The Yukon Legislative Assembly

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HANSARD

Monday, March 30, 1987, — 1:30 p.m.

Speaker: The Honourable Sam Johnston

Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Danny Joe	Tatchun
Sam Johnston	Campbell
Norma Kassi	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

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

Liberal

James McLachlan	Faro

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01 **Whitehorse, Yukon**
Monday, March 30, 1987

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

Prayers

Speaker: I wish to inform the Assembly that I have received from the Chief Electoral Officer a letter, which I will table, respecting the By-election held in the electoral district of Tatchun on February 2, 1987. The letter reads as follows: "The resignation, on April 30, 1986, of Roger Coles, the elected Member for the electoral district of Tatchun, caused a vacancy to occur in the Legislative Assembly. A writ calling for a By-election to fill the vacancy was issued on January 2, 1987, the polling day being February 2, 1987.

"I hereby advise that the Returning Officer has certified in the return of the writ that Danny Joe has been elected as Member to represent the electoral district in the Legislative Assembly.

"Yours sincerely, Patrick L. Michael, Chief Electoral Officer."

02 **Hon. Mr. Penikett:** I have the honour to present Mr. Danny Joe, representing the electoral district of Tatchun, who has taken the required oath and now claims the right to take his seat.

Speaker: The Member may now take his seat.

Applause

DAILY ROUTINE

Speaker: We will now turn to the Order Paper.

INTRODUCTION OF PAGES

Speaker: It gives me great pleasure to inform the House that the Pages from Porter Creek Junior High School who will be serving the Assembly are: William Bryant, Amy Byers, Adam Starr, Shannon Eberts, Aaron Cieslikowski, Karen Kaill, Shana MacLean, Kiyoshi Maguire, and Brian Clark. With us today are William Bryant and Amy Byers, and I would invite them to join us at this time.

Applause

Speaker: Are there any Introduction of Visitors?

INTRODUCTION OF VISITORS

Mr. Joe: Mr. Speaker, I would like to introduce to this Assembly visitors from my riding of Tatchun. They are my wife, Betty, my two daughters and Alex Morrison, my grandchild.

03 I ask that all hon. Members join me in welcoming these residents of Tatchun to this House today. Thank you.

Applause

TABLING RETURNS AND DOCUMENTS

Speaker: I have for tabling the report of the Chief Electoral Officer on the Tatchun by-election, held February 2, 1987.

I also have for tabling a report from the Clerk of the Legislative Assembly on deductions and indemnities of Members of the Assembly, made pursuant to section 40.1(6) of the *Legislative Assembly Act*.

Are there any further Returns or Documents for Tabling?

Hon. Mr. Penikett: I have for tabling a letter from the Prime Minister, the Rt. Hon. Brian Mulroney, concerning the international boundary in the Beaufort Sea.

Speaker: Are there any Reports of Committees?
Petitions?
Introduction of Bills?

INTRODUCTION OF BILLS

Bill No. 6: First Reading

Hon. Mr. Penikett: I move that Bill No. 6, entitled *Second Appropriation Act, 1987-88*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 6, entitled *Second Appropriation Act, 1987-88*, be now introduced and read a first time.

Motion agreed to

Bill No. 31: First Reading

Hon. Mr. Penikett: I move that Bill No. 31, entitled *Interim Supply Appropriation Act, 1987-88*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 31, entitled *Interim Supply Appropriation Act, 1987-88*, be now introduced and read a first time.

04 *Motion agreed to*

Bill No. 56: First Reading

Hon. Mr. Penikett: I move that Bill No. 56, entitled *Fifth Appropriation Act, 1986-87*, be now introduced and read a first time

Speaker: It has been moved by the hon. Government Leader that Bill No. 56, entitled *Fifth Appropriation Act, 1986-87*, be now introduced and read a first time.

Motion agreed to

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

Are there any Notices of Motion?

Are there any Statements by Ministers?

This then brings us to the Question Period. Are there any questions?

QUESTION PERIOD

Mr. Lang: In view of the fact that the government is bringing down its budget today, we will be refraining from asking any questions for the course of the day so that we can hear the budget speech.

Speaker: This then brings us to Orders of the Day.

ORDERS OF THE DAY

Speaker: Government Bills?

GOVERNMENT BILLS

Bill No. 6: Second Reading

Mr. Clerk: Bill No. 6, *Second Appropriation Act, 1987-88*.

Hon. Mr. Penikett: I move that Bill No. 6, entitled *Second Appropriation Act, 1987-88*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 6, entitled *Second Appropriation Act, 1987-88*, be now read a second time.

05 **Hon. Mr. Penikett:** Mr. Speaker and hon. Members, I am pleased to introduce today the Operation and Maintenance Budget for the fiscal year 1987-88.

Since coming to office, our government has been committed to economic recovery, job creation, and strengthening and diversifying the economy. This remains our number one economic priority. In the year ahead, we plan to pursue economic programs that will meet those objectives. We are determined to increase the economic opportunities for Yukoners in all regions of the territory.

The Budget I am tabling today supports our economic initiatives while maintaining our commitment to sound financial management. This commitment has seen the government limit the growth in expenditures to its lowest level in recent years. As a result, I am pleased to announce today that our government plans no tax

increases during the coming fiscal year. I will describe our overall fiscal position in more detail in a few minutes.

First, I would like to review briefly the Yukon's economic recovery. While we are committed, as I stated, to developing new industries, we have worked hard — and cooperatively — with existing industries to help them recover from the recession.

In the past two years, the Yukon's economy has seen a dramatic turnaround. The signs of the economic recovery are everywhere. It is our firm belief that the inititatives introduced by our government have contributed to the improvement in employment and the renewed sense of confidence in the economy.

The unemployment rate has dropped from the highs of the recession. Hundreds of new jobs have been created in the mining, construction, forestry and service sectors. This has occurred at the same time as the Yukon's population has grown.

During 1987, at least one new mine is expected to open, and we are striving to ensure the maximum level of local benefits from its operation. After our successful promotional efforts at Expo 86, we have every reason to believe that 1987 will be yet another record year for tourism. Improvements in the mining and tourism sectors will undoubtedly have a positive impact on the service sector, particularly small business.

Last year saw increased construction activity in many communities. Whitehorse building permits, for example, exceeded $40 million and are expected to remain high again this year. Hon. Members may refer back to last fall's Capital Budget and see that this government is making a major commitment to capital projects in all our communities.

By any statistical indicator, the Yukon has recovered from the recent recession. It is now time to build an economy that is more diverse, more self-sufficient and more stable. We look forward to working together toward these goals in the years ahead with Yukoners from all regions and from all walks of life.

As I will describe, we have taken great care to limit the growth in government operating expenditures. Within this limit, we are continuing many new activities introduced last year. I would like to update Members on the progress of some of these programs.

The Yukon 2000 process was initiated with the goal of identifying ways to diversify and strengthen our economy. Two of the highlights of the past year were an opening conference in Faro in June to select overall development goals and a major conference in Whitehorse last November to discuss the Yukon's development options.

06 The latter was attended by nearly 200 Yukoners representing many communities, industries and interest groups. This conference was unprecedented in bringing Yukoners together to express their views and their hopes for the territory's future. Equally important have been the sectoral and linkage workshops that served to prepare for and follow up on the fall conference.

Our government truly values the time and ideas contributed by hundreds of Yukoners. Based on these ideas, we will be preparing a draft development strategy in the months ahead.

In the budget I am presenting today, funds have been allocated to complete the Yukon 2000 process. This will permit a final major conference later this year, at which Yukoners will be able to review a draft development strategy.

Shortly after we took office, legislation was passed to establish the Yukon Development Corporation. Our government has recently activated the Corporation to take on two major responsibilities. The Corporation will direct the management of the former Watson Lake Forest Products operation and the recently transferred assets of the Northern Canada Power Commission.

The rejuvenation of the Watson Lake mill is indicative of our commitment to strengthening regional economies, as well as stabilizing and promoting the forestry industry. The transfer of NCPC will provide benefits to Yukoners in the years ahead in the form of affordable power and new development opportunities.

During the past year, we have opened Business Development Offices in Dawson City and Watson Lake. Approval has also been given for a Business Development Office for the Faro-Ross River area and for a pilot project for a Community Economic Development Officer for Pelly Crossing. These offices should help strengthen the economies in these areas, and I look forward to describing them more fully in the departmental estimates.

