



The Yukon Legislative Assembly

Number 8

2nd Session

26th Legislature

HANSARD

Tuesday, October 15, 1985 — 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 Bureau.

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassi	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

Liberal

Willard Phelps	Leader of the Official Opposition Hootalinqua	Roger Coles	Liberal Leader Tatchun
Bill Brewster	Kluane	James McLachlan	Faro
Bea Firth	Whitehorse Riverdale South		
Dan Lang	Whitehorse Porter Creek East		
Doug Phillips	Whitehorse Riverdale North		

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**

Tuesday, October 15, 1985 — 1:30 p.m.

Speaker: I will call the House to order. At this time we will begin with Prayers.

Prayers

DAILY ROUTINE

Speaker: We will proceed with the Order Paper.

Introduction of Visitors?

Are there any Returns or Documents for Tabling?

Are there any Reports of Committees?

Are there any Petitions?

Introduction of Bills?

INTRODUCTION OF BILLS**Bill No. 58: First Reading**

Hon. Mr. Kimmerly: I proudly move that Bill No. 58, entitled *Human Rights Act*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 58, entitled *Human Rights Act*, be now introduced and read a first time.

Motion agreed to

⁰² **Speaker:** Are there any Notices of Motion for Production of Papers?

Notices of Motion?

Statements by Ministers?

This brings us to Question Period.

QUESTION PERIOD**Question re: Frenchman/Tatchun Lakes Road**

Mr. Phelps: I have a question for the Minister of Renewable Resources which has to do with the news release issued by the government back on August 22, with regard to an agreement between the Government of Yukon and the Little Salmon/Carmacks Indian Band concerning a road right of way and construction of a road into the Frenchman/Tatchun Lakes area. Can the Minister tell this House whether he consulted with the government's Land Claims Secretariat and Land Claims negotiator prior to negotiating this agreement?

Hon. Mr. Porter: I did not personally have any meetings with the Land Claims Secretariat, but officials in the Department did meet with them.

Mr. Phelps: Did the Minister consult with the federal government negotiators of Land Claims or CYI negotiator of Land Claims prior to entering into this agreement?

Hon. Mr. Porter: I, as Minister responsible for Renewable Resources, did not meet with the CYI negotiators or the federal government negotiators.

Mr. Phelps: Can the Minister tell this House why the agreement was necessary?

Hon. Mr. Porter: The agreement was necessary because the construction of a road had been proposed through lands that were selected by the Little Salmon/Carmacks Band.

⁰³ **Speaker:** New question.

Question re: Frenchman/Tatchun Lakes Road

Mr. Phelps: In view of the fact that all settlement lands in that area were subject to road right of way and, further, that a principle embodied in the Claims was that if the Band wanted to relocate the road it would do so at its own expense. Can the Minister tell us whether or not the Band paid for the relocation of the road?

Hon. Mr. Porter: It was not the Band that wanted to relocate the road, it was the government that wanted to relocate the road.

Mr. Phelps: Given that the government had the right of way, reserved out of settlement lands during the course of land claims

negotiations, why did the government want to negotiate the right to build the road over those settlement lands?

Hon. Mr. Porter: Because the original road right of way would have gone right through somebody's yard. This government does not think that we should operate on that basis.

Mr. Phelps: Again, given that any relocation that the Band wanted on behalf of its membership, the principle in the agreement was that the Band would pay. Can the Minister tell this House why the Yukon Territorial Government not only paid for the relocation of the road but, in addition, is funding some \$100,000; what is the government getting in return?

Hon. Mr. Porter: What the government is getting is obviously the access to go ahead and construct the road right of way unencumbered.

Question re: Health care premiums

Mr. McLachlan: My question is for the Minister of Human Resources. Can the Minister confirm for this House that she has assigned personnel within her Department to study the problem of the reduction of the health care premiums that would be an eventual solution to complete the phasing out of the premiums?

Hon. Mrs. Joe: I am not sure if we have someone in our Department to review that. As I mentioned before, it is a matter for Finance.

⁰⁴ **Mr. McLachlan:** Can the Minister confirm for this House if the subject of the reduction of health care premiums has even reached the discussion level of Cabinet?

Hon. Mrs. Joe: I think that anything that is mentioned in Cabinet is strictly confidential.

Mr. McLachlan: If the Minister is unsure as to the progress within the Department on this problem, and cannot tell the House what level it is at within Cabinet, can the Minister then tell the House if she would be prepared to accept some constructive suggestions from this side of the House that would see an eventual abolition of the health care insurance premiums that will not place any undue financial burdens on this government to do its job.

Hon. Mrs. Joe: If they are constructive, certainly.

Question re: Land Claims negotiations

Mr. Phelps: We seem to be in a position that, despite Land Claims agreements, this government has unilaterally made agreements with the Band in question with regard to cultural heritage, and so on — subject matters that are more properly in the Land Claims forum.

Can the Minister tell the taxpayers of the Yukon Territory what kind of deed or legal document they are going to get as a result of this additional expenditure of \$100,000 over and above allowing the Band to be in a position of not paying for the road relocation?

Hon. Mr. Porter: If the Leader of the Official Opposition sees fit to use Question Period to make a political statement, then, likewise, he should expect one in return.

In terms of this question, the former government would simply have us ram through the road right of way, but in this instance we saw it only fair and responsible to negotiate an arrangement. That is what we did, so that the road can be built and the people in the area can be employed, and so that the parties concerned can be happy with an overall agreement.

In terms of the form of the agreement, that took place on the basis of a Band Council resolution and a contract between this government and the Band concerned.

Mr. Phelps: I want to assure the Minister that I am not making any statement, as he would suggest. Our position simply is that there was an agreement signed by all parties. Why did this Minister think that he had to, unilaterally, outside the Land Claims forum, negotiate further?

⁰⁵ **Hon. Mr. Porter:** As the Member knows very well, there were no Land Claims negotiations going on at the time, so obviously it could not be a situation where you brought it to a Land Claims negotiating forum, because there was not one at the time.

There was a small portion of the road yet to be completed. It was a judgment call that, in the best interests of completing the road and employing people, the negotiations commence at the time that they

did.

Mr. Phelps: Would the Minister admit that the resulting agreement is in conflict with the existing Agreement-in-Principle as a *de facto* amendment to a Land Claims subagreement?

Hon. Mr. Porter: No, I would not acknowledge that it is in conflict. Rather, I see it as a solution to problem.

Question re: Deputy Minister of Economic Development

Mr. Lang: I have a question for the Government Leader. It has to do with the appointment of the Deputy Minister of Economic Development. I wish Mr. Lindsay all the best in the future. It is unfortunate that the government chose not to appoint him as Deputy Minister of Economic Development.

Was the Government Leader aware of the newly appointed Deputy Minister's political activity prior to the appointment of the Deputy Minister of Economic Development?

Hon. Mr. Penikett: I do not think I understand the question at all. The new Deputy Minister of Economic Development comes here from the Northwest Territories. He was hired as a result of a panel which included myself, Mr. Rolf Hougen and Mr. Mal Malloch from the PSC. Unfortunately, in the end, we did not have Mr. Lindsay as a candidate, because he withdrew his application — after having been short listed — in the latter stages of the competition in order to take a position with a Crown corporation in the Province of Saskatchewan.

Mr. Lang: Was the Government Leader aware of the political activity of the candidate with the NDP in Saskatchewan prior to the Conservative Government taking office, I believe, in 1982?

Hon. Mr. Penikett: As I have said before, people's previous political activities are not germane to their appointment. The fact of the matter is that once someone is appointed as a Deputy Minister of this government, they will no longer be politically active.

As a matter of interest, Mr. Lindsay confided to me and discussed with me on the day that he left, over lunch, that he had contemplated a political career at one point. It was a level of political activity that was not of concern to me at all because he was doing his job marvelously well, particularly in respect to the Cyprus Anvil situation, into which he has put a lot of energy and imagination.

Whatever people's pasts are, and there are a number of Deputy Ministers in this government who have antecedents as Conservatives — one or two of them maybe even have antecedents as Liberals — the fact of the matter is that a public servant with this government, according to the Act, is not permitted to be politically active, and no Deputy Minister will be politically active.

Mr. Lang: I am talking about past political involvement by somebody who was in another civil service. My point to the Government Leader is that he has made it very clear that the politicization of the Government of Yukon is not within his mandate; that is fine. The perception and the realities that are being perceived by the people outside the government is that, slowly, the appointments are taking place in such a way that their people definitely have a particular political persuasion. I think that the Member opposite should let the public know that that is the direction he wishes to take or review more thoroughly the appointments that are being put into place.

Was the Government Leader aware of the political activity of the newly appointed Deputy Minister of Economic Development when he was in the employ of the Government of Saskatchewan?

Hon. Mr. Penikett: I do not know if he has ever been politically active. It has never been a subject of conversation between us. It was not a consideration in the interview. It was not something that ever appeared in the reference checks. There were approximately 200 public servants fired by the new Progressive Conservative Government of Saskatchewan when they came in, people who allegedly were not Conservatives. Some of those people have successfully sued the government in that province for wrongful dismissal. If someone has been politically active in the past, more power to them. If they are a Deputy Minister in this government, or a senior manager, for that matter, they will not be any more.

Question re: Judicial Council

Mr. Phillips: I have a question for the Minister of Justice. I asked the question last week about the make-up of the Judicial Council, which the Minister did not answer very clearly. I will ask the question again today. Can the Minister of Justice tell the House how many members are on the Judicial Council, who they are, who they represent, and how many laypeople are now on the council?

Hon. Mr. Kimmerly: That is a matter of record and it is covered by the Statute. It is a question of a merely factual nature that the Member could find out without asking me in Question Period. For his information, the Act is not before me, I believe the Council has eight persons. They are the senior judge in the Territorial Supreme Court; the chief judge of the Territorial Court, or the senior judge; the president of the Law Society; a representative of the JP Association; and there are three others at the appointment of the government, of whom one is required by Statute to be a lawyer. Perhaps there are seven, or perhaps I have missed one, I will check that.

Mr. Phillips: Last week in Question Period I pursued the possibility of a judicial inquiry into the system. In an answer to my question, the Minister stated that the Judicial Council is the avenue to explore this.

Does the Minister feel that the people of the Yukon would feel comfortable standing in front of the Judicial Council, who may be part of the problem. Some of the people sitting on the Council are the judges who are being criticized by some people. The lawyers who are there may be part of the solution to the problem. Would he feel that this would, as he said, be the avenue to go, or would it be an independent inquiry, which we have asked for in this House?

Hon. Mr. Kimmerly: That is an interesting question. It is out of order for two reasons. It is asking the Minister for an opinion, which is contrary to the rules, and it is asking about a subject which appears on the Order Paper and will be debated at length on Wednesday, I expect.

Let me say that the Member is on very shaky grounds when he speaks about the judiciary as he is doing here in the House. He well knows, because he was a member of the Judicial Council, that there is, by statute, a process whereby complaints against judges should be processed. He knows that, and that is not within my power to change. If it is changed it should be changed by the Legislature in an amendment to the provisions about the Judicial Council.

Mr. Phillips: I find it interesting that, even in this House, we are not allowed to criticize judges. I would feel that this adds more credence to my argument that we should have an independent inquiry into the system, so that people could stand up and offer some suggestions as to what is wrong with the system, suggestions as to what we can do to make the system a little better. I would like to ask the Minister again: will he proceed with an inquiry?

Hon. Mr. Kimmerly: The question is again out of order. Perhaps I should deal with it in the motion, which should occur on Wednesday, as opposed to further violating the rules.

Question re: Yukon Pavilion tenders

Mr. Coles: Can the Minister advise the House how many bids were received from Yukon contractors for work on the Yukon Pavilion in Expo '86?

Hon. Mr. Porter: I do not have that information here at my fingertips, but I will get back to the Member.

Mr. Coles: Can the Minister advise the House, then, as to whether or not, in the original planning or drawings of the Pavilion, major consideration was given to a design that could accommodate using local materials and local contractors?

Hon. Mr. Porter: Most of the major contracts were already let by the previous government, so there was very little that this government could do with respect to the design of the Pavilion, such as insisting on local labour and local materials, so it is in keeping with the decision to go ahead with the Pavilion and to make sure it is constructed on time and on budget.

Mr. Coles: Could the minister, then, get the information for the House on exactly how much of the \$2.2 million was spent in the Yukon and how many contracts, if any, were let to Yukon

contractors?

Hon. Mr. Porter: Certainly, I would give that undertaking.

Question re: Placer mining

Mr. Lang: I have a question for the Government Leader and it has to do with the placer miners within the territory. As he knows, one of the major complaints of the placer mining industry is about the personnel who are hired by the Government of Canada and their inspections of the placer miners and that, to some degree, depending on who you talk to, could be regarded as harassment. One of the major recommendations by the Klondike Placer Miners' Association has been that the personnel within the department should either be replaced, changed or that major changes should take place as far as the inspections are concerned. What position has the Government of the Yukon Territory taken with respect to this, and what types of representations have they made to the Government of Canada on behalf of the placer miners in the territory?

Hon. Mr. Penikett: As hesitant as I am to discuss personnel matters of the territorial government on the floor of the Legislature, I am doubly so in respect to federal employees. I know that the one conversation of which I was part, concerning that question, I think arising out of Mr. Ross' letter and naming, if I remember correctly, three individuals, I believe that there is some kind of similar action pending which would further discourage me from commenting on the case of those particular individuals in any kind of detail.

Mr. Lang: It is getting to be quite a day. He cannot comment on anything, and neither can the Minister of Justice.

A further question, as far as the placer miners are concerned. The Government Leader answered in Committee of the Whole that the two bureaucracies, federal and territorial, were doing everything they could to get the placer miners to participate again into the process of the joint committee for the purpose of the EDA. Is it the Government Leader's intention to use his office if the two parties cannot get the Placer Miners Association to come to some amenable conclusion as far as the present stalemate is concerned and, if so, when does he intend to exercise his office for the purpose of getting placer miners involved?

Hon. Mr. Penikett: I have already sent some signals in that direction and if I can play a useful role in resolving a dispute between some federal officials and some Yukon residents in a politically important industry, I will be happy to do that.

Question re: Intergovernmental Relations Office

Mr. McLachlan: My question is for the Government Leader. Is it the intention of the Government Leader to continue the operation of the intergovernmental relations office in Ottawa in exactly the same form and *modus operandi* as the previous government did?

Hon. Mr. Penikett: I believe I previously answered a question on that. I believe that I will be making a decision on that next year. My own experience with that office, I should confess, has been very slight. I have only had the opportunity since we were sworn in, and no opportunity before that, to spend, literally, a few minutes in the office. I am not confident that I can give a fair-minded assessment of the work of that office at this moment.

Mr. McLachlan: During Committee of the Whole discussion, figures of \$115,000 for salary and \$106,000 for O&M were outlined and identified, which was barely 40 percent of the entire budget of the office. It would seem to leave a lot of money for things like entertainment and paper clips. Is the Government Leader convinced that the best value is being obtained by the Yukon taxpayer for his dollar when faced with those kinds of expenditures?

Hon. Mr. Penikett: The Member puts the question very well. That is the question that we not only have to ask ourselves but we have to answer it. The offsetting cost is the one that we will rack up in air travel and hotels by officials on dealing with case-by-case or, in many instances, having to travel to Ottawa to meet with officials. I think there were at least two — and there were probably more — conferences, during the course of this summer, at which Mr. Murphy represented the government, rather than us sending an official or officials. That is a fairly frequent activity. I think that you can probably evidence pretty significant savings on that score.

As I say, I have not reached any final conclusions on that question yet.

Mr. McLachlan: My supplemental is to the Minister responsible for Government Services. With only three people in this office, it establishes a rental figure of about \$1,000 per person per office per month based on the \$33,000 we heard during the Budget Estimates debate. Has any effort been made to reduce costs in this area or, alternately, to find another location that does not quite cost an arm and a leg?

Hon. Mr. Penikett: As a matter of fact, some time ago they moved into a larger office. There is, in addition to the persons who are in the employ of the Government of Yukon, the official from the Department of Finance and the two employees of Intergovernmental Affairs. There have, from time to time, been contractors working out of that office for the Government of Yukon. As well, there is office space and facilities for Cabinet Ministers to work out of when they are in Ottawa on official business.

Question re: Riverdale wood smoke

Mr. Phillips: I have a question for the Minister of Health and Human Resources with respect to the annual problem of Riverdale wood smoke. The Minister mentioned, in the O&M budget debate, that her department was considering the possibility of legislation to control this very serious problem. What type of legislation is her department considering, and when can we expect this legislation to be tabled?

Hon. Mrs. Joe: I mentioned that there could possibly be new legislation in this House. I cannot tell him what that legislation would be because I do not know. There are initial meetings going on right now with the City of Whitehorse, with our government and with the Environmental Protection Service. We have to, as I mentioned before, coordinate those meetings and find out exactly what it is that has to be done and then go from there.

Mr. Phillips: Although we have to address this very serious health problem, I would also ask the Minister if they are taking into account the fact that many Riverdale residents, as well as many Yukon residents, rely greatly on burning wood to offset their high cost of fuel in Yukon?

Hon. Mrs. Joe: Yes.

Mr. Phillips: I would like to thank the Minister for the lengthy answer. There have been several public meetings on this issue in the past. Has the Minister attempted to contact some of the people concerned, and will her department be not only concerned with the health problem, which is most important, but also alternatives to those residents who rely on this for fuel?

Hon. Mrs. Joe: I have not consulted with any of those groups that attended meetings. I do understand that there were a lot of meetings that the former Minister may have attended. We are open to any kind of suggestions that might help with this problem. I have no problem with consulting with those groups.

Question re: Housing Corporation maintenance

Mr. Lang: In the past number of years it has been the policy of the Housing Corporation, where possible, to contract out the maintenance required for the Housing Corporation as well as, in some cases, for government buildings. Is that going to continue to be the policy of the Yukon Housing Corporation, as far as the communities are concerned, or is there going to be a change in the policy?

Hon. Mr. McDonald: As the Member may be aware, there was a change of policy, already, by the previous government to have the maintenance of units in rural communities performed by Government Services personnel. That was a decision that was made prior to my tenure in office.

With respect to whether or not that will change back to contracting out, that is something that is currently under review and we hope to get some answer to the question that the Member raises fairly soon. Quite clearly, there is a difference of opinion in the rural communities as to the adequacy of maintenance performed by both local contractors and by Government Services personnel. We have to make the assessment on the value for service, both under

the previous policy by this government with respect to contracting out, and also the previous policy under the previous government with respect to the work being performed by Government Services.

Mr. Lang: I recognize that, depending on the area, either government did it or it was contracted out. I want to go on the record that it was our preference, if possible, to have maintenance contracted out. The idea was that it could provide the basis for a small business. I want to know whether the government is going to follow that direction where possible, and, if so, what steps have been taken, or are we going to sit and wait and review the policy till the spring of 1987?

Hon. Mr. McDonald: We will wait for a final answer on the policy review in the spring of 1986. As I mentioned before, there is no clear direction of policy, no matter what the previous government's position was in their heart of hearts. Their policy changed in their period in office from contracting out to private contractors to a move to have government services perform the work. There is no clear direction from the previous government either. Right now we have a situation where the work is being performed by Government Services. The Housing Corporation has expressed some displeasure about that, not only because there is some question as to whether the work is being performed well — and I have not assessed that claim — but also because they feel that it was an unwarranted invasion to their jurisdiction as a corporation. Both the maintenance issue and the integrity of the Corporation as a corporate entity are both issues at stake here, and we have to review them both.

Question re: Day care

Mrs. Firth: I have a question for the Minister of Health and Human Resources. Last week we conducted much debate in the Legislature about day care and many points of view were expressed. The subsequent morning the Minister was interviewed on the radio, at which time she expressed an opinion that she had no problem philosophically with day care being an extension of kindergarten and totally paid for by the government. Is it going to be the policy of this government to extend kindergarten and to look at day care services being paid for totally by the government?

Hon. Mrs. Joe: That question did come up during the interview and as the Member very well knows there are certainly a lot of things that are left out of those interviews. I did mention that it was a possibility but I also mentioned that it was a long way from now because I do not think that it has been done anywhere else in Canada and I do not know if it can be done here.

Mrs. Firth: Am I to get the meaning from the Minister's comment that she, indeed, is going to lead the government in that direction regarding day care policy?

Hon. Mrs. Joe: Not for a while.

Question re: Health care insurance premiums

Mr. McLachlan: My question is for the Minister of Human Resources. What is the target date of the government for the eventual phasing out of the health care insurance premiums?

Hon. Mrs. Joe: We do not have a date.

Mr. McLachlan: I am unsure of the Department's direction in day care. I am unsure of the Department's direction in health care premiums. When may we expect to see the first draft of the day care revisions in this House?

Hon. Mrs. Joe: We do have a draft of proposed regulations that has been in the hands of the day care people for a long time. We have received some responses to it. It would be a matter of taking those regulations to Cabinet for an Order-in-Council.

Mr. McLachlan: Is the draft, to which the Minister is referring, a recent draft proposed and asked for by the Minister for the end of September or are you referring to a draft prepared two years ago?

Hon. Mrs. Joe: That is a draft that was given to those interested groups, which asked for a response by the 30th of September.

Hon. Mr. Penikett: If I may, I would, by way of a supplementary, like to answer the question asked by the Member for Faro about medicare premiums, lest he badger my colleague for Health and Human Resources needlessly so. As I have previously

stated in the House, this is a subject of the revenue review process, which I am supervising. It will hopefully be completed in time for the spring budget. The Member will also know that, if we do away with Medicare premiums, there is a possibility of a consequent tax increase. If there were a consequent tax increase, the question would be who would have to bear that tax fairly. There is also still the problem of how you get some return, which was properly raised by the previous government when I tried to have medicare premiums abolished, and that is, how do you get transient workers who are benefitting from the medicare premium system to pay their share. I know enough about this issue to know that that is not an easy question. It would be of great injustice to Yukoners to have to pay for them.

We will be looking at all of these questions. Sincerely, if the Member has any constructive suggestions about how to phase out medicare premiums — and I was interested in his remarks today — without increasing the tax burden on the people of Yukon, I would be fascinated to hear them.

Question re: Task force review of Land Claims Policy

Mr. Phelps: I have a question for the Government Leader with regard to the federal task force reviewing land claims policy. That task force visited Whitehorse in the latter part of September when they received some written submissions with regard to the federal government Land Claims policy. Has this government delivered a comprehensive written submission to that task force yet?

Hon. Mr. Penikett: The short answer is no.

Mr. Phelps: Does this government intend to deliver a comprehensive written submission and, if so, when?

Hon. Mr. Penikett: I am not sure whether ours would be comprehensive enough to satisfy the Member opposite but we intend to enter a formal brief. I think it would be our hope, if it were at all possible, to have made a little bit more progress on the Memorandum of Understanding and then to make a representation which would be done in concert with the Council for Yukon Indians.

Mr. Phelps: If and when the written submission is delivered to the task force, is the Government Leader prepared to table a copy of it in the House?

Hon. Mr. Penikett: I do not see why not but, if the Leader of the Official Opposition is asking that a comprehensive statement of our bargaining position be made public, I am afraid I am going to have to say no.

Speaker: The time for Question Period is now elapsed. We will now proceed with Orders of the Day.

ORDERS OF THE DAY

GOVERNMENT BILLS

Bill No. 6: Second Reading

Clerk: Second reading, Bill No. 6, standing in the name of the hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 6, entitled *An Act to Amend the Financial Administration Act*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 6, entitled *An Act to Amend the Financial Administration Act*, be now read a second time.

Hon. Mr. Penikett: There are really two principles in this bill, and I will explain them briefly: one concerns the highways materials fund and the other one concerns alternate membership on Management Board. Let me explain first about the highways materials fund.

The purpose of the highways materials revolving fund, as many Members know, is to enable the Department of Community and Transportation Services to purchase all kinds of highway maintenance materials in bulk quantities and to use these materials as required for road maintenance throughout the Yukon.

An amendment to the *Financial Administration Act*, passed at the

spring session of the Legislature in 1984, authorized an expenditure level of \$2 million for the highways materials revolving fund. The need for the amendment came about as the result of higher expenditures required for calcium chloride, signing materials and centreline marking paint. The purpose of this amendment is to permit the purchase of asphalt mix through the fund. Inclusion of asphalt mix within the fund would increase the authorized limit by \$850,000. This would make it possible to stockpile more than a year's supply at various inventory centres throughout the territory. This is more economical than manufacturing only a year's supply and trucking it from a central location.

The second point, the principle in the Bill concerns the membership on Management Board, and we are proposing something called alternate membership on Management Board. Section 4(1) of the *Financial Administration Act* requires that the Management Board consist of the Executive Council Member responsible for the Department of Finance as Chairman, and two other members of the Executive Council appointed by the Commissioner in Executive Council. The provision of alternate membership on the Board, through amendment to the *Financial Administration Act*, diminishes the possibility that the Management Board would not be able to meet and conduct the business of government because of lack of a duly constituted quorum.

It should be noted by the Parliamentarians in the House that, should the Bill pass, we will require a motion be brought forward in the House appointing the two members who are not now on the Board as alternates, to the Financial Advisory Committee pursuant to *The Yukon Act*, in order for this amendment, under the *Financial Administration Act*, to have any validity.

Motion agreed to

Bill No. 10: Second Reading

Clerk: Second reading, Bill No. 10, standing in the name of the hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 10, *An Act to Amend the Income Tax Act*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 10, entitled *An Act to Amend the Income Tax Act*, be now read a second time.

Hon. Mr. Penikett: Briefly, the Government of Canada collects income taxes on behalf of Yukon, and remits those taxes to the Yukon government. The basis for this arrangement is the Tax Collection Agreement. While the Yukon government can adjust its own tax rates, the taxes charged must be expressed as a percentage of federal taxes, and the Yukon must maintain conformity between its legislation and the federal legislation regarding income tax in order to comply with this agreement.

The purpose of the amendment to this Act is to make the amendments required as a result of changes to *The Income Tax Act* of Canada in keeping with the Canada Yukon Tax Collection Agreement.

Motion agreed to

Bill No. 36: Second Reading

Clerk: Second reading, Bill No. 36, standing in the name of the hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 36, *Financial Agreement Act, 1985-88*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 36, entitled *Financial Agreement Act, 1985-88*, be now read a second time.

Hon. Mr. Penikett: As Members who have been here a while know, every year a financial agreement between Yukon and Canada has been entered into, and these agreements spell out the grant to be received by Yukon from Canada, the conditions upon which the grant was to be paid, and the adjustment methodology for such things as income tax and other locally raised revenues. The authority to enter into this agreement is granted each year by the Legislature in the form of a *Financial Agreement Act* such as you see before you.

The current bill covers three years rather than the traditional single year. This is due to the adoption of formula financing

beginning April 1, 1985. The Formula Financing Agreement is for a three year initial period; therefore, the Bill provides for the same time period.

Under formula financing, an implementation agreement is to be entered into between Canada and Yukon each year which spells out the escalators to be used to calculate grants, estimated grant payments and such other related items as estimated revenues and the established programs funding. The purpose of formula financing is to avoid the annual negotiations of grants on a program specific basis.

Under formula financing, a base year, 1982-83, expenditure pattern is escalated each year by a three year moving average of the percentage change in the provincial/local expenditures as calculated by Statistics Canada. From the total arrived at by this calculation, locally raised revenues and certain recoveries are deducted, the result being the grant to be received by the territory.

Since it is a fixed tax rate formula, any tax rate increases or decreases accrue to the benefit or detriment of Yukon as the case may be. There are specific reopener clauses contained in the agreement whereby Yukon can receive supplementary funding for the costs resulting from the major economic events or federal initiatives, but other than these, Yukon is precluded from seeking supplementary funding during the agreement's term. Since the formula financing financial agreement was entered into on May 10, 1985, Section 4 of this Act makes its passage retroactive to that date.

¹⁶

Mr. Phelps: I feel compelled to say a few words about this Bill and about the formula financing agreement, which was entered into on May 10th. I was one of the signatories and the previous administration, Mr. Pearson's administration, worked diligently in negotiating this package. It heralds a new era in responsible government for Yukon. I think the importance has, unfortunately, been missed by many people who reside here, because it really signifies a huge step forward in Yukoners being able to plan their own destiny and not go cap in hand for everything they intend to do, or wish to do, to their masters — to, as it was, certain bureaucrats, really, in the Ottawa bureaucracy. I support this Bill in principle and am glad to see it moving ahead.

Motion agreed to

Bill No. 48: Second Reading

Clerk: Second reading, Bill No. 48, standing in the name of the hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 48, entitled *An Act to Amend the Fuel Oil Tax Act*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 48, entitled *An Act to Amend the Fuel Oil Tax Act*, be now read a second time.

Hon. Mr. Penikett: The purpose of this amendment to the Yukon *Fuel Oil Tax Act* is to enshrine in legislation the exemptions that were introduced in the Fuel Oil Tax Remission Order, which were effective July 1st, 1985 to December 31st, 1985. This amendment does not result in any of the existing fuel oil tax rates being increased. In fact, the overall financial impact of this change is a reduction in fuel tax revenue of approximately \$1.2 million. Passage of the Bill will introduce a fuel colouring system to Yukon for the first time. The legislation makes provision for the colouring of gasoline, diesel oil and heating oil. The introduction of the chemical dye to fuel oil will enable the administration to determine whether or not fuel purchased for exempt purposes is being used for non-exempt purposes and we find it necessary to colour heating oil because of the fact that regular diesel oil and heating oil are one and the same product. While exemptions will be enshrined in legislation immediately, we will continue to use the administrative procedures, in other words the permit system in place, to administer the exemptions under the Remission Order. On April 1st, 1986 these exemptions will be monitored through the use of a marked fuel program.

Motion agreed to

17 Bill No. 8: Second Reading

Clerk: Second reading, Bill No. 8, standing in the name of the hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 8, *An Act to Amend the Business Corporations Act*, be now read a second time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 8, entitled *An Act to Amend the Business Corporations Act*, be now read a second time.

Hon. Mr. Kimmerly: Originally, the parent Act is a very large Bill. It was passed through this House quickly, and for good reason. Some lawyers talk about two kinds of law: there is people law and there is lawyer's law. This is lawyer's law.

What is happening here is this very large and very complex Act, dealing with business corporations, has been modeled very substantially on Alberta's Act. Subsequent to the passage of our Act, the Alberta Act has been amended. The intent of these amendments is to keep in step with the Alberta amendments so that the law in Alberta and Yukon is substantially the same so it is easier to deal with for lawyers and for business corporations.

Motion agreed to

Bill No. 18: Second Reading

Clerk: Second reading, Bill No. 18, standing in the name of the hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 18, entitled *Fine Option Act*, be now read a second time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 18, entitled *Fine Option Act* be now read a second time.

Hon. Mr. Kimmerly: The fine option program exists in most of the provinces now. Basically, the program is a procedure whereby persons who are unable to pay fines imposed on them by the criminal courts are able to work off the fine. It is generally done at a rate roughly approximating the minimum wage and the schemes are generally now across the country at approximately \$5.00 an hour.

Historically, about a third of the admissions into our correctional centre are for individuals involved in serving the default period because they did not pay their fines. That does not mean that a third of the population at the jail at any one time are there for failure to pay a fine but there are always some. It is perceived by most thinking people that the process whereby a relatively wealthier, or a middle-class, person who receives a fine simply writes a cheque or pays it, and the poor person serves the jail time. That is fundamentally unjust and is, in fact, unequal treatment. This program corrects that.

We imposed, administratively, a fine option program, starting I believe in 1979 and into 1980. However, that program was struck down by the courts as it was not contemplated by the *Criminal Code*. The *Criminal Code* has recently been amended by Canada, specifically allowing for fine option programs. The section number of the federal *Criminal Code* is 646.1. After the passage of that federal enabling legislation, we acquired the legislative competence to pass this Act as it deals with matters in the criminal area, and we have moved quickly to establish by statute a fine option program.

Mr. Phillips: I would like to speak briefly on this. I think that we on this side can agree with the principle of the Bill and have no problem with the Bill but would like to put on the record and caution the government that when they are sending inmates out to various areas to do these kinds of tasks that they take into very high consideration the unemployment rate we have now in Yukon and that the first thing we do is put Yukoners who are not incarcerated to work before we have inmates doing these meaningful tasks that the Minister talks about.

Motion agreed to

Bill No. 20: Second Reading

Mr. Clerk: Second reading Bill No. 20, standing in the name of the Hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 20, entitled *Funeral*

Directors Act, be now read a second time.

Speaker: It has been moved by the Hon. Minister of Justice that Bill No. 20, entitled *Funeral Directors Act*, be now read a second time.

Hon. Mr. Kimmerly: This is a proforma act, if I may call it that. It is purposely kept short and as simple as possible and its purpose is to license and regulate funeral directors. That procedure occurs everywhere else and we are simply catching up to the Canadian standards.

Motion agreed to

Bill No. 22: Second Reading

Mr. Clerk: Second reading, Bill No. 22, standing in the name of the Hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 22, entitled *An Act to Amend the Retirement Plan Beneficiaries Act*, be now read a second time.

Speaker: It has been moved by the Hon. Minister of Justice that Bill No. 22, entitled *An Act to Amend the Retirement Plan Beneficiaries Act*, be now read a second time.

Hon. Mr. Kimmerly: This is a very simple and very minor change to the existing law. It simply makes the existing Act apply to other types of retirement savings plans. It makes a provision that allows for a reliance on the naming of beneficiaries in the retirement plans that we now have.

Motion agreed to

Bill No. 24: Second Reading

Clerk: Second reading Bill No. 24, standing in the name of the hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 24, entitled *An Act to Amend the Insurance Act*, be now read a second time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 24, entitled *An Act to Amend the Insurance Act*, be now read a second time.

Hon. Mr. Kimmerly: The purpose of this Act is to provide an additional protection to people who may be injured, especially in automobile accidents. The present law makes it mandatory, before driving on highways is permitted, to carry liability insurance. There are some drivers who are unable to get that insurance because the insurance industry recognizes them as significant risks and will not insure them. This Act provides for what is called a facility association, which essentially pools the resources of the insurance industry and spreads the risk around to everybody. It is not intended as a service to those high-risk drivers. It is intended as a service, or a protection, for people who those drivers may injure.

Motion agreed to

21 Bill No. 26: Second Reading

Clerk: Second reading, Bill No. 26, standing in the name of the hon. Mr. Kimmerly.

Hon. Mr. Kimmerly: I move that Bill No. 26, entitled *An Act to Amend the Summary Convictions Act*, be now read a second time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 26, entitled *An Act to Amend the Summary Convictions Act*, be now read a second time.

Hon. Mr. Kimmerly: There are two principles in this bill. The first one adds the provision for attempts to commit a crime in the *Summary Convictions Act*. That was probably an oversight in the passage of the original Act. In any event, it is now the law that attempts to commit crimes of a summary nature are included in the federal *Criminal Code*, but are not included under the Yukon's *Summary Convictions Act*; that encumbers and complicates summary convictions procedures in an unnecessary way, so we are including attempts in the Yukon law. It will then be consistent with the federal law.

Also, there is presently a provision for Justices of the Peace, when they encounter a case where a person wishes to pay the voluntary fine or the standard tariff, where the person is late in

paying, the fine can be doubled. The change here allows the JPs discretion to impose a further penalty because of being late, up to double the original fine. Some of the fines are substantial and it is perceived that, in some cases, it is appropriate to double the fine, but in many cases it is more appropriate to add a smaller amount, say \$25 or so — perhaps \$50 — instead of doubling the fines. This increases judicial discretion in a downward fashion and is seen as desirable by persons affected by this Act and the people responsible for administering it.

²² *Motion agreed to*

Speaker: May I have your further pleasure?

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

Speaker: It has been moved by the hon. Government House Leader that the Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

Motion agreed to

Speaker leaves Chair

²³ **COMMITTEE OF THE WHOLE**

Chairman: I will now call Committee of the Whole to order. We will have a brief recess.

Recess

²⁴ **Chairman:** I will now call Committee of the Whole to order. We will be dealing with Bill No. 52, *First Appropriation Act, 1986-87*.

Bill No. 52 — First Appropriation Act, 1986-87
On Clause 1

Hon. Mr. Penikett: I guess the Bill itself is self-explanatory. One thing I would note is that I am having distributed, although they are just now being photocopied, the information requested by the Member for Porter Creek East, which is the community by community breakdown of every item in this budget.

I take pleasure and pride in bringing this information to the House, because it is the kind of information that one had to pull teeth to get it from him when he was the Minister responsible for the Department of Community and Transportation Services. We had to spend sometimes weeks in debate in order to get it.

I would also like to thank the people who had to spend the weekend putting this information together. My apologies and thanks to them. They probably would have had other things they would have liked to do. As I say, the information should be here momentarily. As we get into the detail, the Members will be able to ask questions arising, not only from the departmental specifics, but from the community specifics.

Mrs. Firth: Is that in addition to the community services we were sent by the Minister of Community Services?

Hon. Mr. Penikett: It is a duplication. The Minister had one done already, so he was able to send it from his Department. The others are being photocopied at this moment and I can maybe make my copy available to whomever is leading the charge on the other side, such as it is.

Mr. Phelps: Firstly, I would like to offer the thanks of the people on this side of the House to those in the employ of the government who worked the weekend to make available the information, and thank the Government Leader and the Minister of Community Services for working and getting this kind of detail to us. I think it is going to facilitate the debate and speed up the process immeasurably.

In terms of some general questions in the general debate, I am wondering what new steps, if any, have been taken to try to get a handle on the estimated cost of facilities, particularly the building structures. There has been great concern expressed over the past that buildings were becoming more and more expensive and exceeding the wildest dreams and expectations of those in the

government employ who are in charge of the responsibility of estimating, even roughly, the costs. Has this government done anything to attempt to improve the forecasting process to ensure that the buildings are structures that will be as efficient as possible in terms of costs to meet the purposes?

²⁵ **Hon. Mr. Penikett:** It is an excellent question. I will defer to my colleague, the Minister of Government Services, who has been responsible for the project management of the only significant capital project we inherited, which was actually in mid-construction. He has confounded many sages, who said that that building, namely the Philipsen Building, was going to come in way over budget. Mr. Kimmerly, though, has in fact had to take things out and remove some of the frills and luxuries of the building and strip it down, not to the discomfort of anyone, I would hasten to add, but something more in keeping with the traditions that have become accepted by most people here.

One of the real problems about the accurate prediction of the cost of capital projects, I think, was clarified for me in the short discussion we had in July when Mr. Lang made it clear that in some cases you were virtually having to guess what a project would cost because sometimes you were commissioning the work before the design work was done and you really did not know. How we are attempting to deal with that in the long run is — for the first time, we understand, in this government — to do some design work — and our financial position now allows us to do design work — in advance of the construction year. In other words, so that we can put some design work on the shelf and take it off a following year or later. We may design something like a new administration building for example, and we thought we could afford a million dollars or two million dollars for it, but the design work came in and it said that that project in that community would cost three million dollars, for various reasons; we then would have the option of either scaling the project down considerably or postponing it, because we could not justify those resources. I would think, as well, over time, that the project management skills and the ability to keep projects on budget is going to improve at the managerial level in this government. I have confidence in that.

We are, however, looking to other things and I am quite interested in some things I have heard that the federal government does, one of which is that they tax architects' fees, if the architects are managing the project and there is a cost overrun on the budget. That is quite an interesting idea to me. We have not, as I understand it, had an architecturally-managed construction project here for a while, until now. With that federal mechanism, it provides a very strong incentive to the builder to keep a project on budget and not believe that there will be supplementary monies found if they go over the limit. That may be a useful tool. I would, however, invite you to direct questions to my colleague, the Minister of Government Services, about any particulars on the only large capital project that is going on at this moment.

²⁶ **Mr. Phelps:** You have covered many of the areas. One of the difficulties the public has, and many of us from the private sector have, is that one knows that architects and engineers get paid on the basis of the percentage of the value of the project which is a built-in conflict. One has to trust the professional ethics of any professional person. Nonetheless, in the public's mind, when you have a very expensive building that is not very big but the mechanical comes in very expensively one gets questions directed as to the only person benefitting from the cost overruns is an obvious person, aside from whomever bids on the contract. The other problem that I have been getting questions about lately is that government seems unwilling to use cheaper alternatives. An example is the Jim Light Arena. I am told by the person who designed the original truss that much of that material could have been used for a new arena or a new building elsewhere. The actual skeletal frame and the huge timbers were designed in such a way that it could have been transported anywhere in Yukon. From time to time over the past 10 or 15 years, I have encountered this kind of criticism, that for some reason government engineers and department heads seem to want something new and shiny without looking at alternatives such as reusing buildings which are not being used to capacity. I would like to some day read the reports on the Jim Light Arena and see why the huge

beams could not have been used in Ross River with a new cladding.

Hon. Mr. Penikett: It will not surprise Mr. Phelps to know that there are people of my acquaintance who believe that those trusses will be used in some other building somewhere, very soon. They are sound enough. The person who got the project to take it apart may be using them to put something else up. That would not surprise many of the people I have talked to at all.

As to the tendency to overdesign, or build too elaborately, or to build too rich or unnecessary a facility, there are questions raised about that in terms of the accommodations in the court building. I will not get to the specifics of that, but the one lesson that has been communicated very well as a result of my colleague, Mr. Kimmerly's, actions, is that when we are talking about a \$13.2 million project we mean a \$13.2 million project, not a \$15.2 million or a \$17.2 million. We mean a \$13.2 million project. I think there is also a different kind of pressure from government. Many people who have lived in this town a long time, who honestly feel good that the place is a lot more permanent that it used to be, feel that one of the traditional things in our culture that you have always looked to government to do is to put up substantial buildings instead of palaces. Every province in this country has a Legislative building, which, except Newfoundland's and ours, were built in the last century. They were one of a kind. They were buildings which were so magnificent and so expensive in their day that they outshone everything else. No private developer would have ever put up a building like those.

²⁷ Over time, they became a magnificent and very important part of the local landscape and the local architecture, and they became a point of pride for the community. That may well happen in time with this building, the one we are in. I do not know. I think that will depend on the circumstances and how people feel about it over time.

I suspect it is not quite the same kind of marble palace that was built, certainly, on the prairies in the last century, or at the turn of the century. There is, sometimes, if you look at things like garages, some tendency to want to keep it simple. We were talking about a maintenance camp the other day. Keep it simple, keep it cheap.

Sometimes it is possible to be penny-wise and pound-foolish. What you want to do is really look at the utility and the life of the building, and if you take a look at the costs over the life of the building, and really do find what the best value is there. I would like to build buildings that last, or I would like to see us do that. Just because I think it adds, in a small way, to the sense of permanence and the sense of commitment that all the people have to their community, that they do plan to be here for a while, they do plan to be here for some time. That is not to say at all that I want to see us have gold-plated and baroque, elaborate and unnecessarily fancy facilities. They become, in the end, a public offense, or an offense to the public.

Mr. Phelps: I would like to thank the Government Leader. The other thing this leads to, and another common concern, seems to be that there is very little reliance placed on the expertise of laypeople, as it were, contractors and people who have a lot of experience in building bridges, or are practical about putting in a water system, say, for Carcross, and so on. I am wondering whether or not this government intends to find ways of trying to utilize that kind of valuable experience that has been gained in the school of hard knocks from the communities. One of the biggest problems — it is always a problem and always will be to some extent — is that you have consulting engineers coming with the swimming pool for Carcross, or a water system for Carcross, or wherever, and local people who you know can do their own system for a fraction of the cost have a lot to say, and it really compounds the frustration felt by the average citizen who simply sees this new complex building, realizes there are alternatives, or may be alternatives, and there has been no consultation with those kinds of experts prior to the design being almost to a stage where it is rammed down a community's throat.

Hon. Mr. Penikett: I hear this kind of comment a lot, as I am sure all Members do. I think there is a mix of problems here that are worth examining. On the one hand, it seems to me we have a proper desire to commission as much local design work as possible, and

that we get some of the engineering firms — there are not that many architects around — and give them some of the work.

I think most of us understand, though, that much of the work is probably done by somebody in their Vancouver or Edmonton office, in many cases. It is not done here. We should not really have any illusions on that score. At some point we really have to ask ourselves if we really are giving those people an advantage because they have an office here, and probably the answer is yes, even though the actual work, in many cases, is going to be done by specialists who could not afford to stay here, and who are based in some major city. Those specialists, I am sure, are very well acquainted with national building standards, and will comply with them.

²⁸ If you take a case like the Dawson Sewer and Water Project, there are many plain folk in Dawson City, people who have dug up a few sewer lines or fixed a few water lines, who thought the design of that thing was totally inappropriate and very expensive, and was doomed to fail.

I am not sure, frankly, how you resolve the difference between that sort of outside expertise and local folk wisdom sometimes. Clearly, what the Leader of the Official Opposition is suggesting is that if we could ever get to the time when we were not always rushing these projects, maybe we could develop some way of having some citizen input. It is the kind of thing you would expect to have from the local city council and municipal bodies where, often, you will get local contractors who are involved in those sorts of things.

I think that is an issue worth exploring further. I am not inclined to grant the benefit of the doubt entirely to the engineers. I think they are professionals, but they often do not know the hard reality of the soil conditions in some places, and we have had some expensive experiences.

Mr. Phelps: I know that with \$81,000,000 to be spent, there is going to be a rush, but I wonder whether, in the future, we ought not to consider going to the local lay experts. If it is bridge design, there are people acknowledged to be experts. In Dawson, there are people who understand some of the unique problems. That kind of consultation process should not be taken by the Department and the consultant prior to the design actually being drawn. If you had some input at the ground floor, some problems might be side-stepped.

Hon. Mr. Penikett: The kind of consultation that Mr. Phelps suggests might well be a very good idea. What we are trying to do now, by coming into the House a month earlier with the Capital Budget than we normally would, is to try to add a bit of time to that process. By doing some design work this year for projects that are going to come later, I think there is an advantage. If we can do more of that over time, it will allow for those kinds of street smarts to be introduced into some of the professional expertise. I assume that my colleagues, who have a more direct role in commissioning some of this work, might take up that suggestion to see what practical application it might have.

Mr. Lang: I think this is an important area we are discussing, and the Government Leader has said it quite well, as well as the Leader of the Official Opposition. I concur that we are in earlier for a Capital Budget than we have been, but, on the other hand, you have an \$81,000,000 Capital Budget, which we have never had before either. It is substantially increased over and above anything we have had, as a government, in prior years.

This is where you get into possible conflicts in the smaller communities, i.e. contractors. I should point out to the side opposite that it was a concern of the previous government. A couple of conversations did take place with the Contractors Association to try to get something together so that these particular designs could be scrutinized prior to getting into the situation where the Government Leader stands up and says that it is going to be a \$13,200,000 project, and you are not going over it, and we are going to pull an office out. I have to say to the Government Leader, that that really should not be your business, and I am sure you would agree with me on that.

Maybe there is a method where, even for a month a year, say in the month of December when a lot of your design work is already done, you could get a group of four or five, maybe retired,

contractors together to go through the various plans and ask specific questions as to why we are asking for this kind of siding and why are we asking for that.

29 The Minister of Highways and Transportation took exception to my comments the other day about Blanchard River, and I want to say to you that I was trying to give an objective, or at least another, point of view as to why we are spending so much money for those kinds of facilities. Is there another way we can provide the facilities just as comfortably with maybe \$500,000 or \$1 million less cost? I have to say to the Ministers on the side opposite that you do not have enough time to go through the plans and, secondly, in most cases, you do not have the expertise in any event. I guess the point I would recommend to the side opposite is that we seriously look at some sort of a review process just strictly at the design stage, or shortly thereafter, so they could be sent back if changes have to take place, as opposed to after they have been out to contract and everyone realizes we are half a million dollars over our estimate.

Hon. Mr. Kimmerly: I thank the Member opposite for that constructive suggestion. It is a constructive suggestion and we will look further at it.

We have already had discussions, including both myself and the officials level with the Contractors Association, specifically about a long-term capital plan and the way to maximize both local materials and local hire. The question I essentially asked was: is it a good idea to build, say, a \$10 million project in one year or to build it in stages, say \$2 million a year over five years? That is just a rough example. Which methods will facilitate local hire and the orderly growth of Yukon contractors, and will be a saving to the government by virtue of the fact that the money spent by the government stays here in Yukon. We have also talked about bid depository systems and the way to maximize the efficiency and the use of subtrades. We have also talked about the project management system. It is entirely with the same goal or the same incentives that are mentioned by the Member opposite that these discussions have occurred.

We are also thinking about the government's purchasing policies, for example, publishing a projection of the government's purchasing needs. In that way, the local retailers and wholesalers can plan their businesses in connection with the expected needs of the government.

30 If we publish those facts and figures and make it available to all, it reduces the possibility, or the appearance, of any favoritism, and it allows for a more orderly planning process in the private sector.

Mr. Lang: In general debate, going through the budget, and with the information as the Leader of the Official Opposition has indicated is going to help, I am looking forward to justifications for a number of the projects. Quite honestly, in a couple of cases, I am kind of skeptical about the long term value of them.

I want to make a comment if I can, and perhaps the Government Leader could respond, and that is on, for example, the projects that are underway and the planning process of government. With the capital allocation of these dollars, i.e., a curling rink in Teslin, i.e., an arena in Ross River, have you put forward your estimates on operation and maintenance cost directly to this government? If you will recall, at the second reading I pointed out that all these projects are fine and good, but when you look at it, one level of government or another is going to pay the ongoing operation and maintenance cost as well.

I am very concerned about these small communities and their ability to pay, and what kind of cost relationship is going to be taken into account for that. Otherwise, we may be putting these people in the situation where down the road they have an arena but they cannot turn the lights on. I do not think that that is the wish of anybody in this House, forget partisan politics.

Hon. Mr. Penikett: I agree that it is not the wish of anybody in this House. Clearly it is a problem we used to have, and have had for many years in this government; no marriage between the Capital and the O&M budgets. We have adopted Capital proposals without any consideration of their O&M implications whatsoever.

We have not yet fully developed the tools to allow us to accurately project, in every case, what the O&M implications of a project are. That is increasingly part of the standard criteria that we

have to know.

Clearly, there are times when — I forget the particular projects the Member talked about — you might have a \$1 million option or a \$2 million option in terms of some community project. If the \$2 million option had an O&M cost of half the \$1 million option, then clearly, from that community's point of view, in the long run it would be a much more attractive facility. For all sorts of reasons it would be a much more attractive facility. It might be from our point of view, and the O&M costs may be more attractive, too.

We have to develop that with the public works that we are doing here, which will be ours. Those O&M costs will be reflected in the 1986-87 O&M budget. I have given this undertaking before in the spring estimates. We will try to get more information to the Member on the particulars of some of these projects. On some of them, as he will know, it may not be possible to give accurate projections. I remember Dawson's Sewer and Water Project again. That was originally justified, not only because of the problems with the line, but because, as I recall, the O&M costs in the existing system were going through the ceiling. It was up to \$100,000 a year, or something like that, when they decided to replace it. The O&M cost is now about \$400,000 on the new system.

That, if nothing else, demonstrates the problem of sometimes making predictions about the O&M costs. Clearly, you have to try to do it, and you have to do it because that is one of the criterion by which you ought to make decisions about whether or not to go with a project.

31 **Chairman:** Is there any further general debate on Clause 1?

We will turn to Schedule A, Capital Votes Number 2 Executive Council Office, there is a break-down in your books on page 6.

On Executive Council Office

Mr. Lang: Perhaps the Government Leader could tell us what Research and Development Support Material is?

Hon. Mr. Penikett: I will try to explain it. The new federal government has now begun a cost recovery program for Statistics Canada. That means that they are trying to get the money back from Statistics Canada's clients for work that they do for their clients. As a result, the YTG stats operation, which is in the Executive Council office, will have to pay for census information, census outputs, microfiche, et cetera. The actual costs to YTG for the services are not yet known and the \$15,000 is an estimate. It is something that we will have to do from now on if we want access to that information.

Mr. Lang: What are the proposed plans in the area of Northern Oil and Gas Action Program? As I understand it, to some degree the money is unlimited, depending on what you are going to do?

Hon. Mr. Penikett: The money may be somewhat unlimited but I understand that the federal government is proposing to limit it quite remarkably. We have a \$1.00 item there, because we do not know exactly where we are in terms of the futures of those monies. Until we get a little further down the road, in terms of the Beaufort developments, we do not know that.

On Public Affairs Equipment

*Public Affairs Equipment in the amount of \$6,000 agreed to
On Research and Development Support Material
Research and Development Support Material in the amount of
\$15,000 agreed to*

On Northern Oil and Gas Action Program

*Northern Oil and Gas in the amount of one dollar agreed to
Executive Council Office in the amount of \$21,000 agreed to*

On Department of Community and Transportation Services

32 **Hon. Mr. McDonald:** I do have a prepared text here. Normally, as veteran Members will know, this is about the extent of information that Members of the Legislature used to get. For that reason, the statement was moderately detailed. I should just like to take the Members' time for a couple of minutes to just read it out to give you a sense of where the Department is going for the next government.

Our Yukon communities will receive just over \$2.9 million for the construction and renovation of a variety of recreational facilities. I strongly believe that recreation plays a vital role in the

daily lives of residents in all rural communities and is a key ingredient to making the communities a better place to live and to work.

Some of the major projects in the budget are: the ice arenas in Haines Junction and Ross River; curling rink in Teslin; ski chalet in Watson Lake; and, swimming pool in Beaver Creek.

Other aspects of the community infrastructure will also see considerable activity in the coming year. A total of over \$4.8 million in capital projects are planned for community services and municipal engineering and related projects, for instance: fire protection will be enhanced in several communities including the construction of a new fire hall in Dawson City; a new fire hall and ambulance station in Ross River, and a new fire truck in Teslin. The annual upgrading of Yukon's ambulance service will see the purchase of an ambulance for Whitehorse, together with the design for a much-needed ambulance station. This will correct inefficiencies resulting from housing staff in one area and storing ambulance vehicles elsewhere. Riverbank stabilization at Old Crow and dike construction at Dawson will get underway to provide much-needed flood protection for those communities. Water and sewer projects will be undertaken in Carmacks, Haines Junction, Mayo and Dawson to provide for extensions to existing systems and improvements. The solid waste disposal site will be constructed at Golden Horn and Dawson's dump will be relocated. Roads and streets in Carcross, Carmacks, Mayo, Teslin and Watson Lake are scheduled to receive chipseal or BST in 1986-87.

In 1986-87, the land development budget allows for a considerable urban and rural soils testing, legal surveys and site analysis in Beaver Creek, Old Crow, Ross River, Haines Junction and McLean Lake. Construction will be undertaken for industrial lots in Ross River, industrial lots in Old Crow, and the second phase of Mary Lake country residential completion. The land development budget also includes money for community quarry development, and construction of the final section of the McLean Lake quarry access road, and street construction in Keno.

The Department's housing budget of \$1.3 million allows for construction or acquisition of senior citizen's dwellings in Teslin and Whitehorse, and for staff units in Old Crow, Pelly Crossing and Elsa.

» An upgrading of rural Native housing assistance funds is also provided for.

The total Yukon road program for 1986-87 amounts to \$15.3 million, which is the largest budgetted amount for highways in the history of the territory. This funding will enable the government to carry out many of the projects for which funding was cut from previous budgets and now require urgent attention.

The Bailey bridge over the Hoole River on the Campbell Highway will be replaced. An ongoing general bridge strengthening and upgrading project on all Yukon highways will get underway. A considerable amount of engineering and surveying will be done on the numbered highway system to prepare for future reconstruction.

The Klondike Highway will be upgraded at various locations. The 40 kilometres between Gravel Lake and Flat Creek Hill will receive base and BST. Thirty-six kilometres between Pelly and Stewart Crossing will also receive base and BST. Ten kilometres north of Carmacks, which is currently being reconstructed, will have BST applied.

A further eight kilometres of this highway will be constructed north of Carmacks in 1986-87. Reconstruction of the Annie Lake, Bonanza Creek, Dome and Kusawa Lake roads will be undertaken. Work on the Hunker, Freegold and Fish Lake roads will commence.

In order to facilitate the summer reconstruction on the Dome and Hunker roads, money for clearing has been accelerated as a winter works project.

I also have some remarks to make on the regional resource road program, which you will see identified in this budget as well. I can perhaps respond during general discussion of that particular program.

The federal government is continuing the upgrading of the south Klondike and Dempster Highways under the Engineering Services Agreement. Funding for these programs will be in the Supplemental Estimates for 1986-87, as per usual.

Under the Facilities and Equipment Program, the 1986-87 budget provides for improvements to weigh stations and highway maintenance camps and upgrading of various emergency airstrips. Work has recently commenced at the Blanchard River on the Yukon section of the Haines Road where a facility is being constructed to replace the substandard and dilapidated Mule Creek camp.

The importance of planning has been emphasized through other programs in the Capital Mains. In community planning alone, \$235,000 has been budgetted covering six communities. Funding has also been provided for planning in the areas of land development, highway construction and municipal engineering.

I found the Capital Budgetting process for this particular department to be a fascinating experience. I got a sense as to how it has been undertaken in the past and how it is undertaken now, of course. There were serious attempts, at least, to be as fair to all communities as possible, given that there are different needs and aspirations in each of the communities.

There is the caveat, of course, when funding projects in organized communities, of the cost-sharing formula which must be adhered to. Spending in those communities depends very much on the community's ability to pay their share of the costs.

The cost-sharing formula was something that we tried to adhere to as much as conceivably possible. There are communities, such as Carcross and Ross River, which have limited capacity to cost-share projects. For that reason, communities such as that can often donate their share of the project in terms of sweat equity or fund raising, or whatever source they can manage.

In general, for organized communities, we have tried to maintain the integrity of the cost-sharing system as was designed by previous administrations. I feel that we have done very well in maintaining that system.

As I say, we have tried to be as fair as possible in allocating funds to the various communities. There are exceptions, as you can see, for example, in the Capital Mains projects breakdown, that certain communities are getting significantly more funding than other communities.

» I hope that, to the satisfaction of the Members present, I can explain why certain communities are receiving the funding levels that they are. I believe it is justified. We are still intending to seed organized communities with a capital funding formula for the 1987-88 capital year. I hope to have the enabling legislation to permit that to happen in the spring of 1986.

I would like to point out, with great pride, that we are anticipating funding a project in Elsa. It is a rather momentous item for me to ask the Legislature to promote the project in Elsa. You will notice that there are funds requested for staff housing and for the upgrading of the community hall. I am sure that the people in the community are very happy about the attention that we are prepared, as a government, to give that community. I believe it is long overdue. I know that the Leader of the Official Opposition supports attention being given to the community. I know that we will not see great resistance from the other side of the House on the expenditures in that community, apart from details.

In any case, I have most of the information in front of me. If there is a desire, in the course of our deliberations this afternoon, to get into some detail on a particular project, I would ask that the Members give me notice immediately, and I will try to get the information to my fingertips. Otherwise I am going to be forced to take notice on some questions that call for dollar-by-dollar breakdowns, as that kind of information has not traditionally been delivered in the Legislature, in my experience, at least.

I am prepared to give that information, if possible, to any Member who is asking questions about a particular project. I will try to give as complete information as possible on the line items, provided that I have it in front of me. The Members can rest assured that for any further breakdown, or any further analysis, I can, with time, get the information to them.

Mr. Phelps: I would like to thank the Minister and first of all say that I certainly concur with his remarks in regard to Elsa. There will not be any resistance from this side, as I personally feel that it is good to see them come on board with the rest of the communities.

I have just a couple of brief comments. One of the areas that I represent is Tagish, and they have some similar frustrations for different reasons, I suppose, in that they really are not considered to be a community. That is becoming the focus of some attention. There are a couple of things that do not appear here, on which I have had correspondence with the Minister. Firstly, monies for the firebreak in Tagish, I understand, is an item that is under review, and you are going to have something to announce next spring.

Secondly, with regard to Carcross, there is the issue of the cemetery on the Indian Band land that is used by all residents. Again, I have had correspondence. I would hope that there would be an opening up of discussions with the Band so that those crowded cemetery facilities could be expanded so that some of us, including the Speaker, can look forward to resting there in the very distant future.

³⁵ **Hon. Mr. McDonald:** Firebreaks around communities is a very worthwhile project in itself for obvious reasons. It has lasting value; it enables communities to have ready access to firewood that they would not otherwise have. It serves a useful purpose and we will be discussing with Federal Lands any sort of arrangement they would be prepared to promote with the Yukon government with respect to that project. The Member's point is very well taken, and we are still pursuing that with some vigor.

There is some funding for cemetery improvement in Carcross, I believe, over a two-year period starting this coming year, so weary bones can rest easy.

Mr. Phelps: The general question I see in the speech that was given with regards to this budget is that there is going to be capital improvements by this government to the camp at Fraser on the Skagway/Carcross Road. I raise this because I personally have some difficulty with the location of that camp. It is in British Columbia on top of the pass, and it is a very difficult place to service with electricity and to live and work in year-round. It is a very expensive camp to maintain when one looks ahead to the possible year-round opening of the Carcross/Skagway road. I am wondering whether or not this government has considered the possibility of moving their operation down into the valley towards Carcross so that it can be serviced by electricity from the line that now goes out to Venus Mine, so that it would be more habitable and a less costly place to maintain?

Hon. Mr. McDonald: The Member's representation is an interesting one. It is actually a question that we tried to resolve with respect to job opportunities for people in Carcross should the Skagway Road be opened on a year-round basis. The suggestion was that if the camp could be located closer to Carcross, then it would make it easier to live in Carcross and commute to camp. Of course, moving a camp is a considerable expense. Upgrading the camp would be less of an initial expense, but certainly the long term expense would be something that we would have to look at. The camp was put there in the first place for strategic reasons with respect to the maintenance of the road itself. It happens to be located in an area that most of the maintenance takes place. When you are doing a cost-benefit study of locations of camps, it might make sense to put your camp in perhaps the roughest part of the road.

³⁶ One reason, I understand, why the Mule Creek Camp was placed where it was placed in British Columbia is because it was a miserable section of road and the maintenance vehicles would have to travel very little distance to maintain the road in the worst sections; they would be right there on-the-spot. Presumably, the reasons why the decision-makers at the time chose the current location of Fraser Camp was that it represented a miserable section of the Carcross Road; but clearly, over time, when the Carcross Road is upgraded to the extent we would like it to be over the next four or five years, the maintenance schedule for that road may change considerably and it may make a lot of sense to move the camp closer to the closest centre of population, which is Carcross. It is our intention to maximize the use of Carcross labourers for the maintenance of that road.

I will take the Member's representation regarding the location of the maintenance camp under advisement. He makes an interesting point.

Mr. Phelps: I thank the Minister for that. Another item which is very closely related that might be examined is the issue of the power supply to the camp. It was a federal government decision to locate there insofar as customs went, and I have heard reports that it would have been far less expensive for all concerned to supply the power from the Yukon Electric line that runs out as far as Venus Mine. I think it is something worth looking into, particularly when one is entering into the possibility of a year-round opening of that road.

I have one other item which, again, is a constituency concern. I wonder whether you have the actual breakdown of BST costs. I see part of it is for access to the Indian village, which I am strongly in favour of, and I am wondering what that portion of the cost is.

Hon. Mr. McDonald: I will endeavour to find that information.

We anticipate the subgrade and chipseal to be in the neighbourhood of \$113,000 minus the design work which we intend to carry out this winter, if possible, so that this budget can go ahead with some precision next spring. Chipsealing the Indian village access road will probably be in the neighbourhood of \$38,000. That is the breakdown that I have.

Mr. Lang: Just a general observation to begin with here: you mentioned the question of building an ambulance station for Whitehorse, or a design to look at building a facility. I know a study was completed, looking at the amalgamation of ambulance services with the fire fighting service. I wonder if the Minister would be prepared to table that particular document here? I understand it has had fairly wide dissemination in any event, but perhaps a copy could be tabled. Would he be prepared to do that?

³⁷ **Hon. Mr. McDonald:** It may have received wide dissemination, but I have not seen it yet. As soon as I find, I will read it. I do not presume that there would be any problem with tabling the document.

The kinds of concerns that the Member has I think are obvious ones. Whitehorse, to date, has not indicated an overwhelming interest to assume the ambulance services provided by the Yukon government, unless they can get cost-sharing arrangements, or a 100 percent funding arrangement, which they would find acceptable to them. I think the Member understands the reasons why it would be desirable to build an ambulance station in Whitehorse.

Mr. Lang: I look forward to seeing the document, hopefully tomorrow. I would like the opportunity to go through it.

Cost sharing of facilities is a concern. You spoke of it in your opening remarks, and I appreciate that. Just out of curiosity, more curiosity than a matter of policy, in unorganized communities such as Ross River and Carcross, what kind of cost-shared parameters are you going in with? An example is the arena in Ross River. Is it 90-10? What financial arrangement are we going into with the community?

Secondly, I guess the question is the operation and maintenance costs. Who is going to pay for that? Is that going to be a direct cost to the YTG, or is the community of Ross River, in this particular case, going to cover those costs?

Hon. Mr. McDonald: I can tell the Member that initially when I had considered the request of communities for the construction of facilities, communities such as Beaver Creek, Ross River, Carcross, et cetera, that we look for participation by the community, one way or another. They have to indicate their interest to us not only in helping with the construction, but also their interest at least, at the very minimum, in assisting with the O&M costs of running the facilities.

Luckily the O&M costs are minimal in the facilities we are talking about here. In terms of the future, that would obviously be a consideration for any government to consider.

It would obviously be a very significant task for Ross River to fund 10 percent of a \$500,000 structure. A community club in an unorganized community would have difficulty even raising \$10,000, let alone \$50,000. That is true of Ross River; it is true of Beaver Creek; it is true of Carcross. Generally speaking, in the past, as I understand it, considerable effort has been made to try to encourage the community to put a portion up front, or show some interest in the project through sweat equity, or go about various

fund raising drives to do their very best to indicate the kind of interest in the project which will enable the government to know that the project will be faced with success. In the final analysis, if the community does not care about the project, then nobody will, and the structure of the building and the O&M costs will face uncertain future.

38 That is something that we feel strongly about. We have to get a very clear indication from the community in the first place that they want a particular project. It is not good enough just to state that it would be nice for a given community, such as Beaver Creek, to have a swimming pool. There has to be an indication from the community club that not only do they want it, but that they are willing to participate in the construction in some manner — whatever manner is available to them — and that they will go through the necessary fund raising activities to do their best to maintain the structure on an ongoing basis.

As the Member knows, from his experience as Minister for this Department, getting that kind of solid 100 percent commitment from an unorganized community is a very difficult task. You can never tie it down for all time; you can try to make the best arrangement in a given year and you can hope that, once the project is underway, the commitment from the community is as solid as you were promised. In terms of the recreation projects that we are talking about, it is our intention to ensure that there is considerable commitment, of one sort or another, from the community. It would be nice to see it on a 90/10 basis, but sometimes communities simply cannot afford 10 percent. For all the work that they do, they simply cannot put up 10 percent of a particular project. That is the difficulty that we face and probably will be the difficulty for some time. The Member is quite right; it is a difficult one to call. There are a number of judgment calls that have to be made on a given day.

In general principles, the policy has been to continue to encourage the community to show commitment to a project in whatever way they can and we would review it each time.

Mr. Lang: Is it the policy of the government that the O&M costs of these facilities will be borne by the community and, if so, through the property tax system?

Hon. Mr. McDonald: With respect to the ongoing O&M costs, for example, for a particular swimming pool, there is a regular grant that is provided to communities, by this government, to maintain a swimming pool during the summer time. For unorganized communities, the situation would remain as it has in the past. I guess that the community clubs would be expected to maintain the ongoing O&M costs of a particular facility.

39 Quite often it is indicative of the fact that there is very little use of a facility. The policy has not changed between this government and the last government with respect to expecting commitment from a community.

Mr. Lang: As an observation, as far as facilities are concerned, I hope that we are looking at using some of the plans that we have already utilized in other communities. For example, for facilities such as Ross River, you could look at the arena plans in Mayo. This is a nice facility and it cost in the neighbourhood of \$250,000. I point that out as an observation to keep within the realms of economics.

I would like to go on to something else and it has to do with land development. You mentioned Keno City. Is it the policy of the government, in the resurveys that are done, that the dollars that are being spent over the course of this year and perhaps into next year be recovered through the sale of those lands?

Hon. Mr. McDonald: With respect to the survey itself, a portion of the costs of the survey will be borne by the people purchasing lots, either by paying their share of the survey costs or buying new lots in the community. A portion, as per normal practice, will be charged to roads and streets, which is normal practice in subdivision development. With respect to the upgrading of roads in the community, the purchasing of crush, et cetera, for the road improvement, that kind of expenditure will be treated in the same way as the expenditure of chipseal in Carcross. It will be borne by general revenue.

Mr. Lang: Perhaps the Member opposite could outline for all

Members of the House what the plans are as far as seniors housing is concerned within the territory?

Hon. Mr. McDonald: We are getting down to some specifics but I will know in a moment. With respect to the seniors housing, we are anticipating producing a four-plex in Teslin and a 20-unit project in Whitehorse, at a location that has not yet been determined or made public. I think that it is close to being determined but it will be not made public until it is. The Whitehorse project is in response to a fairly significant waiting list and we would like to respond to that. Both those projects are cost-shared with CMHC so this is not a reflection of the total cost of the seniors project for the four-plex in Teslin but is a portion of the cost. We are hoping that we are looking at the 90/10 cost sharing ration with the CMHC.

40 **Mr. Lang:** When can we expect an announcement on the 20-unit facility in Whitehorse? You are obviously down the garden path here to some degree. Are you in the process of acquiring land, or have you acquired land?

Hon. Mr. McDonald: Phrasing it that we are "down the garden path" to a certain extent may not be an inaccurate reflection in terms of the sort of images that that brings to mind. Yes, we have proceeded so far with an attempt to purchase land in Whitehorse for this new complex. We have received representations from the City of Whitehorse as to areas they would like to see promoted and we are looking at available locations in town for that complex. We hope it will be reasonably central.

Mr. Lang: I am assuming they are self-contained units as opposed to a care facility? I see the Minister nodding so I will take that as an assent.

I would like to go over to one other area, the question of Elsa and the question of the hamlet status. Where is the Minister moving with that? As the Leader of the Official Opposition has indicated, we have accepted the principle that it would be a community, but I think I want to draw some concerns. I want to see where the government is coming from in this and ask the question of what the company's obligations are. The argument was always that it is a company town. Obviously, we have gone past that point. My understanding was that the Minister had made it very clear that it was going to be subject to negotiations with the company and I see we have at least \$300,000 being set aside for the purpose of the community centre, which I understand was in effect owned in part by the company; we have staff housing, which is \$200,000, and then there is another \$150,000 I believe, which has gone towards a swimming facility. So we are almost up to half a million dollars and then we have another half a million dollars for an addition onto the school there. There will be roughly a million dollars investment. Has the government had any commitment from the company as far as their commitment to the community is concerned? Also, on the O&M side of some of these facilities, has it been agreed that there would be a change in the tax rate, because when effectively you only have one taxpayer, i.e. Faro as an example, we have special legislation passed through this House where undertakings were made by the government and the company. My concern is that we do not go too quickly where we get to the point where the company has no obligations. I think they do have some obligations, as far as the territory and general revenues are concerned. If we are making substantial commitments, as outlined by the government, then I would like to know what the undertakings by the major taxpayer are?

41 **Hon. Mr. McDonald:** It is my pleasure to respond to the Member's remarks.

First of all, I think it is important to break down the expenditures to understand exactly what is being done. The activity room for the school was an expenditure for the school, for the education of the children in Keno. The staff units are to move the one person from an apartment inside the school to a location outside the school. We are looking at acquisition — we are not looking at construction — of units in the community. We are also moving people out of the trailer in the playground into decent accommodation as well. Those are the two staff housing units that we are accounting for here. Essentially, \$700,000 of the funding that we are talking about is education-related.

With respect to the swimming pool, we anticipate the project will

cost in the neighbourhood of upwards of \$250,000, or more. The cost-sharing arrangement with the community, and I do not say specifically the company, but the community, is pretty good for a community that size.

Some Hon. Member: (Inaudible)

Hon. Mr. McDonald: It is \$250,000 versus \$150,000. We are putting up the supplementary funds to finish the project. The project should be completed, I am happy to say, by November of this year.

With respect to the \$100,000 for the upgrading of the rec hall, quite clearly that is not going to be sufficient to finish the task. The local Lions Club and the Elks Recreation Association, the local community club, as well as the company, have all indicated an interest in supporting this program. I am hoping to see a fairly nice facility as a result. With respect to the sort of funding that we are talking about, we are not suggesting by any means that we assume the municipal water-sewer system in that community. The company in Elsa has discussed that with me, and I have indicated that if we were to assume that kind of responsibility that would be a quantum leap in responsibility, and would likely result in a tax increase.

As long as we are talking about the rudimentary facilities and in a large part, the recreational facilities, likely we would not be talking about tax increases, not of the sort that the Member for Porter Creek East is thinking of.

With respect to the hamlet status, we have had a public meeting. We have had a number of meetings with community officials, community club representatives, with the company representatives, the union and various service organizations in the community to discuss what we anticipate would transpire with the hamlet status. Our position is, essentially, that the Hamlet Advisory Council would advise the government on any matter pertaining to the community. We would not consider, nor are we considering, the devolution of any responsibility to that Hamlet Advisory Council, except insofar as it would deal with recreation related projects.

I have said in this House many times before, and I am sure the Member for Porter Creek East, from memory, can remember the details of the arguments that I was making in the past, that we were essentially talking about the maintenance of recreation facilities, and not the assumption of responsibilities that would otherwise be given to a community government, such as the water sewer services, the road maintenance, et cetera. That will be continued by the local employer. We do not intend to interfere with that in any way. We do not intend to, except by recommendations from the Advisory Council, to interfere with them.

Quite clearly, the nature of the community is such that many of the things that local government would otherwise do would interfere with the production process in that community. That is something that we do not want to do. It is not our intention to set up competing authorities for the same responsibilities in a given community. That would create havoc. The people in the community do not expect that to happen, we do not expect to promote that and we are not going to promote that, and the company does not expect that to happen. We have found an arrangement that democratizes the community to the extent that we conceivably can. It has received the support of everyone I know of in that community and it is perfectly defensible.

Mr. Lang: I asked a very basic question. It was whether or not there had been an agreement struck with the company about investments by the Government of the Yukon Territory in that community. Am I to take it that there has been no agreement of any kind set up with the company; that we have set up a Hamlet Advisory Council — and that is fine — but as far as any financial commitments from the government is concerned, there is no commitment from the company? Is that correct? All I need is a yes or a no. I do not need a dissertation as the Minister outlined to me earlier. I just want an answer to the policy question.

Hon. Mr. McDonald: The Member will have to forgive me. This is one of my favourite subjects and I do not get a chance to pontificate at length about these things, unless asked. I would say that there is nothing written down with the company on the cost-sharing relationship. Luckily, so far we have received the best cost-sharing relationship with Elsa than with any other community in the territory. Very seldom do you find cost-sharing relationships

with a community of a 60/40 or 50/50 percent cost-sharing relationship.

Mrs. Firth: I am comparing the two documents that we have been given for information purposes: the one, Community Services 1986-87 Capital Budget that the Minister sent to all of the MLA's, and the Capital Mains 1986-87 Projects that the Government Leader tabled at the beginning of this debate regarding the costs of the projects. The totals that are presented on the Capital Mains Project, the Community and Transportation Services portion of it is not constant with the Community and Transportation submission that the Minister has provided. Could he explain why that is?

Hon. Mr. McDonald: The information that I provided to the Members opposite pertained to Community Services alone. It did not include Land Development or Housing. You will see that the difference is quite remarkable. In every case the Community Services will be less than what is provided by the Department of Finance.

Mrs. Firth: I understand what the Minister is saying. I would just like to get reassurance that he has compared both documents and that there are some discrepancies in the area of \$1 million, and they are all consistent once he has compared them. Could he just give us an assurance that that is correct?

Hon. Mr. McDonald: I have not personally reviewed Finance's document, but I can verify that the documents I have delivered to the Members, plus any information that I can give out today, will be accurate. I have had discussions with Caucus Members here, and there is a seeming discrepancy. It seems that what we are talking about is community services plus lands and housing plus a highways department. For example, in Mayo, there is also the relocation of a highways camp included. So if we take in all the sections of the community and transportation services, along with community services, you will come up with the Finance document, I hope.

Mrs. Firth: Could I appeal to the Minister to have some of his officials check that? It is difficult for us to make a comparison because the terminology is different in his submission as opposed to some of the terminology in the Capital Mains that the Government Leader tabled. For me to cross-reference is just about impossible. I do not know if the pool enclosure is included as an indoor facility or not. If he could just ensure that the two documents are consistent with each other, that is fine with me.

Mr. Lang: I have an observation regarding the information that is available. I recall that that information was, in good part, made available at other times, maybe in a different context. I would ask the Minister, and perhaps he could pass it on to the Government Leader: could we have that information available once the budget is tabled so that we have it a week or two weeks in advance prior to getting into the actual discussion? Could we have it almost simultaneously with the tabling of the budget. I think it would expedite things. Here we sit with this particular document and are expected to read it in concert with the budget. I think it would facilitate the discussions. Perhaps the Minister wants to respond to that question.

Hon. Mr. McDonald: I have absolutely no problem with that suggestion. I think that, in order to make sense of the Capital budget discussions, you have to have that kind of information, and it is quite clearly not good enough to verbally relate — even though this is obviously better, I think, than verbal discussions on the floor at the given time. You still need time to review this information and we will definitely try to provide the information in advance in the future.

Mr. Lang: The Regional Resource Road Program that is referred to within the document — is that the program that would take a road, if the approbation of the mining community was favourable, from the Carmacks area to Snag and then the loop from Mayo to the North Canal? Is that the program we are referring to here?

Hon. Mr. McDonald: I believe that is the kind of program that we were talking about, though I think that the projects that the Member mentioned are probably a little too ambitious for this particular program. It is not simply for the mining industry; it is also for other resource industries. It is meant to be the tie-in

between the major items that you see in the Budget with respect to Hunker Creek and the various other placer mining road programs and the tote road program which is very limited in terms of the availability of dollars. This is something in between.

We anticipate that the \$2.5 million will produce approximately 70 kilometres of road in any given year, depending on the terrain, et cetera. It is 70 kilometres of road through virgin territory. It is meant to be a sort of a roads to resources program, but to other resources as well as mineral deposits.

Mr. Lang: I guess I am referring to a program that was being worked on by the government some time ago. I take it that this is basically the policy parameters that the government is following. Am I correct that most of the information was available to you for the purpose of looking to see whether or not you wanted to proceed with a program of this kind?

Hon. Mr. McDonald: I certainly did not get the impression that we were working from available working documents. I certainly got the impression that we were starting from scratch. That may not be the case. The previous government may have done some work in this regard, and nobody made that clear to me. I thought I was dealing from first principles in the sense of program development, but certainly this is an idea that has been around for some time. You see it in the Budget now. Hopefully it will be an ongoing project so that some stability can be worked into the system.

We will be identifying areas with representatives from the renewable and non-renewable resource development industries. They will include people from the Chamber of Mines, the Yukon Visitors Association, and other renewable resource industries, the forestry industry, the trapping industry, et cetera.

Mr. Lang: How much is projected in the the next two or three years in this particular program, if you have any ballpark figures, so that we know what we are dealing with here. How does one apply for this money? What is the policy regarding applications, or are we just blindly voting \$2.5 million?

Hon. Mr. McDonald: I am going to be moved very close to reading my little speech that I have prepared here for this particular program if the questions continue, so that I cover all the bases. Perhaps that will answer many of the questions that the Member has asked.

As I say, there will be consultation with the representatives of the various industries in the territory, who will then identify and give priority to various projects. With respect to the ongoing nature of the program, we have not identified funds. We intend it to be an ongoing program but I do not know how much money is going to be in the program next year. It will certainly depend on the balancing act that you go through with respect to the Capital Budget and the dollars available. Our priority for this particular program will depend very much on our priorities with respect to the communities, et cetera, and the other needs in the territory.

With respect to voting the funding blind, quite clearly there are a number of roads which are candidates but I cannot state that the Chamber of Mines will endorse a given road wholeheartedly. We want full consultation with the renewable and non-renewable resource sector. It is a new program and the consultation has not taken place to the extent we want it to take place. We are going to have to develop, over time, perhaps an inventory of roads and a priority listing with the various industries, and at that point I can tell you, perhaps with certainty at this time next year, that yes, we have constructed these roads with this program money and I can tell you, too, that through consultation we have identified these roads as being the areas we would like to promote. That kind of consultation has not taken place to the extent we would like it to take place but we still want to get involved in the program right away because we feel there is a need.

I am sort of caught short in terms of saying that we are going to promote a given road or extend a given road. All I can say right now is that we hope to fully consult various industries, including the tourism industry, and make our priorities after that consultation has taken place to hopefully build the roads next spring.

Mrs. Firth: I have a concern about what the Minister was just talking about, about giving the money to the communities, and

Whitehorse, in particular, and this would apply to all communities, for the increased funding of capital projects — and the Minister is saying he is not clear exactly what the criteria is going to be but there is going to be consultation with the communities — the concern I have representing the constituents is that, if the city decides to build a bigger capital facility or another capital facility and then there are costs in maintaining that facility, what is going to happen to the taxes of the people who are utilizing the facility? It is like the bind we are caught in with the federal government quite often.

« It is like the bind we are caught in with the federal government, where you do not want to refuse the money because you know the facilities are needed, but then when it comes time to pay the O&M cost on the facility, and you have to look at your taxes increasing, do you go back and ask for money?

What is the Minister doing to take into account the fact that the City may come back to him and say, okay, you gave us this \$2.5 million to build new capital facilities, and now we find that in order to run those facilities it is going to cost us so much more money and we are going to have to raise the taxes if you do not give us the money to cover that. How is that going to work in a consultative process?

Hon. Mr. McDonald: It took a little while, but I think I now understand the question that the Member is asking.

With respect to anticipating the O&M costs of various facilities, as the Government Leader pointed out, our measuring stick for determining those costs is pretty rudimentary at the moment. Much of that determination has not been done. For example, with respect to Yukon College, there was a decision to go ahead and we are only now starting to get a clear handle on what the ongoing O&M costs will be when the College is opened. We are hoping it will not be too much more significant than they are right now with existing facilities.

With respect to funding in a given community, and the relationship between the government and that community, as far as that is concerned, quite clearly there is a shared responsibility between the two levels of government with respect to the question of ongoing O&M costs. The territorial government provides O&M funding on a formula basis, the maximum of which is set by statute. If the communities in the territory want to operate beyond that, then they know what they can do. They can go to their taxpayers and they can ask for more money, and they can take the consequences of that request. That is as it should be.

I should not say we have been ruthless, but we have been quite firm that there will not be any *ad hoc* increases to the O&M financing by this government beyond what is allowable under formula financing. We do believe in that kind of formula financing. If, for example, the City of Whitehorse came to us with a project for which the O&M costs were astronomically high, we would certainly, under our capital funding formula, support them to the extent that they wanted to be supported, as a democratically elected government in the City, but they would have to understand that the responsibility for maintaining that facility would be theirs. That is true of Whitehorse and that is true of every other organized community in the territory.

With respect to communities such as Ross River, if they came to us with a proposal for a facility for which the O&M costs would be so high that they could not, with their own limited resources, absorb those costs, then we would have to make a very hard decision with respect to whether or not we were going to go ahead with the project.

« Where the government is responsible to local ratepayers we take that major factor into account and try to respect that government.

Mr. Lang: I have a direct question that has to do with chipseal. What plans are there for the City of Whitehorse? This government was working closely with the City of Whitehorse to the point that our colleague Mr. Philipsen had almost got to where there was a memorandum of understanding with the city for the purpose of upgrading the streets, especially in the Porter Creek area, and there are other areas also within the city. Is that going to be over and above the capital funding that is available as far as the forthcoming year is concerned?

Hon. Mr. McDonald: No, the City of Whitehorse and I have had a number of discussions in the past and the first thing that I have made clear, as far as this government's position is, is that we will not be participating in municipal decisions. We will not be assisting or greasing the skids for a particular project beyond what is normally available. We will not in any way try to — and I am not suggesting that Mr. Philipsen did, but perhaps other Ministers have, or have attempted to — twist arms to see a particular project go through. That is not our intention. The City of Whitehorse has come to us with a list of projects because they assumed that we would want to participate in the projects that would go ahead and which ones would not. I assured the City Council and the Mayor that we intend to move to a capital formula funding. We would like to give them the kind of funds that would enable them to perform the kind of work they want to do without interfering with particular decisions. I personally indicated, and I have made it clear to them that this is not to be taken as a representation in any way, that I thought chipsealing Porter Creek streets was an excellent idea. I have reminded them, and they are thankful for the fact, that I am not saying that is one project that has to go ahead.

Mr. Lang: I take it the policy of this government is for block funding to the communities, and it will be roughly \$2.5 million a year. You are asking us to vote on \$2.5 million with no idea what the projects are and the policy of the government is to allocate \$2.5 million to the city of Whitehorse for whatever programs they would like to initiate, is that correct?

Hon. Mr. McDonald: Yes, the projects have to do with roads and streets, water and sewer, recreation facilities, the projects that are accounted under the *Municipal Finance Act* or the *Municipal Act*, one or the other. Those are the only projects that can be funded under this program. They cannot build a 3000-foot flag pole. They have to put it into the kinds of projects which are municipal infrastructure projects, that is right.

Mr. Lang: Mr. Chairman, I have one question about general debate and I will ask it on your behalf, about the City of Dawson. It has to do with the water and sewer. I know there is a fair amount of money allocated for that purpose and obviously there are further problems with the water and sewer system that the Government Leader spoke of earlier. I notice that there is going to be provision for a test strip for chipseal in the community and as the Chairman knows there is an engineering report that recommends against it because of the possibilities of it being injurious to the water and sewer system. Is the Government of the Yukon Territory picking up the full liability, if by chance the engineers happen to be correct and the water and sewer system does collapse in that particular area?

Hon. Mr. McDonald: We are going to, along with the City of Dawson, try to ensure that there are no failures in the system. There are no guarantees, of course, but we will try to limit the liabilities. We are doing this on the strong representation from the City of Dawson. They would like to see chipsealing. They do not believe that chipsealing is going to do great damage to the community. I am still the sort of person who has a tendency to believe professional engineers when they tell me there could be considerable dangers. We are moving cooperatively, but with great caution. You will notice that we are only looking at test sections with \$15,000. It is a very limited test section. We are not going to put chipseal over any critical junctures in the community. If there are problems, we will try to keep the ground motion to an absolute minimum.

Mr. Lang: My policy question was: with the government assuming responsibility, are they going to assume direct responsibility for the capital outlay if the water and sewer system collapses? That is the question.

Hon. Mr. McDonald: The responsibility for the whole water and sewer system in Dawson is ours. For the Member's information, we are spending an enormous amount of money to try to bring it up to a standard which will make it more usable and perhaps more reliable. We are putting, probably, more than \$1.1 million towards the water and sewer system alone.

Mr. Lang: I recognize that. I have one final question that has to do with the chipsealing program. Are you going to be able to complete all the work that you have programmed here if the government is going to do it all. You have one crew, I believe.

When will the schedule be out so that the communities know the approximate time when work will be done in their community?

Hon. Mr. McDonald: Hopefully this Budget will receive the support of all Members and be passed, without amendment. At that time, we will be able to identify all the projects that are going to go ahead. I think there is a schedule right now in anticipation that the budget will be passed. I have been given assurances that all work can be done as the chipsealing crew moves around the territory.

Mr. Coles: Under Carmacks, in the Community Projects, is the \$90,000 for the reconstruction of the Indian Band road included in this figure of \$156,000?

Hon. Mr. McDonald: The problem with this kind of information is that the cross-referencing is made difficult for me.

It is anticipated that the Indian access road will be reconstructed and the chipseal will be put on the following year; we will attempt to reconstruct \$90,000 worth of it next summer and then, the following year, lay the chipseal.

Mr. Coles: I understood the chipseal was for the river road and the subdivision in the village of Carmacks. The Indian Band road is outside the village of Carmacks. They are two different projects.

Hon. Mr. McDonald: The \$156,000 is \$90,000 for the subgrade to the Indian access road and \$66,000 for the river road and subdivision to be chipsealed. When you look at community-by-community, we are not specifically looking at the community boundaries but the general area of the community. That is the kind of designation that you will mark in your own notes.

Mr. Coles: Under Pelly Crossing, there is \$25,000 for Fort Selkirk planning and under Selkirk there is \$25,000 for Fort Selkirk planning. Is that \$50,000?

Hon. Mr. McDonald: When we get to Human Resources and Tourism, perhaps the Minister responsible might want to explain that particular expenditure. For Pelly Crossing, in my particular department, we are looking at the pool enclosure and the manager's suite — I believe that is it.

On Planning and Pre-Engineering

Planning and Pre-Engineering in the amount of \$595,000 agreed to

On Facilities and Equipment

Mr. Lang: Can the Minister give us a list of equipment now falling under the road equipment replacement account? Can he perhaps provide it for us — even to send it after the session is finished is fine. I would just like the information to know exactly what we are talking about.

Chairman: Are you prepared to clear that item now?

Mr. Lang: As long as the Minister is prepared to give us the undertaking.

Hon. Mr. McDonald: I believe we are looking at equipment purchases. I have \$400,000. Ten thousand dollars is for miscellaneous Department requirements, replacements et cetera. I have \$375,000 for highway requirements, and that would include survey instruments, traffic counters, pumps, chainsaws, snowplows et cetera; office and maintenance equipment of \$15,000 for desks and drills and that sort of thing in the outlying communities. If the Member wants more information than that then I could probably provide it.

Facilities and Equipment in the amount of \$7,649,000 agreed to
On Community Roads and Streets

Community Roads and Streets in the amount of \$1,425,000 agreed to

On Whitehorse-General

Whitehorse-General in the amount of \$2,500,000 agreed to

On Recreation

Recreation in the amount of \$2,902,000 agreed to

On Public Health and Safety

Mr. Lang: Is there a list that the Minister could provide for us?

Hon. Mr. McDonald: Under Fire Protection I have a Carcross fire pump and hose, Carmacks Training Room Construction, Dawson Firehall, firehall ambulance station design, Ross River Firehall and ambulance, Teslin fire truck, miscellaneous equipment as well for newly incorporated communities.

Under the Ambulance Services I have a new Whitehorse ambulance, Whitehorse ambulance station construction design,

ambulance general equipment replacement. Under Emergency Measures I have generators for Beaver Creek; in Teslin I have \$5,000 for dike design; in Mayo I have dike design; in Dawson and Old Crow there is river bank stabilization; community firebreak planning \$20,000, emergency equipment replacement; flood reduction studies and placement projects of \$1,000.

I have water and sewer of Carmacks Denson Street, water and sewer for \$115,000, Dawson miscellaneous water and sewer improvements, Dawson sewer main repairs, Dawson Fifth Avenue sewer replacement, Destruction Bay lagoon improvements, Destruction Bay septic tank replacement, Haines Junction pump house and reservoir design, water and sewer extension design for Dawson and for Haines Junction, water and sewer extension/construction for Dawson Block Y, Haines Junction sewage treatment completion for \$50,000, Mayo fireflow improvements design, Old Crow lagoon and pump house design, Teslin water supply and pump house design, Keno Well No. 2 development for \$12,000, the Ross River well, water licences for Mayo and Teslin thus the assistance to achieve water licensing. Miscellaneous water and sewer reconstruction, the Old Crow fuel storage and the Old Crow design for the three bay garage in that community for the water and sewer education vehicles.

Mr. Lang: Just so that we do not have to listen to your dulcet tones, or voice, for five minutes at a time, perhaps you could just table that document. All I want it for is information down the road, if that is okay. I think that would be easier for you, and easier for me.

Hon. Mr. McDonald: I am sorry. I did not complete that list. I feel terrible. I realize there was another page here.

Mr. Lang: On a point of order, that was my point. I did not want to confuse the Minister. If he could just run off copies and provide it to all Members, we could scrutinize it at our leisure, if that is okay with him.

Hon. Mr. McDonald: I do not have any problem doing this. I have had the Department providing more information than ever in the past. I would like to give the Members as much information as possible to make good decisions. I will try to get the information of that sort to the Member, but unless they ask for it, I cannot possibly volunteer all the information, unless we are prepared to give the forestry industry a break, and add some person-years to the Department of Community and Transportation Services to provide this kind of information.

I do not want to be at all considered as a person who withholds information. I want to give the information out. I will be open.

Mr. Lang: That is all I am asking. I appreciate the information the Member has granted us. I think it helps expedite things through the House. All I am asking for is the breakdown that the Minister has, as far as projects are concerned. I am not going to hold up the vote. All I want is a copy of the breakdown so that one can go through the information that one has for the purpose of looking back on it.

I guess I will formally ask for the breakdown of the following line items: Public Health and Safety, Land Development, Highway Construction, Housing Construction Renovations, and Engineering Services Agreement. If he has that information, he can run it off and provide it for us, it would be very much appreciated.

I appreciate the spirit that the Minister is undertaking in looking at these things.

Hon. Mr. McDonald: If the Member will refer to the Capital Mains project listing that the Department of Finance has put out, all the information that I have just provided is in this. It is community by community. It is territory wide, and the dollar figures are put in there as well. We could take the time to cross-reference this material, but it would take a long time. We will give it community by community. We will give it however the heck they want it.

Public Health and Safety in the amount of \$3,425,000 agreed to

On Land Development
Land Development in the amount of \$3,032,000 agreed to
On Highway Construction
Highway Construction in the amount of \$15,289,000 agreed to
On Housing Construction and Renovation

Mr. Phillips: I have a question regarding Old Crow. There was

some talk of a new housing complex or a housing unit for the highways foreman up there. Is this included in this budget?

Hon. Mr. McDonald: Yes.

Mr. McLachlan: Could the Minister please explain the \$75,000 item for Faro?

Hon. Mr. McDonald: I do not have the specific reasoning for this particular expenditure but I will get the information for the Member as soon as I can.

Housing Construction and Renovation in the amount of \$1,305,000 agreed to

On Engineering Services Agreement

Engineering Services Agreement in the amount of \$1.00 agreed to

On Economic Development Agreement

Economic Development Agreement in the amount of \$1.00 agreed to

On Northern Oil and Gas Action Program

Northern Oil and Gas Action Program in the amount of \$1.00 agreed to

Community and Transportation Services in the amount of \$38,122,000 agreed to

On Department of Economic Development: Mines and Small Business

Hon. Mr. Penikett: There seems not to be any great enthusiasm for a long introductory sermon so I will simply make mention of the new items in this Capital Budget. This Economic Development Agreement, which is the new one, is presented in here for the first time. The Energy Development Program is a new program. As I explained the other day in the House, the Yukon Energy Alternatives Program is really looking at feasibilities. This is actually looking at development work on specific projects and I can get into some discussion on that when we get to the line item.

⁵¹ The mineral development program is a new program, generally based, I should confess right at the outset, on quite a successful program in Ontario called the Ontario Mineral Exploration Program, OMEP, which was originally funded by the previous Conservative government in the province to the tune of \$4 million. It is now, I gather, more, but had a substantial positive effect on turning around what they had started to call the trend line, or the decline line, in terms of exploration expenditures in their province. It provided the margin to make that a more attractive site for prospectors who might have been considering going elsewhere, or people doing exploration work might have considered going someplace else, or not going out at all into the field.

The program in Ontario requires that people front-end the money, and then they get a portion back at the end of the season if they meet certain kinds of standards. The program delivery is fairly clear on how it is going to go now, but we hope to continue discussions with the Yukon Chamber of Mines about the way it is working here and see how well it is fitting into the other policy goals of the government.

The Industrial Development Subagreement, of course, will not be news to the Members opposite. That is an agreement that is still in negotiation. We have not yet reached an agreement with the federal government on that one. We are looking at what seems to now be a \$4.6 million project.

Mr. Phelps: On general topics, the Yukon Mineral Development Program is interesting, in that, just for clarification, that payback to investors that supplements, in effect, the income tax benefits of investing, putting up risk capital, for exploration program in Yukon?

Hon. Mr. Penikett: I apologize to the Member opposite. In my current state of physical health I think is also affecting my hearing. I am not hearing clearly. I have a sinus problem. I am not sure I understood the question perfectly well, if he could repeat it.

Mr. Phelps: I will try it again. The net effect of that program, and that policy, once implemented, will be to pay back a portion of monies invested by people purchasing stock in companies that carry on programs in Yukon; is that correct?

Hon. Mr. Penikett: No, this is not a flow-through shares program. This pays to individuals, or junior companies. This pays back, or returns to them, a portion of their investment, yes, but it

could be just an individual. It is not a share program. It is a direct contribution program. They do the field work, they have to meet certain kinds of standards in terms of the quality of the work, the nature of the work, whether it contributes to the building up of the inventory of the resources in the territory, and so forth. Then there is a potential 25 percent payback.

⁵⁴ **Mr. Phelps:** Could the policy be invoked to assist reopening an existing mine?

Hon. Mr. Penikett: No, this program is capped at \$50,000 per project per year, to a maximum of \$100,000 per project.

Mr. Lang: Further on that, perhaps the Minister could give us the guidelines and the policy as far as the program is concerned as opposed to asking specifics. Could the Minister provide us with the policy guidelines he has to date, subject to my understanding that there may be some other elements which have to be discussed further with the Chamber of Mines? This would give us the ability to give the information to our constituents so that, at least, they are aware of what is coming down the pike.

Hon. Mr. Penikett: In a very general way, I can, but the program as it operates in Ontario is quite delightful in its simplicity. As to the particular program criteria, I will have to get back to Members on that. There has been some discussion with the Chamber of Mines — in fact as recently as last week — about the particular criteria and I am quite willing to respond to any Member about particular types of things. Basically, if this is approved and commences April 1st, 1986, it will provide a rebate of 25 percent of eligible — not all — expenditures, and there will be a schedule of those that are permitted, to a maximum of \$50,000 a year per project, up to \$3 million per project for those considered to be in a pre-production stage.

We call it a mineral development program. I think if I were going to re-write this budget next year, I would more accurately want to call it a mineral exploration program, because that is really what it is designed for, to help people in the exploration end, not so much the mine development end. That is something else we are looking at but I think it is one stage beyond what we are talking about helping to finance here.

Mr. Lang: Perhaps the Minister could update us on the Loan Assistance Program that was brought in approximately a year-and-a-half ago. What kind of results are we getting? Are we getting quite a few applications and are we getting quite a few being processed for the purposes of small business? Does he contemplate any changes to the present program?

⁵⁵ **Hon. Mr. Penikett:** I have had no reason to this point to contemplate any changes. In other words, I have not had sufficient complaints to this program to justify some major changes. There are some particular little things about the program that we are looking at. We may have some things to report on that during the length of this session. I think that they are largely in the area of administration, not major policy questions.

On Economic Development

On Loan Assistance Program

Loan Assistance Program in the amount of \$1,000,000 agreed to On Special ARDA

Special ARDA in the amount of \$475,000 agreed to

On Economic Development Agreement

Economic Development in the amount of \$3,152,000 agreed to On Northern Oil and Gas Action Program

Mr. Lang: The Government Leader indicated to us that the Government of Canada was cutting back on this program and now we have another vote for \$822,000. Perhaps he could clarify the situation.

Hon. Mr. Penikett: These particular funds here are recoverable from the federal government. I think that we fear that what is going on with the program review with the federal government, there is no guarantee that this money will be around. We have \$1.00 figures all over the budget because it is potentially possible because of the nature of this program, with various research projects, to identify various socio-economic, environmental and community impacts, the result of hydrocarbon development, or there could be things come up in all sorts of places. This money, we believe, is recoverable and this particular \$822,000 is there.

Northern Oil and Gas Action Program in the amount of \$822,000 agreed to

On Yukon Energy Alternatives

Mr. Lang: In the 1985-86 budget was there any money granted for the program that was in place at that time that is fairly similar to this one? I noticed that in 1985-86 we had \$216,000 voted. I think that it was called the Energy Opportunity Fund or something of that nature for the purpose of feasibility studies of looking into alternate sources of energy. Does he have any background if any of that money was expended, and if so, where?

Hon. Mr. Penikett: I am sorry, I do not have that number at my fingertips. I can get it for the Member. I should explain one thing in answer to the Member's question previously, we are hoping that very shortly, in a matter of days, to have the kind of information we are talking about, for example — not that particular question now, but on the Mineral Development Program and others — available at the One Stop Shop in a form where ordinary citizens can get it, or from the Business Development Office as it is really called. My slang term is not really acceptable in these quarters.

Yukon Energy Alternatives in the amount of \$213,000 agreed to

On Energy Conservation Loan Program

Energy Conservation Loan Program in the amount of \$355,000 agreed to

⁵⁶ *On Energy Development Program*

Energy Development Program in the amount of \$300,000 agreed to

On Opportunity Identification

Mr. Lang: Perhaps the Minister could outline exactly what this is going to do, and how one applies.

Hon. Mr. Penikett: Maybe. Because my eyes are going too, I could not find anything in my book today.

The program basically works like this: many funding agencies nowadays require the feasibility studies to be performed by companies, which in some cases they are really not in a position to be able to do. For example, you might have someone who is wanting to start a business, which is really only going to have gross revenues of \$200,000 or \$400,000 a year. To ask them to hire a CA or some kind of management consulting firm to do a feasibility study, or do the kind of feasibility study that banks so often require now would be a very expensive undertaking. What this does is allow us to underwrite or assist people in the cost of doing those kinds of opportunity identification. This was established by the previous government.

Opportunity Identification in the amount of \$100,000 agreed to

On Yukon Mineral Development Program

Yukon Mineral Development Program in the amount of \$1,000,000 agreed to

On Small Business Loans Program

Small Business Loans Program in the amount of \$1.00 agreed to

On Industrial Development Sub-Agreement

Industrial Development Sub-Agreement in the amount of \$1.00 agreed to

Department of Economic Development: Mines and Small Business in the amount of \$7,417,000 agreed to

On Department of Education

Hon. Mr. McDonald: I do have some prepared notes. I could, I guess, if I tried, put some inflection into my voice to make this a more exciting experience for all Members. If the Members would like to ask specific questions rather than hearing a monologue from me, I would be happy to try that approach for this particular Department.

Chairman: I would suggest, however, that you save your specific questions for the line-by-line debate, as opposed to general discussion, which we are on right now.

Mr. McLachlan: Do you have an architectural assessment of the cost, and how long you would take to rebuild the Faro school if we came to that?

⁵⁷ **Hon. Mr. McDonald:** My understanding is that there is an understanding — I do not know how technically implicit it is — of the anticipated costs of the repairs that would have to be made to the Faro school to make it usable once again. As I have told the

Member in the past, we do not anticipate budgeting funds of that nature for the school until the numbers of students in the school warrants that kind of expenditure. That is not to say that we are not interested in improving the school. When the need arises, we will try to meet that need. If the Member wants — I keep promising to get him information and am probably sending my department officials into apoplexy — some sort of round figure as to what we anticipate it might cost to repair the school, I would try to provide that information for him.

Mr. McLachlan: I realize the length of time it would take to do that job. I am just curious, if we needed it soon, are we looking at a year or six months to do that job?

Hon. Mr. McDonald: I do not know. I understand it has stopped sinking and hopefully it would not take very long.

Mr. Lang: While we are talking about additions to schools — I perhaps should have done this earlier but I will do it in this particular area since we are talking about education — has the contract been let for the Activity Room on the Elsa school? If so, have they started work on the facility and has it come in on budget?

Hon. Mr. McDonald: There was no contract for the Elsa school in the traditional sense. Government Services took the project on and perhaps the Minister responsible for Government Services could report on the progress to date. As far as the community is concerned, the project is well on schedule for a hopeful completion time of January of 1986. Government Services, as I understand it, have hired, through their project management, a number of local people to provide the labouring services and have subcontracted out all the trades.

Mr. Lang: How come the contract was not tendered, as opposed to a make-work project? Those funds were voted last year at this time and the idea was to go out to tender. Is it the policy of the government that we are not going out to tender, but are going to project management?

Hon. Mr. McDonald: In this one case, we decided it would be an interesting and useful experiment to see if we could maximize the use of local labour. Quite clearly, it is not something we could do as a general rule, because we simply do not have the in-house manpower to do so. It is an interesting exercise and I can tell the Member, as a resident of the community of Elsa and having talked to a large number of people in that community and in Mayo, it has proven to be very, very successful and very popular. Everyone in the area has been hired to perform work on the job. Everyone who is on the job has been hired from the district and the local subtrades are actively performing the work on schedule. So far it has been a very useful and very valuable experiment.

Hon. Mr. Kimmerly: If I may add, this is an experiment in local hire. The phrase "local hire" here should mean community hire, as opposed to Yukon-wide hire. It was thought, I believe entirely accurately, that if this project went to tender, and there was an outside Yukon bidder who was successful, or a Yukon bidder based in a different community, that the jobs would probably not go to residents to Elsa or the Mayo area first. This experiment is used in order to maximize the community hire. It has proved to be very successful in this instance.

Mr. Lang: Is this the same policy that is going to be followed in the Ross River arena, and other facilities throughout the territory?

Hon. Mr. Kimmerly: Those decisions have not been reached specifically.

Mr. Lang: In view of what the Minister has said, is it a very good possibility that that may take place?

Hon. Mr. Kimmerly: Yes.

Mr. Lang: I take it that the idea of a general contractor contracting throughout the territory is not going to be looked on overall in favour by the government. You are going to a project management style for the purposes of contracting, and then in effect what translates then of course, is that very few of these jobs could conceivably be union. Most people are not union in the small communities. Is that correct?

Hon. Mr. Kimmerly: No, that does not follow. This is an experiment that we are looking at, and all of the factors will be considered. There will, undoubtedly, be other experiments. A

policy, as such, will be formulated in light of these experiments.

Mr. Lang: I just have some concerns as far as the business community is concerned, I guess. I am sure the Minister has thought of this. I think it is safe to say that to be a general contractor in the territory today would be a very unwise thing, in view of the approach that the territorial government is taking. You have said that the success of local hire and, therefore, subsequently that being the overall policy of the government, you are not going to be general contracting. I think that is a safe assessment of what I have just been told here. How come the public has not been told this?

Hon. Mr. Kimmerly: That is not accurate. It will be the case that general contractors are hired by the government to do contracts in specific communities in the future. That will occur. The general policy of the government is to maximize local hire, and in the communities outside of Whitehorse where projects are constructed, our policy is to maximize the utilization of a labourer that lives in or near those communities. It would be very wise, I suggest, for general contractors in the Whitehorse area to have a policy of hiring in the communities first.

Mr. Lang: I come from a construction background and I want to tell Members of the House that if any contractor, especially mid-sized contractors, can find somebody who is capable of doing a job in a community, they are going to hire them — just from a room and board point of view. It naturally follows that if the people are competent, capable and can do the job that they are being asked to do, they will get the job. I do not want to give the idea that anyone here is opposed to local hire. Forget partisan lines, I think that we are all concerned about the electorate we serve, whether they live in Porter Creek East or in Watson Lake.

We have to be careful that we do not become so incestuous that a person from Watson Lake cannot work in Mayo. I think that is a very important principle, and we have to be very concerned about that. Also, if you have a small construction outfit, you generally have a crew of three, four or five people. In construction you have to be mobile in order to move around from community to community because a gymnasium in Beaver Creek is only going to be built once. A gymnasium in Carmacks is only going to be built once. You have to have some mobility as far as your workforce is concerned if you are going to get a qualified workforce — people who are going to perform and get the job done on behalf of the public dollar.

My question to the Minister of Highways, since he has the large capital budget, and the Minister of Education: what projects are going to be done in this "experimental" manner for the forthcoming year? How many experiments are we looking forward to in the upcoming year as far as the Capital Mains are concerned?

Hon. Mr. McDonald: As the Minister of Government Services has said, that decision has not been made. This experiment for the Elsa recreation room for the school is simply that. So far it is proven to be quite successful. Not absolutely everyone working on the project comes from Elsa, or even from Mayo. There are some specialized skills that have to be sub-contracted outside the community.

Every available subcontractor, small business contractor, in the community who could do the work, who is available, is working on the project, and happily so.

I do not think our focus, as a government, should be so narrow that we do not even consider this kind of project when it comes along. There is not that much in the way of project management construction projects in the territory. As I pointed out to the Member before this, the capacity of Government Services to do this on a wide scale basis is extremely limited. Because it is happening during the winter time we will have the expertise that can be donated to this kind of project.

The project management is formed by the person in Government Services, and the work is being performed by individuals and local contractors in that community who need that work, who are thankful for that work, and are happy the work is there. We are not, in any way, challenging the right and the capability of local contractors to perform the work. There is no way we are doing that. We are saying this is an experiment we are trying, in this one

community, to see what we can do with respect to local hire as an alternative, one alternative. It does not mean we are running a whole policy around this, or that next year we are going to blanket the territory with project management by Government Services. That kind of understanding of the situation seems to me to be ludicrous.

We are simply attempting to experiment with respect to project management in this community to see what happens. It has proven to be very good so far.

Mr. Lang: All I hear is sweetness and light on the other side. Obviously you are quite happy with it. You are ecstatic. I am not arguing that point.

My point is, for purposes of equipment, for the purposes of rentals, was anybody outside the Elsa-Mayo area asked to give you a tender to see whether or not you were competitive, or whether or not it could be done at a lesser cost? Was that taken into account for these communities and, if so, let me know when the next experiment is and I will buy a truck.

Hon. Mr. McDonald: The Member seems to think that a project such as this breeds some sort of inefficiency into the system. This kind of project will perhaps breed more efficiency into the system by ensuring that local contractors know that there is an alternative. We...

Chairman: Order, please.

Hon. Mr. McDonald: I would love to invite the Liberal Leader into the debate. He has been quite quiet all afternoon. We are midway through another large budget before we have heard from him. I would love to hear from him.

In any case, this is an alternative that we are experimenting with. It is an opportunity to see whether or not we can maximize the use of local contractors in a given community for a particular job. It is not a general rule around the territory. We are experimenting in one area. How do you write a policy on that?

Mr. Lang: I asked a question: how many of the projects that you are asking us to give our blessing to are you going to be taking to Project Management as per the general outline you have presented today? I have a right to ask that. I want to know where the contractors whom I represent, or the contractors whom the Member for Tatchun represents, will be able to bid, and where they will not be able to bid.

Hon. Mr. Kimmerly: After the funds are approved for these projects, we will be starting the implementation phases. The decisions will be made then. As soon as they are made, we will let the Member opposite know.

Mr. Lang: I want to take exception to that flippant comment made by the Minister of Justice. I have a right to know, prior to giving approval to this money. Every contractor out there would like to have an idea. I have taken the liberty of providing people whom I represent with copies of this, saying that these are work projects that you will have the right to tender on in this coming year so you can plan accordingly. Then I come into this House and I am told that Mr. McDonald or Mr. Kimmerly is going to run the job for me.

In fairness to the general public, and I am talking about the business community out there, which projects are going to go along the method outlined by the Minister of Highways or the Minister of Education, or whatever. I am not saying that some jobs cannot go that direction. I am concerned about the numbers we are dealing with, so that we can keep a viable business community.

Hon. Mr. Kimmerly: I take exception to the comment that my comments were flippant. The answer is: we do not know. If we knew now, we would tell you. It is not flippant. The policy is: we wish to maximize local employment, which includes community employment. We want to, as a matter of general policy, offer the jobs in communities outside Whitehorse to residents of those communities first, and fill the remaining jobs second. It is a local hire policy.

The specific way to apply that is a matter of the management of the individual projects. As of now, we have the same policies as existed in the previous government. We have some experiments and some improvements to implement into the policy that will slowly occur over the life of the Capital Budget. We will let you know as

soon as we know, as soon as it is reasonable to arrive at a decision on each of these projects.

Mr. Coles: I am in agreement with the Member for Porter Creek East. I do not know whether to support it or vote for it, as we do not even know what is going on. We had a good example of these experiences at Carmacks three years ago from the previous government. We had a \$50,000 swimming pool that cost us \$300,000 and is still not finished. So I know a little bit about the experience. You talk about the hiring of local contractors, but you do not put anything up for bid. How do you hire local contractors in Elsa to work on this?

Hon. Mr. McDonald: I do not know the specifics of this particular project with respect to how determination was made with respect to who was asked to bid on the project in Elsa. Perhaps the Minister of Government Services can attest to that? As far as the experiment is concerned, the results of the experiment should be known to us, not simply through the good offices or the good graces of the people of the community who have been very supportive of the project, but by an analysis of the project after it is complete. Quite clearly, because it is an experiment, we will want to make an analysis of the progress of the project after it is complete and determine whether or not the efficiencies are there and the fairness is there. Once we have performed that analysis, we will be in a better position to decide how best to pursue other projects.

If Members simply want us to read down this list of projects and tell them which ones we are going to experiment with, which ones we are going to put out to contract, which ones we are going to let to outside contractors, which ones we are going to let to a contract from Whitehorse, from Haines Junction, from anywhere else in this territory, that information is not at our fingertips at all because we have not, first of all, come to the end of the experiment with respect to project management in Elsa and we have not tendered the projects out in the territory so we do not have that kind of information on which to base that kind of a decision.

Hon. Mr. Porter: In light of the time, I move that Mr. Chairman now report progress on Bill No. 52.

Motion agreed to

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

Motion agreed to

Mr. Speaker resumes the Chair

Speaker: I will call the House to order. May we have a report from the Chairman of Committee of the Whole.

Mr. Webster: The Committee of the Whole has considered Bill No. 52, *First Appropriation Act, 1986-87*, and directed me to report progress on same.

Speaker: You have heard the report from the Chairman of Committee of the Whole. Are you agreed?

Some Members: Agreed.

Speaker: I declare the report carried.

What is your further pleasure?

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.

Motion agreed to

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

The House adjourned at 5:30 p.m.

