



The Yukon Legislative Assembly

Number 31

3rd Session

26th Legislature

HANSARD

Thursday, May 8, 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 Penkett	Whitehorse West	Government Leader. Minister responsible for: Executive Council Office; Finance; Economic Development; Mines and Small Business; Public Service Commission
Hon. Dave Porter	Watson Lake	Government House Leader. Minister responsible for: Tourism; Renewable Resources.
Hon. Roger Kimmerly	Whitehorse South Centre	Minister responsible for: Justice; Government Services.
Hon. Piers McDonald	Mayo	Minister responsible for: Education; Community and Transportation Services.
Hon. Margaret Joe	Whitehorse North Centre	Minister responsible for: Health and Human Resources; Women's Directorate.

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassl	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

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

Liberal

Roger Coles	Liberal Leader Tatchun
James McLachlan	Faro

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Clerk Assistant (Legislative)	Missy Follwell
Clerk Assistant (Administrative)	Jane Steele
Sergeant-at-Arms	G.I. Cameron
Hansard Administrator	Dave Robertson

01 Whitehorse, Yukon**Thursday, May 8, 1986 — 1:30 p.m.**

Speaker: I will now call the House to order.
At this time, we will proceed with prayers.

Prayers

Speaker: We will proceed with the Order Paper.
Is there any Introduction of Visitors?
Returns or Documents for Tabling?
Reports of Committees?
Petitions?

PETITIONS

Mrs. Firth: I have for tabling today a petition of similar content of the petition I tabled the day before yesterday. The petition is now addressed to the Yukon Legislative Assembly and has original signatures.

It is a petition from the constituents from Riverdale South within polling divisions 4 and 5 regarding the proposed changes to 7 Bates Crescent.

The petition reads: "Therefore, the undersigned ask the Yukon Legislative Assembly to urge the Government of Yukon to reexamine the proposed changes and use of 7 Bates Crescent, keeping in mind that residents feel very strongly about the impact of this and the impact that it could have on their community."

There are 82 signatures on this petition.

02 Speaker: Introduction of Bills?

INTRODUCTION OF BILLS**Bill No. 92: First Reading**

Hon. Mr. Kimmerly: I move that Bill No. 92, entitled *Small Claims Court Act*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 92, entitled *Small Claims Court Act*, be now introduced and read a first time.

Motion agreed to

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

Notices of Motion?

Statements by Ministers?

This then brings us to the Question Period.

QUESTION PERIOD**Question re: Furniture, locally manufactured**

Mr. Phelps: With respect to the executive furniture that the government is going to be purchasing, we have heard various figures quoted as to the total price of the executive line of furniture for the total amount that is going to be purchased from local manufacturers by the government. In the ministerial statement dated April 24, the Minister said in this House that it would be approximately \$170,000. Is that still the figure?

Hon. Mr. Kimmerly: Yes, that is the more appropriate figure. There is a contract under negotiation at the present time. The approximate figure is \$169,500, I believe. In addition, there are administrative furniture units; for example, filing cabinets, typing tables, costumers, et cetera. The total of that figure is substantially greater than for furniture alone. In fact, Standing Offer Agreements are already in place, as follows: Whitehorse Business Machines, up to \$80,000; Paul Butte Sales, up to \$50,000; House of Furniture, up to \$10,000; and Peacock Sales, up to \$25,000.

03 Mr. Phelps: With regard to the contract for \$169,500, can the Minister tell us how many sets of furniture that would be for and what comprises a set?

Hon. Mr. Kimmerly: That is 20 sets. As for the exact

component, I do not have that before me, but I can get that information very quickly. It involves the upholstered furniture as well as the desk, credenza and table.

Mr. Phelps: Can the Minister tell us how and why the number of sets was set at 20?

Hon. Mr. Kimmerly: The setting of the figure was somewhat arbitrary. The rationale was in order to not buy on an ad hoc basis. In order to achieve a volume discount, especially for the locally-manufactured furniture, we needed to arrive at a figure. It could have been larger or smaller, and we thought that that was an appropriate figure for this year. The sets would be allocated in the normal course this year, and possibly also next.

04 Question re: Furniture, locally-manufactured

Mr. Phelps: Can the Minister tell us how many sets of executive furniture over the course of the next 24 months is anticipated to be sold off and replaced by these?

Hon. Mr. Kimmerly: I am not expecting any furniture to be sold off per se, but the capital plan deals with furniture, and it is modelled almost precisely, almost exactly, on the plan of the federal government. Furniture is replaced at intervals of between 10 and 15 years, depending on the wear and use of the furniture.

We now have, in these categories of executive furniture, 209 sets which are in the category of 10 to 15 years old. We are not going to be discarding furniture just because it is 15 years old, but in the normal course, and considering good supply practices as developed over the years by the federal government, that is the general experience.

Mr. Phelps: Can we take it then that the intention of this government is to add another 20 positions to top ranks of the bureaucracy?

Hon. Mr. Kimmerly: No.

Mr. Phelps: We have established that there was a bid from a local retailer for top-quality executive furniture for half the price of the furniture that the government is purchasing. The Minister said he was going to speak to the low bidder and ascertain exactly what the quality of the furniture was and what the concerns were. If the furniture is of equal quality, will the Minister consider awarding the contract to that supplier?

Hon. Mr. Kimmerly: The question was worded very carefully, and I can probably technically answer yes, although that would give the wrong impression in a political forum such as this. The contract for local manufacture is not in writing and signed as of the last conversation I had, which was late yesterday morning.

05 The contract award has been made. It is probably a situation where there is already a binding agreement. I will certainly, though, consider the quality of the pre-manufactured furniture from the House of Furniture. Yesterday, I received pictures of the furniture from a catalogue, and I spoke — I believe it was Tuesday — with the principal of the company. The assessment of the quality of that furniture will continue.

Question re: Children in care

Mr. Coles: A question for the Minister of Health and Human Resources: does the Minister know how many children, in residential treatment facilities outside the Yukon, are in the care of the Director of Family and Children Services and placed by the Director in the facilities?

Hon. Mrs. Joe: The last information that I had is that we had eight children outside.

Mr. Coles: Does the Minister know what the total cost per child for this treatment is, including transportation costs?

Hon. Mrs. Joe: I do not have that information with me, but I could come back with it tomorrow.

Mr. Coles: Does the Minister's department provide funds for the families of these children to participate in their treatment and, if so, could the Minister also get the figures on what that costs?

Hon. Mrs. Joe: I will bring that information back.

Question re: Human rights

Mr. Phillips: I have a question for the Minister of Justice. The Minister made a commitment in this House, on April 3, that he

would table the White Paper on Human Rights this session. Is that still the Minister's plan and, if not, can the Minister give a date that he will be tabling that White Paper?

Hon. Mr. Kimmerly: It depends on the length of the session, obviously. That certainly was the plan. The plan is to table the paper as soon as it is possible to do so. It has gone through several re-writes and the last version is being changed. As soon as it is ready, I will make it public. I would hope that is in the month of May or, at the latest, June.

Mr. Phillips: I believe that on April 3 the Minister gave the commitment that it would be tabled this session. I would remind the Minister, and I do not think that I have to remind all the Members of the House, that we have been told by the side opposite that we have been here a lot longer than they thought we would, so I am wondering why we have not seen it to date. Can the Minister tell the House what type of public forum he will be using in his public education process on human rights?

Hon. Mr. Kimmerly: There will be mailings, newspaper ads and radio ads about the factual issues involved in the whole issue.

Mr. Phillips: It appears we are going to get a human rights act campaign. Can the Minister tell the House how long this ad campaign and this education program will go on before the government brings a bill back to the House?

Hon. Mr. Kimmerly: The information campaign will be independent of the political process concerning the White Paper, and, I hope, the second draft of a bill. The two, at some points, will be occurring coincidentally.

The information campaign is scheduled to last approximately six months. The process on the White Paper will depend upon the political process that it eventually goes through.

Question re: Furniture, locally manufactured

Mr. Phelps: I have been sitting here with a puzzled look on my face since I received my last answer from the Minister of Government Services. If I am confused, I only hope that some other Members in the House are as well.

The Minister said, in answer to the question about assessing the furniture, that yes, he was going to continue to look to see if it was of the same quality. Then he said yes, politically he would go with that furniture instead of the locally manufactured, but legally he could not.

What does the Minister intend to do if he finds that the executive Equis furniture is of comparable quality? Will he buy that instead of the locally-manufactured furniture or not?

Hon. Mr. Kimmerly: In the lead up to the question, it appeared that the Leader of the Official Opposition was under the impression that I said yes, politically, I would go with the premanufactured furniture, but legally, I could not. That was not my intention.

The intention that I had was to carefully answer the carefully-worded question. Yes, I will consider the quality of this premanufactured furniture. The assessments of the quality will affect the assessments of the cost-effectiveness, of course, either for this contract or for future contracts.

Politically, the bottom line is import substitution, local jobs and diversifying the local economy.

Mr. Phelps: What does the Minister mean? Does that mean no, he will not change and buy the furniture that is of the same quality but costs half as much? Is that what he is saying, no he will not change?

Hon. Mr. Kimmerly: In order to not be accused of further complicating this discussion, and further confusing it, let me say that the intention of the government was to enter into a contract for the local manufacture of 20 sets of executive furniture. That remains our intention, at this instant.

Mr. Phelps: The answer is no, he will not change and buy the equal quality furniture for half the cost. Can the government tell us whether they expect local manufacturers of furniture to purchase equal quality furniture at double the cost, just because it is manufactured locally, aside from the government? Does the government anticipate anybody but government buying equal quality furniture at twice the cost, just because it is locally

manufactured?

Hon. Mr. Kimmerly: We fully expect private people to look at the cost effectiveness of their furniture buys. Our ultimate aim, and it will not occur this year, is to develop an industry, albeit quite small, to develop jobs and, eventually, we will be developing a product that will be purchased, not only by government, but by the private sector and will eventually utilize local woods. That is our aim. We are using the government procurement policy to stimulate the local economy in a permanent way to ultimately benefit the private sector, also.

Question re: Furniture, locally made

Mr. Phelps: A couple of days ago we were asking questions about this furniture. It appeared that a set, at that time, was quoted as some \$3,400 per set times 20 by the local retailer, and some \$6,700 per set times 20 by the local manufacturer that the government, apparently, has already made a deal with, although it is not reduced to writing.

We now find, through the recent answer of the Minister, which was rather clear, that the actual cost per set is not \$6,700 but actually \$8,450 for the local, as opposed to the \$3,400 for the retail.

Given that the quality of each set of furniture is the same, is the government going to proceed on the basis that anybody else in the Yukon, other than government, will buy the furniture at double the price?

Hon. Mr. Kimmerly: The premise of the question is given that the quality of the two sets of furniture is the same. The quality is not the same. The locally-manufactured furniture, made out of extremely good woods, is of a quality second to none, and Yukoners can be extremely proud that we are producing absolutely first-quality furniture.

Mr. Phelps: Would the Minister agree that this is a rather unusual way in which to start an industry. It is a socialistic outlook at an extreme. Why does the government not find out whether or not the industry can succeed on its own, stand on its own feet, with some government grants or loans, or whatever? Has the government done any kind of market analysis with regard to this furniture, aside from buying it socialistically at any price in order to create jobs?

Hon. Mr. Kimmerly: This socialistic policy is promoted by the federal Minister of Supply and Services who is in the Conservative Cabinet at this moment. The federal policy, which is the same policy as the territorial policy, is that we will use the purchasing power of government — the government's procurement policy — to stimulate local jobs, either regionally or nationally, to diversify our economy and to consider the value added concepts and cost-effectiveness so that the maximum benefit is derived for Canada's economy or Yukon's, as the case may be. This is not a socialistic policy. This is the same as the federal Conservative national policy. It is a sensible policy; it creates Yukon jobs.

Mr. Phelps: We are paying \$8,450 for furniture that should only cost the government \$3,400. It is my impression, from every answer I have received, that this government has not done a market analysis as to whether or not this furniture-manufacturing business can stand on its own two feet. Am I right in saying that they have not done such an analysis?

Hon. Mr. Kimmerly: No, although the market analysis and the analysis of the economic effects has not been in the form of a neat study that I could table. I can tell the Member opposite that the indirect employment multiplier for locally-manufactured furniture is between 2.2 and 2.4. We have analyzed the job creation potential and actual, and have analyzed the purchasing of the local manufacturer — which, incidentally, is approximately 50 percent local purchase and 50 percent outside woods. The market here is a small market. That is the problem for every Yukon manufacturer. We will use the small market to the best advantage possible to reduce the leakages in our economy and maximize local jobs.

Question re: Northern Canada Power Commission

Mr. McLachlan: Last month the Minister of Government Services advised this Assembly that he could not release any further information on the letter of understanding reached between the

Government of Yukon and Yukon Electrical until such time as the Yukon Electrical Public Utilities Board had a chance to consider the letter or meet on it.

Can the Minister advise the House if anything further has been done in this direction, having the Yukon Electric Public Utilities Board meet to consider the letter of understanding?

Hon. Mr. Kimmerly: The Public Utilities Board has not met about that matter. However, there have been discussions involving the unions, associations and the workers in order to identify all of the issues involved in the transfer of the employees' pensions, for example, and the various benefits.

Those discussions are ongoing. The discussions involving NCPC are ongoing also and will continue tomorrow.

Mr. McLachlan: Now we get more to the meat of things. Do I anticipate by the Minister's answer that it is the absorption of the PSAC employees into the Yukon Electrical Employees Association that is holding up, or is the current subject of negotiations, respecting the transfer, more than anything, than the Public Utilities Board ever has to do to consider the agreement?

Hon. Mr. Kimmerly: No.

Mr. McLachlan: As the Minister is well aware, NCPC was not subject to the rulings of the Public Utilities Board on rate setting, but Yukon Electrical was. Is it anticipated by the government that the Yukon Development Corporation will not be subject to the rulings of the Yukon Public Utilities Board?

Hon. Mr. Kimmerly: No.

Question re: Furniture, locally manufactured

Mr. Phelps: We have ascertained that there is no market for the furniture besides the government. Is it the government's intention to purchase another 20 sets of executive furniture from the same manufacturer next year, and the following year, and so on?

Hon. Mr. Kimmerly: There were two questions. One was about the market, and one was about the intention in subsequent years. The intention of the government is to space its purchase of furniture so that it maximizes the possibility of the development of a small local furniture manufacturing industry to stimulate the use of local woods and the like.

That leads into the question about market. There is a market here. The government in the past 8 or 10 years or so has spent almost \$500,000 a year on furniture of various kinds. The volume furniture buys are in such things as secretarial desks and especially things like school desks.

¹⁰ We are hoping that the industry develops, and the local retailers, if they are astute businesspeople, will get in on it, so that we can manufacture the simple items, for example, a reasonably priced school desk so that it is cost competitive. On the volume buys, the local manufacturers are not cost competitive. On the executive furniture, they are.

We hope, in the future, that on the volume buys, the many school desks, as an example, will be manufactured locally. We have no specific plans for next year.

Mr. Phelps: The furniture, at \$8,400, is almost three times the cost of the other furniture of the same quality. Can the Minister give us some idea of how much executive furniture it is going to be purchasing at these kinds of prices from this manufacturer over the course of the next 10 years?

Hon. Mr. Kimmerly: I answered that. It is essentially the same question with different wrong information in the premise. I will not give a long speech. I give the same answer as I did before.

Mr. Phelps: This is a great socio-economic experiment, no question about it. Will the Minister please table in this House his study that shows this is cost effective and his market analysis and all the other data that supports the government in taking these actions. I would like to take all this gobbledy-gook and give it to a top economic analyst and see what they say about it. To me, it is absurd.

Hon. Mr. Kimmerly: I made a commitment on Tuesday to get certain information. I proposed to do the following: I have an internal memo that contains the administrative recommendation to me, which is as follows: "Our recommendation is to award administrative furniture to suppliers of commercial furniture pro-

ducts and executive furniture to local cabinet makers."

The memo also talks about a recommendation concerning individual suppliers and individual business people that, in my estimation, it is not appropriate to make public. I will send the memo to the Leader of the Official Opposition, in its entirety. If he chooses to make it public completely, so be it. I do that now.

The market analysis and the assessment is continuing, of course. The assessment of the demonstration project is part of it, and the assessment of the cost effectiveness of the 20 sets is another part, and it will continue.

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Question re: Furniture, locally manufactured

Mr. Phelps: Does the documentation he is going to be supplying contain all of the figures and analysis in writing upon which the decision was based, or are there other studies and figures that he relied on?

Hon. Mr. Kimmerly: The answer is no. The basic document was the spreadsheet that he already has and there were communications between the purchasing managers the the Director of Supply and Services. That document is the substantial memorandum that I received that contains the recommendation of the civil service to me.

Mr. Phelps: With respect, this document does not contain very much at all, nothing in the way of market analysis or any kind of real economic analysis upon which such a decision might be reached aside from political considerations. Surely the Minister must have something of some substance, even, to table in this House?

Hon. Mr. Kimmerly: Concerning market analysis, yes there is more information about market analysis. The side opposite has criticized us for studying and bringing in analysts and whiz kids, and the like, and we have not expended taxpayers' monies on hiring consultants and doing expensive studies. We do have an analysis that was made within the government. It is not in the form of a neat study. I will collect what information I can and supply it as soon as I can.

Question re: Community Resource Centre

Mr. Coles: Why are only non-profit organizations permitted to respond to the tender call for the Community Resource Centre?

Hon. Mr. Kimmerly: I did not hear the question. I would ask the Member to repeat it, I am sorry.

Mr. Coles: In the tender call in the newspaper for a building, a Community Resource Centre, only non-profit organizations were asked to respond to the tender. I am wondering why.

Hon. Mr. Kimmerly: This is not for a building; this is for the Community Release Centre and it is for the operation of that centre. It is not readily understandable to me how anyone could make a profit at operating such a centre, and I simply cannot conceive of a private organization, for the purposes of profit, being interested.

¹² **Mr. Coles:** Has the government obtained a building yet for this purpose?

Hon. Mr. Kimmerly: No.

Mr. Coles: I think that many private organizations now run group homes, and all sorts of things like that, which do turn a profit. Would this not be the same sort of scenario?

Hon. Mr. Kimmerly: I am not aware of any community release centres in the western world, which are operated for a profit. It is a different kind of program than a group home. I will look into it, and if there are any private businesses interested, I would recommend that they put in a bid anyway.

Speaker: The time for Question Period has now elapsed.

Hon. Mr. Penikett: I apologize, Mr. Speaker. I just had a short answer to a question from yesterday. If Question Period is over, I will have to wait until next week.

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 the Chair

COMMITTEE OF THE WHOLE

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

Recess

¹³ **Chairman:** I will call the Committee of the Whole to order. We will continue with the line item of Special Programs, Municipal Engineering.

Bill No. 5 — Fourth Appropriation Act, 1986-87 — continued

Mr. Lang: I would like to welcome to the House Mr. and Mrs. Hugh Peet, from Watson Lake. Mr. Peet served on the Municipal Council for many years in Watson Lake, and I would like to welcome them here to the House.

I would like to ask the Minister if he has had a chance to bring more information to the House. If some of it is lengthy, I would be prepared to accept it as tabled and deal with it accordingly as information. Maybe he has some comments, because there were some outstanding issues.

Hon. Mr. McDonald: I always start off with good news — answers. First of all the Member asked about the global agreement, and the length of it. The agreement itself will remain in force and effect until such time as one of the parties advises the other party, I believe with six months' advance notice, that the agreement should be terminated. There are a number of operating agreements pursuant to that. There is a three-year operating agreement attached to the global agreement, and it is updated annually.

The Member had asked for a breakdown on other roads under the highway maintenance provision and why it had increased by approximately \$300,000. Specifically, it is \$293,000. Rather than read that out, I will table it for the Member.

Mr. Brewster asked yesterday why paid staff accommodation units are listed in the Yukon Housing Corporation inventory for Destruction Bay. The answer is that they are listed as part of the inventory, but they will be surplus in this current fiscal year.

¹⁴ **Mr. Lang** asked what we will be spending in order to recover \$2,008 shown in the Yukon Housing Corporation supplementary information on page 58. Yukon Housing Corporation will be spending \$350,000 for capital upgrading and social housing, of which approximately 60 percent will be recoverable. Fifty percent of the recoveries of funding from CMHC will be as follows: 50 percent for rental purchase units, 75 percent for low rental accommodation and the \$2,008 represents 60 percent of the total expenditure.

That includes such things as door replacements, retrofits, foundation repairs, et cetera, in Mayo, Ross River, Dawson City, Teslin, Haines Junction and Swift River. Swift River will get six new roofs.

Mr. Lang asked how much the Yukon Housing Corporation recovered from DIAND in 1985-86. It was \$94,897. This year we are projecting a lump sum of \$90,000.

He inquired about whether or not the cost increases in highway maintenance was basically salary and JES. JES and highway maintenance shows an increase of \$112,000.

Mrs. Firth asked for the names of the fourteen lead athletes under Sports, Arts and Recreation that were estimated to be funded. They have not yet been identified for 1986-87. When YRAC meets to decide the disbursement of funds, the names will be released in a press release.

Mr. Lang: I notice that there is a major increase in recoveries for Ross River for water delivery. Has the government increased the cost for water delivery? What is the reason for the increase on page 67 under Municipal Engineering in the 1986-87 estimate column.

¹⁵ **Hon. Mr. McDonald:** The water delivery charges have not been increased, to my knowledge. I will check for the Member. I would suspect it is more users, but if I am wrong I will bring back

the information immediately.

Mr. Lang: Could he just give me a brief rundown on the special programs section? What are the programs that we are dealing with? I gather insecticide is one. What else?

Hon. Mr. McDonald: The special programs activity, traditionally, has been to pay for mosquito control, community TV and radio. Maintenance of dumps had been in this section, but this has been moved up to the line item Unincorporated Communities. That is the reason for the decrease.

Mr. Lang: Is there anything happening as far as our cost for maintaining CBC television in the communities that we have assumed responsibility for? Other than the fact that we passed the resolution in the House, are there any moves being taken to get out of the TV business, as far as our responsibilities are concerned?

Hon. Mr. McDonald: There has been no move one way or the other on this matter. It is hoped that during discussions, which will proceed over the course of the summer, on communication policy development that many of these sorts of questions can be addressed in an integrated way. No change of policy has been made. We will be developing that over the summer, I hope.

Mr. Lang: Further to that, could the Minister tell me what land agreement lease option assistance is? It is on page 68, and has to do with the 1985-86 forecast. The amount is \$29,000. He may have told me a long time ago. I would just like to have my memory refreshed, if he did.

Hon. Mr. McDonald: The land agreement lease option assistance — it was not during my time, but probably during the previous Minister's time — was to do with the cottage lots agreements that were transferred from the federal lease program to the Yukon. There was an agreement to sell those lots at a specific price. I believe it was 29 percent of the value.

¹⁶ **Hon. Mr. McDonald:** Apparently it is reaching the end of its life with no further sales projected.

Mr. Lang: Then, all the lots that were transferred to YTG have been purchased, and that is why we are not estimating any accruals to the government for lease-option recoveries, because the option was to the buyer; whether or not they wished to continue with a lease or to purchase.

Hon. Mr. McDonald: I believe so. If that is not correct I will get back to the Member, but I believe that the final recoveries would be for the units just gone by.

*Special Programs in the amount of \$150,000 agreed to
Municipal Engineering in the total amount of \$729,000 agreed to
On Grants, Contributions and Other Transfer Payments*

Chairman: Any comments on page 69, Grants, Contributions and other Transfer Payments?

Mr. Lang: On the Highway Sign Permits, have we now got a sign policy that is finally completed to the point it is acceptable to the clientele it was intended to serve?

Hon. Mr. McDonald: I think it has. The changes made, I believe, last May have essentially done the trick. There have been no major complaints apart from some persons who were concerned about the amount of notice given to tear down signs that did not conform and put up a new sign. That problem, I believe, has been rectified to the satisfaction of the public. I do not anticipate that any changes should be made in the near future. It seems to be working fairly well.

Mr. Lang: Under Expenditure Recoveries, could he tell me just exactly what is Recoverable Services for \$340,000?

Hon. Mr. McDonald: This is the third-party services, the plowing the government does where there is no private-sector competition, for secondary roads, private roads, et cetera.

Mr. Lang: Could he tell me why we are not proceeding with the cemetery grants in 1986-87?

Hon. Mr. McDonald: The reason is that part of the capital program deals more extensively with cemetery upgrading, and I would anticipate that the capital program will deal much more with cemetery upgrading in the future.

Mr. Lang: We have no contributions towards Target Downtown. Could he explain the reason for that?

Hon. Mr. McDonald: That is really a mistake; it should be \$30,000. There are actually two things that should be rectified on

that page. They include Target Downtown for \$30,000, and Whitehorse Transit for \$327,000 rather than \$270,000. That is a figure that is actually governed by an agreement between the city, I believe, and the Yukon government.

Mr. Lang: I am looking for some direction from the Chair. We are starting to get into some significant figures now. We kind of disregarded it the other day when, under the recoveries, we were an estimated \$16,000 more than what we were going to have. Now we are putting out a total of \$50,000. Now we have further expenditures of \$66,000 more than what we had estimated when the budget was first tabled.

Perhaps the Member for Porter Creek West will want to get into this in a minute as well. I am just doing some quick calculations in my head. I do not know what we do as far as the budget is concerned. Do we amend the budget? We just do not slot in figures when a guy says that, "Oh, we forgot to put that figure in." There must be a process, but I am not aware of it. I have not run across mistakes of this kind before. I am curious about what process we use. Do we amend the document that we have before us?

I have no problem with you taking it under advisement, and let the Minister find out from the Minister of Finance and his officials what should be done. We are starting to talk about a significant amount of money.

Chairman: I would ask the Minister if he has the corrected figures for the department.

Hon. Mr. McDonald: I believe the procedure here is that if there are amendments to revenues and recoveries, they would be either absorbed by the department or would be shown in the first supp.

Chairman: I will take that under advisement.

Mr. Nordling: I would just like to get the figures that we are talking about straight. Whitehorse Transit, on page 69, is increased from \$270,000 to \$327,000, is that correct?

Chairman: That is correct.

Mr. Nordling: Target Downtown from nothing to \$30,000. The other day we discovered that there would be \$16,000 less in revenues.

Chairman: That is correct.

Mr. Nordling: My calculation is that that is approximately \$103,000 that are unaccounted for, or that were unaccounted for in this budget, and have now come to light. Is that right?

Hon. Mr. McDonald: Yes. The latest information shows some more accurate information. Generally, what sometimes happens is that, for example, the Alaska Highways Maintenance Agreement will show a projected amount. It will be amended as well. In the cases here, the department, as normal, would be absorbing any losses, if it found them. They would certainly show up in the supplementaries as updated, accurate information for the House.

Mr. Brewster: I notice that there is nothing in the Water Delivery charges either. Is that a mistake as well?

Hon. Mr. McDonald: That is not a mistake.

Mr. Brewster: I realize that the villages and the organized communities do have cemetery grants, for instance, places like Burwash. Does that mean that they will not be getting grants for their cemeteries?

Hon. Mr. McDonald: The unorganized communities receive work, not through the grant system, but through either Municipal Engineering or Community Services. Any capital work will be done under the auspices of the Government of Yukon as well.

These were grants that were given to municipalities and organized communities.

Mr. Brewster: Are such places as Burwash, Beaver Creek, Pelly and a few others receiving any help?

Hon. Mr. McDonald: I do not know specifically whether or not those communities have been. I can check on that for the Member. If there is work required in those cemeteries, we can incorporate something into the Capital Plan to assist them.

Mr. Brewster: I would appreciate it if the Minister would check that. I know that the cemetery at Burwash is probably one of the oldest on the North Highway, besides Dawson. It certainly could stand some help. The people have been looking after that themselves for years.

Mr. Lang: Is the Minister taking under advisement what steps should be taken to remedy the corrections in the document that is before us? The Minister had one suggestion, but I do not know if I am totally satisfied with that, quite frankly. Is he going to look into it and report back to the House?

Chairman: We can still approve this particular department because Revenues and Recoveries grants, contributions and other transfer payments are not being voted on. I have asked the Minister to come back with the correct figures for these various areas for the information of the House.

Mr. Lang: I can see calculation and typing mistakes of \$10,000 or \$5,000. When we start to get into hundreds of thousands of dollars or more, it causes concern on this side of the House, especially when I hear that in all likelihood they will be offset by money in the budget.

That tells me that we have not been given an accurate document and that there are a lot of hidden data there, and we can make up for it in any case. I think we have a requirement, and I hope the Deputy Minister takes this under advisement because he is the person who has to put the work together, that we try to make these documents as accurate as we possibly can, knowing that there are certain assumptions and projections that are taken into account. With this budget, we do know the outcome of the collective agreement. We have an agreement, so that is a major financial principle that we have knowledge of. We know what the plans are, and the budget should reflect that.

Could the Minister tell the House why the VHF radio expenditure recoveries are less this year than last year, yet he told us earlier in debate that we were using the VHF more than we ever have before?

Hon. Mr. McDonald: The forecast for last year included maintenance charges that were not budgeted for under department radios. This represents only the trunk charges for third-party users. I think it is \$50 per radio.

Mr. Lang: Could the Minister explain why we no longer have a recovery from the Northwest Territories weigh scale administration fee? Last year we had \$7,000.

Hon. Mr. McDonald: There should be a recovery. We receive 15 percent of the administration fee for enforcing NWT laws. It is minor. I have asked for that information. So far it has not been worked out. There should be some minor recovery of some nature there. I do not know whether, in the past, it was reported this early or not, but I do not anticipate much of a change.

Mr. Nordling: Could the Minister tell us if he anticipates any change, at this stage, in the bulk commodity fees, the revenue of \$300,000?

Hon. Mr. McDonald: No. That is the best guess possible at the present time. We are trying to project what the output of Curragh Mines would be. We anticipate it would be in the neighbourhood of a little less than 300,000 wet tonnes for this particular year. It is \$1.00 per wet tonne. That is just a general estimate of what the mine's output will be for a portion of a year.

Mr. McLachlan: In relation to the contribution figure for Whitehorse Transit, there was a discussion some time ago, originating in the Department of Education, to attempt to, in situations where we had an overcrowding of buses, save money paid to the private operator and increase the ridership on Whitehorse Transit, thus resulting in a lower amount of money that the government would have to pay for their operating losses. Has anything further been done on that situation?

Hon. Mr. McDonald: Sort of investigative discussions have taken place to determine what cost savings could be effected if there was either an amalgamation of service or if Whitehorse Transit was encouraged to take on more service. The Department of Education pays Diversified Transport approximately \$800,000 more for providing the bus service in Whitehorse. There is also this \$327,000 deficit grant for Whitehorse Transit. It seemed to be advisable to, one way or another, try to reconcile the two major busing operations in Whitehorse. There may be room for that.

At this stage, though, no firm decision has been made as to whether it would be cost effective in any way to either amalgamate the services, or to keep them separate.

Mr. McLachlan: On this figure of \$327,000, did the Minister

say that this is the YTG's amount only, or that this is the combined amount of YTG and the City, then we recover money from the city somewhere else?

Hon. Mr. McDonald: This is the Yukon government's share of the agreement.

Mr. McLachlan: If my memory serves me correctly, this is a 60 percent portion of the loss that we pick up?

Hon. Mr. McDonald: That is correct.

Economic Development: Mines and Small Business

Hon. Mr. Penikett: First of all, let me distribute, as I promised, organizational charts for 1985-86 and 1986-87.

As we begin a review of the Department of Economic Development: Mines and Small Business O&M Estimates, I look forward to some debate on these estimates because they will, I believe, provide a demonstration of our government's commitment to encouraging a healthy, more stable economy. As all Members know, I have repeatedly stated the principles on which we are basing our actions and the priority we place on economic development. However, I recognize that commitment is best judged in terms of concrete action and the department's 1986-87 estimates demonstrate emphatically our interest in achieving results.

First, I would like to give, particularly new Members, a note of history on this department. The department was established in 1978 for the development of economic research and planning for the Yukon. The structure and related focus of the department has changed numerous times since its inception. This, combined with personnel changes, has resulted in a breakdown of internal personnel and financial systems, as well as nuclear program activities due to the frequent changes of the department's mandate organizational structure. This situation was commented on, and criticized, by the Public Accounts Committee, as all Members know.

Along with the problems inherent in constant change, there was unclear delegation of responsibility and accountability for the various program activities. This resulted in programs becoming segregated and functioning in isolation. The result was overlaps in activities, differences in the perception of program responsibilities and difficulty in assigning accountability for activities to individuals within the department.

Given the volatile nature of the department, both in terms of mandate and management, there was a problem with low activity levels and productivity. This is a situation that has substantially turned around.

Our economic goals, as you are all aware, are to create a more self-sufficient economy through the diversification and strengthening of existing activities, to increase the level of benefits that Yukoners obtain from economic activity and to insure a more equitable distribution of those benefits among all communities and sectors. In preparing its 1986-87 budget submission, the department undertook a budget planning exercise to insure that its objectives were consistent with the government's economic goals, that each branch's activities were consistent with the departmental objectives and the departmental operations were restructured to provide more effective and efficient delivery of programs.

²¹ As I mentioned above, our first economic goal is a self-sustaining Yukon economy, with a balance and diversification of primary, secondary and service industries providing an acceptable income level, both in wages and in kind, for Yukon residents.

Our departmental objectives to achieve this goal include: strengthening existing industries, such as mining and forestry; emphasizing development in sectors not now playing an important role in the economy, such as renewable resources; developing more forward linkages, such as secondary processing of wood and fur products; and emphasizing development of businesses that use resources from identified under-developed sectors.

Our second goal is: to increase the participation of Yukoners in employment, management and ownership; to decrease leakages in wages and profits from the territory; and to increase economic returns, capital accumulation and local influence on economic decision-making in the Yukon.

Our departmental objectives to achieve this goal are: increasing

the proportion of local labour participation by emphasizing developments that utilize existing or attainable skills; reducing dependency on high-cost imports by developing more secondary processing and developing primary products and alternative energy sources, such as lumber, agriculture products and conversion of wood to energy sources; increasing the number of Yukoners with a stake in the economy by encouraging many small-scale developments in community cooperative operations; and, developing as wide a range of opportunities as possible to increase employment options to reduce migration rates, provide an option for Yukon youth, and thus stabilize the population base.

Our third goal is to encourage more equitable distribution of economic benefits throughout all regions and all segments of the population. To achieve this goal, we have set the objective of decentralizing economic activities by pursuing developments that can operate in smaller communities, such as expansion of forest harvesting and cottage industries; emphasizing development of employment opportunities for those most in need or who are less-skilled workers; increasing activities in sectors that increase opportunities for disadvantaged groups who already have considerable under-utilized skills, such as native people, in fishing, guiding, forestry, trapping and handicraft skills; developing employment and business opportunities for Yukoners who desire to retain a particular cultural lifestyle that is rural and based on traditional pursuits; and, developing community and cooperatively-owned ventures, more compatible with the traditions, capabilities and resources of small communities.

In order to achieve the above goals and objectives, the department has reassigned duties among its present staff contingent. This has meant an increased workload for some present staff. The main effect has been on vacant positions. Because of several positions in the department, such as NOGAP and Special ARDA, restructuring of the department's operations entails more than just dealing with the permanent positions reflected in the O&M Budget. In the interests of clarification, I will review all the positions affected by the restructuring that will occur in 1986-87.

The former position of Mineral Policy Officer in the Energy and Mines branch has become the new position of Economic Development Officer in the Small Business branch, to improve the delivery of government programs to rural communities.

The former position of Yukon Economic Council researcher, a contract position, provided support services to the Yukon Economic Council, including some basic research on the Council's behalf. This has become a new position of policy analyst in the Policy Planning branch who, in addition to providing support to the Council, will also be utilized to provide the department with assistance in policy development.

The former position of Northern Oil and Gas Action Program Coordinator in the Capital Budget in the Policy and Planning branch coordinated the activities of all 18 NOGAP funding projects, as well as doing support research on oil and gas activity in the Beaufort. This has become the new position of NOGAP/EDA coordinator in the Policy and Planning Branch who, in addition to NOGAP, will provide support for the secretariat to the EDA Policy Committee and coordination of administrative matters dealing with general EDA issues.

²² The former position of Special ARDA Coordinator, a contract position in the Capital Budget in the Small Business Branch, assessed Special ARDA applications, acted as secretary to the Special ARDA Board and monitored approved projects. This has become a new position of Economic Development Officer in the Small Business Branch to improve the delivery of all government programs, including Special ARDA.

The former position of Special ARDA Clerk Typist in the Capital Budget in the Small Business Branch provided secretarial support for the Special ARDA Coordinator. This has become a broader position of secretary to the Small Business Branch delivering capital programs.

The former position of Accounting Clerk in the Administration Branch performed general accounting duties in the Administration Branch. The workload will be distributed over the remaining Administration staff. This has become the new position of Financial

Programs Officer in the Small Business Branch who will be responsible for the Yukon Loans Program, Special ARDA and the new EDA Small Business Incentives Sub-Agreement.

The former position of Chief Loans Officer in the Small Business Branch supervised the Yukon Business Loans Program. This has become the new position of Chief of Resource and Community Development in the Small Business Branch to actively promote development of under-utilized sectors such as renewable resources and to increase the level of community initiated and owned enterprises and support for them.

The former position of Loans Officer in the Small Business Branch administered the Yukon Business Loans Program. This has become the new position of Community Development Officer.

We have created one new position, an econometrician, to operate all Yukon economic metric models and to assist in the analysis of statistics and economic forecasting.

In addition to the above changes, the Administration Branch will assume the responsibility for all administrative duties relating to program development and delivery, freeing program staff to devote more effort to program delivery and evaluation.

In summary, eight positions have been redirected and one new position approved. Of this number, three positions are in Capital and one is a contract position. These reflect direct action to adjust the department's operation to reflect stated priorities, reduce waste and provide an effective and efficient administration.

I would like to turn now to some of the specific results that have been achieved and outline the activities of this department embodied in the Estimates under review.

Shortly after taking office, we instituted clear lines of communication and consultation with all Yukoners affected by the actions of this department. I have personally, along with departmental officials, had meetings with all of the Chambers of Commerce, Chambers of Mines, representatives of the Klondike Placer Miners Association, the Forestry Association, the Council for Yukon Indians, the large number of manufacturers and many other groups.

These consultations, which are ongoing, have led to a streamlining delivery of many programs, the development of new policy initiatives and have created a positive and fruitful atmosphere for the necessary input of the private sector and joint action in many instances.

We have involved the private sector in steering some essential studies. Representatives of different groups have been involved in supervising consultants work on import substitution, access to capital, opportunity identification, forest opportunities, free trade, et cetera.

We are pleased with the valuable input provided by the restructured Yukon Economic Council. This approach has allowed us to harness the energies and wisdom of Yukoners. We intend to continue to rely on the advice and knowledge of other citizens. To that end, we recently approved a policy that provides for financial support to non-profit, economic organizations.

We developed this core funding policy in response to a crying need for financial help from many of the existing organizations. We also believe that there is a need to support organizations that would effectively listen to the views and wishes of their members and respond to the heavy demands we are placing on them in working with us and undertaking joint initiatives.

²³ To date, we have provided financial support to thirteen non-profit organizations for a total of \$175,000. Seven Chambers of Commerce, the Livestock and Agricultural Association, the Forest Industries Association, the Prospectors' Association, Chamber of Mines and the KPMA have all received our support.

We have also supported the Yukon Chamber of Commerce in planning for their role at Expo 86, and we financially assisted the upcoming Gold Show in Dawson City and have jointly developed a promotional campaign for mining with the Chamber of Mines. We are pleased with our relationship with these representatives of the private sectors and are confident that they are too.

Another priority for the department has been the improvement to the inherited delivery of existing programs. We are pleased with the success of the Business Development Office, the One Stop Shop.

We have been able, as planned, to cut through the red tape and respond to the needs of the small business community, and the results speak for themselves. Since we have opened this office, we have been able to assist the small business person with loans from our own loan fund, totalling \$300,000, and leveraging in excess of \$1.6 million into the private sector in investment capital and creating a minimum of 31 jobs since we took office.

The Special ARDA Program has seen an upsurge in utilization never recorded since the agreement was signed in 1978. Last month alone, the ARDA Management Committee approved \$500,000 in funding small businesses in our rural communities and creating a minimum of 17 permanent jobs.

After a shaky start, the EDA has seen an adequate level of utilization, albeit with some structural problems in its administration. To date, applications worth \$4,858,000 have been approved, with others worth \$5,273,000 pending review, by the management committees of all four sub-agreements.

The Department has identified a solution to some of the delivery problems we inherited. As was announced in the Speech from the Throne, an EDA One Stop Shop will be in place shortly. This new office will pull together existing allocated resources of the Departments of Tourism, Renewable Resources and Economic Development to provide an effective delivery at no additional cost to the taxpayer.

In response to our emphasis on reducing our energy bill, the SEAL Program was changed to increase the ceiling for eligible businesses and new construction, subsidized budgets and subsidized energy audits and allow for funding modifications to wood stoves to reduce pollution. I am proud to report that 104 applications were processed in the last fiscal year as opposed to a total of 12 applications in the two preceding fiscal years. We are pleased with these results.

In addition, we have offered advice on, and responded to, hundreds of inquiries. Some very exciting projects have come to fruition. We are pleased to have been able to help financial and otherwise in the business community's endeavours in this area.

We announced earlier that we want to repeat our success with the Business Development Office, the One Stop Shop, in our rural communities. We have just completed interviews with the officers to be located in our Business Development Offices in Watson Lake and Dawson City. The interviews were held at the local community, and representatives of the Chambers of Commerce and the local Band participated in the selection of the successful applicants. The two offices will be operational within a month. The resources for these two new regional offices were identified through repriorization and streamlining the department's activities. If these two new offices prove to be as successful as I believe they will, then we will look at establishing similar offices in other communities.

As I outlined earlier, we have been working very closely with representative groups of all sectors of our economy and society. We have developed some specific measures to respond to the stated legitimate needs of Yukoners and I would like to highlight the following.

We designed new programs to strengthen our mining sector. The Mineral Explorations Incentives Program and the Prospectors' Assistance Program were developed jointly with the Chamber of Mines and the Prospectors' Association.

²⁴ These two programs, along with the Regional Resource Roads Program, will result in mineral exploration and development in the Yukon becoming far more attractive.

Already, our new incentive programs have resulted in an agreement with Canamax that has moved its Ketz River gold property closer to the production stage. Other investors have shown a great degree of enthusiasm for our approach. We will be working closely with such investors to make their projects and jobs for Yukoners a reality.

During the last month alone, 15 applications for financial assistance were received under our Prospectors Assistance Program. During the same month, we have had many inquiries, and seven applications, under our Exploration Incentives Program.

We developed a policy to provide financial assistance to small businesses to participate in trade shows. This policy was designed

in consultation with the Chambers of Commerce, and the uptake has been significant in the short period that the policy has been in effect.

We have developed the guidelines for the Opportunity Identification Program, and are in the process of reviewing applications from a variety of economic sectors.

We have been in consultation with the Chambers of Mines, the Prospectors Association and the Forestry Association on their priorities for the roads to be funded under the Regional Resource Roads program. Negotiations on a new industrial development subagreement of the EDA have been included. This new agreement will provide an additional stimulus to processing and manufacturing in the Yukon.

We are working with the Forestry Association on identifying existing capacity and opportunities. Some specific projects, like a glulam plant and a kiln for Whitehorse are being vigorously pursued with private investors.

Until recently, little attention was devoted to the new commercial possibilities of the renewable resources sector of our economy. However, if we are to achieve a more stable economy, diversification is essential, and our government is committed to increasing the utilization of resources in forestry, agriculture, trapping, fish and game.

The department's estimates provide staff in financial resources that will work with the various industry associations, and individuals, to see expansion of renewable resource-based activities. Departmental officials will work closely with the Department of Renewable Resources and DIAND on commercial projects based on our renewable resource base.

This initiative will enhance our resource management capacity by providing the needed expertise in the financial and marketing aspects of the development of the great potential of these forgotten resources.

We have worked with individuals and communities in assisting them in this priority. Projects such as elk herding, the feasibility of Arctic char farming, greenhouses for vegetable production, egg-laying facilities, et cetera, all receive this government's moral and financial support. We want to build on this record towards diversifying our economy.

Work has begun on the first phase of developing a comprehensive energy policy. A private consultant has been retained to assess the current status of energy consumption by the private and public sector, and to provide us with some options and opportunities for displacing imported fuels.

The department and the Department of Tourism are working on international trade missions in concert with industry groups.

A draft of a study of the effects of free trade on our economy has been completed, and is to be reviewed soon by the Economic Council and Cabinet. The department will represent the government on the federal-provincial committee of officials established for providing provincial and territorial input to the negotiations.

²⁵ The department is providing the support to the NCPC working group and supervises the work of the consultants. These negotiations are a priority of the government.

While the Executive Council Office provides the overall coordination to negotiations with Canada on the devolution of federal programs, the department has been involved in negotiations with Canada on the devolution of federal programs. The department has been involved in negotiations for the transfer of NCPC and the small business loan fund of DIAND, the devolution of the Industrial Regional Development Program from DRIE, the harmonization of program delivery with Energy Mines and Resources and the devolution of DIAND's mining programs.

I have given you some of the major achievements to date and some of the more important planning initiatives. The 1986-87 Estimates contain many specific initiatives that we are convinced will have a positive effect on the new economy. We also believe there needs to be a sense of direction established that will ensure that all our efforts are focused towards common objectives and are mutually reinforcing.

The task of establishing such objectives for Economic Development is a very high priority for this government. We believe it can

best be created through the development of the Yukon economic strategy. This will be based on a planning process that includes as wide a cross-section of the public as possible, and which is done in a cooperative fashion. All levels of government and organizations are being asked to contribute to the process.

The funding to initiate planning for the economic strategy is provided as a major feature of this department's budget. I will be pleased to address this initiative when we get to this line item.

I would be pleased to enter into debate now.

Mr. Nordling: I would like to thank the Minister for his very thorough presentation. It will certainly reduce the time spent on general debate. We have been given a good idea of the department and its objectives.

There is one area that I am interested in hearing more about. That is the econometric model. I understand that it is for forecasting, and I would like to hear just a little more about what the Minister hopes to accomplish with this model.

Hon. Mr. Penikett: I will, if the Member forgives me, speak in lay terms.

The Member, I assume, knows the purpose of computer models on the economy. This is quite a sophisticated model, given the size of this jurisdiction and the development of this territory. It was developed some years ago as a program to run projections on the different scenarios of the Yukon economy.

I believe it was originally introduced at the time we were entering into the pipeline phase, when we thought that there were various possible scenarios based on the experience of Alaska and elsewhere that we would want to test.

I think I can give this background because I believe it had something to do with it. Communities like Fairbanks, when they entered the pipeline period, were very keen to make sure they were ready. For example, they extrapolated, based on a number of pipeline workers who were coming to Fairbanks, that they would need a certain number of schools. They adjusted their school program and built new schools. I know they put some schools on shifts and so forth, to accommodate the influx of people. Of course, the assumption of these people coming in was based on these workers bringing their families.

²⁶ Of course, there was another variable in the picture, and that was that there was not sufficient housing in Fairbanks to accommodate these people, so they did not bring their families, so the schools were not needed.

We built a very large subdivision in my constituency, based on the assumption that there would be a large influx of people in the Hillcrest/McIntyre subdivision because of the pipeline. There was a commendable desire to be prepared. The model was put in and tested. It engaged certain kinds of scenarios. What happens if you have three new mines? What happens to employment? Government taxes? Housing market, so forth and so on? What happens if you have a pipeline, and the model was able to project for you, or do scenarios, what happened to employment, what happened to certain kinds of markets, what would happen to the housing market, food prices and things like that.

They tested the model, originally. There are two ways you can test it. One is time. You acquire a lot of experience with it, and you can find out if its projections are accurate. Or, two, you can test it against historical experience. You would run history as if it is the future. We can go back and look at what happened before Clinton Creek and before Faro, and ask, "What was the population; what was the employment; what was the wage scenario like, and so forth?" You will see if the model is sound by testing it against history.

I gather it proved to be reasonably sound on that score. The trouble was, when Faro shut down, a lot of the lines went off the chart, because the impact of that scenario had not been calculated accurately. I think the model had not been used an awful lot prior to that. Dr. David Reaume from Alaska, who may have had something to do with the original program, if I recall correctly, came in to re-tool it and try to make it more accurate.

We obviously want to be able to use it for all sorts of scenarios. What is the impact of Curragh opening? What is the impact of — worst case — Curragh closing? What is the impact of a couple of

other mines opening? What is the impact of a change in world oil prices? I do not think we have actually run that one. What is the impact of government spending on employment? Prices, and so forth?

The reason for adding the one new position to the department, the econometrician, is to have someone who is not in the statistics unit and devoted to a lot of other things, but basically to run this program and other computer models on the economy, not just to provide us with cold, objective statistics that tell us what has happened, and what has gone on, but to do extrapolations, projections and to test various scenarios. None of them will be 100 percent accurate, but it is to provide reasonable scenarios based on certain kinds of assumptions. If we do A, the impact will be XYZ. If we do B, it will be QPR. That is useful for us in trying to make some medium-term plans.

Mr. Nordling: Is that economist who is now on staff?

Hon. Mr. Penikett: No, it is an econometrician, who has slightly different skills. I believe that we have not hired such a person yet.

Mr. Nordling: Has the position been advertised? Do we expect to have one in the near future?

Hon. Mr. Penikett: I hope we will have it in the near future; I will have to check whether it has actually been advertised. Once this budget is approved, of course, we will go through and do the interviews and the final placements.

Mr. Nordling: Has the Minister had a chance to decide what sort of salary this person would be paid? It sounds rather specialized.

Hon. Mr. Penikett: If I remember correctly, this is a \$50,000-a-year job. It is not my decision, of course, what salary they get paid. The position is classified by the Public Service Commission, based on the requirements of the department, and then a salary is calculated on the basis of the classification.

Mr. Nordling: Does the Minister expect that we will be able to find someone in the Yukon with the qualifications to fill that position?

Hon. Mr. Penikett: I am not optimistic; we will, of course, try.

Mr. Nordling: Moving to a slightly different area, I would like to ask the Minister if the department has any special plans for development in the north Yukon?

Hon. Mr. Penikett: The preparations for the government's development on the King Point project, for example, will primarily be the responsibility of the Department of Community and Transportation Services. Our department will be involved in the economic dimensions of that in the same way that Renewable Resources will be involved in the very significant and important wildlife questions.

Mr. McLachlan: With respect to the Small Business Loan Fund from the federal government, it was my understanding that one of the reasons for its discontinuance or being held up was that there was not much left, period. I was wondering what the benefit of taking over a cupboard that was bare would be to this government?

Hon. Mr. Penikett: I will not speak immediately to the question of whether or not the cupboard is bare. We are looking to take it over, and we are considering using it for slightly different purposes than what was done previously.

As you know, there are now, as there were not then, a large number of programs. There are, however, still some gaps. Our inclination at this point, although we have not made a final and firm decision, is to perhaps try and use that program, or a re-tooled version of it, to fill the gap, which is very serious in Yukon, of access to capital. With the dearth of banking services in rural Yukon and with the difficulty of finding venture capital for small business people in rural Yukon, it is compounded by their distance from Whitehorse, or in some cases, their lack of access to certain kinds of business advice or expertise. Then it is possible that when those negotiations are complete, that we will be able to redirect the program in that direction.

Mr. McLachlan: One of the concerns raised by the Public Accounts Committee was a lack of uptake on the SEAL Programs

and things like that, and you have mentioned that the utilization of these programs has increased significantly from 12 to 104. During the Department of Finance estimates, the Minister said that if the Deputy Minister has overspent, he would get rid of him. What would you do in the case that the program took off and all of a sudden you were out of money? Will you ask for offsets in the department or what? I would hate to see the Deputy Ministers being a victim of their own success.

Hon. Mr. Penikett: I would not like to see that happen, either. If we are going to get into a lot of discussion on the detail of programs, I would prefer to do that line-by-line.

Generally, the point I was trying to make that day was a point about the *Financial Administration Act*, which forbids a department to overexpend year end. If we have a program that is over subscribed, for example, in this department — and that is possible — we would have two choices. We would either have to find offsets within the departmental budget in order to meet the demand, or we would have to come back to the House at a certain point of the year, based on the demand, and ask the House for more money.

Mrs. Firth: I just want to go back to King Point for a minute. Could the Minister tell us what the government's position is on King Point and development there? Has he written to the federal government and expressed that opinion, supporting or not supporting development at King Point?

Hon. Mr. Penikett: As I indicated in the House in answer to questions about this some time ago, we are currently developing a government position on King Point. We have not communicated a position on the subject to the federal government, nor have we yet, since the one meeting one of the Members of Cabinet had with King Point officials, Interlog Monenco, received the formal application or documents from the company that would allow us to properly evaluate their application.

Mrs. Firth: When does the Minister expect his government to have a position? Has he written to the company and asked for their proposal so an assessment could be made here? It is a fairly significant economic factor for the Yukon.

Hon. Mr. Penikett: We have communicated with the company several times. It is our hope, once the session is over, that we may be able to have a meeting between Cabinet, senior officials and officials of the company.

Mrs. Firth: Can the Government Leader just give us an estimate of when he expects to have a position? They have been in office for almost a year now, and something that is that critical to the future of the Yukon, I would think, would be a priority with the government.

Hon. Mr. Penikett: I have already indicated that most of the work will be done in Community and Transportation Services, not this department. In any event, we will be required to have a position fairly soon — in a matter of weeks rather than months. Certain regulatory bodies will be facing certain decisions before then. Some work, given the limited information we have about the proposal, has already been done. We can proceed fairly quickly on it. I cannot predict an exact date.

The former Minister will understand that there are some big projects that require ministerial attention. I have about a dozen on my plate right now that require quite a few hours or days of work in and of themselves — time that I cannot possibly allocate while the House is sitting. That is not an excuse for officials not doing the work, but the kind of work that Cabinet will have to devote to the issues involved in a project like that cannot be found in the next week.

Mr. Lang: I think we have \$250,000 that is requested somewhere in the Budget for economic strategy. It is difficult to delineate just exactly where the money is. Can the Minister give us an idea of just exactly what his intentions are to develop the strategy, and how does that tie in with the \$750,000 that the Minister of Community and Transportation has at his fingertips?

Hon. Mr. Penikett: I would be pleased to speak about that in great detail when we get to the line item Economic Policy, Planning and Research, because that is where the \$250,000 is.

Rather than preempt the discussion now of that important item, just let me say that the role of the Department of Economic

Development will be one of a coordinating role and pulling all the pieces together. It will also have particular responsibility for those areas that are within its departmental mandate, namely the energy and mines area, the small business area and the research work, and so forth.

The major role, though, of the Economic Policy and Planning Branch will be to coordinate and integrate the work done not only by this department but by other departments. For example, as the Members know, there is tourism strategy work going on right now, there is transportation policy research, there is communications policy research going on in other departments. All of these will have to be open into the overall economic strategy process.

Mr. Lang: I guess we can examine that in more depth in view of the fact that it is identified in another area.

Has there been any further update with respect to the future of the Beaufort Sea in view of the drop in oil prices? We hear stories that there was a major strike some time ago and there is the possibility of another one. What exactly is going to take place up there in the next year?

Hon. Mr. Penikett: The most recent news we have was a call that we received the other day from Gulf, which advised us that while they were laying off a significant number of people in the Calgary head office, they were remaining committed to the Beaufort. That would not result in any changes to their plans for this year. I think the exact statement was that it would have no immediate impact on employees in the north. There is, however, a decision that will be faced by the company in May or June concerning the workforce in the Beaufort.

³⁰ They have assured us they will give us at least a few days notice, should that come to pass. The situation, generally, for the industry is that with falling prices, they do not have the cash flows to finance exploration. Unfortunately for the long-term energy future of the country, if not for the consumers, one of the programs that first gets cut back by a company that has falling revenues is exploration. Gulf, as all Members know, is the one company that has probably a commercial, world-class find in the Beaufort. It is clear that they and the industry believe that what Gulf has identified there is probably producible. Their choices, though, because they are heavily committed in the Beaufort, far more than what they want to be from what I heard in the industry, and that they have a far larger percentage holding in that particular field than they believe healthy, is to try to attract some other investors and go into production.

The other problem for Gulf is that they are also heavily involved in Hibernia and recent statements by Ms. Carnie, from Ottawa, the federal Energy Minister, indicate to me at least that it is unlikely that both fields will go ahead.

There is also the view in Calgary that, for political reasons, if not economic reasons, the Hibernia Field off Newfoundland will get federal backing. My interest in this matter is to insure, if I can, that if there is public support for Hibernia in one way or another, that there will be a similar commitment to the Beaufort, or that the Beaufort will not be forgotten. I really do think that while the current price situation has caused a cutback in exploration plans of many of the companies, all over North America, there is another consideration, and that is the existing reserves for various companies. We understand that Esso has lots of reserves. Gulf is not in the same situation and they do need a big new find. If they find the money to go ahead with the Beaufort project it will give them the reserves it needs.

There are, of course, different problems, both production and transportation problems, for the company in evaluating their options in respect to Hibernia and the Beaufort.

Mr. Lang: There are a lot of ifs and a lot of assumptions, it can go awry very quickly, depending in part on what happens in the Middle East. It is unfortunate in some respects that someone's misfortune is someone else's good fortune. As far as mining is concerned, we hear a fair amount about the Silver Hart property in the regional area down by Rancheria. Are there any steps to go ahead into development, and if so has the government been approached in any manner on it? If they have to what extent?

Hon. Mr. Penikett: I hope the Member will understand that we

have been approached by a large number of mining companies, some of which are considering further exploration or development work and some of them even contemplating production decisions, but because discussions have not reached the point where any funding decisions have been made I really could not properly report on what we have heard from some of these companies.

I can tell the Member that the Canamax situation is, of course, public. There are other serious prospects in the neighbourhood of Mount Skukum. There was, until the oil price situation changed, a considerable interest in a couple of barite properties, but, of course, the Beaufort scene has affected that market considerably.

³¹ The best thing I could do is, if the Member is interested, provide an update on the mining scene to Members, at some point. I would have to separate out that information that we have been given in confidence by companies, and the information that they would want to make public. I will provide some report that provides a territorial assessment of the situation at the moment.

Mr. Lang: In view of what has happened in the Beaufort, and what is happening on the Alaskan side, what is the immediate future, primarily from Watson Lake's point of view, as far as the Barite Mill in the community is concerned. Is it going to be going ahead again, as it did last year?

Hon. Mr. Penikett: I can tell the Member that I have had more recent conversations about the prospecting in Ross River than I have on the situation in Watson Lake.

Mr. Nordling: The Minister spoke about the Roads to Resources Program in his introduction. Could the Minister tell us a little more about it. The guidelines are out. Have there been applications? How well received have the guidelines been?

Hon. Mr. Penikett: While the program was originally developed in this department, we made it an early policy decision that we did not want departments, other than Transportation, building roads. While there is departmental coordination at a senior official level with Renewable Resources and this department and Community and Transportation Services, the actual delivery of the program is by that department. The Member refers to the guidelines.

We have, at this point, eight to nine applications that are being processed. They are not only in the mining area, but also in other areas. We have had applications that will benefit the forestry industry and applications that will benefit the fishery industry. Under the program, \$1 million has been committed. That involves both the Canamax proposal, about which there have been announcements, Casino Trail, about which there was some discussion the other day in the House, and the road to be able to move the fish in Dawson City.

Mr. Nordling: Before we get into the line items, I would like to talk a little bit about the staffing in the department. The Minister said that low activity levels and productivity have been turned around. Are all the person-years in place or are there vacancies at the present time that need to be filled to get the department totally on stream?

³² **Hon. Mr. Penikett:** Let me try and give the Member an update. The director of Energy and Mines has been vacant for a while. We have just recruited a new person who will be here soon to take over that position. I believe the senior economic planner will be here in a matter of weeks. The econometrician, as I said, I am not sure that that has been staffed. We have recently held interviews for the business development officers in Dawson and Watson Lake. Offers have been made for both of those positions.

Those are the major gaps in the department. I will provide the Member with more detail if he wishes.

Mr. Nordling: I did notice several positions advertised with closing dates of May 14 and May 19. I assume that they were not filled. There was a chief of resource and community development, chief of financial programs and an energy policy analyst. I see, on the chart for 1986-87, the chief of resource and community development, but at first glance I did not see the chief of financial programs position.

Hon. Mr. Penikett: I think the Member may be talking about the financial programs officer under the Small Business branch. The energy policy analyst is under the Energy and Mines.

Just to provide some context, the last time we debated the

estimates, there were 14 vacancies in the department. That has changed considerably.

Mr. Nordling: I wonder if we need a full-time econometrician on staff, or whether we can have an expert come in to feed our model and get a result from time to time?

Hon. Mr. Penikett: It would be a very good idea to have an expert come in if we were designing a new program or putting a new program in place, but when we have day-to-day needs for this kind of skill, someone who can feed the computer, run the numbers, get the results, test the results, evaluate the results, write them up on very short notice and on a continuing basis, we do need a staff person, if we can get them.

Mr. McLachlan: I have two questions in relation to coal. Was coal one of those local fuels that the Minister was hoping to replace within the territory? Secondly, if it was, and in relation to the questions asked by Mr. Lang, we have heard a lot of talk in this Legislature recently about coal: one property at Ross River, one property owned by Whitehorse Coal Corporation. The Ross River property has a customer; it is away to the races.

Is it the Government Leader's understanding that if Whitehorse Coal had someone to use that product, that property would be in production?

Hon. Mr. Penikett: I believe that is the case. It is not exclusively within this department's mandate, but we are trying to provide some policy leadership in the question of energy alternatives. The Member will know that in the case of Yukon College, for example, we are interested in having that heating plant be able to use local fuels. Not necessarily wood, but in this particular case, I think we are looking at something that can use coal or wood or other local alternatives.

However, the Member will understand that, even a facility as big as the College by itself, would not create enough demand to keep even a small coal mine going. It would have to be something like the central heating plant, about which there has been a private sector proposal, or some other demand on that kind of scale to keep both the Whitehorse mine going and the other one mentioned by the Member.

³³ **Mrs. Firth:** The Minister talked a bit about the One Stop Business Shop and the Economic Development Agreement. I cannot remember if he mentioned anything about the problem of people knowing where to go for applications.

We raised it in Public Accounts as a concern that there were some excessive red tape. The complaint we heard was that people would go to Renewable Resources for an application for funding, then they would be directed to the One Stop Business Shop. Did the Government Leader mention anything in his presentation about how that problem was going to be alleviated?

Hon. Mr. Penikett: Yes. I did talk about an EDA one-stop shop, which will operate out of the same place as the present one-stop shop. We will be combining resources from a number of departments, Renewable Resources, Tourism and Economic Development, to provide a single window agency for a secretariat to handle and process the EDA programs.

It has been a significant delivery problem. I think it was a problem of design from the beginning. I announced in the Speech from the Throne that there will be an EDA one-stop shop, and it will be in place shortly. The new office will pull together existing allocated resources of the three departments I mentioned. Hopefully, it will provide a more effective delivery at no additional cost to the taxpayer.

Mrs. Firth: I recall the EDA one-stop shop and the secretariat. Is the secretariat going to be a new establishment. I understand that the EDA process now has an approval process that goes through almost a secretariat or a committee stage. Is this something new that the Minister is talking about?

Hon. Mr. Penikett: There are different management committees for each of the sub-agreements. The idea is that we can achieve certain kinds of efficiencies by having a single secretariat. Sometimes when people come in with proposals, they are not sure if it is under Tourism or Renewable Resources. We think we can achieve considerable efficiency and economy in terms of deliveries by having a single secretariat.

That is not to say the management committees will be folded up. We will have a single secretariat that will handle the paper flow and expediate the applications to a decision.

Mrs. Firth: I would like to know how that is going to be coordinated. If a constituent comes up to me and they want to apply for a specific grant, I would like to have a bit more information than to tell them to go to the One Stop Business Shop. I would like to give them some idea of what kind of process and structure they are going to have to go through once they get there.

Hon. Mr. Penikett: When we get to the Small Business line item in the department, I will try and have the appropriate officials on the floor. Whatever particular questions the Member has about the process, I will try and answer them at that point.

Chairman: If there is no further general debate, we will move to the first program, Administration.

Prior to doing so, we will take a recess of 15 minutes.

Recess

³⁴ **Chairman:** The Committee of Whole will now come to order. We are on general debate.

On Administration

Hon. Mr. Penikett: As I indicated, we are having the Administration Branch assume responsibility for financial activities related to program delivery department-wide, in order to permit the program staff to devote more effort to actual program delivery and evaluation. We are also, to be frank, increasing the workload on these people so that there will be a resulting reduction in PYs, a revision of internal systems and conversion reports from manual to computer. The one PY comes from here and the other one from Energy and Mines, which goes to the Small Business or the One Stop Business Shop.

Mr. Nordling: Under Administration there is an allotment for personnel of \$243,000 and Other of \$54,000. Can the Minister give us a breakdown of what the \$54,000 is made up of?

Hon. Mr. Penikett: The \$54,000 includes costs for Deputy Minister travel, excluding those for NCPC negotiations and general departmental administration costs. I guess that is basically it.

Mr. Nordling: With respect to the \$243,000 for personnel, is that just the PYs that we discussed and are on the chart handed out, or are there any other fees included?

Hon. Mr. Penikett: Five PYs.

³⁵ **Mr. McLachlan:** Can the Government Leader indicate why it has dropped \$104,000?

Hon. Mr. Penikett: The major reason would probably be that there was a contract person acting as head of the department for much of the 1985-86. As well, because of the requirements of the *Public Service Commission Act*, a director had to be legally acting Deputy Minister, and there was extra cost borne as a result of that.

Mr. McLachlan: When the Yukon development personnel come on stream, this will increase significantly, is this correct?

Hon. Mr. Penikett: At some point the Yukon Development Corporation will not be just a line, but maybe even a whole page. We have not gotten to that point yet.

Administration in the amount of \$297,000 agreed to On Yukon Development Corporation - Advances

Hon. Mr. Penikett: This \$1.00 vote is here to traditionally provide expenditure authority for administrative expenses related to the transfer of NCPC. At the point that we actually can see the transfer closing, and we activate the corporation, there will be expenses incurred here. If it is in this calendar year, as I hope it will be, we will come back with a supplementary to the House with the actual expenses.

Yukon Development Corporation — Advances in the amount of \$1.00 agreed to

Administration in the amount of \$297,000 agreed to On Energy and Mines

Hon. Mr. Penikett: The activities of this branch involve supervision and directing the work of the personnel. The program for Energy and Mines is laid out in the Estimates book. It has two elements: energy and mines. There are major changes as a result of

the new programs that have been developed in the department. The Regional Resource Roads Program requires some considerable involvement of this branch, even though it has been delivered by community and Transportation Services. The Exploration Incentives Program and the Prospectors Assistance Fund are both Capital programs.

The energy programs involve SEAL, with the Yukon Energy Alternatives Program and the Energy Development Fund being the main ones.

³⁶ *On Administration*

Hon. Mr. Penikett: Administration supervises and directs the work of the branch personnel, manages the budget of the department, represents the department in government at a variety of meetings with senior officials from the private and public sectors including co-chairing the Management Committee for the EDA sub-agreement on mineral resources as involved in negotiations of NCPC, as well as activities relating to the programs I previously described.

Mr. Nordling: Are we still on the Administration line item?

I see that it has gone up by almost \$30,000. Is there a specific area where the Minister can tell us that is allocated to or what extra program gives us the extra \$30,000?

Hon. Mr. Penikett: The main point is that we hope to have the two person-years fully staffed including all of their incidental travel, entertainment and communications costs. The increase is largely based not only on the full staff complement for the year, but also on the contract settlement, JES, and also a higher wage for a new Director.

Mr. McLachlan: In respect to the way the payments of the programs for the energy in the private residential fuel programs are administered, can the Government Leader explain why the applications are accepted for the 1985-86 year, for example, and then we must go to the federal government around mid-year to negotiate for the money to look after the programs? It is way into November before we can actually begin to pay anybody for the year that finished March 31, 1986. Why are we three-quarters of a year behind?

Hon. Mr. Penikett: In the case of the programs this year, the request has already gone to Treasury Board and we hope that we will be hearing back in a matter of weeks and we will sign much earlier than in the previous year.

³⁷ *Administration in the amount of \$105,000 agreed to
On Mining*

Mr. Nordling: I would ask the Minister to break that down for us.

Hon. Mr. Penikett: Just let me briefly give a little more information about the line. Of course, the department monitors mineral exploration, development and mining operations, is involved in liaison and consultation with the Chamber of Mines and senior officials from EMR, DIAND and does on-site appraisals of mining operations and reviews applications for purchase of lease of federally-controlled lands submitted to DIAND, land-use permits submitted to DIAND, licenses to use water submitted to Yukon Water Board. Meetings are monitored and presentations are given as required. It provides technical advice on proposed projects under the EDA Sub-Agreement on mineral resources, liaises with senior federal-provincial officials on mining-related activities in evaluating policies and programs, reviews federal activities in relation to management, administration of non-renewable resources, develop strategy for the devolution of these responsibilities.

The \$121,000 in this budget basically involves a full complement for one year for the director and one other, a mining development analyst and an officer, and also involves some advertising and promotional funds for our mining programs, even though they are capital programs. Some of the advertising and promotion of them is done in this line.

Mrs. Firth: Could the Minister give us a breakdown of those dollars. For example, what are the salary dollars allotted to the director, the mining development analyst and the officer, and explain what that officer is and how much the promotional funds are?

³⁸ **Hon. Mr. Penikett:** We have two positions here. The develop-

ment analyst is \$54,000; the officer is \$42,000. The employee travel in the Yukon is approximately \$2,000; employee travel outside the Yukon is \$4,300. We have \$3,000 for advertising; program materials - \$3,000; communications - \$2,100. That adds up to a total of \$14,600 plus salary costs, which are, after you include salary benefits, \$107,000 on the salary side, and the rest of the money is as I described.

Mrs. Firth: Perhaps the Minister could elaborate a bit on what kind of advertising and promotional work will be done.

Hon. Mr. Penikett: We have just finished with the Chamber of Mines agreeing on a common promotional program, which will appear in *Northern Miner* and other such publications, basically letting people in the mining industry know about our new mining programs: the exploration incentives program, the resource roads program, and the prospectors assistance program.

Mrs. Firth: I know the government talks about the priority it is giving to mining and how important it is in the government's list of priorities. I find the amount of money that is identified for mining is rather small in comparison to the largesse of the explanation of the support for the industry. Perhaps the Government Leader could just make a few comments about that.

Hon. Mr. Penikett: The amount of money is not small; most of the money is in the capital budget. We are talking about \$1,000,000 in the mineral explorations program; the prospectors assistance is still subject to negotiations with the federal government. We expect that that will be significant. The resource roads program is \$2,000,000. That is all money that was not voted previous to last year's capital budget, so it is quite significant new money.

My inclination is not to build this branch up too much in the O&M expenditures, because we are negotiating with the federal government for the transfer of the mineral programs. It would be ludicrous and inappropriate for us to build a big branch here with a lot of personnel, and then have federal people transferred to us and have a whole group of surplus people whom we would have to reallocate or lay off or pay for unnecessarily. We are trying to keep the branch small. You will notice that we have reduced it by one person-year, so we can put it more into the Business Development Office, with the idea that we will be transferring those federal programs and having that staff and those people.

Mrs. Firth: I interpret that this is more or less a support system for the capital monies that is going to be spent. I understand that and wanted to know if that was actually the intention of the Government Leader.

When does the Government Leader anticipate that this transfer will be taking place?

³⁹ **Hon. Mr. Penikett:** Let me emphasize that these people are not just devoted to Capital. If they were, they would be capital person-years. They are not. They are dealing with all the other things that I described at the beginning of the program, some of which do not involve great costs other than personnel costs.

The discussions have started at the officials level with the department. I will be in negotiations with Mr. Crombie as soon as he and I can have a meeting about developing a joint timetable for devolution. It will hopefully be a two or three year timetable.

We have developed our position for these negotiations. Hopefully, we can proceed to get speedy agreement from Mr. Crombie. I think the transfer is in the foreseeable future, but it is unlikely to happen before the House meets again.

Mrs. Firth: Are there any person-years identified in the Capital? Are we looking at further person-years there?

Hon. Mr. Penikett: No.

Mr. McLachlan: Is the \$3 million for Curragh Resources all capital money? Does no portion whatsoever of that show up in this budget?

Hon. Mr. Penikett: It is capital and under the EDA.

*Mining in the amount of \$121,000 agreed to
On Energy*

Mr. Phelps: I missed a portion of the debate. There seems to be a difference in the recoveries on page 82. Is the \$2,194,000 for Energy recoverable?

Hon. Mr. Penikett: Yes, it is basically recoverable. There is a 6.5 percent administration charge that also comes to us.

Mr. Phelps: Would the 6.5 percent for administration not make the recoveries more rather than less?

Hon. Mr. Penikett: I will just let some experts do the arithmetic. Maybe I can answer some other questions while I am getting that information.

Mr. McLachlan: Can the Minister advise us if, under this line item, other sources of energy such as wind energy would be studied? Is the Energy line item referring to electricity and fuel oil? What exactly is contained in the \$2,194,000?

Hon. Mr. Penikett: The \$2,194,000 breaks down as follows: \$115,000 for the Commercial Power Rate Relief Program and \$120,000 for the Home Heating Oil Subsidy Program. There are federal Power Support Programs, and there are some factors that affect that, and I can outline those on which the calculation is based. We are budgeting \$1,790,000 under that. The programs that we are delivering are SEAL, Energy Alternatives and Energy Development Fund.

Mr. Phelps: We can move on. We can come back to it.

Hon. Mr. Penikett: The actual amount we get for those transfer programs is \$2,025,000. The administration charge on that of 6.5 percent brings it up to the money that we have under the expenditure line.

Mr. Phelps: Somewhere we are spending something more. I am just wondering which of the items you have given us. You have given us the Commercial Power Support, Home Heating Oil, Federal Power Support, SEAL and Energy Alternatives. One of these, obviously, is not fully recoverable.

Hon. Mr. Penikett: The three components that I talked about, which add up to \$2,025,000 are the Commercial Power Relief Program - \$115,000; the Home Heating Oil Subsidy Program - \$120,000; and the Federal Power Support Program, which we have budgeted \$1,790,000 for in 1986-87.

Mr. Phelps: I have those. I am still curious as to why we are out-of-pocket, unless there is something we are spending that is not taken into account. Is our administration more?

Hon. Mr. Penikett: I will get back to the Member with that information.

Mr. Nordling: I just wondered if the Minister was clear on what the Leader of the Official Opposition was asking. We have the figure on page 82, Energy Equalization, a recovery of \$2,156,000, and an expenditure on page 76 of \$2,194,000.

Hon. Mr. Penikett: To come up with the total of \$2,194,000, the components of that are \$144,000 - Personnel; \$24,000 - Other Expenses under the expenditure allotment; the transfer payments of \$2,025,000, to add up to the \$2,194,000.

Mr. Phelps: The short answer is that we do not recover as much in Administration as we have allotted to maintaining the programs.

Hon. Mr. Penikett: We also have other expenditure programs. On the other programs that we deliver, not all the administration is devoted to the Federal Power Programs.

⁴¹ *Energy in the amount of \$2,194,000 agreed to
Energy and Mines in the amount of \$2,420,000 agreed to
On Economic Policy, Planning and Research*

Chairman: General debate?

Hon. Mr. Penikett: The program objectives are laid out in the estimates. Let me briefly indicate that the major new initiative here is, of course, the Yukon Economic Development Strategy process. I did indicate, at the beginning of the discussion, something about how we are proceeding here. If Members like, I will get into more detail now. Please stop me, though, from getting into too much detail.

Some Member: Clear.

Laughter

Hon. Mr. Penikett: I emphasize that planning has been very widely recognized as being important to achieve our goals. I think that businesses and governments all understand that systematic planning helps us achieve efficiencies and effectiveness. Large business is doing it; government is doing it. We think it is important that we do it, and that we engage not only an internal planning exercise, but one that helps to try and get a coordinated overall government response in the economic front, especially when we

have scarce financial resources and scarce human resources.

We have had, in the past, going back to the Carr Report and some tentative efforts in the previous government, some movement towards a strategy. As I said, our objectives are to do this in very heavy public consultation. We will be making sure that citizens who want to have a voice in this process will. We will do that through a series of workshops and, hopefully, larger conferences; one large conference in particular. There will be workshops, of course, at the conceptual level, also at the community level as we build this strategy. The coordinating activity will be largely carried on, as I say, by this branch.

The department, of course, will be responsible for developing, in consultation with the private sector, the strategies for mining, energy and so forth. This particular branch, Policy, Planning and Research, will have the job of taking the tourism strategy that comes out of Tourism, the renewable resources work that comes out of Renewable Resources, the transportation policy, communication policy, and so forth, and integrating all that into, hopefully, some kind of comprehensive statement down the road.

We are going to be looking at, for example, the agriculture sector through renewable resources, forestry, in conjunction with DIAND, fisheries, with renewable wildlife dimension, tourism of course, and renewable energy with the appropriate government departments.

We are going to be looking at the mineral sector, both quartz and placer, with DIAND. Energy, of course, is something that we are doing some work on now, of course, over the NCPC process. We will also be looking at alternate energy. Oil and gas is really a new field for us, but it is one that we will be developing some work in. Of course, the initial work, in terms of resource revenue sharing, has been contracted for.

There are important community issues, transportation, communications, government institutions, human resources training and so forth that will also involve this government and AYC. It is an important and exciting initiative. We have allocated \$250,000 new dollars in this budget for it and I look forward, as the months go by and this work gets underway, to reporting progress to the House.

Mr. Phelps: I want to take this opportunity to say that I fully support the idea of sound economic planning and research. I would hope that perhaps this program would take control of some things I see as a complete and utter fiasco and that is the methodology employed in the locally-manufactured furniture. It seems to me, and I want to make this point here, that planning would envisage a thorough analysis of the viability of the industry and then if there is to be a grant or subsidy, or low-interest loan, fine and good, but we really do not see the government embarking upon an indirect subsidy, paying more for what appears to be quality goods, without what seems to me very straightforward and simple methodology of what one would hope a department such as this would do in a proper fashion.

Hon. Mr. Penikett: I do think we want to look at this, and without wasting the time of the House, I would like to take the opportunity to debate, if not the specific project, the idea behind it for a moment, with the Leader of the Official Opposition, because he is economically literate.

Let me just make this point. Earlier today we heard what was being proposed here described as some kind of radical new socialist philosophy. My colleague, the Minister of Government Services was quite right, in that the use of the procurement power of the government as part of a regional development strategy is not radical, nor is it particularly socialist. In fact it is a policy that has been recently enunciated by the federal government and the Department of Supply and Services made it clear to us that they support this type of initiative and are coming here to talk to us about it because they believe that the government's procurement power can be a very significant development tool. I do not have to, in the case of furniture manufacturing, talk about the value added potential.

There will be other occasions when we come to Government Services when we will no doubt talk about the particular furniture project. Let me make a more significant economic development point, which I hope the Leader of the Official Opposition will not

disagree with me about, and that is the role throughout human history of import substitution as a strategy for economic development. I know that the Leader of the Opposition is a fan of Mr. David Crombie and I do not doubt also that he may be, because Mr. Crombie also is, a fan of Jane Jacobs, the great North American urbanologist, and in fact I heard Mr. Crombie interviewing her recently on the radio. Jane Jacobs, in her great work on cities and civilization, identifies that the single most important stratagem for achieving economic development in any area throughout history has been import substitution — successful import substitution. If you look at what has been done in Korea or in really rapidly developing countries in recent years, and you analyze what their economic strategies have been about, the single most important plank in their economic platforms, or single most important element in their economic strategies, has been import substitution.

I do not want the impression to be left that this is a radical new idea, because it is not.

43 If the House will permit me, I would like to take a moment to quote from an editorial I found in a local publication, in 1915. It is entitled, "Keeping Money at Home".

"Every dollar that can be kept in a community goes to help ensure the life of that community. Every dollar sent away is just that much drain from the veins of the locality. Klondike has produced \$175 million or more in virgin gold, which has been shipped from the land. Few countries have been submitted to such tremendous drainage. Only by her marvellous goldfields has Klondike been able to achieve such a record. But had that wealth been reinvested here in placer, quartz or other industries, the country no doubt would have developed far beyond the present stage. As it is, Yukon is coming on steadily, but still suffers a leakage of certain moneys that annually go outside. Every step that can be taken to foster local Yukon industries should be taken, especially by those remaining here and deriving their livelihood from the region. It is unnecessary at this time to enumerate all the channels by which money goes out of the Yukon. If those who send the cash for goods when they can purchase locally, if they will reinvest here then they are tempted to buy wildcat lands or bite at other speculations outside. If they will purchase home-grown produce instead of that from other countries, they will be helping to support the country that supports them.

"Just now the farmers of Yukon are preparing to plant their crops. Tens of thousands of dollars worth of potatoes, carrots, turnips and other roots, hay, eggs, poultry, pigs and other ranch products are grown in this zone. The yield and consumption should be multiplied. Experimental farms have been started in Alaska and have been suggested for Yukon. Every time a new article is produced locally, wealth is added to the northland. Recently some of the energetic Yukoners offered to the dominion government tracts of land for experimental farms in the Yukon. Others have suggested that Indians of Yukon be taught to grow what they need, and thus to keep what goes for their upkeep at home. The local farming industry is a decided step in the direction of keeping money at home. The Yukon council might support the movement for experimental farms and for other means of keeping Yukon's money in Yukon, it would be in the best interests of every northerner concerned."

If I could move from that to an editorial some 70 years later, in a local newspaper. This one is entitled, "Furniture Sits Well".

"We have the technology. We can make furniture as good as anyone else. We can make it strong. We can make it look good, and it does not even cost \$6 million. In fact, because of a Yukon government experiment to test the viability of making furniture locally, we now know we can make desks and chairs even cheaper than it would cost to bring in comparable products from the south. As a result, Yukon may look forward to having a thriving, local furniture trade if the government and producers follow through to take the next steps at establishing such an industry."

I will not read the whole of that editorial. The point was made the other day by the Leader of the Official Opposition about our under-developed forestry industry. I agree with that point. That is why this government is so committed to a local material strategy, rather than just simply a local purchase strategy. We do not object

to a local purchase strategy, but we think the local material strategy goes one step further.

If we can get our forest products into buildings like Yukon College, if we can get our local forest products, or our local primary products, used in producing quality goods such as furnishings, and producing the jobs and the spinoff benefits here, I think we should do it.

The Member asks, in the planning process, if we will be carefully examining the economic costs and benefits to us.

44 We will be. We have already gone into the first stage of this process in an import substitution workshop that was conducted in March, I believe. It was very clear that there is an exciting undercurrent going on in this community now at looking at the potential. The community is not only looking at the potential in agriculture, of which we have heard much, but in other areas.

There are people, for example, who think that the local clays we have here could be used in some of the ceramic materials, that are very important building products.

I believe an economically sound defence could be made that it would be much more in our interest to build buildings such as the Yukon College out of our local forest products to make work in the sawmills, to make work for the loggers and to see develop, as a result of that procurement policy, and the stimulus that government purchasing can provide — to see a drying kiln established, to see glulam plant established — all permanent economic developments, which can improve and enrich the life of this community. It could create wealth here, keep dollars here and build jobs here.

When we do these things, we are not going to create thousands of jobs, but we are going to build dozens of jobs. I think that is a sustainable kind of development and is very important.

We are not going to end the debate about this kind of import substitution strategy here today. We are not going to explore all the possibilities or see all the limitations here today, but I concede immediately — what the Leader of the Official Opposition suggests — that this strategy process will include the opportunity to not only provide expert opinion on subjects like this, but also knowledgeable local opinion on these questions. Yes, it will do that, and yes, it will do it in public.

Mr. Phelps: I am very pleased that we have opened up this debate in this forum. There are a few things that the honourable Minister says that are, at the very least, annoying to me.

In the first place, the Yukon College was designed to use local materials. That is true. It was designed under the previous administration to do just that. It was one of the features that was stressed when the plans were announced. There is nothing new about that.

The reference that because I seem to get along okay with the Minister of Northern Affairs and he likes someone else and believes some economist is illogical, is fine rhetoric, but I know that the Government Leader is a student of logic as well. He knows better than to prattle on like that and expect it to sell.

We are not arguing the issue of import substitution by itself. If it makes economic sense, if the costs are close, if the Minister has an analysis that shows cost effectiveness: that is fine, he will not have an argument from this side. But, what has been done here, and what seems to be a position of the side opposite to hide behind, is that it cannot make the case that they have a product of equal quality for anything close to equal cost.

45 That is not the point. The point is that you are comparing furniture of equal quality, roughly — closely equal in quality — on the one hand using outside materials and assembled here, and on the other hand manufactured outside and assembled here, in part at least, and you are talking about a difference between \$8,450 and \$3,340. There have not been any studies shown or anything that justifies the decision made by government. I am pleased to see that we are putting more money into initiatives to do that kind of analyses. I completely agree that we ought to rely, as much as possible, on local expertise and wisdom — folklore — as we do on the so-called experts from outside.

The point I am trying to make is a very simple one: there have been no figures or studies, nothing, put forward by the Minister of Government Services that justifies, on a cost-effective basis, the

decision to go ahead with furniture at a cost of \$8,450 per office — times twenty, of course — over furniture of very comparable quality at a cost of \$3,400. You cannot have import substitution at any cost. It just will not work and is not a wise way in which to spend the taxpayers' money. What we are saying on this side is: let us get away from slogans and let us not pretend that the NDP are doing something new. The previous administration, before I was involved, insisted on local materials for Yukon College. You should at least be able to justify, with some kind of figures or logical thinking, the decision to blow an extra \$100,000 on some fancy furniture.

Hon. Mr. Penikett: I think we should postpone the specific discussion about furniture until we get to the Government Services vote. Just let me make this point about the decision about the college. The decision about the college was made by the previous administration, and it was made after we had a big uproar and fight about the way the Justice Building, the Andrew Philipsen Building, and not only that building but every other public work in this territory that I had fought, complained, screamed and shouted about all through the years of the previous administration, and I was pleased to see the decision made about the college. I think a fair person would look back at the speeches I made on the subject over the years and share some credit for in fact persuading the government on the local material strategy. Fair-minded members who were here in the House would recognize that we argued against the way the justice building was done, also under the previous government, and argued very much for a local material strategy.

I believe it does make economic sense and I believe, not empirically, because that will take a while, that we will be able to demonstrate, as a by-product of this process we are engaged in, that it makes economic sense. The Member is shaking his head and if he does not want to be persuaded, if he does not want to believe and if he does not want to have the debate go on, there is nothing that I can do. But let me tell him a couple of facts that I think are incontrovertible, at least I do hope he will say they are incontrovertible. The demonstration project we did before Christmas, that was attacked by the Members of the Opposition, produced a product of superior quality — superior quality — than the government had purchased locally, but which came from outside. It was done at lower cost than the government had paid previously for similar products. That is what persuaded us to proceed on the venture.

“I can suggest that if we want to get into a really detailed economic analysis, in terms of jobs, quantification of the value added, and so forth, we should do it when we get to the Government Services vote. I will concede, immediately, that the process we are talking about here will get into these kinds of questions, not just in this particular issue, but on import substitution strategies. We will be talking a lot about that. I take it that, in general, the Leader of the Official Opposition's point of view is that it should be done only where it makes economic sense.

I hope that we will be able to demonstrate that a lot more of it makes sense than in the past, and that there is a lot more room for it than there has been in the past.

Mr. Phelps: If you go with that principle, it must make economic sense, and we will not be arguing. I will be quite convinced by the figures, and to concede that, all things equal, we ought to go for import substitution.

That is not the case here. My objection is that this was done with no study. It does not make any sense to pay more than twice as much for furniture of comparable value, particularly when there is no demonstration that other people are willing to pay that kind of a spread. It does not make any sense at all.

I sincerely hope that, in future, if the concept is to develop a local industry, for any reason, that it will be done in a rational fashion, that if there is to be a grant, it will be a direct grant, rather than just buying at an outrageous price, or a loan, and on the basis of the feasibility of the industry.

That was not done here.

Hon. Mr. Penikett: The Leader of the Official Opposition and I are not going to persuade each other on this point. He made two wrong statements. We can spend all afternoon arguing about it now, or we can argue about it when we get to Government Services.

He said that we are paying twice as much as we need to for this furniture. I do not believe that is a true statement. He says there is no interest in the private sector, as the result of purchasing from this industry, and that the industry that we are assisting by purchasing from them, or creating a certain kind of demand, I believe that is wrong.

I know that there were a large number of inquiries as a result of the furniture that was displayed in the lobby here. I expect that, as our economy picks up and things improve, a lot of people will take pride and an interest in that local product, as they do in other local products.

I also believe that it is quality that makes it economic. If we want to have an exchange, an argument, about the dollars and cents, let us do that in the Government Services vote.

Mr. Phelps: I am not going to let it go quite that easily. Let us go back to the fundamental premise. He can waffle all he wants. If the furniture is of comparable quality to that which is offered at less than half the price, if he accepts that — and I do not think that he has examined the pieces side by side, nor have I — then we say that the people are not going to pay twice as much just because something is made locally. That is not a false statement based on that premise. We can go together and examine that furniture.

Hon. Mr. Penikett: Sure, let us go together. I do not accept that we are talking about comparable quality. I do not accept that we are talking about half the price. I think, as a philosopher whom the Leader of the Official Opposition will know, at some point, we will have to agree on a certain set of facts before we can continue this discussion.

Mr. Phelps: We have the facts as to the price.

Hon. Mr. Penikett: I am not even sure that we have agreement on that.

Mr. Lang: Where, in other areas of the government, has \$8,500 been spent on desks? Inference was made by the Government Leader at one time that everybody had \$8,500 worth of desks. I would like to know where they were.

Hon. Mr. Penikett: As usual, the Member for Porter Creek East is talking nonsense. I mentioned no such inference. He was not here for three-quarters of this discussion. He is now walking in at the last minute.

We are talking about the Department of Economic Development vote. We are not talking about Government Services right now. The discussion was begun by the Leader of the Official Opposition on this furniture purchase as an example of import substitution. I have discussed it at that level.

If we are going to discuss the dollars and cents of the Government Services vote, I beg you on a point of order, let us wait until we get to the Government Services vote.

Mr. Lang: I do not have any problems. Yes, I did come in late. I will have no problem herein telling my colleague when he is not here, either. I have business outside the House, and I am not going to apologize for that.

Chairman: Order, please. Can you please address your remarks with the Chair?

Mr. Brewster: I am a wise old man with not much hair, and I am going to remind the government of a couple of things. This initiative they are bringing in is not a new one. I can recall when we were going to produce products here. We still have remains of it sitting in Haines Junction. I do not think any of us argue that we want to produce in the Yukon.

Personally, as a businessman, you cannot tell me that with 23,000 people, you can make a manufacturing industry out of furniture. I have a problem with this. Most of us do not have furniture of that type, and we are not going to buy it.

The other thing is that we are up against the same old thing. The government says they are going to produce it and send it out. No you are not. We have a long-standing trucking problem, and it is just the same going this way as going that way. There is no difference.

Let us go back to when the refinery was put in in Haines Junction. They were going to start hard-topping highways all over Alaska and the Yukon; they had 159 miles to haul their products in. We were going to have bunker oil. The government talked about

changing furnaces over to bunker oil. What happened?

Right now, the territorial government owns that. Right now, there is \$80,000 in taxes not collected. Now, there is a bunch of steel tanks out there that are no good, and it is probably worth \$100,000 to \$120,000 in taxes. What happened is a simple thing of economy.

People in Dawson Creek and Alberta saw what they were doing in Alaska and here and underbid them and ran them right out of business. They brought in just what they needed. This plant had all these extra products and could not sell them outside because they could not compete. So they sat here. Now there is a big building with all the steel sitting there, and it is a dead issue.

Hon. Mr. Penikett: Let me say right off that when we are talking about small-scale manufacturing we are talking about a cottage industry and we are talking about, for the most part, in this case an existing plant. We are not talking about the government doing something that would cause surplus manufacturing capacity to be built here and then sit idle. That would be folly. We are talking about woodworking shops that already exist. We are not talking about, I suspect, new capital investment. Nor are we talking about a situation where we anticipate, in the short run, this stuff being shipped out of here. We are talking about meeting a local demand, and a considerable part of that local demand being created by the government.

The bottom line for me is that I am more interested in creating jobs for people here in Yukon than I am for creating jobs in Korea, or British Columbia or Quebec. If there is the same number of jobs involved in creating a desk or piece of furniture, I would rather that the jobs be created here. I think an economic analysis of that will prove the wisdom of that course.

The Member talks about a refinery, and that is an interesting example, because I know something about the refinery. I know about the one here that was moved to, I guess, Edmonton by Imperial. Refining technology at that time and the limited market available here clearly made that thing uneconomical. It is interesting that the refinery that has recently opened up in Fairbanks is an incredible success story, and I am also advised, and we are going to be taking a look at this, that there are refinery technologies now that make it conceivable — not necessarily provable — that communities of this size, once it has some supply, can refine quite cheaply on a small scale the petroleum products; on a scale sufficient to meet our own needs, not to supply a market beyond that, because I think that is clearly not conceivable at this point.

These are things we are interested in looking at. I do not think the refinery, for example, is something that will happen in the next few months. There is every indication of that.

Mr. Phelps: I want to make sure I direct my remarks to you. It is my sincere hope that we will not have an outrageous situation occur again such as the furniture situation, and that from now on when import substitution is invoked and when the government moves in that direction they will be able to support their position in an appropriate way with the proper statistics, the market analysis and the cost effectiveness figures and so on. When they are able to do that they will not be placed in this embarrassing position.

Mr. Phillips: I would just like to ask the Government Leader to clear up a couple of inconsistencies. We have talked about the local furniture manufacture and we heard the Minister of Government Services tell us that hopefully in the future we will be able to use more of our local products with the furniture manufacture. We had the Government Leader just read us out a lengthy document or article talking about agriculture in Dawson and the potential of agriculture and the potential of local products in the Yukon.

Yesterday, we had a motion on the floor here asking that these two very important local industries, forestry and agriculture, be included in the Economic Council and this government defeated it. Do they really believe they are important or do they just do this political rhetoric to make people think they really do believe in local hire?

Hon. Mr. Penikett: I can tell the Member opposite one thing about all these organizations: they will tell him that we have spent more time consulting with them and more time talking with them than the previous government. We have, in fact, supported them. We are plugged into all sorts of organizations.

If you want to talk about how the contact, the interface, between Renewable Resources and the Agricultural Association and the Trappers Association and those other bodies, the Member for Klwane quit the Economic Council because it was too big and too cumbersome. When I asked him yesterday what groups he was prepared to kick off the Economic Council to make room for these two new groups, and when I explained to him the problem of not having an umbrella group — I concede right away the problems identified by the Leader of the Official Opposition about them not having a perfect community of interest, and that is also true in other umbrella groups — I do not believe that the Economic Council, which consists of 18, 19, or 20 members is a practical size.

When we are talking about this economic strategy process, which is the line we are now on, we will be involving those groups, not once a year, but all the time. We will be continually meeting with them in a continuing dialogue about developing their sectors of the economy. We are committed to doing it. We will be doing it. I do not see that a seat on the Economic Council is the be-all and end-all of our consultative process with these organizations. We will be doing a lot more than that.

Mr. Brewster: I do not have to have people put words in my mouth. I would ask the hon. Government Leader to show me where I have made that statement. My wife fell down and broke both her wrists at that time. She went outside and my daughter and I spoon-fed her for almost one month. I do not need a bunch of political rhetoric in this House on a thing like that. I defy anyone to prove anything else that was ever said in the paper about why I quit. Let us take on the other situation. You sent a note to me, that is right. He asked me who I thought should be put off that committee in order to put the other two on. In other words, the government is not going to take any blame. They would pass it on and say, oh, Brewster did it over there. Talk about hypocrites, I have never seen anything like it.

Hon. Mr. Penikett: If I was wrong about the reason the Member left the Economic Council, I apologize instantly. I seem to recall some press reports that indicated considerable frustration. It is not worth the time checking the record. If I am wrong, I concede it instantly. I am talking about my memory.

I asked the Member yesterday, in private. He could have told me in private. That is his real problem. If you are going to make suggestions about adding groups to organizations, let us get real. Do not just say, well, the government can do the dirty work about kicking people off, and we will just do the political glory saying what people should be on.

We made a decision yesterday. We made a decision after talking about it. I made a serious decision, because I do want to consult with those renewable resources groups. I cannot have an effective Economic Council if we just keep adding representatives to it. At some point, it would be so unwieldy as to be useless.

Mr. Brewster: I am not going to get into this. This is absolutely foolish. I did not ask to have anyone kicked off at any time. I still think that two more members should have been added. I do not think that two more members would have made a big difference in handling the situation at all. It is just absolutely ridiculous.

Mr. Phillips: I did not exactly hope to spark this rather exciting debate here. The reason I raised it is that the government has talked quite a bit lately about agriculture and about forestry, and a laminated beam plant. It has even established an agricultural department. It is so important that it established an agricultural department. We commend the government for that. Everybody agrees that we should have that department.

We are not talking about kicking anybody off the Council. I am saying that I just find it inconsistent. They are telling us, constantly, that these are very important. They are advertising for proposals for a laminated beam plant. The Minister of Government Services is telling us that we can produce woods locally if we can put the products through a kiln, and we have the Government Minister, with support of our friends to the far left, throwing it all out.

I do not understand it. They either believe it is important or they do not believe it is important. Where do they stand?

Hon. Mr. Penikett: I have heard some rhetoric before. Does the Member think the transportation sector is important? I suspect he would. The transportation sector is not represented, except for the Chambers of Commerce. I think that is an oversight. I could argue that the transportation sector right now, in terms of its dollar value to the economy and jobs, is bigger than any renewable resource sector.

⁵¹ That is not to say I do not think the renewable resources sector is not important; it is not to say that I do not think the transportation sector is important, but it is not now represented on the council. I can think of half a dozen groups that can make as convincing an argument to be included on the council as the two suggested by the Members opposite.

I wish the Members would take me seriously when I said yesterday that I would be reviewing the situation in a few months. It is quite possible we will conclude, because I expect it to be a Cabinet decision, that some groups have not made the contribution that we would expect from them. I will have the opportunity to look at the situation. Over time, some sectors will expand and make a convincing argument for representation on that body.

It is not static; the membership on the council is not carved in stone. We will be looking at it. I wish Members would take it seriously and recognize the sincerity with which the government tried to find representation for the renewable resources sector. The logic by which we picked the group with the largest membership was questioned by Members opposite. Fair enough. But I did not, when I wrestled with the question, find a better criteria. I said that we will be looking at the question again in the future. My mind is not absolutely closed on the question, but I hope the Members opposite will understand there are other sectors in the economy, with a considerable dollar-volume of activity, with very large employment, that are not represented on the council right now and could make a pretty convincing argument for being there, but unless the council is to be expanded to a body in excess of 20 people, I do not see how we can accommodate them.

Let me say this: those groups will be included in the workshops and conferences that we intend to have in the planning process. The agricultural group and the Forestry Association will be included. We meet with them very often and work with them very closely. They know it, and they will tell Members opposite so if asked.

We will also be dealing with the Transportation Association, which is not on the council. We will be working closely with them; we will be talking to them and listening to them. The Economic Council is not the only body on which they will be heard and on which they will have a voice.

Hon. Mr. Kimmerly: In view of the time, I move that you report progress on Bill No.5.

Motion agreed to

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

Chairman: It has been moved by Mr. Kimmerly that the Speaker do now resume the Chair.

Motion agreed to

Speaker resumes the Chair

⁵² **Speaker:** I will now 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. 5, *Second Appropriation Act, 1986-87*, and directed me to report progress on same.

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

Some Members: Agreed.

Speaker: I declare the report carried.

Ms. Kassi: I move that the House do now adjourn.

Speaker: It has been moved by the hon. Member for Old Crow 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 5:30 p.m.

