



The Yukon Legislative Assembly

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HANSARD

Thursday, April 24, 1986 — 1:30 p.m.

Speaker: The Honourable Sam Johnston

Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassi	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

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

Liberal

Roger Coles	Liberal Leader Tatchun
James McLachlan	Faro

LEGISLATIVE STAFF

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Clerk Assistant (Legislative)	Missy Follwell
Clerk Assistant (Administrative)	Jane Steele
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Hansard Administrator	Dave Robertson

01 Whitehorse, Yukon
Thursday, April 24, 1986 — 1:30 p.m.

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

Prayers

DAILY ROUTINE

Speaker: We will now proceed with the Order Paper.
 Introduction of Visitors?
 Returns or Documents for Tabling?

TABLING RETURNS AND DOCUMENTS

Hon. Mr. Kimmerly: As all Members and the media will be interested, I have for tabling the judgment of the Yukon Court of Appeal in the matter of the *Constitutional Questions Act* and the *Elections Act* reference.

Speaker: Reports of Committees?
 Petitions?
 Introduction of Bills?

INTRODUCTION OF BILLS

Bill No. 30: First Reading

Hon. Mr. Penikett: I move that Bill No. 30, entitled *Interim Supply Appropriation Act, 1986-87, No. 2*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 30, entitled *Interim Supply Appropriation Act, 1986-87, No. 2*, be now introduced and read a first time.

Motion agreed to

02 Notices of Motion for the Production of Papers?
 Notices of Motion?
 Are there any Statements by Ministers?

MINISTERIAL STATEMENTS

Young Offenders Facilities

Hon. Mrs. Joe: I wish to inform the House of some decisions related to young offenders facilities.

With regard to the Whitehorse Assessment Centre, which was estimated as a custody facility by the previous government, it is my intention to strive towards immediately reducing the number of residents and to phase out the use of the building for young offenders when another option is in place. I no longer plan to convert this facility for secure custody.

In terms of secure custody, I will continue to pursue all feasible options with a determination to find a local solution.

It is my intention to pursue the use of 501 Taylor Street as an open custody facility for young offenders, and, to that end, I have launched an appeal to the Municipal Board.

At the same time, I am assured that the City of Whitehorse is reviewing their zoning bylaws. It is my hope that the City will allow for the establishment of such homes in residential areas as has been the case in every other jurisdiction in Canada.

Mr. Phillips: I am pleased to see that the government has reversed its decision with respect to the Whitehorse Assessment Centre. It is unfortunate though that the Minister did not have all her facts straight before she made her initial announcement.

I would hope that this government would move rapidly to select another site, obtain the proper approval and then build the facility that is so badly needed. Everyone in this House realizes the urgency, and I encourage this government to give this a very high priority.

I wish I could say I was just as pleased about 501 Taylor Street,

but I am not. I suppose this is the route that the government is forced to take if only to save face. They simply will not admit that they made a mistake. In this case it is charge ahead, residents of the area be dammed, we do not care if you change your mind, we are the government and we know what is best for you and for society, and you are just going to have to accept that.

This simply will not work. I am sure that we have not heard the last of 501 Taylor Street. This should be a very clear message to all Yukoners of how a government says it is there to listen and then it just goes ahead and does what it wants.

03 Hon. Mrs. Joe: Any decision we may make with respect to opening a young offenders facility in Whitehorse, we will still have to go through the same process with the zoning bylaws as with 501 Taylor Street. That all has to be done by the City, and there are no bylaws that will accommodate any facility we might want to put in place for a young offenders facility.

I do not feel we made a mistake. I feel we listened very well to the senior citizens at Greenwood. We also realized that the Assessment Centre was in a commercial zone, not a residential area, and not a good place to have one anyway. We did not put that facility there.

In clear conscience, after listening to the senior citizens of Greenwood, I could not go ahead with it. We have answered some of their needs, but the biggest need is to go ahead and find other options. We will have to make sure that the bylaws are in place before we do that, because we cannot phase it out until the city has the bylaws to accommodate us. That is what we have to look at in any future accommodation for young offenders. Hopefully that will be speeded up, and we will be able to do something to lessen the problem.

Supply of Local Furniture

Hon. Mr. Kimmerly: The Department of Government Services has received tenders for locally manufactured furniture and made a policy decision concerning the supply of furniture.

We tendered for supply of two types of furniture, an "executive" model and an "administrative" one. Seven local firms responded to the tender call, four of which were manufacturers, and three local merchants bidding to supply furniture that is factory-produced outside the Yukon.

We have decided to purchase locally-manufactured furniture for the executive line, taking into consideration the quality of the product and the cost effectiveness. Not incidentally, it is estimated that the current contract will create 1,200 person-days of local employment. That is approximately six jobs.

For the administrative line of furniture, although the quality of locally-manufactured furniture is superior, the price differential makes the purchase of pre-manufactured furniture more cost effective.

04 We have decided to purchase furniture from local merchants and accept the lowest tendered price. Not incidentally, the cost is nine percent less than last year's prices, but for the same items. Clearly, our government's interest in local manufacture has caused the local merchants' prices to fall.

The total expenditure for these contracts will amount to approximately \$226,000. Local retailers will receive business for approximately \$56,000, and the local manufacturers approximately \$170,000.

The government is interested in continuing to encourage local furniture manufacturers, and we continue to hope that the private sector will develop a greater capacity to manufacture in the future. Should local manufacturers develop their products to a position of being more cost-competitive in the future, we will expand the government's purchase of locally manufactured furniture.

We are also continuing to support the development of this initiative to include the use of local woods. We hope the necessary kiln and sawmill capability will be operational soon, to make use of local woods possible.

05 Mr. Lang: I rise from a number of points of view to express our concern about the actions that the government has taken. First

of all, we see direct meddling in the contractual procedures set out by the government. We also see this government going on blindly adding on costs to the taxpayers that are not necessary. We question the need for in the neighbourhood of 40 sets of executive furniture for this government. Especially when we were told that this does not include the justice building. It will be interesting to note who will receive the benefits of this expensive furniture.

There are a number of inconsistencies that have appeared in the government's policy with respect to purchasing and local preference. On January 29, 1986, in this particular item, Kimmerly and Government Leader, Tony Penikett, are quoted, "...local manufacturers can supply the furniture more cheaply than retailers can." Further, "A Cabinet spokesman has said it is not the government's position to offer the manufacturers a 50 percent bid preference. When we develop a preference policy, it will be in full consultation with the business community". Further to that, on page 114 of *Hansard* of this year, Mr. McLachlan, the MLA for Faro, asked a question whether or not there was going to be a bid preference. He also said, at that time, on behalf of the Liberal Party, that "...we will not give support at any price".

Mr. Kimmerly's response at that time was "...there will not be, or the government has no policy, for 10 percent or 20 percent, or any percentage, of a preference. In fact, we do not need to because it is cost effective already. However, there is no policy to establish a preference for cost premium for locally manufactured furniture". In the short time that I have had since I received this Ministerial statement, there was in the neighbourhood of a 30 percent differential between the sets of furniture that would be provided by retailers vis-a-vis those made locally. The Minister shakes his head. I should also point out that, from my information, people may well be laid off in the retailing end of the furniture business because of the actions of the government.

I would like to conclude by referring to April 23, 1986 "New Taxes Needed to Pay for Government Goodies Says Study". I do not think there is any question about that statement.

Mr. McLachlan: Locally-manufactured furniture, or locally-manufactured anything, is an ideal that we believe in keeping with a desire of all Yukoners to eventually become self-sufficient and less dependent on the outside market forces. We support the principle, as I am sure all Members of this House agree. On the other hand, we would be remiss and irresponsible were we not to add, again, "but not at any price". It is taxpayers' money we are talking about, and, as custodians of the public purse, we are charged with obtaining the best value and reasonable return for their money. It does not take much imagination to throw or squander the public money to accomplish political promises or goals.

Given that this is the first year of introducing locally-manufactured furniture, the distribution of monies allocated to the annual contract, or the awarding of same, must have placed a lot of the retail merchants in a state of shock. They have received a quarter of the allocation, even though they went out of their way to sharpen their pencils. It looks a lot like someone has said "Don't concern us with the facts. I don't care that these retailers make up a large part of our economy and employ numerous people in the workforce".

I note that the Minister refers to the fact that an additional 1,200 person-days of work will be created. What is the other side of the ledger to determine how many jobs may be lost in retail?

∞ There should be a balance. The money allocation seems grossly unfair and decidedly one-sided. Those who have sharpened their pencils are not left with much of the main meal.

If the Minister wishes to convince me otherwise, I would have to see an analysis on the cost-effectiveness of the contract awarded. May we have that documentation?

I would also like to remind the House that the locally-manufactured furniture does not get their raw products from within the Yukon; it comes from outside. If they do not get it here, then the move at this time may seem grossly unfair.

Nine percent is an improvement, but it is not yet enough.

Hon. Mr. Kimmerly: First of all, the Members opposite have some facts wrong. There is not a 30 percent differential. There is a non-political analysis of the cost-effectiveness of this purchase. That analysis is that it is cost-effective to purchase the locally-manufactured furniture, as we have decided to do.

Secondly, about jobs. This is a job creation measure. It is not primarily that, but it is that. It is a cost-effective government-supplied measure that encourages the development of a local industry that we have not had before. If the Members opposite from both parties had their way, we would never have it. We are going to have it. It is going to create jobs. We were elected to create jobs. We are doing exactly that, in a very businesslike and cost-effective way. The Yukon product is inferior to none.

Speaker: This then brings us to the Question Period.

QUESTION PERIOD

Question re: Cabinet documents

Mr. Phelps: I am sure it will come as no surprise to the side opposite that we have a number of questions arising from the headlines in two of the local papers that stared at us after session yesterday afternoon.

The story seems to be that, in part because of the sweetheart deal that the government has made with the Liberals to stay in office at any cost, they have to make up a huge deficit resulting largely from medicare, and that they have been examining ways in which to raise taxes, or impose new taxes.

Can the Government Leader tell me whether or not that is what has been going on?

Hon. Mr. Penikett: It does not sound anything like reality at all. I want to say what a refreshing change it is to hear the Member for Porter Creek East quoting headlines from the paper he used to call the Whitehorse Astonisher, not a source he is often inclined to quote for information.

If you depended on the headlines in the newspaper for facts or information on this subject I am afraid you are going to be pumping a dry well.

As I have indicated to the House before — now several times — prior to the introduction of the recent budget, this government did an analysis in an interdepartmental working group of the revenue picture of the government and the revenue options available to us.

As a result of that analysis, we made certain decisions that were introduced in the budget in this spring session. The only revenue consequences of the analyses that were done have been introduced in the House and are now law.

The Member, of course, knows that in Question Period you cannot comment on news reports so I suspect the rest of the questions now will be in connection with the stolen document that he is interested in. I will answer those questions about that stolen property as best I can.

Mr. Phelps: The Government Leader is always rather agile about these things and then tries to switch the focus from the real issue. The real issue is the mismanagement by the government of our revenues and our taxes in the territory.

Would the Government Leader not agree that because of the cumulative effect of the reduction in the fuel oil tax, the proposed elimination of medicare premiums and the inflation adjustment required by the Formula Financing Agreement, itself, if we are not faced with something in the order of more than a \$7 million deficit by 1988-89?

Hon. Mr. Penikett: Even on the face of it, if the Member had all the facts, and if the Member had taken care to introduce any relevant facts into his question — which, of course, would be a rare novelty — the fact of the matter is that this territory at this moment, even if he accepted all his facts, has a surplus of well over \$40 million.

Even given his facts, we would not have a deficit. As usual, he did not present facts to give us the whole picture. There is much more to the financial picture of the territory than the insights provided by the stolen document that the Member now uses as a reference point.

I do not know how long he has had to study the document. I do not know how much knowledge he has of it, but it was one of many submissions to the Cabinet in the run-up to this budget.

The financial picture of the territory is such that if you are going to do calculations of our cash position or a financial position some years hence, you have to take certain facts into consideration. One of those facts is that this government has restrained the growth of program expenses in the current budget. It has considerably reduced them from the pattern that was a 12 percent average of the previous government. That is something that we intend to continue.

Members who show an interest in these things...

Point of Order

Mr. Lang: On a point of order, I rise once again on the rules for Question Period. A question is supposed to be answered by a short answer. I would appreciate it if the Member opposite would follow that particular rule.

Speaker: The Member has a point of order. Would all Members please try to follow the Standing Orders in this House; that all questions and answers are to be short.

Hon. Mr. Penikett: I do apologize for being in breach of the rules and I hope that if Members ask me to comment on press reports in the next few minutes, which is also contrary to the rules, that you will rule those questions out of order as well.

I will come immediately to the point. The territory is in no danger in the near future of having a deficit. The revenue decisions made by the government in the recent budget allow for any loss.

Mr. Phelps: Would the Government Leader just answer the question yes or no. Is there going to be the net effect of \$7 million shortfall from what we would normally anticipate because of the features I have just spoken to: one, the Fuel Oil Tax Rebate; two, the abolition of medicare premiums; and, three, because of the inflation factor in the Formula Financing Agreement.

Hon. Mr. Penikett: There is a potential long-term shortfall in that general range. Obviously, if you reduce taxes you will have less cumulative revenue over a period of time. That is obvious.

Question re: Tax measures

Mr. Phelps: The Government Leader can stand there and talk forever, but the fact is, in this budget, we are looking at for the present fiscal year, that the increase in spending, both capital and O&M, is 32 percent over the last Conservative regime. Here we have the situation of a deficit staring taxpayers in the face and the situation where this government is getting \$51 million a year more in transfer payments than ever before from the federal government. Can the Government Leader tell me if they are intending to impose a sales tax on the people of the Yukon this fall, or next year at this time, or at all, ever?

