

Whitehorse, Yukon
Tuesday, May 29, 2007 -- 1:00 p.m.

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

Prayers

DAILY ROUTINE

Speaker: We will proceed at this time with the Order Paper.

Tributes.

TRIBUTES

In recognition of Yukon Mining and Geology Week

Hon. Mr. Lang: I rise today to ask my colleagues in this House to join me in recognizing Yukon Mining and Geology Week. Mining and Geology Week takes place in the Yukon this year from May 28 to June 1. Mining and geology play an important role in our everyday lives and have influenced the Yukon's history, culture and economy in many positive ways.

This year, the theme for the Yukon Mining and Geology Week is "Minerals at play". A host of activities and contests focused around the theme are planned at the Elijah Smith Building foyer for the public and for the schoolchildren throughout this week.

The Department of Energy, Mines and Resources, in partnership with the Yukon Chamber of Mines and the Klondike Placer Miners Association, is again pleased to be hosting Mining and Geology Week and we look forward to continuing our extensive partnership. I encourage everyone to participate in Mining and Geology Week.

Thank you, Mr. Speaker.

In recognition of Speech and Hearing Awareness Month

Hon. Mr. Cathers: I rise today to ask my colleagues to join me in recognizing May as Speech and Hearing Awareness Month, and I should point out that I am doing this on behalf of the Assembly. Most of us take our hearing and ability to speak for granted. Whether we are chatting with friends, playing soccer, listening to the radio or speaking within these very walls, we often take this vital communications tool for granted. We expect that others will hear and understand what we say. For many of us, that's the way it is, but for one in 10 Canadians, that is not the case. One out of every 10 Canadian citizens has a speech, language or hearing problem. About four percent of preschool children have a significant speech or language problem, and men are about four times more likely than women to stutter.

The good news is that many speech and hearing disorders can be identified early and treated to prevent communications difficulties in school, on the job and in social situations. We are fortunate that children in the Yukon are ably serviced by both our hearing services and the Child Development Centre. Hearing and speech problems can be caught very early in our youngest citizens to ensure that they have the best services and supports to help them overcome or manage their disabilities.

The audiologists and speech language pathologists who serve our children are truly amazing people who give their young charges a great gift.

Within the school system we have another very fine support system with speech language pathologists, learning assistants and teachers all working toward the same goal of better understanding all around.

I am pleased to report that we have hired a part-time audiologist for hearing services and that we will continue to provide quality service to those adults who require hearing and language services, as well as continuing to provide services through the continuing care branch.

Speech language pathologists and audiologists are trained health professionals who work with people of all ages dealing with many different types of communications disorders. Whether they are working with a hearing-impaired child or an elderly person recovering from a stroke, they all strive to improve the quality of life for those they serve and to create an awareness and help increase the public sensitivity to the challenges faced by individuals experiencing speech or hearing difficulties.

For many of us, if we can't hear something, we can ask people to speak up or turn up the volume. If we don't understand, we can ask for it to be repeated. Many cannot and we need to work toward the ultimate goal of creating a world where everyone is understood.

Speaker: Are there any further tributes?

Introduction of visitors.

Returns or documents for tabling.

Reports of committees.

Petitions.

PETITIONS

Petition No. 3 -- received

Clerk: Mr. Speaker and honourable members of the Assembly, I have had the honour to review a petition, being Petition No. 3 of the First Session of the 32nd Legislative Assembly, as presented by the Member for Whitehorse Centre on May 28, 2007.

This petition was found to be comprised of two different versions. The model petition that is appended to the Standing Orders indicates that, to meet the requirements as to form, a petition must be addressed to the Legislative Assembly and must ask the Legislative Assembly to take an action.

One version of the petition meets the requirements as to form of the Standing Orders of the Yukon Legislative Assembly and will be retained in the working papers of the Legislative Assembly. The Executive Council response, made pursuant to Standing Order 67, should be to this version of Petition No. 3.

The other version of Petition No. 3 does not meet the requirements as to form of the Standing Orders and will be returned to the Member for Whitehorse Centre.

Speaker: Petition No. 3, accordingly, is deemed to be read and received.

Are there any petitions?
 Are there any bills to be introduced?
 Are there any notices of motion?

NOTICES OF MOTION

Mr. Nordick: I give notice of the following motion:

THAT this House urges the Government of Yukon to work with the Government of the Northwest Territories, interested First Nation governments and the Government of Canada to develop a strategy for upgrading and reconstruction of the Dempster Highway.

Speaker: Are there any further notices of motion?

Is there a statement by a minister?

This then brings us to Question Period.

QUESTION PERIOD

Question re: First Nations, government relations with

Mr. Mitchell: Local media reported that the Chief of the Little Salmon-Carmacks First Nation is ecstatic with the decision handed down by the Supreme Court of the Yukon regarding an agricultural lease in their traditional territory. Chief Eddy Skookum says this proves the lack of communication between his First Nation and the Yukon government. Chief Skookum said, "This probably confirms what we've been saying all along, that the Yukon government does not engage in a meaningful consultation with either the Little Salmon-Carmacks First Nation" -- or an elder.

The Premier stood in this House yesterday and said that if the member was going to stand on his feet and make the statement that the government side does not consult with First Nations, the member is going to dig himself a very deep hole. Well, I think it's very clear who dug the hole and who is in it.

Does the Premier accept the ruling of the Yukon Supreme Court and will he now commit to improving relations with this and all First Nations?

Hon. Mr. Fentie: In the first instance, Mr. Speaker, I think we've demonstrated clearly all the evidence. It certainly demonstrates the fact that the government side consults virtually on a daily basis with First Nations on a government-to-government level, and we've listed a long list of examples.

Now, the hole the member is digging is his attempt to extrapolate a court ruling on a specific matter into an overall relationship. Frankly, Mr. Speaker, the Leader of the Official Opposition is going absolutely nowhere in this regard.

Furthermore, if the member is suggesting that the court ruling is a clear and factual demonstration of overall consultation in this territory, there is not much the government side can do to respond to the member opposite, because there is no response. It's not factual. It's not even relevant to today's Yukon.

Mr. Mitchell: Well, Mr. Speaker, I'm not suggesting anything. The judge's ruling states a whole lot of things.

Mr. Speaker, I've focused my questions on the consultation aspect of the Chief Justice's decision. That, however, is only half the message. After consultation follows accommodation. The Chief Justice said, "I conclude that the duty to consult and accommodate, based on the honour of the Crown and section

35 of the *Constitution Act*, applies to the final agreement." I realize it is difficult to accommodate if, in fact, you did not seriously consult. But when is this government going to start accommodating First Nations and not blatantly ignore their input -- as with the education reform project, for example?

Hon. Mr. Fentie: This member has a propensity to bring to the floor of this Legislature on many occasions simply incorrect information, whether it be the correspondence from the Ombudsman, or allowing the Member for Kluane to try to make the case that the government has a hiring office at the Adult Warehouse, or this issue, or attributing quotes to members on this side of the House but, once *Hansard* is reviewed, no such quote exists. Here is another example.

The court has ruled on a specific matter. The government will take its time to assess the ruling. I would point out that the member opposite, as early as yesterday morning on a CHON-FM interview, stated the very same thing: the member opposite would suggest that the government take its time to review the ruling. That is a quote attributed to the member; it's in the transcript.

Mr. Mitchell: I suspect that many people got quite a chuckle yesterday listening to the Premier claim responsibility for everything short of being part of the original Gold Rush of 1898. He missed a few things on his list. The Tr'ondek Hwech'in First Nation's concerns with the Dawson sewage lagoon; the Ta'an Kwach'an Council's concerns over the agricultural lease at Shallow Bay; First Nation concerns over the outfitters land tenure policy; the long dispute over the housing trust dollars; the Little Salmon-Carmacks First Nation's concerns over the design of the Carmacks school; the *Children's Act* review; the education reform project and its secret position papers; the Yukon Forum, which hasn't met in months; the Kwanlin Dun First Nation's concerns over the new Correctional Centre; the lack of consultation with First Nations over the third wheel at Aishihik; and the Liard First Nation's ongoing education concerns in Watson Lake.

No, Mr. Speaker, this Premier has no room to brag. However, what the Premier can do is commit to changing his attitude and carrying on meaningful consultations with First Nations and, where possible, accommodating their concerns. Will the Premier give this House his assurance he will endeavour to mend his ways?

Hon. Mr. Fentie: I will give this House the clear and unequivocal assurance to assist the member opposite to be more factual and to be more relevant when it comes to the Yukon Territory. Every -- every -- item the member opposite has just listed either reflects the YESAA processes -- that's something we follow through on -- accommodation for the Ta'an on Shallow Bay. Those mitigating measures are in place. How can the member suggest that there's a dispute over \$32.5 million directly allocated to First Nations for housing? How can the member dispute education reform, when even the principals partnering with the minister are stating we are very committed to this process? It's good for Yukon and good for First Nations. How can the member dispute the fact we're negotiating an asset agreement with Kwanlin Dun, as we should, on matters that relate to their land claim? And with the third

wheel, how can the member dispute increasing hydro capacity and efficiency as a bad thing for First Nations and all Yukoners? The issue here is the member's propensity to ignore fact and try to create it here on the floor of the House.

Speaker's statement

Speaker: Before the honourable member asks questions, I'd like to ask everyone to just calm down a little here. I have trouble hearing the members speaking with everybody else burbling in the background. I'd prefer you wouldn't do that.

Question re: Tantalus School construction

Mr. Fairclough: Thank you, Mr. Speaker. My question is for the Minister of Education. The Tantalus School in Carmacks has been under construction for about two years now. Construction of this project has not gone smoothly. The latest on the new Tantalus School is that the heating system is inadequate and needs to be torn out and replaced, which includes ducting in the walls.

This is just another serious series of delays and construction foul-ups. That means the completion date is now sometime in the future and an increase in the total cost, which is something that plagues every project this government undertakes. It is estimated that this will add another \$2 million to the already overbudget project. Will the minister confirm that this is the case?

Hon. Mr. Lang: There are some issues with the heating system in the school in Carmacks. They are being addressed as we speak. There is a design issue and that will be addressed by the contractor to make sure that the heating system is proper and designed properly for the building as it was supposed to be designed.

Mr. Fairclough: There were problems with the ground materials at the beginning of construction and that cost the government money. Only time will tell if the problem was actually fixed. Subcontractors have walked off the job and some are tied up in legal battles. Workers have walked off the job because the wages were too low and still we don't have a school. As of last week, even the siding was not complete.

Now students graduating from grade 12 are using the community recreation centre for their ceremonies. The cost of this school has gone up from \$9 million to some \$14 million to who knows?

Why did the minister not pay attention to this project and allow it to spiral out of control?

Hon. Mr. Lang: It didn't spiral out of control. The member opposite is completely wrong. This government was the one that took building the school in Carmacks very seriously. We look forward to the fall opening of that institution.

Mr. Fairclough: The government didn't take it seriously. They didn't pay attention to it.

Now, I asked the minister during departmental debate to ensure that shortcuts are not taken to finish the school. The old Tantalus School had problems with black mould for many years and nobody wants this health problem in a new facility. On one section of the new school, the roof leaked all winter, creating an ideal environment for black mould to grow. This

also happened in the old school and resulted in closures of classrooms.

Before students, teachers and others enter this new facility, will the minister give his assurance that air quality tests will be done and that the results will be made public?

Hon. Mr. Lang: In addressing the member opposite, there is a contractor in place to build the institution. We're working with that contractor, and certainly it will be at the highest standard of completion in the fall and health will be one of the things we will be working with. Mr. Speaker, we understand the many, many years that the many governments in the Yukon neglected the school in Carmacks. That building is substandard by anybody's judgement and, at the end of the day, Carmacks is going to have a new institution that will be a centre of education and pride for that community.

Question re: Building contractors, warranties

Mr. Hardy: Now, I hope the Minister of Community Services had an opportunity to look into the question I asked him yesterday. The minister's response made it clear that new homeowners are on their own when it comes to getting a warranty from their contractors. That's a major problem for families who are making the biggest purchase of their lives. I get calls on a regular basis from people who have been jerked around by a contractor either on a new home or on renovation jobs. This has been going on for years. For some, the work was never finished; for others, the workmanship was shoddy and the contractor refused to fix the problem. Sometimes a contractor has suddenly gone out of business or skipped town after receiving advance payments on work that was never done.

Does the minister agree that government has a role to play in protecting homeowners from incompetent or unscrupulous builders?

Hon. Mr. Hart: As the member opposite indicated, I received his concern yesterday. I indicated to him yesterday we would be looking into it.

Mr. Hardy: Well, I would have hoped that this government would have taken action a long time ago instead of just waiting for a question to come forward. The B.C. government has had a mandatory home warranty program since July 1, 1999, that is very straightforward. Anyone who builds a home for someone else must be licensed and must provide home warranty insurance on their work. If they don't meet these two conditions, they can't get a building permit.

This government has programs to assist with structural renovations, including renovations to improve energy efficiency, but there is nothing to protect homeowners if the work isn't finished or it isn't done properly -- this government here in Yukon. When can we expect the minister and the minister responsible for Yukon Housing Corporation to close this gap that leaves Yukon families exposed and unprotected?

Hon. Mr. Hart: There are several methods where people can go through the process of protecting themselves with regard to contractors, but with regard to warranty, for example, we used to have a home warranty program here in the Yukon but it went defunct. Regardless of whether or not you have a warranty, if there is nobody there to do the work, then what is the value of the warranty? The issue is there.

With regard to that, we do have building inspectors who go through to ensure that the appropriate licensing and permits are in place for construction to take place on buildings with regard to homeowners. Plus there is the ability to go through the Better Business Bureau.

As the member stated, if the contractor takes the money and runs, you know it happens all across Canada and all across the U.S., when it comes to these situations. This is not a situation similar to the Yukon when the member opposite talks about B.C. It took British Columbia a long time to go through the process -- many, many years to develop the process that they have now.

Mr. Hardy: At least the other provinces and territories are taking action to deal with this. This government is not doing anything about it.

I am going to table a warranty that a new homeowner was given when they purchased their house quite recently. It doesn't take a Philadelphia lawyer to see that this volunteer warranty doesn't provide much real protection for the homeowner.

After spending most of my life in the building trades, I could go on at length about the things I have seen first-hand because we don't have proper licensing standards for builders nor proper protection for homeowners.

I've heard it said that any Yukoner with a hammer can call himself a carpenter and anyone with a hammer and a pickup truck can call himself a contractor. This is the biggest purchase of most people's lives and there are problems in this industry. In the next few years at least \$50 million worth of public funding will be spent.

What is the government doing to ensure that this investment will result in homes that meet proper construction and energy efficiency standards and that homeowners don't get ripped off in the process?

Hon. Mr. Hart: As I indicated, we will review the situation and we will get back to the member by the end of the day.

Question re: Mould, black

Mr. Edzerza: First it was in the old Mayo school, then several houses, and the old school in Carmacks. It is also in the Thomson Centre. Those are just the places we know about. What is it? Black mould. If the spores are in contact with the skin or inhaled, toxic black mould can cause severe health problems. It can cause allergy-like symptoms, fatigue, headaches, and even worse conditions. For people with weakened immune systems it can even cause death.

What strategy does the Minister of Health and Social Services have to protect Yukoners' health from mould in private residences and in the government's public buildings?

Hon. Mr. Cathers: I have already addressed some of this in previous debate with the Member for McIntyre-Takhini. I pointed out the air quality monitoring that goes on within the Government of Yukon. Environmental health and occupational health and safety branches are two different avenues an individual can proceed along if they have concerns. An occupational health and safety course would be applicable in places of employment. There are reviews that are out there and individuals can receive that type of testing.

Certainly I recognize that the member has some concerns with this. There are concerns associated with this, but air monitoring is available.

Mr. Edzerza: Mould micro-organisms are present in the air at all times. Thousands of them are harmless; some are not. They proliferate in damp conditions and need materials found in buildings with too much humidity and improper ventilation. This is a common situation in the north in the winter. The presence of mould can ruin houses to the point of having to destroy the house and its contents. In the U.S., billions of dollars have been spent on law suits against contractors, landlords and governments over the infestation of mould in housing. Claims are starting to hit Canadian courts as well.

Let me ask the minister responsible for the Yukon Housing Corporation the same question: what is his strategy to protect Yukoners' investment in public and private housing from the effects of mould?

Hon. Mr. Cathers: I point out to the member opposite that through both occupational health and safety and environmental health branches there are avenues available to people who have questions about this. Officials can provide them with information on how they have air quality testing done should they feel that there are any concerns with their private residence. Of course, the route of occupational health and safety is provided to those who have concerns with their place of employment and wish to file a concern or a complaint with those officers.

Mr. Edzerza: This government needs to take several steps to protect Yukoners' health and their pocketbooks. We need proper building standards; we need warranty protection for new home construction and for renovations; we need tough regulations to protect workers who inspect and remove toxic moulds from contaminated buildings; we need mandatory training about moulds for government housing inspectors; we need a comprehensive public education and awareness program about how to recognize toxic mould and how homeowners can deal with it; we need inspectors available who can assess and recommend treatment of the problem in all Yukon housing.

Many of these issues concern the Minister of Community Services. What steps is that minister taking with his Cabinet colleagues to develop a comprehensive strategy to deal with this problem?

Hon. Mr. Cathers: I recognize the member has some concerns about this, but I think we could alleviate many of those concerns by providing the member with some more detailed information on the services that are there. While there are concerns with black mould that may be unidentified within housing and issues there as far as remediation and dealing with that, the steps -- as far as the ability to actually monitor whether or not there is a problem, or determine if there is a problem -- we have a very good level of service available. I think the member would be pleased to hear some of the information related to that. I would be happy to provide him with more details that he can pass on to his constituents about how they can seek to have their homes monitored for air quality.

With reference to comments the member made to building standards, I do have to remind members that there is a building

code in place and there is a requirement prior to getting an occupancy permit for people to have a building safety inspector do the inspection, determine if it meets code requirements and, if not, steps have to be taken to address that prior to them being able to get that occupancy permit.

I just have to stress to the member opposite that air quality monitoring is available and there are avenues where people can seek that if they feel there are concerns within private residences, businesses, public facilities, so on and so forth. We'll provide the member with that information.

Question re: Contracts, sole-sourcing

Mr. Inverarity: Mr. Speaker, a Yukon business owner has approached me and raised issues of contracting practices during the Canada Winter Games. On January 22, 2007, Mr. Smith, an owner of Woodbine marketing group, requested information from the government about its decision to purchase window coverings from a company outside the Yukon. On April 19, 2007, three months later, Mr. Smith was still waiting for a response from the government, so he approached the Member for Porter Creek Centre to help him obtain a request for information. It is now the end of May. Another six weeks have gone by, and Mr. Smith has not been given the decency of a reply from either this government or his MLA. Mr. Smith has now approached me to ensure that this issue is resolved. Why has the government not responded to the Yukon business owner?

Speaker's statement

Speaker: Before the government side answers, for the Member for Porter Creek South, generally we don't mention people's names in the Legislative Assembly. You've done it already, but just for future reference, please.

Hon. Mr. Hart: We will be providing information to the person in question with the results of the window dressing, and the department is looking into that.

Mr. Inverarity: Mr. Speaker, this business owner has been trying to obtain information from this government about contracting practices and purchasing decisions that affect Yukon businesses. Government spending is supposed to be open and transparent. He asked reasonable questions, which included: who was awarded the contract to install the window coverings in the athletes village; was installation part of the contract; when and who decided to sole-source the contract; and why did this project not go out to tender?

Mr. Speaker, there is no reason to withhold this basic information about government contracts from Yukon business owners, especially when this government is making purchase decisions that directly impact local businesses. So let me ask the question on behalf of this individual: why did this project not go out to tender?

Hon. Mr. Hart: The tendering on the project was handled by the Canada Winter Games Host Society. There was information provided. There was a delay in getting the work done on the entire project, which caused the delay in getting the ties ready for the curtains, for the window dressing. As such, in

order to get ready for the games, the decision was made to advance on that particular item and to go forth with the purchase.

Mr. Inverarity: This is a specific example of a much bigger problem that plagues the Yukon business community. The problem is this government's eagerness to sole source contracts at the expense of local businesses. This problem is well-known. In fact, the Yukon Party made campaign promises to deal with this problem, if elected. On page 19 of their election platform, the Yukon Party committed to review and revise government contract regulations, policies and procedures to ensure that they are fair and consistent to local business communities and reduce red tape.

The Yukon Party also committed to creating an independent appeals committee to adjudicate complaints about contract tendering.

When will this government live up to its commitment and create an appeals committee for adjudicating complaints about contract tenders?

Hon. Mr. Hart: The review of the contracting process is currently underway, as well as the appeal process. We should be having the results of that this year.

Question re: Land availability

Mr. McRobb: I'd like to follow up from yesterday with the minister responsible for developing residential lots in the City of Whitehorse.

As noted, the Yukon Party's election platform promised to ensure that there is a constant, two-year supply of residential lots in the Whitehorse area. Anyone stopping in at the lands office to buy a serviced lot in the city, however, will be sorry to discover there are no such lots available.

The Yukon Party's poor planning in the past four and one-half years is causing hardship for many people, including first-time home buyers, many of whom are left without an affordable option.

The minister might not appreciate this point, but most young couples simply can't qualify for a quarter-million-dollar mortgage. That is part of the reason why people need a constant supply of affordable, fully serviced residential lots.

Has the minister developed any means to help first-time home buyers who are left in the lurch because of his poor planning?

Hon. Mr. Lang: The member opposite completely and conveniently leaves out the City of Whitehorse. We work with the City of Whitehorse to develop lots, but it's a partnership; it's not just the territorial government.

Mr. McRobb: Well, it sounds like the minister is renegeing on his promise.

Mr. Speaker, previous governments did what they were supposed to do -- plan ahead -- unlike this Yukon Party government. Let's deal with some facts. Seven hundred of the 900 lots in the Copper Ridge subdivision were developed by previous governments. Yesterday, this minister wrongly claimed that the Yukon Party government sold 200 to 300 serviced residential lots a year. We checked the facts and found it was much less than that. If he were to check his own Web site, he would discover that more lots were sold in 2002 than in 2003.

One of the consequences of the minister's poor planning is an artificially-inflated housing market, which has left young families in a lurch. It is up to this minister to ensure there is a sufficient supply of serviced lots. For the record, can the minister explain the reason for this failure to properly plan ahead to ensure first-time home buyers have an affordable option?

Hon. Mr. Lang: Again the member opposite is wrong. We have an opportunity to sell 200 lots. He will stand corrected on that figure. The member opposite is certainly correct that we have a shortage of lots in the City of Whitehorse. Four years ago the Liberal government solved the lot issue by having people leave the Yukon. We have reversed that trend and are moving forward with bringing people back to the Yukon. It's one of the many challenges this government faces. We will work with our partners, the City of Whitehorse and other municipalities in the territory and in the surrounding area, to address the challenge.

This is a government that makes decisions. This is a government that is charged with those challenges to do exactly what the member is speaking about. In the last five years, the population of the Yukon has grown. We didn't drive customers away; we brought them back in. The challenge is to get the land out in the hands of Yukoners.

Mr. McRobb: Well, Mr. Speaker, for the first time since the Granger subdivision was originally developed in the 1980s, there are absolutely no urban, fully serviced lots available in Whitehorse, nor will there be until 2009 or 2010. That's the woeful result of this government's failure to adequately plan ahead.

Previous governments did proper planning and always provided for a two-year supply of urban, fully serviced lots to allow the community of Whitehorse to grow. But this Yukon Party government has failed to keep pace.

The minister knew the economy was going to improve because of rising metal prices and federal largesse but he failed to do the proper planning. Now the Yukon Party's broken promise to ensure there's a two-year supply of serviced lots will cause hardship for first-time home buyers, contractors, workers, existing homeowners wanting to upgrade, people wanting to move here and, in fact, the entire business community. Will the minister make amends for this problem, or will he continue to just point his finger without knowing the facts?

Hon. Mr. Lang: Mr. Speaker, talking about facts -- the member opposite and his facts. Again he neglects to put Whitehorse planning into the mix. We work with the municipality of Whitehorse in a very constructive way. As governments, we both understand the challenge of getting lots out to that expanding population. We're doing the job we were elected to do. We'll work with our partners in Whitehorse and in the municipalities and in the surrounding area to address the issue of land for Yukoners. That's what we were elected to do. That's what we're committed to do. That's what we're going to do, Mr. Speaker.

Speaker: The time for Question Period has now elapsed.

Notice of government private members' business

Hon. Mr. Cathers: Pursuant to Standing Order 14.2(7), I would like to identify the items standing in the name of government private members to be called for debate on Wednesday, May 30, 2007: Motion No. 113, standing in the name of the Member for Klondike, and Motion No. 129, standing in the name of the Member for Klondike.

Speaker: We will now proceed to Orders of the Day.

ORDERS OF THE DAY

Hon. Mr. Cathers: 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 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

Chair: Order please. Committee of the Whole will now come to order. The matter before the Committee is Bill No. 6, *First Appropriation Act, 2007-08*, Department of Finance.

Do members wish to take a brief recess?

All Hon. Members: Agreed.

Chair: Committee of the Whole will recess for 15 minutes.

Recess

Chair: Order please. Committee of the Whole will now come to order.

Bill No. 6 -- *First Appropriation Act, 2007-08* -- continued

Department of Finance

Chair: The matter before the Committee is Bill No. 6, *First Appropriation Act, 2007-08*, Department of Finance, Vote 12. We'll begin with general debate.

Hon. Mr. Fentie: Mr. Chair, I'm pleased to rise in Committee of the Whole to present the introductory remarks for the *First Appropriation Act, 2007-08*, more commonly referred to as the 2007-08 main estimates.

My speech in the Legislative Assembly on the first reading of this bill outlined in great detail the highlights of this first appropriation for 2007-08. I would like to summarize those highlights in this speech, as well as provide the members with a recap of the fiscal position of the Government of Yukon. However, before I do that, I think it is important to refresh the memories of the members of the Committee as to where we have come from as we enter into the first main estimates budget of our next five-year mandate by reviewing some of the statistical data over the time frame, Mr. Chair. But I think it's fair to say that the past five years have seen a remarkable turnaround of the economy of the Yukon.

When we first took office in the fall of 2002, people were leaving the Yukon in droves because of the downward spiral in economic activity. There were closures of mines and the unemployment rate was in double digits. Building construction was down and real estate values and real estate sales were flatlining and dropping. Mr. Chair, things have certainly turned around, and remarkably so.

Back in 2002, the government was tabling budgets in the \$400- to \$500-million plus range. Today our budgets are considerably higher, investing in Yukon's future and in the quality of life for Yukoners.

That brings me to our budget for the Department of Finance. Of course, the Department of Finance has played a pivotal role in ensuring that the fiscal fortunes of the Yukon have turned to the positive, and we are now able as a government to provide many more options through our fiscal position to help stimulate building our economy and delivering programs and services to Yukoners. To the Department of Finance and its officials, we extend a great deal of appreciation for their efforts.

The 2007-08 estimates for the department total \$5.8 million. This total consists of \$5.5 million for O&M and \$296,000 for gross capital expenditures, which translates into a \$46,000 net funding requirement for capital.

The O&M budget is spread among four program areas, as follows: the largest program and the program to which all departmental FTEs are assigned is the treasury program. This level of expenditure is at \$5.1 million. Salary costs account for approximately 90 percent, or \$4.5 million of the treasury budget. Banking services, supplies, telephone, travel, contracts, et cetera, at \$306,000, account for six percent of the total budget.

A net increase in FTEs is being requested to accommodate increased demands in the Management Board Secretariat and in accounting services.

The public utilities income tax transfer accounts for the remaining program budget of \$212,000, which equates to four percent of total. The Workers' Compensation Health and Safety Board supplementary benefits program is at \$426,000 and is legislated under an act of a similar name. It provides supplements -- the benefits paid to workers who were insured by private insurers prior to the Yukon Workers' Compensation Board coming into existence. These supplements bring the benefits these workers receive up to the sums that would be paid had they been covered by the territorial board.

The allowance for bad debts program, \$48,000, covers the annual provision that is expected to be required of uncollectible accounts, receivables for taxes, third party services, student loans, et cetera. The actual amount that is charged to this account each year is the result of a formula calculation that takes into account, among other things, the age of our accounts receivable.

The prior period adjustments program is carried at \$1 to provide line item vote authority to make such adjustments. This item is to cover corrections of previous years that could be accounting errors, should any be discovered.

The capital budget for the Department of Finance comprises the following: computer systems at \$10,000; computer workstations at \$9,000; printers and photocopiers at \$10,000; office furniture at \$17,000; and the loan guarantee contingency at \$250,000; for a total of \$296,000.

The loan guarantee contingency is voted every year to allow the Department of Finance to reimburse a financial institution in the event they call a guarantee under the venture loans program. If there is no such guarantee called, there is no expenditure and the vote is allowed to lapse. Hypothetically, if a guarantee is called, our payment to the financial institution would trigger a recovery from the borrower. This accounts for the loan guarantee contingency that allows, or also shows, in our main estimates.

The department budgets two small recovery items. They are \$6,000 for the supply of payroll services to Yukon Workers' Compensation Health and Safety Board and \$10,000 paid by Diners Club/EnRoute for using their central billing system for charging airfares for employee travel. This amount is based on a percentage once a threshold of \$3-million worth of billings has been reached.

These are the highlights of the Department of Finance's budget, but I want to stress here on the floor that, through the efforts over the last number of years, the Yukon government's fiscal position has indeed improved dramatically. I have to refer back to where we were in 2002, and the situation was bleak with the government having to expend monies to service debt so that we were paying wages and paying for the programs and services needed on a daily basis here in Yukon. We were cash poor.

We were cash poor, we had an exodus of the population, we had virtually no investment or development in the private sector, and our unemployment rates were some of the highest in the country. Beginning in 2002 -- December, in fact, upon the swearing in of the Yukon Party government -- the Department of Finance has gone to work in a number of areas -- first and foremost to solidify and strengthen fiscal management in the Yukon Territory. That has resulted in a cash management approach to the finances of our territory, which now show the Yukon is no longer cash poor but maintains a reasonable amount of cash available to do what we need to do to make the decisions we need to make.

We're also instrumental in going through our tax regime to find ways to provide incentive to help increase stimulus, and we've also done a masterful job through the Department of Finance in negotiating terms and fiscal arrangements with Canada, dating back to our challenge of health care, where we were successful -- thanks to the tremendous amount of detail brought forward by the Department of Finance to prove to Canada that we were not being treated fairly in our fiscal arrangement in dealing with health care for Yukoners.

That work resulted in a number of improvements -- the territorial health access fund and the Northern Health Accord, for example. What that has done is allow us to ensure that, to the extent possible, Yukon citizens can access health care to a standard that all other Canadians have access to in this country.

Furthermore, that work resulted in the government pursuing the business case for our fiscal arrangement with Canada. The business case was the instrument to demonstrate the fiscal capacity issue and the gap in our fiscal capacity. That gap, in simple terms, is our ability to earn revenues to expend on programs and services that are required, versus the need that we have in the territory to ensure that those programs and services are delivered. The work that the Department of Finance has done over time is to address that gap.

Today, I am very pleased to say that it has culminated in an arrangement with Canada that has got us to a point now where we have a principle-based territorial funding formula where we've taken positive steps to close that gap from the ability to earn to the cost of delivering that standard level of programs and services to Yukoners. We have also negotiated a number of other mechanisms, not the least of which is an economic incentive arrangement whereby we will retain more of our own-source revenues measured under seven representative tax systems. That will help us, obviously, to be able to reinvest those monies into further development and stimulus here in the Yukon Territory.

All in all, the Department of Finance's budget tends to be a modest budget. It's a small team of people who do a tremendous amount of work. I think it's clear that increasing the complement of FTEs in the department is a requirement, given the huge increase in the amount of resources that we have to manage and the Department of Finance has to manage. Through it all, we have clearly demonstrated by our year-ends -- once the Auditor General has reviewed, assessed and provided findings and closure for each fiscal year -- that the management of the Yukon's finances has improved dramatically, as we no longer are receiving qualified audits.

It's also important to note that the Auditor General, given all this effort by the Department of Finance, has expressed a positive view of how we are conducting our fiscal responsibilities here, including ensuring that the Public Accounts Committee is now back up and operational. The government side hopes that it does not become a situation as it was in the past with the Public Accounts Committee, where the committee became very politicized and in fact did not meet for almost a decade. I think we all have a responsibility here to live up to the obligation of ensuring that the work that the Department of Finance does is complemented by the work we can do in the Public Accounts Committee in ensuring that all parts of our institution, from the department through to the Legislative Assembly, are taking on the roles and responsibilities that we must in managing and dealing with the finances of the Yukon Territory.

Furthermore, as we go through debate, we will endeavour to respond to the members opposite with detail and clarity on their questions, although the Department of Finance, as I said, has a very modest budget, and the scope and parameters of its work -- though hugely important -- are certainly nowhere the size or the scope of other departments such as Health and Social Services, Education and/or Highways and Public Works and so on. It is very focused in nature and a very critical element of the corporate structure of government because, without good and sound fiscal management, our options will diminish

rapidly and the Yukon's positive direction and momentum that we are experiencing today and over the last number of years under the Yukon Party government's watch will certainly change in course and in intensity of momentum.

We want to emphasize the importance of fiscal management. We want to emphasize the important role that the Department of Finance plays in that, and we want to emphasize that the Department of Finance's place in the corporate structure is vital to good governance and in building Yukon's future in a positive and constructive way.

Mr. Mitchell: I thank the Minister of Finance, the Premier, for his opening remarks.

As the Minister of Finance has noted, there is a bit of an anomaly here, you might say, in that on the one hand the Department of Finance plays a crucial role and Yukoners recognize that, but on the other hand the departmental budget itself is very small and not a lot of money is actually expended within the department. Nevertheless, it provides direction, as the Premier has indicated.

First of all, I would like to take this opportunity to congratulate the new deputy minister, who was appointed a month or a month and one-half ago, on his appointment. I know that this deputy has worked for many years within the department and is fully immersed in the department roles and would be one of the many hard-working people within the department who deserves credit for the good work that the department has done over the years; the good work that the officials have done -- not only under this government and this Premier, but under successive governments -- in going to Ottawa and lobbying for a better and more fair fiscal formula for the financing of this territory.

I also want to take this opportunity to commend the former deputy minister, Mr. McLennan -- I think it is okay to name him under this circumstance -- for his many years of hard work, both in Finance and in Health and Social Services. I know that there is a very professional team of officials who give very good service quietly behind the scenes to the Minister of Finance and, more importantly, to the people of Yukon.

I find that most of the questions -- it is a small budget and the department has been very thorough in getting back to us with answers to questions that we and the third party asked in the departmental briefing. We thank them for that information because it's helpful and it answers a lot of our specific questions. The Finance minister, once he got past the politics of the paid advertisement, so to speak, was also very clear in outlining the specific objectives of the less than \$6 million total budget of the department. So, I don't have a lot of issues there.

I will just make a couple of comments about the preamble, so to speak. I know that the Finance minister will have more to say about this. I don't have any desire or intent to use a great deal of the Assembly's time on a back-and-forth on this, but I feel obliged to respond to some of it.

The Finance minister talks about the remarkable turnaround and this bleak almost Keynesian picture of how he found things when he arrived on the scene as Premier and Finance minister, with mines closing, businesses shutting down and people leaving. The Finance minister knows that the reality

is that mines close when mineral prices are low. It's the corollary to what happens when mineral prices are high and mines open. Absolutely, any government will take credit and probably is deserving of some credit in those aspects they do to help foster or achieve economic prosperity. This government is no different. I know they've had positive effects, but to indicate that the mines were closing because of who the government of the day might have been then or three or four years previous to then -- mines closed under several successive governments. Prices were low and mines closed across North America and, indeed, around the world.

Some day mines will close again and if it happens to occur on this minister's watch, he will be very quick then to point out the external reasons why. As far as the budget being \$400 million to \$500 million back in 2002-03 when they came to office, versus the size of the budgets now, the minister well knows that many things have occurred since then.

For one, devolution has carried forward and we are responsible for more things within Yukon. That's due to the success of work -- I would point out -- of probably four successive Premiers at least, that I can think of. They include all three parties -- including this Premier, who was there when things concluded. As a result we receive more transfers because we have more responsibilities. That's part of the reason.

The second reason -- and the Premier has alluded to it today and he alludes to it quite often -- is due to the changes in how -- to use the words I think he says -- a more principle-based formula has come into effect. These officials the Premier has working with him and for him -- for the people; really, not for him -- have worked for the people of Yukon under successive governments to achieve that and it has been evolutionary, not revolutionary.

Things have changed bit by bit over the years. The main difference that we see in these budgets is due to the massive increase in funding from Ottawa. The Premier will say, "Oh, we don't want that." Well, no, we understand that we're entitled to that, but there is some \$225 million more a year that we now are looking at from, say, five years ago. That's the result of changes that have been made, not only within the territories, but the finance agreements across the country.

I don't believe that simply walking out on a federal meeting, as the Premier has cited, is the sole reason for it, nor should anybody think that's the case.

These are some things I wanted to mention.

The Finance minister talks about qualified audits. There were qualified audits under a series of governments in Yukon and, in fact, some of them were a whole lot more qualified than others in terms of breaking Management Board regulations and such. I don't think there is much that he proves by saying that.

He conveniently takes credit somehow for the fact that the Auditor General is now providing reports to the Public Accounts Committee, and yet no one on that side wants to take responsibility when it comes to some of the stinging things said in that recent Auditor General report on Highways and Public Works. The good comes with the bad. I think if you take credit, you also should take responsibility. When it comes to talking about changing the way in which the government manages its

finances, yes, government has changed based on the recommendations of the Auditor General of Canada, the current Auditor General -- this change is being implemented across the country, based on her recommendations. It's not a one-off thing in Yukon alone.

The Premier often makes reference to there being no cash and no money on hand, and he's really talking about cash flow. I think it's important for the people of Yukon to understand that when this government won an election in the fall of 2002 and came into office -- and I know the minister knows this and he can certainly verify the exact amounts with the officials who are sitting with him. But the Government of Yukon and the people of Yukon were not at any risk. There were millions of dollars to the good. There was a net accumulated surplus in existence. Yukon was not, by any means, operating in a net debt position. We were not broke.

The Finance minister has been in the business sector previously, and he knows that from time to time decisions are made, including decisions to pay interest to borrow money. Most businesses -- almost any business that I've ever known about -- will borrow money in order to pay for services when they recognize that the cash flow will be there later to repay those loans.

When the minister refers to interest on loans that were paid, I think the interest on the loans paid under the former Liberal government amounted to some \$30,000 or \$35,000. I think it was less than the current government spent in the last year on charter air flights within Yukon. These are not huge sums of money but rather are decisions made based on the cash on hand rather than collapsing funds or selling investments prematurely when you know that the money will be there a short time later. I just wanted to address some of those things.

I do have some questions for this minister. He may choose in some cases to suggest he would like to hear the questions asked in other departments, and I understand that. For one thing I'll ask about the large drop in oil and gas revenues. It is only \$641,000 now; a few years ago it was \$9 million. I would ask where we are at in terms of the Kotaneelee well stopping production. I know the minister can say to ask that under Energy, Mines and Resources. I am quite happy to ask it then, but the minister is in charge as Finance minister of all the revenue that comes into Yukon and he may have some comments to make about that.

I'll ask a couple of things so that we can get through this more quickly than we might otherwise. The next thing I'd like to ask about is this: according to the officials, it was explained to us that the increase in corporate tax that we see this year versus the previous year -- I think it was from \$4 million plus to \$9.7 million. Is that all related to the expiry of the mineral exploration tax credit?

Can the Minister of Finance confirm that there is not actually an increased volume of taxes coming in due to increased activity, but rather it's due to the change in the tax credit? I'll just ask that and then I'll ask further questions after the minister answers those.

Hon. Mr. Fentie: It's always a marvel to witness the members opposite's attempt at reconstructing the past. I think

the quickest way to summarize that whole approach is the member conveniently not understanding that when this government took office in 2002, we were in an overdraft situation because we were cash poor.

The member makes the point that all things in Finance have been managed in government the same in the past as it is today. That's not the case, because this government came in with a cash-management perspective in dealing with the Yukon's finances. What did that result in? Instead of overdraft situations where we were cash poor and not earning interest on money available, we have turned that around.

Back in 2002, we were in that situation. Today, in 2007, we are earning money on approximately \$156.8 million in our bank account. Not only have we gotten rid of the problem of overdraft levies and little to no earnings from our bank account on interest, we no longer are faced with overdraft levies and we are earning what I would call significant return on our cash available in the bank. That is the difference between the past and the present. The member can try and reconstruct that all the member wants, but it won't change the facts.

The other issue that the member continues to be fixated on is the transfer from Canada. I would remind the member that until a certain day in 2003, Yukon and the other two territories were being treated fiscally on a per capita basis. That's how the former federal Liberal government operated. Well, we didn't accept that and since that point in time, we have had a whole new fiscal relationship with Canada that is not limited to per capita arrangements.

In other words it's the government, to the credit of our expertise in the Department of Finance, that has negotiated this fiscal arrangement with Canada that has taken our budgets from to \$400 million to \$500 million to \$800 million to \$900 million.

Furthermore, the member has to reflect on the issue of record capital investment in the budgets that have been tabled here previously and, indeed, in the budget we are debating here for fiscal year 2007-08. The other point that the member makes incorrectly is on the mining industry. The member is talking about mines closing. What the member is not recognizing is that the prerequisite for the mining industry and its development is exploration. When this government took office, exploration was at an all-time low, a meagre \$5 million. Today, mining exploration is beyond \$100 million, heading for \$200 million. I make that statement because exploration will take place in jurisdictions that provide a certainty and comfort for mining investment, regardless of what the base metal price is.

I agree with the member that mines open and close to a great degree based on the economics of the metal price, but exploration as a prerequisite is ongoing. Yukon was not a friendly place for the mining industry back then. We were stumbling around, mired in such flawed policies and processes as the protected areas strategy, which this government immediately removed, and we demonstrated our willingness to make decisions. That in itself provides a level of certainty for industry. So the member should be more cautious about trying to reconstruct the past and become more connected to building the future, because the steps that have been put in place financially

for this territory as far back as 2002 are steps that are leading to where we are today and beyond, and that is a solid fiscal position.

Many options are available. The private sector is looking at our financial management on a basis that this could be a good jurisdiction to invest in -- if the government manages its finances in the way that we do, then there is going to be a level of certainty and comfort for a private sector investment. By the way, the evidence is pretty clear. There's a tremendous increase in private sector investment in the Yukon and that includes mines soon to go into production. Of course, there's a tremendous amount of investment in development in the mining sector, but it's not limited to that.

We've got a vibrant tourism sector. We have a tremendous real estate boom going on in the territory. Lots of private sector building construction is going on. The IT sector is strong. Film industry and the arts sector are contributing to the Yukon economy today. