wisely will enhance the quality of the life for all people of the Yukon. Managing our renewable resources to enhance harvesting activities and business opportunities in areas such as agriculture, wilderness travel and trapping will lead to economic diversification across both sectors and, most importantly, in the outlying communities. Consultation with user groups is the work of an open and accountable government, providing all Yukoners a direct opportunity to influence the direction of policies of resource management.

For the past 10 months, the Department of Renewable Resources has re-introduced the wood bison to the territory in cooperation with the Canadian Wildlife Service and the Yukon Fish and Game Association, among other groups. I might add, for the benefit of those on the side opposite, that the government has also committed itself to a transfer of elk to the Yukon by next fall. We have a basic understanding with the Canadian Wildlife Service and the principals in Elk Island.

The department has also worked with other agencies and groups to finalize and sign the Porcupine Caribou Herd Management Agreement. It has supported the trapping industry and worked regionally and nationally to counter the anti-trapping lobby. The work on Herschel Island is continuing, as well as the work on the Coal River Springs Territorial Park. It has endorsed, in principle, the recommendations of the Northern Conservation Task Force Report.

All these activities contribute to a pattern of resource enhancement, and resource conservation that add to the quality of life that is special and unique to Yukoners.

Similarly, the Department of Renewable Resources, together with other federal and territorial agencies, has implemented the Renewable Resource Sub-Agreement of the Economic Development Agreement. Over \$500,000 has been committed to date on 14 projects, including the acquisition of a breeding herd of elk, the redevelopment of the Dalton Trail for trail riding, and a vegetable storage facility in Dawson.

The agricultural unit continues to provide extensive service to farmers and livestock owners around the territory. Agricultural products legislation was introduced and passed into law in the House. Working relationships with Agriculture Canada were strengthened and expanded to the benefit of the agriculture community.

New quota systems were developed for the harvest of grizzly bears in cooperation with Yukon outfitters. Discussions were held on trapline management programs with Indian bands and trappers.

The Department of Renewable Resources worked in conjunction with the Department of Tourism on the review of options for wilderness recreation travel.

In wildlife, agriculture, tourism and other renewable resource economic sectors, including the Dawson Salmon Fishery, the Department has directly and indirectly contributed to the start-up and expansion of business activities. These businesses, in turn, will create stable jobs and contribute to economic growth throughout our communities. Throughout all these activities, the department and the government has fulfilled its commitment to consult with Yukoners. We have worked with interest groups on the anti-trapping lobby. We have listened to and acted on the input of Yukoners regarding predator control. We have built a strong agriculture planning advisory committee and we have ensured, through the work of the Select Committee on Renewable Resources, that all Yukoners with an interest in the far-reaching range of resource interests have had an opportunity to comment on, to discuss, and to advise the government on resource management questions.

The success of our activities during the previous year provides a solid base for new initiatives in the management of all the territory's renewable resources.

Management responsibilities, as reflected in the estimates for the fish and wildlife, lands, parks, resources, policy and planning branches, will include the development of a strategic plan for the future of the Yukon's renewable resources. Based on the input provided to the select committee and the committee's report to the Legislature, the strategic plan will be a guide to the future of the department. Elements of this plan will include a redraft of the *Wildlife Act* and an improved level of community service by placing a conservation officer in the community of Old Crow as requested by that community, and by ensuring that all of our officers continue to provide support and advice to trappers, outfitters and other resource users.

The strategic plan will also provide for the transfer of freshwater fisheries management responsibilities, as well as forestry responsibilities. I have directed my department, after consultation with the interim, as well as the recently appointed, federal Minister of Fisheries to continue to work toward the early transfer of the freshwater fishery management responsibility. We will actively be looking at the forestry program in the same fashion.

A park system plan will be developed in keeping with our commitment to implement the recommendations of the Task Force on Northern Conservation. We will also continue to work toward the final establishment of the Coal River Springs and Herschel Island Territorial Parks.

Cooperative projects on migratory birds habitat enhancement will continue with Ducks Unlimited and the Canadian Wildlife Service, and new habitat initiatives will be undertaken in cooperation with Habitat Canada. We will continue to work actively to counter the anti-trapping campaigns that are building in Europe and North America, and at home we will help to support and build the fur industry. A fur-farming policy will be developed as a component of this work. While we build and expand our existing wildlife, parks and resource management programs in the regions, we will also continue to work at the national and international level to ensure a fair resolution to the Yukon River salmon talks to ensure that the Yukon's interests are represented and reflected in the administration of the Convention on International Trade and Endangered Species and the migratory bird protocol, and to ensure that the international Porcupine and Forty Mile caribou herds are managed responsibly on both sides of the Alaska and Yukon borders.

We are committed to protecting, managing and conserving our natural resources. We are pleased to do so and create long term jobs.

On that note, I am particularly proud to present, in these estimates, a budget of \$217,000 for the establishment of a separate agricultural branch in the Department of Renewable Resources. During the election campaign, almost a year ago, we promised increased support for agriculture and we have delivered. The government has confidence in the agriculture community and we will continue to support viable agriculture activities and sound

agricultural practices. In establishing an agricultural branch, I must thank and congratulate the agricultural community which has given us ongoing and exceptionally useful advice in the creation of the new branch.

Together with our Wildlife Development Programs and the Renewable Resource Sub-Agreement of the EDA, the agricultural branch and the agricultural program will contribute to the broad economic study of this government. In building our management and economic development programs, the department will also build the advisory and consultative processes to ensure open and accountable government. In the 1985-86 fiscal year, the department, under my direction, will provide support for a rebuilt and strengthened wildlife advisory board. It will continue to support the Agricultural Planning Advisory Committee and establish the Porcupine Management Board. On the North Slope Wildlife Advisory Committee Council further consultations will take place with respect to the department's strategic plan on resource harvesting and renewable resource economic development.

On the international level, we will contribute to CITES discussions, the Canada-U.S.S.R. Science Exchange Program, and the World Conservation Strategy Conference to be held in Ottawa this summer. I might add that I have been invited to chair a portion of this prestigious international conference.

This budget speaks to an exciting and important range of activities in the Department of Renewable Resources, activities that will support Yukon lifestyles and community aspirations, activities that will ensure sound management of our regional resources, and activities that will ensure that the value of the Yukon's renewable resources is adequately represented and recognized at the national and international levels.

I can assure this House that the future of the Yukon's renewable resources will continue to be protected, enhanced and developed in the upcoming financial year.

Let me now turn to the Department of Tourism, and specifically my comments with respect to the new initiatives in that department. Our government has reflected, and these estimates recognize, tourism as a primary contributor to the Yukon's economy. This budget speaks to our belief that we must work in partnership with the private sector to develop new initiatives in tourism and must encourage the participation of all communities and involve interest groups throughout the Yukon so that programs do indeed work and optimum benefits do result to all.

Tourism plays a vital role in the stability of the economy and government must take an active part in assisting development of the industry. As a consequence we have increased the estimated expenditures of the department for 1986-87 by 29 percent over the 1985-86 forecast. It will be noted that this represents, with the Department of Economic Development, the largest percentage increase of the departments of government and I am sure that the Members opposite and the tourism industry will welcome the additions.

As in 1985-86, the largest increase is in the Expo '86 program. We have now entered the final phase in that the exposition opens its gates to the world on May 2 and will close on October 13. I would remind members that the three-part objective of participating in Expo was: firstly, to promote tourism to Yukon; secondly, to encourage economic investment in the Yukon; and, thirdly, to promote a greater awareness to the public at large of what the Yukon is all about.

We are confident that our presence at Expo will meet the objectives and that we will present a truly world-class product for the world to see. It is anticipated that 750,000 people will visit the Yukon Pavilion during the life of Expo. This estimate is based on Expo's own estimates of 15 million total attendance at the fair. Since that estimate has already been over 70 percent presold, it is reasonable to assume that our goals will be achieved.

We expect to distribute some 200,000 pieces of the Yukon promotional literature during Expo, and will undoubtedly generate interest and further inquiries from thousands more.

Yukon Pavilion is, I am pleased to say, on schedule and within budget. The Expo branch office has now moved to Vancouver as the final touches are being added to the pavilion. While the bulk of

the construction contracts were let to Vancouver firms, due to the location of the pavilion and the highly specialized skills required, many local Yukon contractors have also participated in various aspects of the program. The local artist, Ted Harrison, designed the facade of the structure, local photographers provided photographs for the main A-V, while the entryway A-V and the Tourism and Economic Development audio-visuals are wholly Yukon productions. The Watson Lake signpost selection was done by a Yukon company, as were the design and supply of hosts/hostesses uniforms.

During the fair, 17 Yukoners will be employed for the duration as hosts or hostesses, chosen from 250 local applicants. They represent all peoples of the Yukon and come from Dawson City, Watson Lake, Haines Junction and Whitehorse. With cooperation from the tourism industry, a comprehensive training program has been designed by a local company, which will ensure that each staff member is fully knowledgeable and prepared to represent the Yukon in the best manner possible.

In addition, there will be a number of artisans and 30 entertainers performing at the Yukon Pavilion, all from the Yukon, with their expenses covered in the estimates. Over 20 artists and approximately 14 additional entertaining groups have been invited to appear at various times throughout the exposition. We think that the exposure given to the Yukon's culture and the talent that exists here will be invaluable to our efforts, and will provide a unique opportunity for those who will be participating.

One hundred and ten thousand dollars above the original estimates has been added to supplement the funding of these groups and provide a number of special events, such as a Yukon treasure hunt, a gold display, an Arctic sports competitive demonstration with the N.W.T., and an Alaskan day at the Yukon Pavilion with Alaska dance groups performing. I sincerely hope that all Members in the House will take the opportunity to visit our Yukon Pavilion this summer and be a part of a most unique and exciting event.

The Heritage Branch will continue development of four main program areas: museums, historic sites, archeology and the Yukon Art Gallery. The most significant addition to the Branch for the new fiscal year will be the hiring of a native heritage advisor. The chief function of the new position will be to advise and assist the Heritage Branch with respect to the identification and fulfillment of native issues and needs. The native heritage of the Yukon is something that should not only be preserved, but recognized by the travelling public. This is something that I clearly experienced in my visit to Germany; that culture plays a major role in the development of tourism, and is also a major factor in attracting tourists to various countries.

This new position is significant to the Department of Tourism as a whole and is an important step in facilitating economic and social development within the aboriginal community throughout the Yukon. In September, we shall be hosting the Canadian Conference on Historical Resources. This is the annual meeting of federal, provincial and territorial officials concerned with historical resources in Canada. About 40 officials will be in the Yukon for four days bringing valuable tourist dollars to the territory and taking home new understanding and information to pass onto others.

A museums program will continue to give assistance to museums throughout the Yukon. With the pending completion of the new museums training handbook, with the assistance of National Museums of Canada, Yukon museums are now provided with competent up-to-date technical information. We will also make provisions for providing financial assistance to museum workers in order that they may attend training courses outside.

The historic sites unit will continue to oversee the summer works programs in such diverse locations as the Old Territorial Administration Building in Dawson City, Fort Selkirk and the *S.S. Tutshi* in Carcross. As well, the historic sites inventory program, funded under our capital estimates, will be proceeding and we will be looking at new opportunities and ways to bring about both preservation of our history and economic benefits through community and tourism use of completed projects.

The Art Gallery curator will continue coordination of exhibits in the Yukon and travelling exhibitions of Yukon artists outside the

Yukon. A significant role is being undertaken in the commissioning and selection of art for the new law centre, providing further opportunities for exposure of talented residents and the enjoyment of our visitors.

In recognition of the importance of our commitment to long term planning, diversification and community involvement, we have provided necessary funds for consultation and work with communities in developing regional tourism plans, and with private industry addressing problems or concerns in specific sectors of the industry.

Plans for Watson Lake in the Silver Trail area will commence this year and work will be ongoing with Haines Junction, Carcross and others. There will also be heavy involvement by development branch personnel in the administration of existing capital programs such as the Canada-Yukon Tourism Sub-Agreement, special events and streetscape programs. The branch will have a major responsibility in overseeing the development of a new tourism strategy currently undertaken by consultants. This important exercise is being undertaken with extensive private sector and community involvement and will provide us with an up-to-date and comprehensive guide to the development of the industry and integration with other developmental issues throughout the territory.

The final plans will reflect the views of interested Yukoners and provide important direction to government over the next five to ten years. Responsibility and related funding for research and program evaluation has been placed under tourism development. Projects proposed under this program include: study of advertising media to measure effectiveness and in converting readers to visitors; a random exit survey of visitors using a new survey design and questionnaire; market testing of proposed creative designs and themes used for promotional activities and Yukon promotional literature; and, an analysis of results between our recently completed market segmentation study and a similar Tourism Canada study in the US market.

We will also be cooperating with Statistics Canada through the bureau of statistics in the first ever survey of the Yukon residents to be included in the Canadian Travel Survey. This has come about through our continuing membership in, and work on, the National Task Force on Tourism data over the past year. The lack of consistent, reliable data on which government and private sector can base their marketing activities has been recognized by government and industry throughout Canada as a serious problem.

As competition from other destinations becomes increasingly active and sophisticated, we must respond by becoming increasingly critical and effective in our own programming. The growing popularity of the Yukon as a tourism destination is reflected in the preliminary figures for visitors of 1985, which indicate a total of 469,509 border crossings, an increase of almost 11 percent over the 1984 figures of 422,094.

<sup>22</sup> The compilation of detail statistics, including visitor expenditures, are currently in hand for the tourism industry highlights report. We can safely assume that last year was a record year for tourism in the Yukon. Indications so far for this year are very positive. The number of cruise ships calling at Skagway has increased to over 180 from 138 last year, and a number of local tourist operators report bookings far ahead of this time last year. Enquiries for information received by the department are also up an incredible 86 percent over last year's figures. A travel counsellor position has been reinstated with the department to respond to the growing number of enquiries, to reduce our response time and to reduce the use of casual employees required in the past years.

Tourism marketing this year will maintain its previous programs and introduce new ones in conjunction with the Yukon Visitors Association. Our contribution to cooperative marketing with Alaska will increase to \$220,000 US. We will contribute an additional \$15,000 to Canada West Marketing in Europe, bringing our total participation to \$45,000 in that program. A cooperative program with British Columbia has been negotiated to promote the Yukon as the location for the shooting of feature films, documentaries and commercials.

A new program, which I am particularly pleased to announce, is one that reflects our ongoing commitment to working closely with the private sector. Fifty thousand dollars will be allotted this year to

a new Partners in Tourism program to encourage marketing initiatives such as brochure production by communities and the private sector that would not otherwise be eligible under the tourism sub-agreement. A further \$100,000 is being provided for new advertising initiatives, predominantly in Canada. It is intended that both these initiatives will be undertaken in cooperation with, and with the advice of, the Cooperative Marketing Committee.

An amended literature program starting in 1985-86 will be in place by the summer which will place more information on Yukon activities, attractions and facilities in the hands of visitors. This is intended to provide materials to a larger number of potential visitors, persuading those who come to lengthen their stay in the Yukon with consequential increases in spending and to provide industry with increased returns on their advertising expenditure.

In response to industry and community requests, we are providing initial funds to enable visitor reception centres in six locations in the Yukon to open one week earlier and close one week later than in the past. Increased services to our shoulder-season visitors will hopefully make their stay more rewarding and facilitate expansion on private facilities and services in future years.

The tourism awareness program will be expanded this year to include hospitality training for larger numbers of employees of tourism-related enterprises in the communities, and media promotion of those businesses that participate. This program, which is in coordination with the Yukon Visitors Association, has received support from local Chambers of Commerce and other business associations. It also includes taking a presentation on the Yukon visitor information centres to northern Alberta and British Columbia, and reciprocal arrangements with Alaska for familiarization of Tok and Dawson reception staff will also be undertaken in the next year.

We have provided for membership on the newly-formed National Advertising Council for Tourism. This council, composed of representatives from governments and international representatives from the private sector, is intended to enhance the image of Canada, presented in various foreign markets, and to coordinate government-industry efforts. The council will hold its first meeting in April.

In recognition of the importance attached to the close cooperation of the private sector, the administrative grant to the YVA will again be \$100,000, and the agreement for YVA to promote and coordinate conventions will continue at \$60,000.

<sup>23</sup> An initiative is currently in hand to gather input from the private sector involved in outdoor adventure tourism, in order to be able to market that segment of the territory better than we have in the past. We are currently planning to hold a meeting in the very near future with all participants in the outdoor market. I will be informing the House as to when that meeting takes place and the progress achieved at those meetings.

Also, meetings have been held and are planned to consider ways of expanding winter tourism and sports-related tourism.

In conclusion, I believe that the estimates for the Department of Tourism before the House will, hopefully, meet with all Members' approval. They are designed to maximize the effectiveness of all available resources in order to achieve the industry's, the government's, and the department's objectives for an increased tourism year and also, I might add, the increased benefit to the local businesses and communities throughout the Yukon will be greatly enhanced by the budgetary measures that have been brought down by this government. Thank you.

**Mrs. Firth:** This is the first full fledged, totally drawn up, totally coloured, totally developed NDP budget, and when I first looked at the budget, I did not think it looked much different than the ones from previous years. I have looked through it and noticed some new terminology in the budget. I have noticed that the objectives look like they are a bit longer, and maybe a bit more numerous, and more detail in some areas. I am looking forward to going through the budget in great detail. I have not had that much time to examine it.

I would just like to say to the Government Leader and his Ministers that I have an appreciation of the length of time it takes,

the energies, efforts and negotiations, and compromises that have to be made when drawing up a budget of this size. I realize they have done a lot of work and they were very busy in the last three or four months putting the budget together, and I am sure the Government Leader has a much greater appreciation of what a financial wizard and magician the Deputy-Minister of Finance is and how he can change money around. I am sure we will be very busy as the Opposition chasing after that money, trying to find where everything is and where everything is hidden, so we can pull out all the facts and statistics.

Now, as for the amount of the budget, \$171 million, it is a record size, although I appreciate the comments made in the past about supplementaries made to our budget. It will be interesting to see what the total is of the record size of this budget after the supplementaries are added to this one in October of 1986, and particularly in October of 1987.

I do have some concerns about a minority government embarking on such a huge and ambitious task as this government has, and then coming up with a deficit budget. It gives me a great deal of concern, mainly because they did it so willingly, and they have plowed headlong into it on behalf of all Yukoners and Yukon taxpayers, as well as Canadian taxpayers in general.

So, we will have to watch them carefully and we will have to keep on our toes to keep them on their toes. I think that the public measures the performance of politicians occasionally in how they spend money, and where they direct it, and how they set their priorities, and how much long term insight they have and how many long term projections they make when it comes to spending money.

As for identifying priorities, I believe this government has already, for some political reasons, identified which areas in the Yukon society they are going to target and I think they have identified a couple of specific areas and have been prepared to let another area hold fast as it is. Whether this is to their benefit or not will remain to be seen in the long term.

I also have some concerns about whose wish list this budget is, whether it is a wish list of the politicians and it is a direction the politicians are giving, or whether it is a wish list of the bureaucracy and it is a continuation of certain establishments that have been there for a while and will carry on long after we have come and gone. I recognize what portions of the budget are those establishments and which are the new initiatives in the budget.

I do have to raise a point about the lesson I think the government has learned. I think that it has been a valuable lesson to them, maybe one or two lessons about announcements, and I am talking specifically about the Skagway Road Agreement and feeling secure that they had an announcement even though it was not finalized in writing, and so on and, because of time constraints and having to rush and get this deal finalized immediately. Perhaps, when you rush into things and you do not have enough time to examine all the letters and words and cross all the t's and dot all the i's, there can be some room for running into some trouble. The only unfortunate thing about it is that it probably is being done at the expense of the taxpayer of the Yukon territory. However, that remains to be seen. We will see in the future what the cost comparisons are.

If, in fact, it turns out that there were premature announcements about the Agreement and that the homework was not done as perfectly as it should have been, well, it is something that we will have to bear the burden of for some years. Therefore, the NDP minority government will have to bear the responsibility for having made that decision, and they will bear that responsibility for that long as well.

I do have to say something about the Liberals who are supporting the NDP minority government. I was concerned when the Leader of the Liberal Party so eagerly announced that he was going to support this budget before it had even been tabled, before we had a chance to see what the new initiatives were and what the directions were that were going to be taken. The Liberals really cannot have it both ways. They either support the government budget or they do not and, therefore, for the Liberal Leader to get up in the House and create a big fuss about directions that the government is taking is not going to be a legitimate criticism. They do not have a good track record federally when it comes to fiscal management. I think

that the Liberals are going to have to take a close look at what impression they want to leave with the Yukon taxpayer and for how long they want that impression left, and whether it is going to be to their best political advantage or not.

I want to raise a couple of points that I will be pursuing and that we will be pursuing as an opposition when we enter into the Committee of the Whole and the more lengthy budget debates. I would like to thank the Minister of Community and Transportation Services and Education and the Minister of Renewable Resources and Tourism for their budget debate presentations. I hope we do not get it all over again in the Committee of the Whole, but we may hear it all over again.

It was very informative, and it will give us a lot of material to work with before we actually go into the Committee of the Whole. We will have some good questions to ask, and so on. If that was the intention of those two Ministers, then we thank them for that.

Person-years have grown by quite a substantial amount. I understand some are contract positions that have been incorporated into that growth. I do have concern for the constituency that I represent, and for all Yukoners, about the size of the bureaucracy in the Yukon, and how it is rapidly escalating. The private sector in the Yukon Territory is in great jeopardy of being overrun by the civil service and being outnumbered by the civil service. As a politician, I find that a particularly vulnerable position for a politician to be in, because it is not very long before, as a politician, you become the servant of the civil service. It somewhat cramps your style, cramps your maneuverability and, in a sense, does not allow you to have as much freedom of expression of your philosophy or your ideas that you would like to have in a budget.

I am going to be looking at the number of consultant's reports that are going to be commissioned by this government. I have heard, from presentations that the Ministers have been making, that there are going to be a fair number of consultant's reports done. These are very expensive and have traditionally been done by outside firms. Some, guaranteed, have been done by local firms, but I think it is safe to say the majority of them are done outside. Therefore, it is a substantial amount of money that leaves the Yukon Territory.

The long-term forecasts this government is making are going to be very important because, if a government is willing to start out with a budget with a deficit, even though it may be \$616,000, to the average Yukoner that is a lot of money and can represent a lot of money in the form of taxes, and a lot of pocket money to them, direct pocket money. If we are having that kind of a deficit now, what is the deficit going to be like at the end of our formula financing agreement, when you take into account things like inflation, which the Government Leader has already announced in the Budget Speech is taken at about 4 or 4.8 percent a year? We have two or three years to go yet before that agreement is finished. Depending on what kind of adjustments the federal government is prepared to make to that inflation factor, the removal of the highway tax, the road tax on the fuel, the abolishing of the medicare premiums, is going to cause quite a decline in revenues that the government will be getting. Combined with that inflation factor, the long-term projection for this government running in a healthy financial position does not look very favourable, in my opinion.

The Job Evaluation Study that was commissioned by the previous government, although not implemented — and there was no action taken upon it by this present government early in 1986 — is going to have a tremendous impact on the budget. It is going to be interesting to see where those increases are and how much they are. We will be asking for a very detailed breakdown of the impact of the JES study; so detailed, in fact, that it will give us the ability to apply it directly to the activities and, therefore, we will be able to get a better evaluation of the impact it has had within each department.

We will also be looking very closely at the objectives. I have noticed that there are some changes in the objectives and whether those objectives are reflecting the government's philosophy, the direction in which the government is going, the services they want to provide the public and whether it can be supported by adequate

rationale or performance measurement to indicate to us and show us that we are getting the best mileage for our dollar and to justify the money that is being spent. We are going to be scrutinizing that very closely because I want to see some indication that this money is needed and is being spent efficiently.

I want to state again that the concern about the deficit is already out in the general public. There is a fair amount of talk about it. I feel that the Government Leader is going to have to justify to us in this Legislature very clearly how he is going to remedy this situation and how he is going to remedy it in the long term, not just for this fiscal year. We have the supplementaries for the 1985-86 year. I have already heard some concerns that we may be in a deficit position with that budget also. That remains to be seen, and I am sure the Government Leader can clarify that for us at the correct time.

To sum up briefly, I want to congratulate the government on their first budget, although I may not agree with the budget. It is still deserving that the government gets credit for this tremendous accomplishment which is in fact their first budget. We are going to be scrutinizing it very closely. I think the budget debate is going to take a long time and is going to be very detailed in Committee of the Whole. I am looking forward to having the Ministers respond to defend their budget so we can judge them on their capabilities and their performance to see whether they have done their homework and whether the Yukon taxpayer is getting their money's worth out of the Minister's as well.

**Hon. Mr. Kimmerly:** The previous speaker is so predictable. She always mentions "when I was a Minister", or "I can appreciate how it was" and "I know the civil servants". She said that after some time the civil servants begin to run the politicians. That was possibly one of the reasons for the change of government, if you ask me.

I will mention briefly the Skagway Road situation only because the previous speaker mentioned it. She talked about going too fast, not dotting i's and crossing t's, as if that was the fact of the matter. That, of course, is not the fact of the matter at all. She talked about her responsibility. This government, being an open and responsible government, tabled the agreement as we knew it then in October. The Conservatives had that. They knew the situation then. At that time they relied on it just as we did. There is no going too fast, or not crossing t's or dotting i's. That is simply a rhetorical trick.  
<sup>27</sup> The Leader of the Official Opposition has stated that the government was left in good financial shape and that is because of the formula-financing agreement that was announced just before the election, or signed just before the last election. It is true there is formula financing that allows us to budget for a longer period and it is true that the overall federal transfer payment is increased from what it used to be before formula financing. It is only because of that, not because of the management of the finances of the territory in the past, that there was a surplus at the time.

Now, the Leader of the Official Opposition has said here this afternoon, and in the media, that somehow there is \$50 million dollars that is being squandered or is lost. That is completely and utterly misleading. If he would take the trouble to study the financial summary, which is on page 3 of the budget, he will see in the 1985-86 estimates that the transfer payment from Canada was \$83 million dollars — I will round the figures to the million — and the forecast is \$93 million because of a bookkeeping entry in the Public Service Commission of \$10 million, which was explained in the budget speech by our leader. The transfer payment from Canada for this budget is allocated at \$84 million dollars, and that is because we have allocated, from the total monies transferred, \$84 million-odd to this year's O&M. That is completely explained at the bottom of the page. What we have done is we have held the line. We have, in an operational and maintenance budget, been very restrained and responsible and when we go through line-by-line, as is promised, that will be amply demonstrated.

<sup>28</sup> What is clearly happening is that the Conservatives have a political message and the political message that they are attempting to put across is that the New Democrats are not good financial managers. We have the evidence here, we have the proof here, and

as we go through it line-by-line, we can demonstrate how prudent we have been. I look forward in the weeks ahead to pointing out how we have squeezed some fat out of the previous Conservative budget in order to reallocate it into areas that will in the future lead to less dependency on the transfer payments from Ottawa.

There are new initiatives here and they are in the Economic Development and the Renewable Resource and Tourism areas, all designed to diversify the economy and to develop the economy so that, in the long term, our economy will be less dependent on transfer payments than it has been for years and years.

The speech by the Leader of the Official Opposition is pure political rhetoric, and I look forward in the weeks ahead to presenting the detailed evidence, as he says, page-by-page and line-by-line and activity-by-activity to show where we have been prudent and responsible and have shown good fiscal management of the territory's economic resources.

Let me say just a word about the liquor tax and the cigarette tax. That is a very responsible move to have those who would engage in inherently unhealthy activities pay in some measure the social costs in hospital and medical costs, and the like.

Thank you.

**Mr. Lang:** It is an interesting budget that has been presented by the government. I think that it is interesting from a number of points of view. I think that most Canadians accept the principle that the Canadian economy, if it continues at the present financing and with the deficit that we as Canadians each and every one of us have as far as the national debt is concerned, we are going to be in major economic problems as far as our country is concerned.

<sup>29</sup> With that particular government, and I am not saying from a partisan point of view, is going on a major review of the programs that have been put into place over the last four decades to say are they needed, do they need to be modified, do they need to be revised, perhaps dropped, to see how we can restructure, as Canadians, our economy in the best interests of the people that we serve.

The budget that has been provided to us does have some good features, features that will be expressed and explained further as we go line by line, department by department, as far as the budget is concerned. There is an overriding, global principle involved that I think that we, as Yukoners, should recognize, and it is historical from a number of perspectives. It is the first time, to my knowledge, that a government has proudly come into this House and said to the taxpayer of Yukon: you now have a deficit. Not only do you have a deficit, but you also have a tax increase along with that deficit.

The Minister of Government Services, of course, on the annual soapbox that he always gets on, talks about the evils of drinking and the evils of smoking and how these people should correct their ways, and now he has found the way, not through legislation, but through financial means, to make sure that they correct their ways. The principle that I think that people should understand, which is all-important as far as this budget is concerned, is that not only along with the tax increase and the deficit that has been projected, we also have an increase in revenues projected as well. If they do not materialize, of course, that puts the budget in a different situation than what has been presented. I am sure, in deference to the Minister of Finance, that the budget was presented with all known assumptions being brought forward during the preparation period of the budget being provided and being prepared and ready for presentation to the House.

There are some unidentified costs that people are going to have to bear in consequence of this budget, and I think we should all be aware of it. There was a major increase in personnel last budget, in the 1985-86 year. Now we have another major increase in the 1986-87 year. I think the total is in the neighbourhood of 68. The explanation has been given back that 20 or 25 are contract and they are already in the employment of the government. Nevertheless, we have 40 or 50 new positions in conjunction with the previous budget that was brought forward by the government.

There are a number of provisions that people have to understand that come from the presentation of this type of increase in personnel

that is not identified in the budget. Where are they going to work? Are we going to build a government building? Are we going to go and rent more government space? The Member for Dawson says they are moving to Dawson. Are we providing more government space in Dawson or in Watson Lake or in Mayo? The fact is, no matter where they are located, it is a cost. It is a cost that I think we should be aware is not included in the budget. It is a very major area of public expenditure. When you go and build buildings, or you go to rent, you pay the heat, you pay the light, you pay the maintenance. If you are the Minister of Government Services, you fire the janitors.

I think it is important that we also know that we have very major capital programs that are on the verge of either being completed or will be completed within the next year. Yukon College comes to mind. On the Operation & Maintenance side, we are going to have to have money to turn the lights on, to heat the buildings, to pay for the increased staff, in some cases, if the decision is to go ahead with further programs.

<sup>30</sup> The new justice building, which is due to be open, I believe, in June, is going to have added costs. I do not know what the figures are, and it may sound piddly in government spending terms — five thousand or ten thousand or twelve thousand dollars, whatever the case may be. The Minister of Government Services pointed upward, what are we talking \$50,000? O&M - \$30,000? There is another cost that we are going to be looking at.

The liquor warehouse, the infamous liquor warehouse where the Minister of Government Services is going to store the South African wine in. That's a million dollar building. What is it going to cost to heat and light next year as far as the O&M budget is concerned? Increased cost. What about the campground expansions? The reality of the situation, as we move into that particular program, is that we are going to need added vehicles, added personnel. All of these are accumulated costs to the taxpayers of Yukon. And too, the financial ongoing — not one shot, but ongoing — burden as far as the taxpayer of the Yukon is concerned.

Museums is another one. The Minister of Tourism proudly talked about the Heritage Branch and all the principles and the directions he wants to see that particular area of government to go in. That is more cost. More cost to you and I and we, as politicians, have to scrutinize those costs and be prepared to stand up and either vote for them or vote against them. At times, it is difficult, because you have an interest group or pressure group here and our population is so small. Even in Ottawa you see it — the organized lobby and they organize and they get to the politician and say we need this, and we should do this and that. It is time that we as politicians have the fortitude at times to say no, thinking of the public interest that we represent, the public at large, the silent majority — the truck driver who spends 60, 70 or 80 hours a week running between here and Inuvik, providing for his family and paying taxes.

That is what this budget has done. I am thinking of, as my colleague from Riverdale South talked about, the end of formula financing, that agreement in 1987-88. We are talking about taking medicare premiums away. That is \$3 million dollars. Three million dollars we now collect through a method that has been accepted in Yukon for 15 years. We are going to have to pick up those costs somewhere. Perhaps the Liberals have a brainwave. Perhaps they are going to stand up here and tell us how. But the fact is that those are further costs we are going to have to pick up. Are we looking at \$10 million dollars or \$20 million dollars? Are we looking at \$13 million? \$15 million? The fact is, unless further tax actions are taken by the side opposite, we are going to have a major deficit — and I mean major deficit — or we are going to have to put on a hotel/motel tax, added fuel tax or sales tax. We are exhausting our ability to tax. One of the things about living in the Yukon that offset our high cost of living was the ability of we as legislators as Government, in conjunction with the Government of Canada, to keep taxation down to a minimum. What this budget does in principle is make a major departure away from the principle of balanced budget and balanced financing as far as the Government of the Yukon Territory is concerned.

<sup>31</sup> The Minister of Government Services mentioned that there were some areas that we narrowed down and found some money. I think

that is good. There was never at any time during the Budget Address, or for that matter, the Speech from the Throne, any utilization of the words responsibility and accountability. I think that that, in essence, in itself, those two words are the ones one I would say apply to this budget that are sadly lacking.

There are other hidden costs, or costs that have not been identified, if you like. The Minister of Housing has spoken with a great deal of pride about the new housing program that he will be undertaking once the review has been completed. That is going to be more cost. The guy who is driving the Dempster Highway to Inuvik is going to have to pay that. The guy who is working underground in Elsa will have to pay a portion of that, somewhere down the road. He may play with the figures this year, but down the road it is going to come to roost. Every time we talk about launching into these areas, these policy program areas, it is going to be added costs.

While I am on the question of housing, I want to say to the Minister that he is going to be very, very closely questioned about the objectives of the government are, and what their plans are, and where those costs are going. I think it is a tragedy if we are getting away from the very basic fundamental principle that previous governments in Yukon espoused, and that was the concept of private ownership where we are going into new major social housing programs. I think it is a tragedy for the taxpayer, but more importantly, I think it is a tragedy for those people that, through circumstances not of their own making, will be put into and, because of the largesse of government, and because of the political objectives of the government, they may well be put into that situation forever.

I recognize, and I think all governments recognize, that there is a need for some social housing, a pool of housing that is needed for those circumstances that maybe is not of an individual's making, whether it be for 30 days or two weeks, or whatever. To be looking to change that direction so dramatically from what the previous government had done, and let us get away from partisan politics, I think is a tragedy for the territory as a whole. I caution the Minister of Housing in the direction that he and his colleagues intend to go in that particular area.

There are other areas that I think could be touched on. One is the question of young offenders, the costs incurred in that particular area and where we are going, the identification of those dollars and where they are coming from, and how they are going to be applied. That is a major issue, socially, politically and once again the taxpayer's ultimate responsibility. I am afraid that the illusion is being put forward from the other side that somebody else is paying all these bills. When you come into a deficit situation, and you have taken that responsible step toward financial formula, and you overspend, that responsibility lies there and ultimately here. No longer can we stand up and start saying it is Ottawa's fault on the financial side as far as the government is concerned. The responsibility will be here. You have negotiated in good faith with the Government of Canada, similar to a province, the position that we as politicians have asked for over the years. Once you have that agreement, you cannot cry over spilled milk. I think that is the tragedy of what we are looking at here in the direction that the leader of the side opposite is taking us into where we are in a deficit position. When we have a budget which is not planning ahead, we are looking at an accumulated deficit of a very major magnitude, unless tax actions are taken. Then, we have a responsibility as legislators to stand up and ask exactly what is the government doing?

<sup>32</sup> I find it difficult to understand how the party to the left of me here, could stand up and say, prior to the presentation of the budget, that they agree with the budget when here we are faced with a deficit budget for the first time in Yukon's history. They are going to say that it is not much. Let us be honest. At the end of the year, when have you ever seen government spendings go down? It will be a larger deficit. It will not be \$600,000. It is going to probably be a million or two million, but the side opposite says, what is a million? Maybe the party to the left of me will say, what is a million? That is somebody else's money you are spending.

I take a look at the priorities of the government opposite, the way

that they are identifying and attempting to identify various political constituencies, and I defend their right to do that. At the same time, it saddens me that we are not coming in and not meeting a number of problems on the financial side as far as the property owner is concerned. The home owner in the Yukon, the property taxpayer, the guy who lives in Dawson City; Mr. Webster, maybe even yourself. The resident in Mayo. Dawson City is looking at \$80,000 that they are going to have to pick up somewhere. Increase in property tax is one of the only real methods that they are going to have to employ. Watson Lake, \$50,000. Mayo, \$20,000.

The Minister of Municipal Affairs knows that I wrote to him in February identifying the problem, giving, at least in part, an area that could be looked at as far as the *Municipal Finance Act* is concerned within the limited dollars they have as to how it could be reallocated, and what did I get for an answer? I got a bunch of buffoonery from the Minister of Municipal Affairs. We are spending all this money in municipalities, we are doing this; and what about the property tax owner, the taxpayer? The guy who is going to be forced into facing a major tax hike? For example, Watson Lake; they faced a major tax hike last year because of a major increase in assessment. Those are things that are going to have to be addressed and addressed quickly. We cannot let time go by. April 15 the municipalities have had to have struck their percentage rate.

I have just outlined a number of areas, and when you take a look at the figures that have been put forward to us, and the way the money has been allocated, I think it is a tragedy that we are not in a position to stand up and say that we have a balanced budget with an accumulated surplus. For that situation that applies in say, Dawson City, when the government of the day went in when there was a major disaster and was capable of coming up with around \$8 million within a month to pay people for things that had happened because of the tragedy so that they could get on their feet.

What do we have here? We have a deficit. A deficit, plus a major increase in government financing that was presented to this government last year. The Members opposite say trust me. We had the Minister of Community and Transportation Services standing up and saying one time in this House in the last week he had made a hell of a deal with the State of Alaska. It was an improved deal. Today he stood up in Question Period and said that the Governor nixed it. It was not his fault, but he says trust me at the same time that he says he was the victim.

<sup>33</sup> The Government Leader stands up and pontificates and says it was the Alaskan's fault. It was not his fault. He did not get on the blower and phone the State of Alaska and say, look, can we get together to sign this agreement. It was not his responsibility.

If it was not, maybe it was Mr. Speaker's responsibility. I am not sure. I would sure like to know whose it was. We absolve ourselves by blaming somebody else for the problem. Or we could do as the Minister of Community Affairs and Transportation so eloquently put it last night, go to the Minister of External Affairs and get them to negotiate on our behalf. But they say trust me. I will spend your money for you.

It is very, very difficult to do. When you take a look and you say the words of the Government Leader, who is an honourable gentleman, a man with, I am sure, good intentions, who informs this House of agreements like the Skagway-Carcross Road, and then sits here and says there were major changes but it was not his fault. He did not include the telex that said there were some details that had to be worked out. That would not be available to the House. I would like to know why. It is an open government. That is what they say. That is what the Minister of Government Services has said. It is so open that you have to go to court looking for information. That is how open it is.

I refer to the deficit again, as far as this budget is concerned. It is no laughing matter. Somebody, someday, will have to pay this. It is going to be substantial. I, as a taxpayer, and the Member from the famous constituency of Porter Creek East, feel that the people who I represent are paying enough. In some cases, they are paying too much for the largesse of government. When the Government Leader says to this House on October 10, 1985, to a question of deficit financing, "It is not the plan of this Minister of Finance to put the

Government of Yukon into a deficit this year, next year or the year beyond, or for however many years we may be here." That was October 10, 1985. That is the man who said, "Trust me." I leave you to draw your own conclusions.

**Hon. Mr. McDonald:** I can honestly say that I was not intending to speak to the budget today. There were some remarks made by Members in the Opposition which triggered my response.

The Leader of the Official Opposition has stated that the previous government had left this government with a healthy surplus, that the financial state of the government was in good shape, but beware the government that spends the surplus. Beware the government which spends money, spends taxpayer dollars in taxpayers' interests. Beware the government that would actually use those funds to expand the economy, to diversify the economy, put people back to work. Why does anyone suppose that the money was transferred to Yukon in the first place? Does anyone think that the federal government would transfer the money so that Yukon government can put it in the bank? Absolutely not. The purpose of giving Yukon money, the purpose of having the federal government transfer funds to Yukon, is that Yukoners will attempt to invest that money in their own livelihoods, in their own lives, in their own communities, to diversify the economy, to make them more self-sufficient, which is exactly what we have done.

<sup>34</sup> We have been moving in significant directions. We have created the environment to open the mine in Faro. We have engaged in various activities which are geared to creating more self sufficiency, more economic self sufficiency for Yukon, so that we do not have to be so dependant on the federal taxpayer. This is a major undertaking by this government. We are committed to it, and we shall do it.

Now, the Leader of the Official Opposition has said that he intends to vote against that very initiative and it certainly will get back to the Yukon taxpayer, and that is the Conservative Opposition's position on this matter. If it does not get back soon, I will certainly do my best to accelerate that process.

The Leader of the Conservative Opposition talked about the fact that this government was engaged in endless policy development and was constantly engaged in discussing matters with the Yukon public. I do not apologize for the latter at all. This government will not only talk to the Yukon public, but it will continue to talk to the Yukon public as long as there is a Yukon public and a government which cares about it. I mentioned yesterday that when I became a minister in this government, I discovered that there were areas where there were policy gaps. Did the government have a transportation policy? No. It operated by the seat of its pants, issue by issue. I would be more than happy to discuss each one of those issues when we get down to the essence, line-by-line, activity-by-activity. We will discuss those issues, and we will discuss the policy gaps. How this government operated without the policy is a mystery.

The Leader of the Official Opposition is concerned about the O&M costs associated with capital budgets. The Member for Porter Creek East has also suggested that these are major considerations when building capital works, and you have to consider the O&M costs associated with those works. Of course you do. And we are taking that consideration into account in our budgeting process. Who was it who initiated the capital works for the justice center? Who initiated that work? We were faced with paying the O&M costs associated with that. The magnitude of that amount I will leave to the Justice Minister to say, but clearly that was not taken into account. The previous government, in the capital budget a year ago in November, initiated the work on the new Yukon College. When I became Minister of Education I asked the obvious question: what is going to be the O&M costs associated with this fine facility? They did not know. We are talking about responsible government, anticipating costs. A \$40 million dollar facility and they did not know what the incremental increases would be in the operating costs of that facility.

<sup>35</sup> The Member for Porter Creek East says, "What is a million?" Well, it just happens to be the extra costs associated with that building, that the previous government did not take into account

when making the fundamental decision about whether or not to go ahead. Yes, it is a million dollars. A million taxpayers' dollars.

We are talking about responsibility and accountability, where we understand exactly that problem and we are faced now with dealing with that problem. It is this government which is responsible now for addressing the serious mistakes in budgeting that were created by the previous government. There is a credibility gap growing wider and wider on the Conservative side of this House.

The Member for Porter Creek East wanted to know what this government was going to do about a major problem, as he puts it, in terms of the deficit grant formula for communities. A major problem which the Member for Porter Creek East himself was largely responsible for creating. If it was such a problem, was it I or any Member of this side of the House who was responsible for instituting the formula? It was not. The formula was designed in cooperation with the Association of Yukon Communities and the Council for Yukon Indians. It was designed by the previous Minister for Community Affairs. The same Member who stands up in this House and says there is a serious problem here and we have to do something about it.

The Member has to understand that, in this budget, we have addressed the problem of O&M budgets for communities by showing a significant increase, the maximum allowable under the Act for communities. The maximum allowable set by legislation that, in term, is established by the legislators in this House. We went the limit. I have already announced that we are intending to change assessment practices, to soften any blow associated with dramatic changes in the deficit grant. There will be a piece of legislation coming forward, and I am hoping for the Member for Porter Creek East's support on this matter, and for all of yours. There will be a legislative initiative coming forward which talks about capital block funding for communities. What that means in practical terms, and perhaps only the Member for Porter Creek East will know, is that when the communities themselves have capital funding for projects, they do not have to use their O&M budgets to cost-share capital projects. That takes the heat off, in a large portion, their O&M budgets. That is significant, is it not?

The provisions of the legislation also contain extra relief for the O&M side of community budgets, and I will be happy to announce exactly how that will be done when the legislation reaches the floor of the Legislature.

<sup>36</sup> As I have said a number of times, on a matter that has been completely ignored by the Member for Porter Creek East, I approached, as Minister, the Association of Yukon Communities and I asked them, and I asked constituents of that Association: would you please tell us where you see various problems in this formula? I asked them to identify alternatives. We funded the Association of Yukon Communities. We funded them a grant to hire an administrator to work and to draw in the community constituent's input so that they could actually respond to it in a meaningful way. The Association's response, to date, has been that they do not wish to change the formula. It came to a vote in the last annual general meeting in January, and they said 'no'.

**Mr. Lang:** Was Mayo there?

**Hon. Mr. McDonald:** Yes, Mayo was there, and Mayo participated even though they were not a member. I have taken it as being necessary to go to Mayo and to discuss this matter with them. To date, we do not have a consensus of opinion on whether or not, number one, the formula is at fault for budgeting concerns and, number two, whether it is inadequate. Certainly, we have already undertaken to change assessment procedures to allow for a softer assessment approach, an assessment approach for all communities.

The one last thing that I would like to mention is the issue of the Skagway Road. It is pretty well the only item on the agenda this week, apart from the significant achievement that was tabled in this House, the O&M budget. That is the Conservative Opposition's response to the Skagway Road. I understand that it may be a problem because they have had to deal with a schizophrenic policy on the matter. They initiated the policy, the principles upon which the road should be opened. We can presume that they knew what they were getting into and, yet, just after the election, they decided that it is not the road, it is the rail that we want. I can understand

that that change in policy has caused some real internal trouble in terms of understanding and supporting this initiative. We have said that we want the transportation corridor opened and we will support that. While we were attempting to negotiate the arrangement with the Government of Alaska, which was changing its mind, what was the Member for Porter Creek East doing? He was hedging right into the media, trying to criticize the deal itself, creating internal dissension in Yukon, making my job a little tougher, but that was something that I could live with. The huffing and puffing by the Member for Porter Creek East is not such an intimidating thing for me.

This budget is, in my opinion, a good budget. It is unfortunate that the Conservative Opposition is going to vote against it, because, after all what are they going to be voting against? They are voting against the eight percent increase in community grants. They are voting against the additional grants to sports governing bodies. They are voting against the orderly land development process. They are voting against the programming at Yukon College. The list is long.

<sup>37</sup> They are voting against relocation of the rural superintendent of education into northern Yukon. They are voting against the expansion of the equivalency program. They are voting against more emphasis on local curriculum development. They are voting against the apprenticeship incentive marketing program. I can walk out of this Legislature and feel very comfortable with this budget, and I will see any taxpayer in this territory, whether he is a working guy in Porter Creek East or a miner in Elsa, and I can tell him that this is a good budget. It is sensitive to communities. It changes the course of the previous governments' budgets for which they kicked the government out in the first place. I can be proud of this budget. I will defend this budget and I will, toe-to-toe, with any Member, including the Member for Porter Creek East, anywhere in this territory. This is a good budget.

**Speaker:** It is my duty to advise the Assembly that the hon. Member is about to exercise his right to close debate. Afterwards all Members will be excluded from speaking to this question. Therefore, any Members wishing to do so should do so now.

**Hon. Mr. Penikett:** If it would not be misunderstood by the Members opposite and will not have dispersions cast on my motives, I would like to begin on a charitable note. I would like to begin by thanking the Department of Finance and their officials for the untiring and excellent efforts they put into preparing this year's Operation and Maintenance Budget. Many Members on this side of the House, and several Members on the other side, know that a budget involves preparation that involves every single person in that department. I want those people to know that it is greatly appreciated by this government and because of their hard work we were able to present the people of the Yukon with this fine document.

The Leader of the Official Opposition gave a speech today, which I am sure he put some effort into but I somehow had the feeling that his heart was not quite in it and I think there is good reason for that. He wanted to tell us that after 54 days he left the territory in fine financial shape. I think even he and I in private conversation would have to admit it was the formula financing arrangement with the federal government which was probably more responsible for that than it was his 54-day administration.

He wonders where the \$50 million went that was extra in the territory and talked about government largesse and the choices between cutting spending and raising taxes. I must say that the remarks of the Liberal Leader were astute because I am not quite sure, given the remarks of the Leader of the Opposition today, what he would have done with the money. Essentially, as we heard him, there were three choices: cut taxes, pile it up in the bank or use it to build the Yukon Territory.

If we cut taxes, I know very well what the federal government would have said next time we tried to negotiate the formula financing. If we used the money entirely for that purpose, they would have said "what are we giving you this money for to cut taxes?" I know that the history of the negotiations with the federal



government, over the recent years, on financing matters has been that the federal government, of whatever political stripe, continues to suggest that we should raise more of our own taxes.

Given the other choice, which was to pile it up in the bank, I would like to know if the Leader of the Official Opposition, when he was government leader, was really planning on doing that. What good, in dickens name, would that do for the territory?

<sup>38</sup> The answer is obvious. We chose the third course, which was to use the people's money of the territory, to build the territory, to concentrate it in ways that would rebuild our economy, create jobs, improve the quality of life for people, and develop our communities.

The Leader of the Official Opposition, before the budget came down, was quoted in the paper as talking about spend, spend, spend. It is interesting that Conservative leaders like to have repetitions; like echoes, in their platforms. I remember Mr. Mulroney's "jobs, jobs, jobs". Traditionally, there was a kind of Aristotelian trilogy to political platforms. They usually stand on three planks, as many politicians have over the years. When the three planks are all one, it does suggest a little poverty of imagination.

It was fascinating. I heard a Member opposite criticize the Liberal party for having said, in advance of the budget, that they were going to support it. I find that rather remarkable, given that the Conservative Party decided that their political line, before this budget was even introduced, was that this government would spend, spend, spend. Somehow, wastrel spendthrifts. Now I know that may be a traditional prejudice about governments of my political stripe, saving and excepting the obvious historical fact that the most fiscally Conservative premier in the history of this country was probably the late T.C. Douglas, I recognize that that is a prejudice.

The political line of the Conservative Party on this budget is developed in total ignorance of the facts, and in blind indifference to the statistics. Let me just point out to the Conservatives opposite, and to all Members, that this budget which, including the money for the JES, including the money for Expo, because we have been tough-minded and restrained expenditures that were not our priority and enhanced those that are, is the lowest percentage increase in an O&M budget in 10 years. If you do not believe me, I will give you the numbers.

This budget is a 6.8 percent increase, consistent with the rate of growth in our economy, which is projected to be between five and six percent, consistent with the rate of growth in provincial local expenditures. Last year's budget was an eight percent increase. The year before that, under that fiscally responsible, prudent tough-minded Conservative administration, was 13.7 percent, in the middle of a recession. The year before that the Conservative budget increase was 11.9 percent. The year before that the Conservative budget increase was 11.5 percent. The year before that the Conservative budget increase was 16.5 percent. Interestingly enough, that was, of course, an election year, which may have had something to do with that amount. The year before that, the budget increase was 12.5 percent. The year before that, in the Conservative administration, the budget increase was 12.5 percent.

The plain fact of the matter is that, as O&M budgets go, this is the smallest percentage increase in the territorial budget in 10 years. I am surprised, shocked, appalled — if I may lip some rhetoric to the Members opposite — at the response to this budget. How could they, with the most fiscally conservative budget that has been presented in 10 years, if they are proud to be ideological Conservatives, oppose such a budget? Amazing. They are obviously a party without any principle whatsoever.

The Members opposite have made observations about the choices that we have made. Clearly, we have decided to build the territory. Clearly, we have decided to put money into putting people back to work. Clearly, we have decided to put that money into the communities, to put it into capital projects, because the choice between capital and O&M, and program expenditures, is clear. We know the federal government is cutting the deficit. We know the federal government is cutting back. We know that we may not have the kind of money from the federal government in the future that we have had in the past. We have made a clear and rational choice as to

why we have put this kind of money into the communities, to put it into the economy, to put it into society, to build the infrastructure — which the Member opposite from Porter Creek East always used to promote when he was in government and appears now to be opposed to — so that we can develop the territory.

<sup>39</sup> We did not put it into programs. We have not built huge new program expenditures, which would be established and then put at risk two, three or four years from now because the federal government may be cutting back. We did put that money into the capital budget, a capital budget which the Conservative Members opposite, to a person, opposed and voted against in the last sitting of this Legislature. The Conservative Party, for the first time in the history of this Legislature — a party opposed a capital budget — opposed the swimming pool in Beaver Creek, dike construction in Dawson City, a new ice arena in Haines Junction, a pool enclosure in Mayo, a new ice arena for Ross River, a new curling rink for Teslin, a ski chalet in Watson Lake, the *S.S. Tutshi* in Carcross, industrial home economics facilities in Carcross, Robert Service School operating in Dawson City, water and sewer construction in Destruction Bay, staff housing in Elsa and Faro, Haines Junction education residence, Fort Selkirk planning, a group home in Watson Lake, seniors' housing in Whitehorse and senior citizens facility equipment in Dawson City. This Conservative Party opposed every one of those projects, and if the people who benefited from those projects do not know that now, I am going to join with my colleague, the Member from Mayo, the Minister for Community and Transportation Services, and make sure that they know that.

The mention has been made of formula financing. We are now in an economic recovery. Under formula financing that means that as the locally-generated tax revenues increase, the grant from the federal government, in time, will go down. The only increase in tax revenue this government can capture under formula financing is that tax revenue which comes from a tax-rate increase. We put the mine at Faro back to work. We helped save the town of Faro. But the revenue from that mine, under formula financing, will not go to this government, it will go to Ottawa. If we have an expanding base of services — an expanding base of facilities — the only way we can take care of those things is by raising local taxes. We have made decisions in the tax measures, since we have been in office, to reduce the fuel taxes for off-road use, which we regard as significant economic stimulus. We have announced that we are going to reduce medicare premiums, which are an unfair tax, because they hit everybody the same, rich or poor, healthy or sick. We are increasing taxes on alcohol and tobacco, and I want to say more on that later, because that is a tax on which individuals have some choice about paying.

One Member of the Opposition, in particular, has spoken a lot of nonsense in this House about deficits. Let me try to explain it to the Member from Porter Creek East, who has been a Minister for a long time and ought to know better: in simple language, the Yukon Territory does not have a deficit. The Yukon Territory does not have a deficit. The Yukon Territory does not have a deficit.

The Yukon Territory has a surplus, but because we cannot every year have a current year's surplus, and continue piling money up in the bank to no good end, there are going to be some years when you are going to spend a little bit more money than you take in. The Member earlier, I am sure unintentionally, misled the House by telling us that we had never had a deficit before: "First time in history", he said.

<sup>40</sup> The O&M estimates this year show a projected deficit of \$616,000. The last estimates, tabled by the last government prior to their defeat, showed a deficit of \$1.1 million. The estimates presented to this House by the former Conservative administration, in Supplementary No. 2 in 1984-85, showed a deficit of \$3,019,000 in the current year. Supplementary No. 3 showed a current account deficit of \$9,215,000 for that year. The Supplementary Estimate for 1983-84, No. 1, showed a deficit of \$1.4 million. The deficit showed in Supplementary No. 2 for the same year was \$1.8 million. In 1982-83, the Main Estimates, presented by the Minister of Finance, the colleague of the Minister—whatever he was then, I cannot remember, as he was always changing — and he sat next to the Minister of Finance in 1982-83 at the Spring Budget and

listened to him present a Budget which had, in the Main Estimates, a \$5 million current year deficit. He does not remember it. The Member for Porter Creek East has a very convenient memory.

The fact of the matter is that, like last year, when there was, by the former government, a deficit projected, we ended up with more than \$10 million surplus by the end of the year, but in a budget that was managed for most of the year by this government. It was a \$63,000 surplus because of a book entry the Auditor General requires us to show as the accumulated leave liability for our employees. That is fair enough. We had it in last year's budget, and we have it in this.

There is no deficit. There is a surplus. There will be a surplus at the end of this year, as there was last year, and there will be the year after next. Let us hear no more nonsense about the deficit.

There has been some huffing and puffing and some gurgling and swallowing and choking about the tobacco and alcohol taxes. I would like to, just for the information of Members, put a couple of things into the record. The Government of Canada — the Conservative Government of Canada — advises that last year \$2 billion in health costs were borne by this country as a result of alcohol abuse. That represents \$80 per capita, or if you translate it in the Yukon, approximately \$2 million per year. There were \$5.3 billion of direct and indirect costs — productivity losses, crime, et cetera — which works out to \$200 per capita or would translate to \$5 million a year in Yukon. There were 2,110 deaths directly attributed to alcohol last year in Canada. There were 5,554 deaths, indirectly, where alcohol was involved: fires, drowning, auto accidents, et cetera. A total, last year, of 7,664 deaths associated with alcohol misuse.

For tobacco, the Government of Canada gives these figures: in 1982 there were \$1.5 billion in direct health costs associated with tobacco; \$7.1 billion in total and indirect costs, which represents about \$280 per capita and approximately \$7 million a year in Yukon.

<sup>41</sup> In 1979, there were 27,500 direct deaths in Canada recorded as a result of tobacco use. In 1985, it is estimated there were 30,000 direct deaths.

If you extrapolate these figures, then you see that the total direct and indirect cost of alcohol and tobacco use in Canada is \$500 per capita, which equates to about \$12 million a year in the Yukon Territory.

These kind of health costs are not going down. It has been suggested, and there was a speck of wisdom in the Member for Porter Creek East's observation about such a tax initiative, it is quite true that should the tax measures that are introduced in this budget amount to a disincentive, especially for young people, to use these products, we will not receive the amount of revenue anticipated as a result. This is a most important point. Nor will this territory, in this year and years to come, suffer the devastating health and social costs associated with the abuse of those products.

I apologize to the Member for Porter Creek East for appearing to single him out but, as he well knows, we always find him a stimulating intervenor in these debates. Part of his convenient memory, of course, includes the forgetfulness with respect to the gas tax to Yukoners which was increased by the Conservatives in 1981, and the increase of personal income tax, which was increased by the Conservatives from 43 percent to 45 percent a few years ago by the same Conservative administration.

He is similarly forgetful when he chastises us for the awful O&M costs associated with the opening of the justice building, the Andrew Philipsen Building, because of the PYs associated with that. I am going to ask, at some point in the estimates, for my colleague, the Minister of Government Services, to discuss this in some detail. I have to tell him, and I want to share this with him, because I know he will want to know, because he will want to know how prudent and how careful we have been, that based on the plans of the previous government, the proposed increased PYs associated with just the operation of that building, not the people who are going to be doing productive work in it — just the operation: security, maintenance, and so forth — the proposal was for 26 people. You will find in this budget that this government, by tight management, by good control, has got it down to 14.2 PYs. It is an

interesting example used by the Member opposite and I am pleased to debate that example with him, because it is one of the many examples that will be found in this budget where we have been tougher than they were in managing the public purse.

I have another example. The Member for Porter Creek East mentioned — I am not picking on him, I am just responding to his examples rather than my own; I am fighting on his ground, not mine; I do not want to be a bully — the young offenders facility. The former government had planned to spend \$7 million in my constituency for a facility that was not needed. The present government is spending \$187,000 to purchase an existing building, plus renovations, and to renovate another existing building to do exactly the same work, and avoiding an entirely unnecessary \$7 million expenditure.

<sup>42</sup> This Operation and Maintenance budget provides us with the means to do many of the things that we have wanted to do. It allows us to pursue the economic agenda we have set for ourselves, which is a very busy agenda. I look forward, with pleasure, to the detailed discussion of that agenda. It allows us to go through a very long and very complicated and very new economic and social agenda, which has been outlined in the Throne Speech and provided for in this budget.

I said, at the beginning of this debate, that I was proud to present this budget to the House, and I am proud to present this budget to this House. It is a responsible, well-directed budget towards this government's agenda. It does not try to do everything at once but it does try to put the money where our mouth is in respect to the urgent priorities that face this territory here and now today.

**Speaker:** Are you prepared for the question?

**Some members:** Division.

**Speaker:** Division has been called.

**Speaker:** It has been moved by the Honourable Government Leader that Bill No. 5, *Second Appropriation Act, 1986-87*, be now read a second time.

Mr. Clerk, would you kindly poll the House.

**Hon. Mr. Penikett:** Agreed.

**Hon. Mr. McDonald:** Agreed.

**Hon. Mr. Porter:** Agreed.

**Hon. Mrs. Joe:** Agreed.

**Hon. Mr. Kimmerly:** Agreed.

**Mr. Webster:** Agreed.

**Ms. Kassi:** Agreed.

**Mr. Phelps:** Disagreed.

**Mr. Brewster:** Disagreed.

**Mr. Lang:** Disagreed.

**Mr. Nordling:** Disagreed.

**Mrs. Firth:** Disagreed.

**Mr. Phillips:** Disagreed.

**Mr. Coles:** Agreed.

**Mr. McLachlan:** Agreed.

**Clerk:** Mr. Speaker, the results are nine, yea; six, nay.

*Motion agreed to*

**Hon. Mr. Porter:** I move that the House do now adjourn.

**Speaker:** It has been moved by the hon. Government House Leader that the House do now adjourn.

f32Motion agreed to

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

*The House adjourned at 4:30 p.m.*

**The following Sessional Paper was presented March 20, 1986:**

86-3-13

1986 Report of the Standing Committee on Public Accounts (Phelps, Committee Chairman)