Hon. Mr. Penikett: Here comes the bunkum. The Leader of the Official Opposition knows very well I am on record as opposing sales taxes, as are all Members of this House. That is not likely. We were given that option by the finance officials, who may find such proposals attractive, and rejected them absolutely.

The taxes that were increased in this budget were the liquor taxes and the tobacco taxes, as the Members well know. The Member has said that we are increasing capital spending. That is correct. That is why we were given extra money by the federal government, because our infrastructure was insufficient. That is what we argued, and that is what we got the money for. The Member also said, as he continues to talk out of both sides of his mouth, when we were talking about cigar and tobacco tax that taxes should be lowered. He said we should be using the surplus to lower taxes.

Now that we have indicated we are using the surplus to lower taxes, he now says that is wrong and that we will be in a deficit. The Leader of the Official Opposition should make up his mind.

Mr. Phelps: What I am saying, so it is clear to all Members of the House, is here we have a government out of control that spends, spends and spends, or reduces things like medicare premiums to satisfy and appease a potential vote, or to appease those who will prop him up in office. That is what I am saying, just so it is perfectly clear. Does the government intend to increase payroll

taxes to make up this deficit of over \$7 million?

Hon. Mr. Penikett: The government's budget intentions are already known. They are before this House, and the revenue side of the budget is already law. The Member raised the question of medicare premiums. We campaigned on the abolition of medicare premiums as a party in this territory long before the Liberal Party adopted any position on this question. I proposed this matter in the House long before any Liberal Member proposed it. Two parties happen to agree on that subject; the Members opposite do not. This is a tax reduction for the citizens of the territory that we intend to make. If the Member opposite is opposed, I will be pleased to fight the next election against him on that question.

Mr. Phelps: Will the Government Leader then assure this House and the people of the territory that they have no hidden agenda to increase taxes this fall or next spring? Will he do that?

Hon. Mr. Penikett: That is a bit of a silly question. Our revenue proposals for this year are already law. We intend to reduce taxes this fall by the reduction of medicare premiums, to take effect April 1, 1987. There is no hidden agenda. The agenda of the government is public. It has been laid out. It is now, with respect to revenue, *fait accompli*.

There is no deficit. There will be no deficit next year. There will not be a deficit the year after.

Question re: Cabinet documents

Mr. Coles: I have never heard such a pile of hypocritical garbage in my life as what is flowing from the Leader of the Official Opposition's mouth today. We sat in this House last fall, in the fall session, when that budget leak occurred, and he sat there, tight-lipped, never saying a word in a month, as if nothing had ever happened. Now we have another leak and, all of a sudden, the whole world is coming tumbling down.

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

Mr. Coles: Does the Government Leader have any idea which department the document was leaked from.

Hon. Mr. Penikett: No. Please be assured that I am doing my level best to find out.

Mr. Coles: Does the Government Leader have any idea of when the leak occurred?

Hon. Mr. Penikett: I am told that it was mailed to the newspapers yesterday. The document is a document that was prepared back in February. I do not know whether it was stolen in February, or very recently, or, if it was stolen in February, whose hands it was in in the interim. The timing of its release to the public is interesting. Some of the markings on the document provide quite interesting clues as to who may have been in possession of it, but I do not think I should discuss those.

Mr. Coles: I would like to quote the Government Leader from *Hansard*, on October 22, 1985, where he says, "If there was ever evidence presented to me that some document had been stolen from the Department of Finance or the Queen's Printer or somewhere else, then that would be a matter for police investigation."

Does the Government Leader intend to call the RCMP in to investigate this?

Hon. Mr. Penikett: I intend to complete an internal investigation first, in order to narrow the scope of any subsequent investigation.

Question re: Tax measures

Mr. Lang: It is interesting. The only comment that my good colleague to the left has is where did he get the document, whatever the document was.

I have a question for the Government Leader, and it has to do with the secret accord that was reached between the Liberals and the NDP approximately a year ago. When that accord was reached, did the NDP and the Liberal Party discuss what type of tax measures would have to be put in place to replace medicare premiums when they were abolished and eliminated?

Hon. Mr. Penikett: I discuss tax measures with my Cabinet colleagues at the time we are making decisions. We have had occasion, in terms of the revenue options available to us, to consult

with the Economic Council in recent months, but those are the only consultations I have had about tax measures.

Mr. Lang: When the Liberals raised the question of the elimination of medicare premiums with the Government Leader as a price of support, did the Liberals raise the question of revenue sources to pay for the elimination of medicare premiums?

Hon. Mr. Penikett: The Liberals did not raise the question of medical premiums as a question of the price of support. It happens to be one of the points of the common agenda between our two parties.

Mr. Lang: Just for the record, then, there was no agreement between the Liberal Party and the NDP Party about what particular tax measures would have to be taken to recover the \$3 million loss that the Government Leader announced in his speech?

Hon. Mr. Penikett: I do not know what \$3 million loss the Member is talking about. He seems to be mixing up numbers. The Leader of the Official Opposition was talking about \$7 million. I know the Member may also be interested, because he has an occasional interest in facts, that there is no such thing as the "NDP Party". There is something called the New Democratic Party, and sometimes it is known as the NDP, but there is nothing called the NDPP.

Question re: Tax measures

Mr. Lang: In view of the knowledge that obviously was at his fingertips when he put the budget together, could the Government Leader tell me why, on April 1, to a question put by myself about what type of measures that would have to be taken to replace the medical premiums, he replied, "He was not contemplating any tax measures to replace premiums"? Obviously, the government was told there was going to be a short-fall in two or three years time, and, yet, no further measures were taken.

Hon. Mr. Penikett: I do not know that the government was told that at all. We have one document that projects a potential short-fall of revenue, somewhere down the road. It does not make any comment on the accumulated surplus or position of the government at all. I made it perfectly clear in that speech — several months ago, when we first started to debate the budget — that we intended no other offsetting revenues as a consequence of the reduction of medicare premiums other than those that had been previously announced and are already law.

Mr. Lang: With respect to the study or report that the Government Leader referred to earlier, of which he said parts were made available to the Economic Council, did the Liberal Party and the Liberal Members on this side of the House have access to that study before they gave their support to the abolition of medicare premiums in this budget?

Hon. Mr. Penikett: I do not know whether the Member is now referring to the stolen document or to the brief that was provided to the Economic Council. They are, in any case, two different things. I do not believe, in either case, that the Liberal Party had access, unless they had a friend on the Economic Council who gave them access. But I doubt that that was the case.

Mr. Lang: Did the Liberal Party, in giving support for the abolition of medicare premiums, ever ask the Government Leader or his party what financial effects the abolition of medicare premiums were going to have on the people of the territory and the treasury of the territory?

Hon. Mr. Penikett: I am going to shock the Member for Porter Creek East a little bit and tell him something that is the plain truth, which he may not like, understand, or find suitable to the political rhetoric that he is mounting. The Leader of the Liberal Party and I have not discussed medicare premiums since May, 1985.

Question re: Tax measures

Mr. Lang: In view of that announcement, just exactly what was discussed in May, 1985, so that the people of the territory can be made aware of the exact deal.

Hon. Mr. Penikett: Both the Liberal Leader and I have made our discussion public. I can imagine the kind of hoots and snorts of disgust — the kind of animal sounds we hear opposite — if I was to suggest that the future leader, or pretend leader, or whatever, of the

Conservative Party were to discuss with the present leader their plans in Caucus. They are not going to tell us that.

Mr. Lang: Does not the Government Leader think that, in view of this great financial significance of the commitments that have been made between the two political parties in question, he has a responsibility to let the people of the territory know exactly what the implications and the consequences of these particular deals are to every man, woman and child in this territory?

Hon. Mr. Penikett: One, there is no deal. Two, the financial consequences have already been made public. The consequences of the initiatives that we have taken are that the taxes are going to be lowered for the people of the territory.

I am disappointed that the Conservative Party is opposed to that. I understand their reasons, which are basically to oppose everything. I understand that. When the time comes to face the public on the question, I will be prepared to face the Leader of the Official Opposition, as he now is — or the Member for Porter Creek East, as he maybe will be then, whoever it is, I will be ready to debate him — in a public forum.

Mr. Lang: There seems to be a dilemma here. You are giving with one hand and taking with the other. In view of the fact that the statement has been made that the government is still left with a shortfall of a magnitude that can only be offset by major new taxes such as a general sales tax, a hotel tax or a payroll tax, does the Government Leader not feel that he has a responsibility to tell the people of the territory what the implications of the elimination of medicare premiums is going to have on them? Does he not feel that he has that responsibility?

Hon. Mr. Penikett: We have already done that. Let us have enough of this? The Member is quoting from a stolen document. He is quoting from confidential advise to Cabinet; one opinion on a complex question. Cabinet made its decisions in full appraisal of the facts: the financial position of the territory, the accumulative surplus, our spending plans for this year, and our taxing plans for this year.

All of these are public. All of them are before the House. The implications are very well known. The Member opposite would have not projected three months ahead when he was a Minister, much less four years ahead. The fact of the matter is that he did not know what was going to happen even in the next year.

He is, in this session, asking me questions about next year's budget. That is a bit pathetic.

Question re: Cabinet documents

Mr. Coles: I find it a little disturbing that the Members of the Conservative Caucus saw no merit in the leak of the whole budget last fall and yet, all of a sudden, this 35-page document from Cabinet is running headlines for themselves and the newspapers.

What does the Government Leader intend to do about the obvious breach of security in one of the departments?

Hon. Mr. Penikett: I have already said that we will be having an internal investigation. The question, if I may be forgiven for saying so, appears to have been designed as a means to mount an attack on the Conservative Members of the House.

I do not know whether or not the Conservative Party at any point was in possession of stolen Cabinet documents. If I have any evidence that the Conservative Party was, or is now, in possession of stolen Cabinet documents, I will take appropriate action.

Mr. Coles: How long does the Minister expect his internal investigation to take?

Hon. Mr. Penikett: I have no idea.

Mr. Coles: We have children giggling here again like we did for two months last fall. There was a budget leak, big deal. This is not like the rest of Canada. We are going to have a wide open finance department. We are going to have a wide open Cabinet. Why do we not just lay everything right on the table here? What is the point of having Cabinet meetings?

Hon. Mr. Penikett: Why do we have a Cabinet? It is an old story. It began about a thousand years ago at Runnymede, when a group of the lords stuck their swords in the throat of the king and said we want to share some of the power with you. I do not think you will permit me to explain the whole history here.

We have a Cabinet; you have Cabinet secrecy; you have Cabinet confidentiality, so that the government, as a corporate entity, can make decisions, can have frank discussion about alternatives, that senior public servants can provide advice and opinions, which they do, to the Cabinet, and have the Cabinet accept or reject that advice and those opinions in making their collective judgments about the policies of the government.

It is not a perfect system, but it is a good system, and unless there are tons of stolen documents going around, the system will survive.

Question re: Medicare premiums

Mrs. Firth: When the Government Leader was doing his analysis and seeking information about abolishing the medicare premiums, did he consult with any groups, such as the Yukon Nurses Association, or the Yukon Medical Association?

Hon. Mr. Penikett: No, not prior to announcing the decision. The opinions of certain professional groups on the subject are well known, as are the opinions of certain public bodies. I have, however, following receipt of a letter from the Medical Association recently, that was critical of our intention to reduce medical premiums, although it was very congratulatory of our intention to raise tobacco and alcohol taxes. I did reply that sometime in the summer when the Session was over, if it was over, I would be pleased to meet with the Medical Association and discuss their concerns.

Mrs. Firth: I believe that they were congratulatory that the taxes were increased, provided that the extra revenue was going to be used for health care costs. I believe that was the exact wording in the letter, or nearly. If the Government Leader did not consult with the Medical Association or the Nursing Association prior to making his analysis — and I know that the Economic Council favoured the user-pay concept from some information that has come to our attention in the last day — upon what facts did he base his analysis and his final decision to abolish the medicare premiums?

Hon. Mr. Penikett: There was a wide range of facts, and among those that the vast majority of Canadian provinces found that medicare premiums are not efficacious or effective or administratively efficient; that they are an unfair tax on the lower income people; that the tax is not progressive at all, as it is supplied to people; that there is no incentive to be healthy.

When we announced the increased taxes on alcohol and tobacco, we did link those taxes to the very high health cost associated with the abuse of those products. It is quite clear, and we think quite fair, that heavy users of those commodities, which produce great health risks and great health costs, should bear a larger share of the cost of providing health to the whole community.

Mrs. Firth: Surely the Government Leader, with his inconsistencies about the reasons for increasing alcohol taxes and tobacco taxes, and his inconsistencies for abolishing the medicare premiums, must recognize the perception that has been created in the public eye that the real reason for doing it was to buy the Liberal support. Surely, he is aware that that impression is left with the public?

Hon. Mr. Penikett: No doubt the Member opposite will try to create that impression and, in fact, it seems to be the impression of the author of the stolen document. It also seems to be the impression, since I understand it was highlighted, by the person who stole the document and leaked it to the press. That is not the case. The revenue measures we made and the tax deductions we are going to make are linked. There is a logical policy link between those two initiatives.

Question re: Cabinet documents

Mr. Phillips: I have a question for the Minister of Tourism with respect to the article in the local media yesterday. Has the Minister ever sat down and discussed with the Yukon Visitors' Association the implication of a hotel-motel room tax?

Hon. Mr. Porter: No.

Mr. Phillips: Have any of his officials sat down recently with the YVA and discussed the implications of such a tax?

Hon. Mr. Porter: Not that I am aware of.

Mr. Phillips: Since it looks like we are going to have a \$7

million deficit before too long, can the government now tell us what their position is with respect to a hotel-motel room tax? Are we looking at imposing a hotel-motel room tax in the near future?

Hon. Mr. Penikett: The Member opposite can repeat the big lie that we are going to have a \$7 million deficit as many times as he wants but that will not make it true. You cannot take \$7 million from \$41 million and come up with a negative sum. I do not care where you went to school.

When we looked at all the tax options available to us, we considered them carefully. We rejected all but two: an increase on tobacco and alcohol. Those are now law. All the rest — all the rest — were rejected.

Question re: Cabinet documents

Mr. Nordling: My question is to the Government Leader. Was one of the tax measures that was rejected one which would have streamlined government administration as well as giving the poor a break?

Hon. Mr. Penikett: My God, I do not know what he could be describing. It sounds like a wonderful instrument but I do not know what he has in mind.

Mr. Nordling: That is what I wondered, too. It sounded pretty good to me. Has the government considered a health and post-secondary education tax?

Hon. Mr. Penikett: No, but I just remembered which tax laws the Member referred to in his first question and that is, of course, the tax we introduced and was passed by the House.

Mr. Nordling: Perhaps the Government Leader could check and see if there was another one. This one was apparently rejected.

Hon. Mr. Penikett: I will doublecheck. If the facts are that there was a tax rejected that would help the poor and improve administration, it is wonderful, and I will take another look at that one.

Question re: Cabinet documents

Mr. Lang: I would ask the Minister of Community and Transportation Affairs if it is under active consideration by the department to raise the registration fees for commercial vehicles as well as private vehicles?

Hon. Mr. Penikett: I am the Minister of Finance, and the tax measure that is being promoted by the Member opposite is not one that is being considered by the government at this moment.

Mr. Lang: Do I take it from our new economic guru, the Minister of Finance, that the people of the territory will have to wait until next year to find out what the good news is?

Hon. Mr. Penikett: I hope there will be more good news next year, yes.

Mr. Lang: Is the government presently considering increasing fuel taxes?

Hon. Mr. Penikett: No, we just finished reducing them.

Question re: Tax measures

Mr. Lang: I am a little confused, Mr. Speaker. I thought my colleagues to my far left would be interested in asking some questions.

With the statement being made that there is going to be a major shortfall, does it cause some concern for the Government Leader, with that forecast being presented to him?

Hon. Mr. Penikett: Who is making the statement, Mr. Speaker?

Mr. Lang: The Government Leader made the point earlier that a document was reported in the local astorisher, the *Whitehorse Star* Being consistent, as I always am, I am asking the Government Leader if that should not be a cause for concern to the government and the financial resources that the government has available to them?

Hon. Mr. Penikett: In the long run, there is a potential shortfall of revenue. If you reduce taxes, you will have less revenues than originally projected, but to be entirely serious, even though not all of the questions have been serious, it would be highly irresponsible of the government to impose an additional tax burden on the people of Yukon when the current financial position

of the territory, and the financial position of the territory for the foreseeable years, makes it absolutely unnecessary.

Mr. Lang: A further concern is that you have taken some steps to lower taxes. This side recognizes that, and, in some cases, we support it. How does the Government Leader, at the same time, justify adding 40 new positions to the Government of the Yukon when we are going to have less tax revenue?

Hon. Mr. Penikett: We are not going to have less tax revenue. It is quite the opposite; we have a revenue situation that is quite secure at this moment. Of course, our economy may improve much more dramatically than we expect; that will change it.

I might point out that the previous government added something like 50 or 60 positions, when the economy was in an absolute slump.

Question re: Tax measures

Mr. Phelps: We sit here and listen to this stuff as though it is a pat hand, and there is no problem. The fact is that this is a government that was left with a huge surplus, with a healthy financial situation, with a Formula Financing Agreement signed between this government and Ottawa that gives them an extra \$50,000,000 a year. They managed to blow that, willy-nilly blow it, \$51,000,000 more from Ottawa this year. They are raising taxes and they face a deficit.

Is he trying to compete in some way with the Barrett government in BC to see who can spend and squander the taxpayers' money the most?

¹⁵ **Hon. Mr. Penikett:** We are not helping Willie or Nillie except that they are citizens of the territory. If you want to talk about empty rhetoric, we have just heard it. We do not have a deficit. We are not raising taxes wildly, as the Member just said. We just had the Member, who spoke from the same side of the House immediately previously, say that we are cutting taxes.

We are not spending wildly. The rate of increase in program expenditures that have long term implications for this government is less than the previous year. The capital spending is made in accordance with the money that we got from Ottawa for that purpose.

It is interesting that the Member quotes the example of the Barrett government. He may be interested to know that the deficit accumulated under the Bennett government is many times — many times — higher than the small deficit that was left by the much abused former NDP Premier of British Columbia.

Mr. Phelps: I would just like to make a few comparisons as to what has happened here in the two years since the ending of the 1984-85 fiscal year and ask the Government Leader about it.

The fact is that the spending has increased by 32 percent since the 1984-85 fiscal year. I wonder whether or not this Government Leader is in some kind of contest with his ex-counterpart in B.C. to see who can spend and waste the taxpayers' money the quickest.

Hon. Mr. Penikett: The question is of course out of order because it is argumentative. We were left with a surplus. I think the surplus is larger now than the one we were left with.

We were not given the money to put it in the bank, or to pile it up. We were given the money by the people of Canada to build the infrastructure of this territory. That is what we are doing. Capital spending happens in a discrete year. It is not like program spending that piles up bills continually into the future.

The program spending of this government, the rate of increase in program expending, is less than any year for the last 10 years of the Conservative rule. We are spending the money responsibly. We are using the money to build capital in the territory, to build the wealth, to build the infrastructure, to build the society and to build the economy in the territory. We are not locking ourselves into program expenditures that we cannot sustain in the years to come.

Mr. Phelps: Does the Government Leader intend, by abolishing medicare premiums — which will not build any infrastructure incidentally, as the Government Leader should well know — and thus costing us approximately \$3 million per year in revenues, I believe it is 2.9 million, to simply allow the situation to occur that there will be a loss of \$3 million per year because of this political move and not take any steps to offset that by increasing taxes?

Hon. Mr. Penikett: As I have already explained for the seventeenth time, the move was made because it serves the goals of fairness and equity and economy. It is consistent with the majority of people and the majority of the provinces in this country.

The Member asked a question that he knows the answer to. Are we not taking any tax initiatives to offset the reduction? We just passed them in the House — tobacco tax increases and alcohol tax increases — which he opposed.

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

ORDERS OF THE DAY

GOVERNMENT BILLS

Speaker: Are there any government bills?

¹⁶

Bill No. 38: Second Reading

Clerk: Second reading, Bill No. 38, standing in the name of the hon. Mr. McDonald.

Hon. Mr. McDonald: I move that Bill No. 38, entitled *Municipal General Purposes Loan Act, 1986*, be now read a second time.

Speaker: It has been moved by the Minister of Community Services that Bill No. 38, entitled *Municipal General Purposes Loan Act, 1986*, be now read a second time.

Hon. Mr. McDonald: I am pleased to table for second reading the *Municipal General Purposes Loan Act, 1986*. The intent of this Act is to renew the Yukon government's authority to lend money to municipalities for providing or expanding major municipal services such as sewer and water systems and street paving.

Traditionally, this act has been passed annually, and has provided a limited aggregate amount of monies that could be lent. As the aggregate authority was reached, a new act would be passed providing for renewed authority and a renewed aggregate lending limit. The last *Municipal General Purposes Loan Act* was passed in 1981, and provided for an aggregate lending limit of \$4.5 million. Since that time, we have provided municipalities with approximately \$4.4 million in debenture borrowings, being both new monies, as well as consolidation of previous existing debentures.

As you know, debentures are a method of providing fixed interest funds for specific capital projects to be repaid over an agreed period of time.

With our current lending authority being virtually exhausted, this act proposes a new aggregate limit of \$5 million. This amount should be more than sufficient to meet the potential needs of the municipalities for several years to come, thus eliminating the necessity to again pass such an act next year.

I would just note that previous *Municipal General Purposes Loan Acts* contained a number of provisions respecting criteria and guidelines that a municipality was to follow in undertaking borrowing. All of these provisions have since been incorporated into the *Municipal Act*, thus are no longer required in this particular legislation.

For the information of this Assembly, these provisions found in the *Municipal Act* are: a municipality shall not incur any debt liability beyond the amount of the current year's revenue and any accumulated revenue surpluses from previous years, except as provided in the Act; a municipality shall not borrow against any anticipated current revenue; a municipality may not borrow an amount exceeding 75 percent of the preceding year's tax levied to meet current budgeted expenditures; no money borrowed by a municipality shall be used for any other purpose than that stated in the bylaw, except for the payment of a loan principal or interest, or on the approval of the Executive Council Member; the total principal amount of debt that a municipality may owe shall not exceed two percent of the current assessed value of all real property within the municipality, except with the consent of both the Executive Council Member and taxpayers; the total amount a municipality may borrow in any one fiscal year shall not exceed one-quarter of one percent of the current assessed value of all real

property; and the assent of the taxpayers is not required to borrow money for the construction of local improvement works for primary municipal services.

For further clarification, public works against which such loans would be made include such items as water and sewer systems, street paving, sidewalk and bridge construction, and recreational facilities, to name a few.

For Members' information, I would mention that since 1972, when the first act came into being, a total aggregate lending authority of approximately \$21 million has been extended by the various successive acts.

Currently, the Yukon government has a total of approximately \$9,970,000 out in actual debenture loans to municipalities. This is broken out to approximately \$6 million for the City of Whitehorse; \$430,000 for the City of Dawson; and \$3.3 million for the Town of Faro.

Examples of projects funded through debenture loans include the new Whitehorse Arena, the KVA in Dawson to renovate Gertie's, the purchase and construction of a mobile home park in Faro, and the purchase and construction of municipal employee housing in Faro.

¹⁷ Although we do not at this time have any indication from the municipalities as to what extent they might avail themselves of future borrowing from the Yukon government, the *Municipal General Purposes Loan Act* now before you will ensure that the Yukon government is in a position to respond to such requests. This act will enable the government to provide an additional \$5 million in debenture loans to Yukon municipalities.

Mr. Lang: I am a little surprised at the long-term intent of the legislation if it has been properly explained by the Minister opposite. I want to say at the outset we recognize the need for a loan act for the municipalities. It has always been a custom of this House, once every year, that this type of legislation comes forward for consideration. If I understand the Minister correctly, it will no longer be the case after this particular year that it will be another appropriation, I would assume, in the budget, and a line item that would be discussed, rather than raising the question of lending to municipalities as a separate and distinct issue.

I am going to have to withhold our reservations as far as that principle is concerned until we get into Committee to discuss it further because it does have some long-term implications and I would like to hear more from the Minister before we offer our support for the legislation before us.

Speaker: The Member will close debate if he speaks now. Does any other Member wish to be heard?

Hon. Mr. McDonald: I will be more than happy to explain the principles of this bill. The Member just expressed concern about the long-term intent of this bill, but I would remind him and his colleagues and all Members of this House, that the last act, as I said in my speech, passed in 1981, with a total lending limit of \$4.5 million — not that much less than what we are proposing here — also had a long-term intent attached to it. The methodology by which the lending would take place is not anticipated to be changed from previous years so I am rather surprised the Member is going to withhold his support from this act. I am sure that with further clarification we can set the situation straight and have the Member's full support.

Motion agreed to

Bill No. 55: Second Reading

Clerk: Second reading, Bill No. 55, standing in the name of the hon. Mr. McDonald.

Hon. Mr. McDonald: I move that Bill No. 55, entitled *Municipal and Community Infrastructure Grants Act*, be now read a second time.

Speaker: It has been moved by the Minister of Community Services that Bill No. 55, entitled *Municipal and Community Infrastructure Grants Act*, be now read a second time.

Hon. Mr. McDonald: It gives me great pleasure to table for second reading the *Municipal and Community Infrastructure Grants Act*. This grant act will replace the existing *Community Assistance*

Act and will serve as a framework under which future capital funding will be provided to municipalities for the purposes of funding their various capital infrastructure projects.

¹⁸ As all Members are aware, in January, 1984, a new *Municipal Act* was proclaimed into force that both recognizes the role that local governments play in the Yukon today, as well as passed to the municipal councils the authority and the ability to largely direct their own affairs.

In addition, and as a direct result of this new *Municipal Act*, five new municipalities with elected mayors and councilors have since been established, together with one hamlet. This represents quite a change from 1975 when the *Community Assistance Act* was first enacted.

At that time, we had only three municipalities, which operated under a fairly restrictive *Municipal Act*, together with a number of local improvement districts that were, for all intents and purposes, effectively run by the Yukon government.

Many of the communities back then were thoroughly lacking in any municipal infrastructures such as water and sewer systems, road and streets, as well as certain recreational facilities. The *Community Assistance Act*, when developed, was designed to address only these specific types of infrastructure and was very detailed as to the manner, nature and extent to which such projects would be funded.

In particular, the *Community Assistance Act* is based upon funding approvals being expended on a project by project basis. This tends to set up a situation where the Yukon government must continually assess the numerous municipal demands for capital projects and, based upon its own particular limitations and priorities, determined which projects in which municipality will be funded or not.

Effectively, this not only places the individual municipalities in the position of having to compete with one another for available funding, but it also puts the Yukon government in the position of literally dictating its funding approval for capital programs to the municipalities.

Under this parental type of approach, municipalities cannot be faulted for failing to be fully accountable and responsible for their capital programs. If the Yukon government, in its wisdom, decides to fund one municipality project over that of another, or only approve some but not all of a particular municipality's projects, how can the municipality be expected to be responsible for decisions that were made well outside its own scope of authority?

A further difficulty with the *Community Assistance Act* is the cost-sharing that is required on each individual project. This generally ranges between a 75/25 cost-share to a 90/10 cost-share, depending upon the nature of the project.

Understandably, however, municipalities are constantly lobbying for the best cost-sharing possible. As the decisions have been made on the basis of individual projects, a 75/25 cost-share may be very appropriate and acceptable to one municipality, yet, for a similar project in another municipality, a 90/10 cost-share may be the only acceptable way to enable the project to proceed.

Consistency in common treatment among all municipalities has been a desirable goal, yet rather difficult to maintain. As well, a cost-sharing requirement, even at 90/10 level, is often seen as an impediment to municipalities in undertaking particular projects.

In yet another area, the very scope of capital projects that municipalities are undertaking these days goes far beyond the basic infrastructure envisioned by the *Community Assistance Act*. Quality of life within communities has become a very important focus. Municipalities are now undertaking landscaping works, park and trail system construction as well as a variety of other such projects to improve their community beyond just simple infrastructure. On this point alone, the *Community Assistance Act* is badly out of step with current times.

If I can indulge Members for a moment, I would just like to reflect on the previous fiscal arrangement between the federal government and the Yukon government. As we all know, the federal government tended to maintain an iron control over the Yukon government through its funding. Not only did they dictate how much funding we would get, they also, to a very large degree, decided in which manner the funding would be spent.

Over the years, the Yukon government fought hard for financial independence to the point where we now have formula financing in place. We have proven, and are continuing to prove, that we are a responsible government.

¹⁹ We should and can determine how best to spend our funding in order to meet the needs of the Yukoners whom we serve.

As we have travelled the road to responsible government so, too, must we now look to our municipalities as having reached this point. We have recognized this in the *Municipal Act* while, on the capital expenditures side, the existing *Community Assistance Act* does not. In this regard, the proposed *Municipal and Community Infrastructure Grants Act*, which is now before you, is intended to correct this anomaly.

While we will be proceeding through the act on a clause by clause basis, I would just like to take a moment to highlight several aspects of the proposed legislation. Firstly, the act is structured with two major components to it, namely one section dealing with funding to municipalities and one dealing with funding to communities other than municipalities.

While certain similarities may be noted between the sections, they do express two very real and separate principles.

With respect to municipalities, the act contains the following major provisions. Firstly, and most importantly, it provides for an enabling section to determine annual capital block funding to municipalities. The actual criteria for determining the total amount of the capital fund and method of distribution to individual municipalities will be established in regulations under this section. This approach responds specifically to the request by the Association of Yukon Communities. It also sets the requirement for each municipality to establish a separate infrastructure reserve account to hold the funds from which disbursements can be made. It delineates the eligible expenditures that municipalities can incur against the fund. It provides for the ability to invest any of the capital funds that might be surplus to a municipality's immediate needs. It further allows for interest earned on such investments to be used for any municipal purpose. The principal, however, must be redeposited back to the reserve account.

With Executive Council Member approval, it allows for the transfer of up to 10 percent of a municipality's annual capital block funding to O&M activities. This is permitted, provided the monies are surplus to their capital needs.

Finally, it provides for the ability to make extraordinary capital grants separate and apart from the block funding for approved projects of a significant nature. These would be major projects that otherwise could not be expected to be adequately handled by the municipality within the scope of the normal annual funding.

With respect to communities other than municipalities, the major provisions are as follows. It provides for the payment of individual project infrastructure grants to the communities. If appropriate, it establishes the requirement for designation of individual community authorities for purposes of receipt of the funds on a project basis. It also enables the Yukon government, itself, to undertake, on behalf of the community, a particular infrastructure project.

It further allows for the establishment of a contribution requirement from the community for any particular project if deemed to be appropriate. Finally, as with municipalities, it delineates the eligible expenditures that can be incurred against such grants.

In summary, the *Municipal and Community Infrastructure Grants Act* represents a significant and progressive step toward fully recognizing the responsible and accountable nature of our local governments. No longer will it be required to come, cap in hand, to the Yukon government to request funding for their individual projects. With the capital block funding that will be provided they will be able to determine, based upon their own priorities and needs, how the funds will be spent.

Should they wish to spend it fully on earmarked capital projects, then that will be their decision. Should they, conversely, wish to save up either a portion, or all, of the funding for future major projects, then that, too, will be their decision to make.

²⁰

Mr. Lang: I rise from a number of points of view. I trust the Member opposite will rely to some degree on my experience in

working with municipalities throughout the territory.

It is not our intention to hold up the bill on second reading. There are some very serious reservations from this side of House regarding the makeup and the principles of the bill. I expect, at least I hope, that the Minister will have answers for some of the basic principles that I want to expound on to some degree this afternoon.

The major concern that I have is the legislation providing the power to put into effect the formula for transferring dollars into regulation. It is totally contrary to the principle espoused in the *Municipal Finance Act*. Since I helped write that piece of legislation, I can go back to it and say that one of the purposes of bringing that act forward was to make us subject to the Legislature as opposed to the Cabinet.

I concurred with the Government Leader when he was in opposition with respect to his principle that the legislation should, in good part, contain the principles of how to authorize expenditures to the communities. I think, at times, we get too comfortable in government and say that is easier to do by regulation than by legislation.

That does cause me some concern. I feel that we as legislators — forget partisan politics — should have the ability and the say in this House what that formula should be in detail as opposed to what has been proposed by the Minister.

With that in mind, I would like to encourage the Minister to bring forward his proposed regulations so that we can see the amendment and have it incorporated into the act that we have before us in Committee of the Whole. It is one that I would be prepared to cooperatively and constructively enter into a debate with the Member opposite on.

I know the difficulty that the Minister faces with dollars. Whether you have \$7 million, \$10 million, \$6 million or \$2 million, it has to be distributed. Not only does it have to be seen to be distributed fairly, it has to be perceived to be distributed fairly. That is sometimes difficult to do as we have seen with the debates in this House on the *Municipal Finance Act*. We maintain that there are very major inequities in that formula at the time.

I think that we have to be very careful in getting away from the principle of cost-shared programs. I think that we should look at it from a number of points of view. I am very concerned that, at times, for whatever reasons, governments have a tendency to offer communities capital monies for infrastructure that at some given time puts those communities in a position on the ongoing O&M costs to the point where either the senior level of government has to take action or the community cannot afford the taxes that have to be applied by the local councilors.

²¹ Sometimes I think that the taxpayer is forgotten in the largesse of government and the milieu of politics, and in discussions of this kind. The cost-shared programs, in good part, hold check on the governments, if it is a cost-shared capital program. From my experience, I found, whether it be in Dawson City, Watson Lake or Whitehorse, that very serious consideration was given by the councilors, if they had to raise even a small portion of the capital cost to what exactly they wanted to build and how they wanted to implement it.

We are getting away from that particular principle in this legislation that provides, in my understanding, a block of money being made available, and that is where it stays and we do not report back to this House again. I think that is an abrogation of our political responsibilities to some degree. I think I should have every right, whether I am on the government side or on this side of the House, to question the costs and expenses that are incurred for building a Whitehorse curling rink, because we made a significant contribution.

My understanding, under this particular legislation, is, except for those particular exception clauses, that really would not be part of our responsibilities in this House. I see the Minister whispering to his colleagues that Mr. Lang does not really know what he is talking about. I think sometimes we in this House think we are running the Province of Ontario. We are not. In some of the situations we face as legislators here, we are effectively dealing with a large municipality. I caution the Minister, in his haste to

divest himself of that responsibility, that he may well be doing a disservice to those communities.

A number of communities already have some major concerns with the formula as presented by the Minister to the AYC. The tragedy of that is that we almost have a situation where one municipality versus another, that one thinks they are getting less than the other and do not like the formula. That is exactly what has happened. I do not blame them. I think that is one cause for concern, and it is going to have to be debated in its entirety in the Committee for the Whole.

The other concern I have is with the general revenues of this government. The way I understand this transfer of capital money is that each community will accrue the interests and the investment that can be derived from that money directly to those municipalities. This will have a direct effect on the revenues accruing to the Government of the Yukon. It will be interesting to see the figures the Minister has. If we do take \$7 or \$10 million in a given year, what effect will it have on the general revenues of the Government of the Yukon Territory, and how is it going to affect those municipalities that are now going to be receiving those revenues, and how will it affect the interest and the investment dollars that, at present, accrue here, at least until dollars are transferred? Maybe things have changed, but in the past, the capital dollars were not transferred until the projects took place, so you could get three to eight months of revenue from interest on a \$3 million project, opposed to what the Minister intends to do now.

²²That, in itself, is a major decision, and it is one that is going to affect us all in the overall context of revenues that accrue to this government. At times, this does not seem to be of interest to the side opposite.

I notice that the Minister has provided a number of exception clauses in the legislation, and I can see the reason for that. I recognize the problem in Mayo, for example, with the swimming pool and the transfer of capital dollars. I can see the reason for that.

In conclusion, if the Minister thinks that he is going to be divesting himself of the responsibilities that this House carries in their municipal affairs, and in the direct dealings with those communities, I think has been sadly misguided.

As I said at the outset, in many cases, we are effectively a large municipality. I do not think we should be putting ourselves in a position where the legislators and the government do not continue dealing with those communities on an individual basis as the years go on. I do not think the process in the past has been that bad. Sure, there were problems. I am not going to argue that, and who is to say that most of them were not rectified, but it is an ongoing evolution. I feel that we have to be very careful that we do not desert our fellow politicians, the councilors of these communities to the point where they could put themselves in jeopardy in the community.

I am looking forward to seeing the Minister's regulations, because I do not believe any responsible legislator could pass this legislation until we had seen the regulations and have, hopefully, incorporated some of them in the legislation so that at least there is a requirement to report back to this House if major changes had to be taken.

Mr. McLachlan: We recognize that the *Municipal and Community Infrastructure Grants Act* is an attempt and a step forward by the Minister to provide a new direction and to try the never-ending problem of municipal funding.

In Faro, there were very many times when the 75/25 or the 90/10 formula just seemed inadequate to handle all the problems that were there. I appreciate any new direction that attempts to respond to the different needs of the financing required within municipalities ranging from the City of Whitehorse down to our much smaller communities.

One of the things that the Member for Porter Creek East has referred to that I find most difficult for a number of the smaller communities to do is to attempt to fund water and sewer systems. Faro and Dawson City had problems. When you get to the low population levels of Faro and Watson Lake and Dawson City, it is extremely difficult for some of these smaller ones to be able to

handle that. I am hoping that the grant system of providing larger blocks of money, without the 25 percent or the 10 percent, will certainly promote them a long way in this direction. I especially applaud the move that will allow the municipalities to move 10 percent of the capital into the O&M, because we recognize the difficulties in trying to pay all of the operating bill in the final two or three months.

We will be giving this *Municipal and Community Infrastructure Grants Act* our support.

²³

Hon. Mr. McDonald: The tone of the debate on the second reading has been pretty constructive, both from the Member for Porter Creek East and the Member for Faro. With respect to the Member for Porter Creek East, there may be a difference of perspective that may not be entirely resolved between the government and the Conservative opposition at least. But many of the concerns the Member expressed with respect to the ability of communities to fund raise projects, the difficulty of coming to agreements on formulas are concerns that I share. Certainly the case that the formula itself will be the result of some hard bargaining, I would expect some compromise as well if previous practice dictates or suggests anything. The Member mentioned the fact that he held severe reservations because the formula is anticipated to be in regulation.

The intention of the government initially was to put the formula in the legislation itself, however we felt that it was necessary to institute capital block funding for the 1987-88 year. In attempting to come to agreement with the AYC over the formula we would take, it became very clear that sufficient time would be needed, more time than we had, to resolve the situation with respect to the formula. At the request of the AYC, a request we concurred with, to force the situation now without having sufficiently consulted with the communities would not be appropriate. At the same time, the government and the AYC have expressed a desire to meet to establish capital block funding as soon as possible. The soonest we could have this funding would be in the 1987-88 year.

In order to do that it would be advisable to put the ground rules out before the Legislature this spring and establish a formula in consultation with all the communities, establish it in regulation for the determination of the capital budget for the following year, and take the formula, for approval, to the Legislature during the fall session for institution.

This procedure has been the subject of some discussion and negotiation with the AYC and this is the way we intend to proceed.

²⁴The Member has suggested that the Minister is too hasty to divest responsibility, that in some way there is an effort to duck responsibility, rather than to take it on. That is not the intent of this legislation. The intent of the legislation is to decentralize decision-making in the territory. It is a gesture of respect for local municipal government. It is the consequence of our belief in local control, and conforms to the motto of AYC, stated during the course of Municipal Week last fall. The motto is, "Closer to Home". The motto signifies that local decision-making is sensitive decision-making. Local decision-making of this sort ensures that those people who are directly affected by a particular expenditure should take the responsibility for the decisions to be made with respect to these expenditures. In that vein, we have instituted an act to allow that to take place.

It is important to note that the initiative to decentralize, or deconcentrate, control from Whitehorse to the communities is one that has been promised to Yukon communities for years. It is one that the Yukon communities are prepared to accept and wholeheartedly are looking forward to. We must remember that this is not the only elected body in the territory; there are municipal councils that are elected as well by the local residents in the various municipalities. They, too, are responsible local governments.

The effort to decentralize on the part of the government, as I said, is a gesture of our respect and recognition of those councils. The reason I drew the analogy between the federal government and Yukon government relationship was to draw to the attention of Members the fact that the relationship between senior and junior governments does not necessarily have to be paternal and can lead

to sound and wise decision-making that is sensitive to the people who are affected by the final decisions.

The formula will be worked out with the communities. For the Member for Faro's information, the act does contemplate that there will be expenditures that will be beyond the ability of communities to support. The Member for Porter Creek East drew to the attention of the Members the capital project in Mayo — water and sewer or swimming pool — certain projects that are of considerable size and would not be and could not be accommodated by a formula of this nature.

The government had taken considerable time to assess the various options to it, to provide for a decentralized control of the decision-making in this matter. I would be happy to explain it at some length with those interested in the reasoning and thoughts behind this.

²⁵ In Committee debate I look forward to the constructive mood that has been generated in the second reading speech. The Member for Faro said that he applauded the clause in the proposed act that talks of the allowance to provide 10 percent of capital funds to O&M for O&M purposes.

As I have said a number of times in the House, the other factor that should be taken into account is that this now allows for capital funds to be allocated for capital purposes, a portion to O&M purposes, recognizing the ongoing O&M costs associated with capital works. It also allows O&M funds to be directed toward O&M purposes. It takes the pressure off the O&M budgets as currently exist.

Because the communities have better control over both their O&M and capital budgets, it allows them to coordinate those budgets to the best advantage for the community.

In closing, I am happy to see that, in general principle at least, we can see support from all Members of the House, and I would be happy to discuss the details with the Members during Committee.

Motion agreed to

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

COMMITTEE OF THE WHOLE

Chairman: The Committee of the Whole will now come to order. We will recess for 15 minutes.

Recess

²⁶ **Chairman:** I will call Committee of the Whole back to order.

Hon. Mr. Porter: I would like to make a correction to the record. In response to a question from the Member for Riverdale South, it was stated that the Dalton Trail proposal funded under the EDA was funded in the Department of Tourism EDA. That information is incorrect. In actual fact, the Dalton Trail was funded under the Department of Renewable Resources EDA.

Bill No. 17 — Fourth Appropriation Act, 1985-86 — continued

On Tourism

Chairman: We are on Tourism, general debate.

Mr. Lang: I thought that this was an important enough department in the economy of the territory that the Minister would have a couple of words to say about the past year and perhaps some comments to make about the expenditures. It might hasten debate, or are we going to have a debate where specific questions have to be asked to receive specific answers?

I would prefer that the Member was forthright and gave his observations and then we could proceed accordingly.

Hon. Mr. Porter: The process has traditionally been that the review and the expectations of the year is covered under the O&M Mains to which General Debate has led. I have no points for consideration on General Debate.

Mr. Lang: I guess that is the difficulty that we find ourselves in. I wish the Minister was more forthright in his volunteering of information. I found the Minister of Government Services and the Minister of Community and Transportation Services much more forthright in their observations than the Member opposite has been.

In view of what experience we have had in Renewable Resources and the almost disdainful, condescending approach that has been given to us, I would like to hear the Minister's observations on the various studies that were commissioned this past year and what his intentions are. For example, he has museums, heritage, Expo 86 and all these major things happening in the work of tourism. I would have thought that the Minister would have told us the things they had accomplished last year.

²⁷ **Hon. Mr. Porter:** With respect to the specific question of the heritage museum studies, the Member is correct, we do have a study underway. We provided a briefing and invited all Members of the Legislature to participate. It was held last week. The study is comprehensive in nature. There has been a lack of work with respect to policy planning and necessary research. This was one area recognized. We have commissioned a study to a firm that functions primarily out of Toronto. This particular firm has been instructed to utilize two individuals who are local and who will review all of the major policy discussions. The study team has travelled extensively throughout the Yukon and will be reporting the findings by June 1, I believe. My information of the study is that it is going along fine.

With respect to Expo, I am happy to report it is on time and within budget. We have a very capable individual working on Expo. The individual had extensive background in the private sector and worked for the Foothills company when it operated out of the Yukon. I think the department has been fortunate in securing his services. The work that has been completed under his direction has been very positive.

Expo is going to open May 2. We feel the pavilion we have created for viewing by the world community is second to none on the site. Although we did not have the kind of money many other participants had, we think the end result of our efforts at Expo will be very credible.

One of the questions the Member asked, when we had correspondence on issues, is the future disposition of the Expo pavilion. That is a major concern.

²⁸ The options range from the most cost-effective decision, which was to take the structure and sell the structure as is in Vancouver, where we would not have the cost of shipping and then bringing it back to the Yukon and then operating it.

The process that we are engaging in with respect to the pavilion is that we are going to examine all the options as to what we will do with the actual pavilion structure. The department has been asked by the government to solicit proposals from the Yukon community at large. We will be in the process of doing that. In the meantime, we will do a detailed cost analysis as to the various options and we will match those with the proposals that will come into the government, and then make a recommendation to the Cabinet as to the alternatives with respect to the question of disposition.

I must caution Members. The rough estimates that we have from the construction firm that assisted us on-site ranged from \$350,000 to take what is there, dismantle it and remove it to the Yukon, to a rough figure of \$1 million, to take the Expo pavilion as it is, dismantle, transport and put up on site and utilize it, as has been suggested, as a theatre, and to continue to use the projector and slide show. With respect to that question, the costs are very enormous. That has to be a very closely looked at situation.

Mr. Phillips: Is all other work on museums on hold right now until the museum study is finished?

Hon. Mr. Porter: No. We are continuing with our museum programs in the Yukon. As the Member will recall, there is a local group in Whitehorse that is very interested in the transportation museum. They have formed a board of directors and we had

identified in the capital, which will kick in in 1986-87, \$100,000 for assistance to that particular effort. They will probably be one of the groups that will submit a detailed proposal to us for the Expo building.

²⁹ They have already obtained the old recreation complex that was constructed by the Air Force on the airport property. Their plan is for a transportation museum with transportation historical artifacts emphasizing the importance of transportation to the Yukon.

They are in the process of getting organized. They have elected a board. We anticipate that they will come to us for some assistance for hiring a museum curator or an executive director to assist in the overall museum development plan and to start to solicit funds by way of a proposal.

There is also another proposed museum of natural history near Carcross. An individual made that proposal. My understanding is that the individual was given financial assistance from the Tourism Incentives Program that was introduced by the previous government and has now expired. That was to prepare three animal mounts to be displayed in the Carcross area. There has been no offer of money for the construction. To my knowledge, there is no proposal currently on the books under the EDA for the construction of that museum.

The other museum functions that we operate in the Yukon are ongoing. They are being funded. The museum policy and systems review will determine some basic questions on how we develop in the museum area. There has been a suggestion that we move toward a central function for museum development. As we know, the people in Dawson City very much criticized that idea at a public meeting.

We do not want to pre-judge the study. There is the other element that has been discussed that, possibly, what we can do in the Yukon is develop strong reasonable museums or simply go on a community by community basis. Those ideas are good ones, but I think we have to be mindful of the costs that are associated in the end result. If we start to develop central museums, regional museums and local museums, we are talking about big, big, big dollars.

The whole area is further complicated by the fact that the Nielson Task Force Report makes some specific recommendations on museums.

³⁰ Their recommendations are that all of the artifacts that are being housed in the national museums would simply be crated and sent back to the original contributing province. For us, I think the figure was 300,000 pieces that we have out there. That is a substantial amount of money.

Without any detailed analysis, I asked the department people what it would cost us to take back those artifacts. It would be in the neighbourhood of \$2 million to build a warehouse to accommodate those artifacts. This is not even spending money to display those. Some would say that that is a move on the part of the federal government and the recipient province or territory is asked to pick up the cost-cutting efforts and the reduction of deficit efforts. We do not have an awful lot of money available, so we have to make careful decisions towards museum development in the Yukon.

I think the process of pulling together all the known facts with respect to existing museums and how the people feel about museum development is very important. We are finding that museums do play a major role in satisfying the overall tourism area. The Canadian government did a major study in the United States. It indicated that the Americans, who make up the bulk of our tourists, have clearly indicated that they see Canada as a destination that holds out a different culture to them. In line with that, the federal government has put some dollars in place to experiment with culturally-related tourism projects. I think there were three of them announced across Canada.

From that perspective, museums are being looked at differently. They are being looked at as not only a place where you put old bones and old artifacts and allow them to simply sit behind glass. Museums are now seen as a vibrant part of the local communities and society in general, and can result in producing necessary revenue to sustain themselves as well as to contribute to the economy generally.

We have seven museums in the Yukon at the current time. We are

also receiving representations from additional communities that have expressed an interest to become involved in the museum area. Specifically, my community of Watson Lake expressed a desire. The local Chamber of Commerce has put together a committee of the Chamber of Commerce and their sole purpose is to begin the planning necessary to make a decision for a local museum. They have identified a potential building and land for that museum. Most of you are probably familiar with the Dalziel House, which has probably one of the best collections of animals in the Yukon, but they are not necessarily animals representative of the Yukon. There are animals representing different countries from all over the world.

³¹ That is a potential site that will be looked at for that museum.

Mr. Lang: Prior to leaving the question of museums, are there some pieces of the Dalziel Collection still left? I understood there was a major burglary and that major species were taken.

Hon. Mr. Porter: My information is that the fire did not destroy a major part of the collection; it destroyed some of it. There is smoke damage to other animals. It may prove to be costly to try to clean those species that have been damaged. But for the most part, it is the oldest building standing in Watson Lake and is generally well constructed. I think there are possibilities, but I would expect the committee that is set up in Watson Lake, or any potential historical museums associations in the future, will take a very close look at that particular site and make sure it is relevant.

Mr. Lang: I do not know if the Minister heard me, but a year or so ago, a good percentage of the collection was stolen, not burned. I was wondering how much was actually left. I guess that is a question for Watson Lake, not here.

I have a question about the Yukon Visitors' Association. There appears to be a difference of opinion between the government and the YVA over the functions of the Department of Tourism and the YVA. I do not think there are any political criticisms coming up. What concerns me is that the government appears to be going ahead, more and more on its own with respect to making marketing decisions and that kind of thing, and at times giving the YVA lip service.

I hope that is not the intention of the government. The YVA and Tourism have worked closely in years past, but, from my limited knowledge of the information, the options are not necessarily all given in the context they perhaps should be. It puts these people in a difficult position.

I say this to be constructive. In some of these cases where perhaps the Minister's department is involved in marketing or discussing things of this nature outside the territory, I do not think it hurts to have a member of the YVA go instead of an official from the department. I think it definitely does accentuate the position of the YVA. It highlights it and ensures the YVA has the necessary voice because, in the final analysis, that should be the representative view of the business community. Their fate depends upon the decisions made by the Department of Tourism from a business point of view, and also for providing the jobs to the private sector.

For the record, accolades should be given to Mr. Barry Redfern who was the manager of the YVA for a number of years. That organization grew in stature within the community, in large part because of his efforts. I know he has moved elsewhere in the tourism industry, but we, on this side, feel he did a good job and Tourism was much better for his tenure as manager of the YVA. I know that anybody taking the position of YVA manager will have difficulty filling his shoes, because he has worked very hard — many times beyond the call of duty.

I would like the relationship between the YVA and the Department of Tourism looked at again and efforts made to strengthen it further. I am not casting aspersions on either side, but I feel more effort could be made by the Minister. Perhaps he could have more meetings with the YVA, either formally or informally, to raise questions and hear concerns so they can proceed accordingly.

³² With those comments, I would be prepared to move on in the budget and we can deal with the line items.

Hon. Mr. Porter: Just before we move into the line item discussion, in terms of the general comment with respect to the relationship to YVA, I have been given no cause to believe that there is any deterioration between the relationship established by

the previous government and ourselves. In terms of my observations, that relationship is an excellent one. We have continued with the contribution arrangements with YVA. We fund them \$100,000 in the O&M area, and a further \$60,000 goes directly from the government to YVA for convention promotion.

With respect to the specific issue of cooperation and meetings with YVA, I would like to cite a couple of examples to illustrate the level of cooperation that exists. In terms of outdoor recreation and outdoor development in the tourism area, we held a meeting of all interested parties. The president of YVA was present at those meetings last week and contributed directly to those meetings.

In terms of Expo, they have been involved with us in terms of discussions on the Expo project. As a matter of fact, they will be coming to Expo. A part of the Expo effort is to promote tourism business and also other investments. Another example is that Rendezvous Canada is held in Montreal every year. That is being conducted next week, and the YVA will be present with us.

If the Member is seeking a statement of philosophy of the government with respect to participation with the private sector, we feel that YVA is the representative of the private sector generally. We endorse that representation, and we think that we should look toward the future of building on that representation. They provide an incredibly valuable services to the government.

With respect to the government's efforts in tourism generally, I would suggest that the priority of our efforts in tourism development will have to be to increase the role of tourism and to increase, specifically, the role of industry in the development of the tourism industry in the Yukon.

On Operation and Maintenance Expenditures

Chairman: Any comments on Administration? There is no over- or under-expenditure there.

Mr. Lang: Were there any studies or other things of that nature — new policies — that emanated from this particular section? Is this strictly staff and their comparable pay?

Hon. Mr. Porter: There are no studies that have been conducted under the Administrative line item that I am aware of.

Mr. Lang: Just so it is clear on the record, under the Administration — take away studies — is it just strictly pay for staff?

Hon. Mr. Porter: Basically, that is the function of the administrative unit of Tourism, to ensure the accounting is there, the payment for staffing. The Deputy Minister is paid for out of Administration.

³³ **Mr. Nordling:** Were there any vacancies in the positions in the 1985-86 year for any length of time at all?

Hon. Mr. Porter: No. There had been a new position. The last government conducted some reorganization and hired a consulting firm to make recommendations on the reorganization. As a result, Tourism was split off from Economic Development. For a while, we functioned with an administrative unit that worked for both. Then we made a decision to split the two. We then hired our own administrator.

On Heritage

Hon. Mr. Porter: This particular under-expenditure was caused as a result of the vacancy of the historic sites coordinator for five months. The individual who held the job left in October and then we hired a new coordinator who started in March.

Mr. Lang: What is the Member opposite doing with heritage legislation?

Hon. Mr. Porter: The Member will recall that his government produced a White Paper on heritage. Because the historic sites coordinator position had been vacant, we hired an individual by way of contract to assist us and to advise us on the future development of legislation.

We do not think that we would have legislation before the fall. We are looking at introducing heritage legislation either in the fall or in the spring of 1987.

Mrs. Firth: Can the Minister tell me how many archeological permits were issued last year? Is the Minister still signing the archeological permits?

Hon. Mr. Porter: There were 40 issued, I believe. That is the number I recall.

I do not recollect signing any permits myself. I will check into the signing authority and give the information to the Member as to who has responsibility for signing.

³⁴ **Mrs. Firth:** I do not want to correct the Minister, but I think the high number he gave could have been for licences and permits for scientists. The archeological permits are much lower. Could he check those figures for me, please?

Hon. Mr. Porter: I believe the Member is correct. The scientist and explorer permits we estimated at 40, and actually issued 35. Specifically, archeological permits issued were estimated at five, and we issued three for 1984-85.

Mrs. Firth: I am asking for the 1985-86 year, for this supplementary estimate year.

Hon. Mr. Porter: The information we have does not indicate that particular year. I will obtain that information. Based on the numbers that I have given, I suspect that they will probably be in the same range.

Mr. Lang: What was the contract for and with whom, for the purpose of the heritage legislation? How much was it?

Hon. Mr. Porter: The name that I recall is Mark Denhez who has been recognized as an expert in heritage legislation. I believe he has worked here in the past, specifically in this area. My recollection, in terms of the dollar amounts, is somewhere in the neighbourhood of \$8,000. I have some contracts here and I will see if that is one of them.

The amount is \$8,500 and it is with an individual called Mark Denhez, who resides in Ottawa.

Mr. Lang: Is it completed?

Hon. Mr. Porter: Yes. The work has been completed, but I personally have not seen the completed work.

Mr. Lang: Is it possible to get a copy of the report?

Hon. Mr. Porter: Once I have received the information, I will get back to the Member.

Mr. Lang: I want to register two observations. First of all, we are getting concerned about all the studies that are going on. I have to question the reason for this particular one. I do this because of my past experience in government. I know that there are various policy papers developed in various stages within the government. I know that there is draft legislation prepared and there are two or three basic principles that have to be either agreed or disagreed with, and the legislation would be available for tabling.

I think that this is the area that should be looked at, from the government's point of view. There are two or three very controversial areas. Once a decision is taken, then the public debate can begin. I do not understand why we would be looking at heritage legislation through a consultant, when I believe there were some consultants hired in the first place to look at our initial heritage legislation. It is almost like we are reinventing the wheel.

I will be looking forward to the report, to see whether or not it is justified to pay \$8,500 to another individual out of Ottawa.

³⁵ How does the Lord Report on museums dovetail with reports done in the past? I understood they had done a report some years ago. Is that correct?

Hon. Mr. Porter: My recollection is that they did do a report specifically for the MacBride Museum.

Mr. Lang: Did we go out for public proposals for that particular contract? It was a \$60,000 contract, or in that neighbourhood. Did we ask for proposals, and, if so, how many did we receive?

Hon. Mr. Porter: Yes, we did, and we received three responses. The Lord's contract was the lowest of the three.

Mr. Lang: Perhaps the Minister of Government Services could provide his comments or observations. Are there any plans for a major Archives, and if so, where is it in your schedule of priorities?

Hon. Mr. Kimmerly: The Archives is desperately in need of extra space now. The Member is aware of the plan to put Archives at the Yukon College site, which may occur in 1988. There is, under discussion, a proposal to temporarily move Archives, and there is no decision reached yet as to that; however, it is actively under discussion.

Incidentally, in the context of the larger picture, the Land Titles Office is moving to the Philipson Building in July, and it is

probably most efficient that the Public Library take over the Archives and Land Titles space. That is not a decision of the government, it is simply a proposal that is now under discussion.

Hon. Mr. Porter: Prior to making a decision on the issue of constructing a public facility to house artifacts and other museum-related infrastructure, we would have to complete the museum study and the government would have to make a political decision as to the future development of museums. Clearly we all agree that some central warehouse and museum holding infrastructure will be needed down the road, and it will have to be done in the next few years.

³⁶ **Mr. Lang:** That is the plus of being the government when you are confronted with decisions of that kind. I sympathize with the government on that because I know the problems that you are confronted with. I appreciate the Minister's comments about the Archives.

The Minister talks about the proposal to move the Archives. Would that move not take until the college was completed?

Hon. Mr. Kimmerly: Moves are very expensive. If you can avoid moving twice, that is desirable. We are looking at the overall space problem in the government as a global situation. Considering the effect of the moves that will occur in July, 1986, as a consequence of the Philipsen Building, the Department of Justice and probably some other program of the government will be moving into that building. That will obviously free up space.

We are looking at the moves that should occur as a consequence of the additional space in this building and also in the leased space on Main Street that Justice is now occupying.

The Archives move is an expensive one because of all of the documents and the concern about the temperature and the humidity. However, their space problem is acute at present. They are telling us that it is affecting the ability to carry out their functions and they cannot wait until the college move occurs.

It is a question of either giving them more space now or moving twice. We are costing out the alternatives of the prospective of moving twice and the implications of the other moves. Those decisions will be made alternatively by the Management Board, either in April or May I would expect.

³⁷ **Mr. Phillips:** Could the Minister tell us if there are any studies other than the Lord Study going on with respect to Yukon Museums?

Hon. Mr. Porter: That is the only museum study I am aware of that we are conducting.

Heritage in the amount of a reduction of \$10,000 agreed to On Development

Hon. Mr. Porter: The explanation for this particular area is that we lost our Director of Development in January and, at that point, were down \$8,300. The permanent positions of Development Officer and Branch Secretary were approved and the funds were committed on August 1. Casual positions were not changed until October, so there was a savings of \$19,000. Then, we had two research projects initially planned that did not take place. The Member will probably be interested in the first one particularly. On the funds committed to hire a consultant to design an exit survey in conjunction with a request for funds to implement the study, we did not do the work nor spend the \$10,000. Also, a conversion study report was planned to evaluate certain marketing programs; that is \$6,000. There was an over-expenditure for miscellaneous of \$600. That comes to minus \$43,000.

On the major question of the exit survey, we made a decision as government that, because of Expo this year, we would not undertake the survey. We feel that this year would be an anomaly in terms of regular tourism seasons, and that Expo could somehow distort the statistics. So, next year, we will conduct this study and part of this exit survey will be specifically asking tourists if our effort at Expo in any way contributed to their decision to come to the Yukon.

Mr. Lang: I can see it might be an anomaly, especially in view of the necklace hunt, but I appreciate the observation made by the Minister. I think it is valid. Was there not a commitment made by the Government of the Yukon Territory to the Alaska Visitors Association to provide some money to them so we could have

access to some of their marketing information? I thought it was done this past year and wanted to know what the success was in conjunction with YVA and the Alaska Visitors' Association.

Hon. Mr. Porter: The Member is talking about the Segmentation Study, I believe, that was done. Yes, we participated in that. It is a very interesting study and it is a part of the trend that we have to become involved in as a government. We have to increase our sophistication at being able to analyze the marketplace and to basically understand what the travelling public is doing, what it intends to do and what they like to see when they travel.

People's outlooks vary drastically and shift in focus. What the Segmentation Study does is specifically examine our market, which is very much tied in with the Alaskan market, and breaks down the individuals whom we see as our market. For example, one of the designations I remember is that they are classified as a comfort-seeker, an urban escaper, and they are broken down in terms of age range, salaries, earnings and how much they spend when they travel. That is a trend we support. When we get into the O&M discussions, Members will see that we have substantially increased our contribution to the studies and market analysis.

³⁸ The report is available. We have also condensed it to an executive report. That is available as well. Furthermore, the issue has been in a large part of our discussion with the Cooperative Marketing Committee in determining marketing decisions.

Mrs. Firth: Before we get too far off the point of the exit survey, is having an exit survey done a particularly costly item?

Hon. Mr. Porter: I believe the last figure was \$240,000.

Mrs. Firth: Is that \$240,000 for an exit survey for one year?

Hon. Mr. Porter: Yes. That is my recollection.

Mrs. Firth: I would agree with the Minister that it is quite a costly item. My concern was that that information could be very valuable, even in light of the fact that Expo is going to have some bearing on it. As a Public Accounts Committee we are concerned about the cost benefit analysis that can be done on Expo. I recognize the Minister is going to ask, on an exit survey next year, who visited because of the advertising and the impact of Expo. This would have been a reflection of how many really did, and it could have been a comparison and a check system, I guess, when you weigh the pros and cons of the \$240,000, of whether the information is really worth that much. It would be an interesting analysis for the Minister to tell us how they arrived at the decision not to do it.

Hon. Mr. Porter: That decision was made as a result of the appearance of Expo. With respect to the Member's assessment of a need to do some cost benefit analysis on Expo itself, we recognize that that is very important. We have identified, in our Expo budget, \$10,000 specifically to do that analysis. At the Expo site, the visitors will be asked if they would fill out information in terms of a series of questions, and we will do an analysis of them.

Mrs. Firth: I appreciate the Minister's answer. It is just a check and balance system that provides a bit of additional information.

Development in the amount of a reduction of \$43,000 agreed to On Marketing

Hon. Mr. Porter: In Marketing, there is a very detailed explanation as to how we arrived at the \$11,000. In 1985-86, we announced the film promotion program for \$32,000. We did not do it because the final approval for the Main Estimates did not come until the fall 1985 sitting.

³⁹ The delay in approval negated undertaking specific site photography. One of the major features of the program was to go out to areas like Tombstone, which are very visually attractive, and do a good job of getting photographs. The photography, in turn, would be one of the promotional features that we would put together.

Because of that delay, we ended up not doing it. Our intention is to move that into 1986-87. We have corresponded with British Columbia on this. I understand that there is a meeting of the minds on the way to reach an agreement. They have a very sophisticated unit in their tourism branch, strictly for film promotion. They are going to give us a hand.

We budgeted \$10,000 for freelance photography. That is for promotional photography, specifically for tourism literature. We

only spent \$7,000.

We overspent on casual staff. Most of our casuals cover summer staff at visitor reception centers. A total of \$125,821 was allotted to that activity but we incurred an over-expenditure of \$23,000 for casual staff. This has occurred in two areas to handle the overload of inquiries for films at the literature distribution centre to ensure prompt response to those inquiries.

The over-expenditure was also incurred to put in response cards with an additional data entry operator. These staff have had to be hired each year. That is where we spent the \$23,000.

We overspent on the Visitor Reception Centres by \$5,800 in that area as well. Twenty-nine thousand, three hundred dollars was allotted for utilities and supplies for VCR. The over-expenditure took place in the Chairman's home riding of Dawson City. It is directly attributed to the Visitor Reception Centre. Apparently, there are some problems with that building with respect to its energy efficiency. It costs a lot to heat it. That is one of the buildings we have not transferred to Government Services. This is a new building that was built in Dawson.

We found out that the awareness program is very popular. Northern B.C. particularly liked this program. We go out on the highway, stop at the lodges, and made people aware of what we are doing in tourism in the Yukon. It also encourages them to promote us, and help us with some pointers on how to handle tourism generally.

We saved \$5,800 there, and that was largely attributed to the establishments we dealt with. I guess our individuals got free coffee in some places. In other places, when meetings were held, private business simply donated facilities. We did not need to spend the money on those sorts of things.

Mrs. Firth: Can the Minister tell us approximately how many response cards they received? I know that a couple of years ago you could get up to as many 3,000 a day. Are we still getting that large a reply?

Hon. Mr. Porter: The general reaction is yes, we are still getting the same amount. As to the specific amount that we have received, I do not know that answer. I will inquire as to what we received in the year and provide that information for the O&M.

Mrs. Firth: Now that we have been doing that for a few years, is the department looking at compiling the information that they are getting? I know they are utilizing the information. Are they going to be publishing it in any form or making it available to businesses, or are they doing that now? I understood that some information was being made available.

Hon. Mr. Porter: At the present time, we provide mailing labels to the private sector to the business operating there. I think that question goes beyond that. I think that the Member is asking whether or not we are going to take all of the information and compile it in some interpretive form. We have not made a decision about that. I think that is one we will take under advisement for discussions internally.

Mr. Lang: Prior to getting into the Main Estimates, could the Minister provide for us the executive summary that he referred to on the study that was done by Alaska?

Hon. Mr. Porter: Yes, we will make that information available prior to the O&M Mains.

Mr. Lang: I have a number of other questions, but I think I will save them for the Main Estimates.

Marketing in the amount of a reduction of \$11,000 agreed to On Expo 86

Hon. Mr. Porter: The story on this \$220,000 is that we were given a budget in this area in 1985-86 for \$625,000. We anticipated that we were going to need this money in terms of accommodation agreements with Expo 86, apartment owners whom we figured we would need hired there, contracts with Expo for security services, utilities. We thought we would need that amount for advances for the street theatre entertainment contract.

It turns out that we only ended up spending \$626,000. We do have to commit this money, and we will make that commitment to advance the money into the next year and satisfy our commitments.

Mr. Lang: I have corresponded with the Minister on this subject in a number of areas. I want to commend the government

for a purchase of an extra set of the various films or prints that were done. I think that can be very beneficial in the years ahead, in view of the fact that there is a major discount if you get two instead of one, or whatever the situation might be.

Is that money in this particular line item?

Hon. Mr. Porter: My understanding is yes. Further to the comments of the Member, in addition to the deal that we will receive, when they put these together they have to bring a whole series of slides into an incredible cut and paste job to produce these slides. It is also a move that is going to ensure the longevity of it. The slides tend to wear out after multiple use. This is going to give us an extra set for the future.

Mr. Lang: I understand some of that was explained at the evening that was hosted for Expo. I have to apologize that I could not be there. I had commitments.

Have you determined where you are going to utilize those prints or films, or whatever terminology you use?

Hon. Mr. Porter: That is an interesting question. The whole area of what we put together at Expo is going to have to be decided. We have a series of artifacts here. We have a moosehide boat from Burwash that was built for Expo. We have the Watson Lake signposts, which, of course, will go directly back to Watson Lake. There are display cases that were built for Expo. There is the plane that was constructed, and the famous little train called Porter 0404. That has a home we will be constructing at Dawson. There are other artifacts and displays on the site, which we will have to make decisions on about where they end up. They could end up in the originating community, and that would probably be the best idea for the mooseskin boat. There is a museum at Burwash Landing.

With respect to the 18 projector slide show, if the decision is to retain the Expo building for a tourist-related or museum-related purpose then it would follow that we should try to keep that particular projector show within that building. I think we have not made a final determination at this point. There are some ideas floating around for possible use but there has been no conclusion reached.

Mr. Lang: Just exactly how much money has been spent on projectors, prints and films — just a rough estimate within \$20,000?

Hon. Mr. Porter: I do not have the costs at my fingertips. Those figure are available. We have the entry for audio-visual that was produced locally and that was \$27,000. The main AV equipment, we own all that and it is part of the overall contract. I can appreciate that the Member wants specific information and I will deliver it to him.

Mr. Lang: I would appreciate it either tomorrow or Monday to give me an idea of the costs. I appreciate the dilemma the government is in over what to do with the building. We put a motion on the Order Paper primarily to discuss just exactly what we are going to do with it rather than having a Board of Survey decide on our behalf. Maybe there should be some discussion on that particular item. I will save that for the Main Estimates.

Mr. Nordling: On government policy regarding Expo 86, is it the government's policy not to allow retail sales by Yukon manufacturers without government approval?

Hon. Mr. Porter: No, that is not our decision to make. British Columbia is sponsoring the event, and they created an Expo Corporation. Jimmy Pattison runs it. They have all the rights, basically, to Expo, and one of the decisions they made earlier on is to allow each of the participating province to have a retail outlet within their booth. A competition was held by the previous government and a contract awarded to Yukon Native Products to provide that function for the Yukon Pavilion. If any other retailers wanted to go to the Expo site, basically they had to deal with the Expo Corporation itself.

Mr. Nordling: Maybe the Minister can correct me, but I thought his officials were helping Yukon manufacturers, even if their products were not being displayed in the Yukon Native Products outlet in the pavilion. My understanding was that Yukon officials met with the Expo 86 merchandise manager and promoted Yukon manufacturer's products. In fact, in November of 1985, they informed them as to whether or not their products were accepted. Is

the Minister aware of that?

Hon. Mr. Porter: We are talking about the Dawson Hide and Tanning Company, I believe. Our people in Expo facilitated discussions. They met with him in Dawson. They went down and got the information from Expo and provided it to him. They represented his interests in trying to accommodate his efforts with respect to being able to retail some of his product.

The Expo involvement did not impinge on the eventual situation where he was not able to follow through. My information is that our officials did what they could to facilitate meetings and exchange information with Expo itself.

Mr. Nordling: My understanding is that it was not just this individual from Dawson whom you referred to, but quite a number of manufacturers had hoped to retail their products at a joint provincial/territorial outlet, but it apparently did not come about, or was shut down. I was under the impression that the government signed an agreement with the Chamber of Commerce to prepare contracts between Yukon manufacturers and Expo retailers. Perhaps the Minister can expand on that.

Hon. Mr. Porter: I have never signed an agreement with them. Economic Development is involved with Expo as well. My recollection is that, if such an agreement does exist, it is with the Department of Economic Development and the Chamber of Commerce.

On site, we provided a lounge area in the building that is primarily dedicated to our business community in the Yukon, and we have invited them to come down. The Chamber of Commerce is participating. We have seen a recent ad in the paper soliciting further input from businesses in the Yukon. The intent of the lounge area is for them to make contacts with other potential investors, and carry on some business dealings in Vancouver.

Yes, we have assisted other people. One individual has written some history on the Goldrush, some poetry, and our officials talked to Yukon Native Products and got them together with the individual. Yukon Native Products is now going to sell that item at Expo on behalf of the individual. So, other individuals have come to Expo and have been assisted in trying to get their product on site.

Mr. Nordling: Does the Minister know if any contracts have been signed, or if any Yukon manufacturers will be retailing goods at Expo other than through Yukon Native Products?

Hon. Mr. Porter: I am not aware of any contracts being signed. If there is a contract signed, then I suggest it has been with the Department of Economic Development and the Chamber of Commerce.

Mr. Nordling: Can the Minister of Tourism tell us whether or not there was any government control over the products that were allowed to be displayed and sold in the Yukon pavilion by Yukon Native Products?

Hon. Mr. Porter: Those guidelines controls are exercised by the Expo Corporation.

Mr. Nordling: Does the Yukon government have any input or say in that?

Hon. Mr. Porter: I probably would be remiss to try to make a blanket statement and say "no". I would expect that they would probably consult with various pavilion administrators. Consultation has probably taken place.

Expo 86 in the amount of \$221,000 agreed to

Chairman: Do the Members wish to continue or take a brief recess?

Some Members: Continue.

On Accounting Adjustments

Mr. Brewster: I have a problem with that one. The Minister is asking us to vote for a \$3,000 reduction, yet we did not vote anything to it to start with. Now, you are asking to vote on a \$3,000 reduction.

Hon. Mr. Porter: The accounting adjustments were simply a matter between ourselves and Finance. This is a normal bookkeeping practice in government. There was a reimbursement for one travel expense. There was a cancellation of an over-payment to a supplier to make the amount.

Accounting Adjustment in the amount of a reduction of \$3,000 agreed to

On Contingency

*Contingency in the amount of \$50,000 agreed to
Total Operation and Maintenance in the amount of \$204,000 agreed to*

On Old Territorial Administration Building

Hon. Mr. Porter: This was brought about because the original position was that we anticipated the construction would start in October. When we received the architect's plan for specifications, we advertised it. I believe that was received in October. We received two tenders.

The lowest tender was from Klondike Enterprises for \$590,000 over the cost estimate. This caused us to review our plans. We had to go back to Management Board for the funds. That is what caused the delay in the project. Hopefully, we are going to be onstream with this project. It is very important to tourism in general, and to Dawson specifically. We are going to be asking to have a revote in 1986-87.

Mr. Lang: This particular facility has been the matter of debate over the course of this session. I refer, once again, to the sprinkler system that, at least up to this point, I understand is lacking a decision. Is the Minister knowledgeable on the subject of sprinklers, as far as the federal government is concerned, and their museums? It is my information, and I would like to check this out, that they are presently going through all their museums and putting in sprinkler systems across Canada. Is that a correct statement?

Hon. Mr. Porter: I cannot respond to the Member accurately, in terms of the federal government, but I can say to him that the Leader of the Official Opposition, the Member for Riverdale South and Riverdale North were at the museums briefing we held for MLAs. That question was asked by me directly to the expert who is doing the study for us. I got an answer that maybe I did not want but, nonetheless, his professional opinion is that yes, museums generally are moving toward the adoption of sprinkler systems within their buildings. There was the common thought at one point that sprinkler systems would destroy valuable artifacts. I believe his comments were something to the effect that it is either that some will be water damaged but, for the most part, you could possibly be saving the entire collection. That has prompted the decision for that and the change in the trend.

The issue is before us, and the issue has been looked at by the Minister responsible for Government Services. We will have to make a decision. It is an expensive proposition. I believe, and I stand to be corrected, that it is in excess of \$300,000. That is the current situation.

Mr. Lang: We felt that we could vote an alternative on how to spend the money for the Whitehorse liquor warehouse, and that was one of the possibilities. Perhaps that money could be transferred, by a very easy decision at Management Board, over to get a sprinkler system in place. I was told, for the Minister's information, that there are different kinds of sprinkler systems. A dry one, I was told, could be in the neighbourhood of \$100,000 to \$150,000. I recognize it would be nice to make a perfect world out there, but whatever seems reasonable seems to be the steps to be taken.

It seems ridiculous, from our side, to be putting a couple of million dollars into a building and not adequately protecting it from fire, especially when the fire flow in that area is very questionable, from the Fire Marshall's point of view. I want to reiterate that side of the question as well.

Hon. Mr. Porter: The issue has been accurately put into perspective by the Member. It is a very important issue. It is a substantial investment. We have to deal with it as a government. It is before us, and no decision has been rendered as to whether or not we proceed with this particular issue.

Mr. Lang: I wanted to ask another question about the Territorial Administration Building, and the ability for having offices up there. Is it correct that, because of the lack of a sprinkler system, fewer people are going to be able to use the premises because of fire regulations?

Hon. Mr. Kimmerly: Absolutely not.

Mr. Lang: Do I take it the Minister has checked that out?

Hon. Mr. Kimmerly: Yes.

Old Territorial Administration Building in the amount of a

reduction of \$815,000 agreed to

Hon. Mr. Porter: I have done considerable work in this particular area, and everything is on budget with respect to last year's activity on the S.S. *Tutshi*. I am sure the Member for Carcross will be interested in knowing that we will continue the restoration efforts. We will complete construction and installation of the missing lifeboats. We will refinish the freight deck to allow visitors access to the boat.

On Fort Selkirk

Hon. Mr. Porter: The under-expenditure was caused by the less-than-anticipated labour costs and the early resignation of the planning technician, as well as the resignation of the historic sites coordinator.

Mr. Lang: When do we get to the point where we have spent enough money at Fort Selkirk?

Hon. Mr. Porter: That is a critical question. We have been there for years and have spent quite a bit of money. This year, I think that we will have to start reviewing the reasons why we are doing the kind of work we are doing at Selkirk. It is an issue that has to be answered in the historic sites inventory. We have an historic sites inventory study underway. It has not been initiated yet, but the terms of reference for the study have been drafted. The Fort Selkirk question is one of the big issues it is going to have to address. One of the decisions that has been made is that there is going to be a master planning process for Fort Selkirk. There have been some preliminary discussions between Renewable Resources, Tourism and the Band, but there has been no specific plan adapted, nor are we close to a plan.

The next time we come back for any further capital for Fort Selkirk, we are going to have to have specific plans for the future use of that site and know if it is necessary to continue with the kind of work we have been doing in the past.

Mr. Lang: I would be interested to hear more about the historic study we are going into when we get into the Main Estimates.
46 Fort Selkirk in the amount of a reduction of \$46,000 agreed to On Ladue Sawmill - Dawson City

Hon. Mr. Porter: We ran into a situation that is always appreciated by government. The tenders came in that much slower.

Mrs. Firth: Is that being used for commercial use?

Hon. Mr. Porter: It is being occupied by Yukon Housing and used as a storage and workshop area.

Ladue Sawmill - Dawson City in the amount of a reduction of \$16,000 agreed to On Herschel Island

Hon. Mr. Porter: The overexpenditure is caused by an unexpected and unbudgeted aircraft trip from Whitehorse to Herschel Island to bring materials that were needed to the site.

Mrs. Firth: Materials for what purpose?

Hon. Mr. Porter: They were building materials. Wood, basically, for the stabilization work that has been going on at Herschel Island.

Mr. Lang: I notice that, in the forthcoming budget, you have \$60,000 as well. That makes a total of \$175,000 that is supposed to be spent in this area. Are we going to complete the stabilization of the buildings there with this money?

Hon. Mr. Porter: In terms of this government and the long-term Herschel Island question and future capital and planning costs associated with that particular project, it is our understanding that those are recoverable from the COPE Agreement.

Mr. Lang: That is good to hear, but how much more are we going to spend on stabilization of buildings? There are only a couple.

Hon. Mr. Porter: At the present time, I do not believe we have a long-term capital plan for Herschel Island. I would like to report one thing to the Member. Last year he raised the question of headboards on the gravesites and that work is progressing and we will be installing those headboards sometime this summer I expect.

Mr. Lang: Is it your intention to invite the Bishop from the Anglican Church and have a ceremony up there in view of the historical importance of Herschel Island and the sovereignty question as well?

Hon. Mr. Porter: That was not anticipated, but it is a good

suggestion and we will follow through.

Mr. Lang: I had put that forward here last fall when we were on this topic.

Hon. Mr. Porter: I do not remember everything he says, but, in this instance, I got 50 percent of it.

Herschel Island in the amount of \$7,000 agreed to On Robinson Roadhouse

47 Hon. Mr. Porter: What happened here is that the historic sites coordinator was involved in this project. We also had a project technician. Both those people left the government and it caused a slowdown in this particular program. The final planning and construction will take place in 1986. We will be out of this particular area by 1986.

Robinson Roadhouse in the amount of a reduction of \$10,000 agreed to

On Canyon Creek Bridge

Mr. Brewster: I notice we are spending another \$7,000. Contracts were let last year for the logs for that. Will these contracts be public tenders? We seem to have gotten into an awful mess. I had a lot of irate contractors around me last year over that. What was the other \$7,000 for?

Hon. Mr. Porter: There was some misunderstanding of the situation. There were six bids solicited and four received. The individual who bid the lowest got the money.

With respect to the over-expenditure, what happened with this particular program is that, as the Member is aware, it is usually easier to deal with logs in the winter or in the spring, and it also makes good sense to have those building materials on site. That is what occurred. We went out in the winter and acquired the logs and have stockpiled them for use on site for use this summer.

Mr. Brewster: Am I to understand that these logs are on site at Canyon Creek now?

Hon. Mr. Porter: My information is that all the monies appropriated for this have not been paid to the contractor, so that would suggest that the work is not complete, and that not all have been delivered to the site.

Mr. Brewster: The only reason I have a little concern is that I remember the debate last fall in the Legislature here, and nobody seemed to know where that Canyon Creek was. I am just hoping that the logs are going to the right place.

Canyon Creek Bridge in the amount of \$7,000 agreed to On Historic Sites Inventory

Hon. Mr. Porter: This is another area where we brought forward money from the 1985-86 Capital to start this particular area, but because we lost the historic sites coordinator we did not complete the terms of reference for the study. As the Members will recall, from the capital discussions last year, the intent of the Historic Sites Inventory is to make some clear sense as to what we are doing with respect to development of our historic sites. It would be a basic process of inventory and identification of the known sites throughout the Yukon. Then there will be a decision made with respect to the development of those particular sites, which ones we will develop and how we prioritize development of historic sites.

Basically, the question that has to be answered is the question of those historic sites that are relevant for historical reasons, and those that can be utilized for enhancement of tourism generally.

48 Mr. Lang: I have some reservations about what is going on here. Once again, we have another study. It seems to be that if we do not want to make a decision, we have a study. I recognize that there is some reasoning for planning. When I look in the Main Estimates for this forthcoming year and see a total of \$400,000 being projected for finding out what we in Yukon already know, I really question the validity of what we are doing.

We have museum study going on for \$60,000. There is an historical legislation study going on for \$8,500. A lot of the work is already done. Now we have a proposed \$400,000 for historic sites inventory. It is easy to spend someone else's money, but I really have to question the validity of all that money being spent in that area without having something concrete, when it is completed, to show the people of the territory.

I can understand the stabilization of Herschel Island. The building is still there. I have to take the government to task. I think we are

spending far too much money on these studies. The Minister does have the approbation of the Legislature for \$150,000. I would ask the Minister to reassess that to see exactly where we are going in this area. Surely, we do not need more people from Vancouver, Toronto and Ottawa coming up here trying to find out where Fort Selkirk is on the map.

I do not think there is enough reason to spend that much money. I know some money is going to have to be spent, but not to that extent. I hope that the Minister heeds my comments in a constructive manner. I am asking him to review it and to assess the necessity of all of this planning. You can find enough people at the University of Toronto to bamboozle you and spend the money for you.

I would not like to leave without the government responding, at least in part, to my general observations.

Hon. Mr. Porter: I did not hear the last comment. The general situation, I guess, is that the Member is asking for a response. We have discussed this earlier in the supplementary debates relating to Renewable Resources. There is a question of different management styles. The Member clearly states that he is of the view that we are doing too much planning, that we are completing studies that already have been done, and that we are not producing anything.

I beg to differ with him philosophically with respect to the need for planning. In certain areas, there is a need. That has been identified in this area. The last figure for known historic sites in the Yukon was 1,700, I believe, so we have a vast number of sites in many areas that are decaying.

The final determining factor in the whole process would be when we have concluded the work. The judgment will be rendered as to whether or not we have done useless work, or if the work has been useful and has been of value for the dollars spent.

There definitely should be review of these projects, because we are basically talking about a two year project. I would undertake to the Member that, upon completion of the first year's effort, I will personally review the results of that work.

Mr. Lang: I am not going to belabour the point. I am just saying that I feel that there is far too much money being spent. The Minister said there are 1,700 historical sites. Obviously, something has been identified already. Surely we, in the Yukon, both in the top administration of the Minister's department, along with Renewable Resources, as well as the Minister himself, should be able to go through and say these are the priority areas for historic sites in the territory without some guy coming from outside and telling you what the priorities are.

I think sometimes we rely too much on the so-called consultant. I could see some significance in the terms of reference of such a study to say how we could utilize some of these historic sites for the purposes of, in conjunction with the private sector, restoring them and utilizing them in business type purposes, such as is happening in Dawson City in some cases.

That would make sense to me. I want to assure the Minister that I will not forget this conversation and that I will, like him, be reviewing the results very carefully, when they are made available to me, so that we can proceed accordingly.

Historic Sites Inventory in the amount of a reduction of \$50,000 agreed to

Chairman: Any comments on Museum Grants?

Mr. Lang: I noticed that there is a significant increase from this past year to this forthcoming year. Could the Minister tell me where that increase is taking place, as far as the transfer? Is it just generally a 10 percent increase across the board to the museums, or is it strictly one or two museums?

Hon. Mr. Porter: My understanding is that we have added a new museum in Old Crow. For the most part, these represent increases directly to the other existing museums.

On Yukon Museums - Development Plan

Hon. Mr. Porter: This is the discussion we had earlier in general debate. The reasons for the under-expenditure this year is that the consultant contracts were lower than anticipated. As well, due to the size of the project, extra time was needed to complete the study, and it has been carried over to be studied in the 1986-87 fiscal year with a targeted completion date of June 1.

Yukon Museums - Development Plan in the amount of a reduction of \$32,000 agreed to

On Conservation Projects - Museums

Hon. Mr. Porter: The under-expenditure in this item was caused because suppliers were unable to secure unique conservation equipment from manufacturers within the fiscal year. As well, there was a delay in getting a design for portable fumigation chambers to be built in the Yukon.

Conservation Projects - Museums in the amount of a reduction of \$10,000 agreed to

Mr. Brewster: I wish the Minister of Highways would look at how easy it is for the Minister of Tourism to do signs for \$85,000, and he wants \$100,000 for a few kilometre signs.

Mr. Lang: Was all the money spent on point of interest signs?

Hon. Mr. Porter: My information is yes. The program has been around several years with the department and it is to construct and maintain point of interest signs, interpretive signs and maintain existing signs, replace unserviceable signs. Some of the signs are at Montague House, Dawson Expedition, Stewart River and Nahanni Range Road. There is a whole list of signs throughout the Territory, but, yes, we spent the money.

On Tourism Incentives Program

Hon. Mr. Porter: Basically, this is an accounting measure for closing down this measure. It was initiated by the previous government. It was a \$500,000 program designed as an incentive grant program to assist the businesses to stimulate the creation and expansion of business activity generally in tourism. What happened is that we ended up committing \$460,000 and the program is finished. We are simply giving the remaining core of \$40,000 back to the government general revenues.

Mrs. Firth: This is essentially been replaced with the EDA Tourism Sub-Agreement, though.

Mr. Lang: Could the Minister provide us with a copy of who all the money went to, by next week sometime?

Hon. Mr. Porter: Yes.

Tourism Incentives Program in the amount of a reduction of \$40,000 agreed to

On Tourism Facilities Program

Hon. Mr. Porter: Again this is another accounting adjustment. This was designed in 1983 to assist businesses to upgrade facilities with exteriors and landscaping. It was revoked in 1983-84 for \$100,000 and revoked in 1984-85. We are not continuing with the program and there is \$5,000 left.

Tourism Facilities Program in the amount of a reduction of \$5,000 agreed to

On Marketing and Special Events

Hon. Mr. Porter: We have a \$75,000 Special Events Program, and the whole purpose of that program is to get people involved in tourism. Some of them are very novel; for example, the Yukon Snowshoe Can Can received funding under this program. We committed money in 1985-86 that is going to be spent in 1986-87 — \$15,000 — so we are going to have to revoke that money again and the activities are going to take place in 1986-87.

Mr. Lang: Could the Minister provide us with the information of where the monies have been committed with the other information as well.

Hon. Mr. Porter: Yes.

Marketing and Special Events in the amount of a reduction of \$15,000 agreed to

On Furnishings — Visitor Reception Centres

Mrs. Firth: Have all the visitor reception centres' grounds been completed?

Hon. Mr. Porter: The briefing notes that I have do not say whether or not all of them have been completed. If the Member is interested, I can have the information tabled.

Mr. Lang: Just exactly where are we with the Travel Film Prints? Did you speak to this earlier or was that a different audio visual aid?

Hon. Mr. Porter: This is a travel film that was issued by the previous government for the tourism industry, generally. It was started a couple of years back. It is a film about the Yukon. I am happy to say that we are finished. All that has to be done is a

versioning process being undergone. There is a problem with the final colour correction but we are going to put it into Japanese and German.

Mr. Lang: There was one year where the Legislature authorized approximately \$75,000 for vignettes. Is it the government's intention in the foreseeable future to look at vignettes and to upgrade what we have already?

Hon. Mr. Porter: Believe me, I have talked a blue storm about the government getting involved in television. I am a firm believer that that is the medium that we have to get involved in for tourism. The discussion on commitment from government industry is one that is for tourism-related activities. It is subject to the cooperative marketing program that we jointly operate with the YVA.

I have not received any recent briefing as to whether or not the vignettes have been discussed and agreed to as a direct promotion marketing effort for next year.

Mr. Lang: We will be looking with interest to see the capital budget for 1987-88, because I am one of those who would be a proponent if there is money available.

On Wilderness Development

Hon. Mr. Porter: This is one area we had hoped to coordinate with Renewable Resources for trail development, specifically the old Telegraph Trail and the Teslin Trail. We were not able to reach an agreement with B.C. on it. We plan to do the development here and make \$50,000 available to upgrade that trail, with Renewable Resources's assistance.

Our intention was to develop a guide training course for wilderness guides. After a series with wilderness guides associations, that idea was set aside. There was not a lot of enthusiasm to continue with that project. That is the other \$50,000.

Wilderness Development in the amount of a reduction of \$70,000 agreed to

On Streetscape Development

Hon. Mr. Porter: This is another area that is being moved up in terms of the capital. We wanted to begin the planning process for the Streetscape Development Program. We targetted three communities initially: Carcross, Haines Junction and Watson Lake. My understanding is that the discussions with those communities have been initiated. Our director of development was the individual involved in a lot of those discussions. As you are aware, we lost that director. The replacement should be in next week for that particular job.

We have not reached an agreement with the communities in terms of their programs. We are awaiting response from all three communities. Hopefully, when we receive those responses, we can begin to implement the streetscape program this summer.

Streetscape Development in the amount of a reduction of \$75,000 agreed to

On Visual Arts Acquisition

Hon. Mr. Porter: This is another area that is being moved up. We spent \$5,000, which is a matching grant to the Friends of the Gallery to aid in the purchase of artworks for the permanent collection. The remaining funds that are identified as an under-expenditure are funds for the Justice Centre. We are talking about buying works by Yukon artists for the Justice Centre. We are going to have to revote this into the 1986-87 year.

Visual Arts Acquisition in the amount of a reduction of \$130,000 agreed to

Chairman: Economic Development Agreement?

Mr. Lang: I see we are almost coming to the end of the vote. I just want to get a concurrence from the Minister that we can discuss the Tourism O&M vote, and the question of some of the terms and conditions of the EDA as it relates to tourism grants or loans.

I feel very strongly that there are a number of areas that should be changed. The Minister knows, because I have written to him on a number of subjects.

Could I have his comments on that?

Hon. Mr. Porter: Yes, I would be prepared do discuss the EDA program when we do the O&M Mains.

Chairman: Northern Oil and Gas Action Program?

Total Capital in the amount of a reduction of \$1,300,000 agreed to

Chairman: Turn to page 37.

⁵³ Any comments?

Mr. Lang: Since we will be debating the Tourism Subsidiary Agreement being made into a loan program as opposed to grant programs that are cost-shared federally and territorially, where is this going to show? Will it show in this particular item in the next supplementary?

Hon. Mr. Penikett: I am not absolutely sure about the answer to that question, but I will make sure to have it for the Member by the time we get to the Mains.

On Loan Capital

Loan Capital in the amount of \$800,000 agreed to

On Loan Amortization

Loan Amortization in the amount of \$20,000 agreed to

On Schedule A

Schedule A agreed to

On Clause 2

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

Clause 1 agreed to

On Title

Title agreed to

Hon. Mr. Penikett: I move that you report Bill No. 17, *Fourth Appropriation Act, 1985-86*, out of Committee without amendment.
Motion agreed to

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

Motion agreed to

Speaker resumes the Chair

⁵⁴ **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. 17, *Fourth Appropriation Act, 1985-86*, and directed me to report the same without amendment.

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.

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 p.m. Monday next.

The House adjourned at 5:22 p.m.

The following Sessional Paper was tabled April 24, 1986:

86-3-31

Judgment of the Yukon Court of Appeal In the Matter of the "Constitutional Questions Act" and In the Matter of a Reference Re Yukon Election Residency Requirements (Kimmerly)