Another significant step toward diversifying the Yukon economy in the years ahead is the recent signing of the $4.6 million Small Business Sub-Agreement under the Canada/Yukon Economic Development Agreement. This agreement is intended to promote the development of small businesses and the use of local materials in manufacturing.

Mr. Speaker, let me turn briefly to the public service. During the past year, significant changes were made to the status of and benefits paid to hundreds of casual employees. These changes corrected what we felt were serious inequities, and we are proud to provide funds for these enhanced benefits in this budget.

In the past few months, the Positive Employment Program has hired its first recruits for the Native Training Corps. These trainees have assumed a variety of positions, from Economist to Community Operations Advisor. In response to the popularity of this program, we had added five additional term positions for the coming year. It is our policy to ensure that these aboriginal Yukoners and their successors in the years ahead will help make the public service more representative of and more responsive to the population it serves.

In connection with the public service, Mr. Speaker, I would like to state that local hiring by the Yukon Government rose noticeably last year, from 92 percent to 95 percent. This shows our continuing commitment to the goal of local hire.

07 As I have emphasized since our election, this government is determined to achieve a new social contract for the Yukon, in the form of an aboriginal land claims settlement. More than any other single event, a settlement will have profoundly positive effects on our social, economic and political development.

Over the past two years, we have shown the initiative and committed the necessary resources for the Yukon Government to take a leading role in re-starting negotiations on a cooperative and regional basis. We will increase funding in the year ahead by seven percent to $598,000 for our Land Claims Branch. As well, several departments will be asked to make special efforts to help us reach agreements at the negotiating table in the months ahead. As a result of our efforts and an anticipated new federal mandate to negotiate a Yukon land claims settlement, we expect to make rapid progress this fiscal year.

Finally, let me just mention the recent appointment of eight Yukoners to the new Yukon Advisory Council on the Status of Women. This reflects our government's serious commitment to Yukon women. It began immediately with the creation of the Women's Directorate and has continued with improved day care support, pay equity in the public sector, positive employment, human rights, and many other measures. These are significant steps to recognize the needs and contributions of Yukon women. We are proud of them, and we look forward to working with the new Advisory Council to improve the status of women in the Yukon.

One of the principal objectives of our government has been the sound and prudent management of the Yukon's public finances. This and previous budgets are illustrative of that concern and that commitment to careful financial management. The Operation and Maintenance Estimates which I am introducing today propose expenditures of $176,749,000.

07 This represents an increase over the Main Estimates for 1986-87 of 3.3 percent. This growth rate is lower than both the annual rate of inflation and the projected growth rate of the Yukon economy.

This very small increase in the operation and maintenance spending is in keeping with our belief that, at this time, the greatest economic and social benefits for our communities can be attained through capital spending, to which we have committed increased resources since 1985-86.

As all Members are aware, the fiscal position of the Yukon has improved with the signing of the Formula Financing Agreement with the Federal Government. We are determined to utilize these funds to improve the infrastructure of the territory through capital projects in all our communities, and our budgets for all three years reflect this policy.

The timing of the Formula Financing Agreement did not allow us to

mount a major capital building program during 1985-86. The result was a build-up of surplus funds. As of March 31, 1986, the accumulated surplus amounted to $62,323,000. The increased level of funding provided under formula financing was designed to improve the quality and level of public services and allow for the construction of necessary infrastructure. We are using these funds as they were intended, not simply banking reserves beyond our needs.

This Budget and the previously approved Capital Budget will result in a net requiremcnt of $11,546,000 for the 1987-88 fiscal year. This will be financed from the accumulated surplus.

In addition, we will be tabling the customary third set of Supplementary Estimates for the fiscal year just ending. These estimates will show an estimated year-end expenditure for Operation and Maintenance of $177,797,000 and $105,918,000 for Capital, representing an overall increase in estimated year-end expenditures of only $234,000.

I would now like to take this opportunity to review our overall financial position. At the beginning of the 1986-87 fiscal year, the accumulated surplus stood at the previously mentioned figure of $62,323,000. At the end of 1986-87, the accumulated surplus is expected to be $43,386,000. The net result of the estimated Capital and Operation and Maintenance expenditures for 1987-88 is that we are forecasting an accumulated surplus at the end of the fiscal ear of at least $31,840,000.

Mr. Speaker, I would like to underscore the point that the use of these surplus funds will in no way jeopardize the Yukon's financial position. In fact, as I pointed out earlier, the government continues to maintain a sound financial position. We will have adequate surplus funds at the end of the 1987-88 fiscal year.

Total budgetary revenues for the fiscal year 1987-88 are estimated to be $165,203,000. This represents an increase of six percent over the 1986-87 forecast. Revenues raised from Yukon sources are expected to increase one percent. This will occur without raising any taxes, as I mentioned earlier.

During 1987-88, personal income tax revenues are estimated to be $20,707,000. This is after a reduction of $1.6 million as a result of the recent tax changes introduced by the federal government pertaining to northern benefits. Under the terms of the Formula Financing Agreement, such federally initiated tax changes are offset by a corresponding increase in the federal grant to the Yukon.

Projections for 1987-88 suggest that fuel tax revenue will be lower than forecast in 1986-87. The decline can be attributed to the off-road exemptions introduced in 1985. The exemptions were introduced as a means of stimulating economic activity, particularly in the mining, forestry, trapping and other resource industries. It is our contention that the exemptions have helped generate new activity in these important sectors.

As announced in last year's budget, health care premiums will be eliminated effective April 1, 1987. This initiative will have positive social and economic benefits. The elimination of this regressive tax will be of particular benefit to low income earners as well as to consumers who will spend money previously used on premiums on a wide range of goods and services.

Interest income for 1987-88 is expected to decline by $1,669,000. This is principally attributable to the reduction in the amount of surplus funds earning investment income and to lower interest rates.

The Yukon Development Corporation is viewed by our government as an important tool in shaping the Yukon economy. In addition, the Corporation, through its operations, will generate significant revenues. For 1987-88, it is estimated that the Corporation will earn $4.3 million.

This budget continues major initiatives introduced in previous budgets. As in the past, our priority has been to commit resources for economic development activities while at the same time funding important community services and social programs.

Included among the new initiatives to be funded this fiscal year are:

- a Ministerial Advisory Committee on Indian Child Welfare; and
- a Co-ordinator of Family Violence Programs.

In addition, funding will be continued or enhanced for the following:

- safe houses in three more communities for those who are victims of family violence;
- the Yukon Advisory Council on the Status of Women;
- the home care program for the sick and the elderly;
- a halfway house to help inmates make a successful transition to productive lives in the community; and
- the Yukon 2000 development process.

Given the relatively small increase in overall expenditures, departments have initiated new programs or re-directed their activities within existing spending limits. Individual Ministers will elaborate on their particular departments' expenditures during the Estimates debate.

The limited growth in government expenditures, coupled with the wise use of surplus funds, is indicative of the government's commitment to sound financial management while at the same time ensuring economic growth and community development.

These goals, I am sure, are ones that all members of this House will wish to support, and, to that end, I commend it to the favorable attention of all Honourable Members.

Thank you.

Mr. Phelps: I move that debate be now adjourned.

Speaker: It has been moved by the hon. Leader of the Official Opposition that debate be now adjourned.

Motion agreed to

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

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

Motion agreed to

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

The House adjourned at 2:05 p.m.

The following Sessional Papers were tabled March 30, 1987:

87-3-108

Letter dated February 16, 1987, from Chief Electoral Officer to Speaker re by-election in Electoral District of Tatchun on Feb. 2, 1987 and election of Danny Joe (Speaker-Johnston)

87-3-109

Report of the Chief Electoral Officer concerning Feb. 2, 1987 by-election in Electoral District of Tatchun (Speaker-Johnston)

83-3-110

Report of Clerk re Deductions from indemnities of Members, pursuant to subsection 40.1(6) of the Legislative Assembly Act (Speaker-Johnston)

87-3-111

Letter from Prime Minister to Government Leader re moton concerning international boundary in Beaufort Sea passed by the Yukon Legislative Assembly on December 9, 1986 (Penikett)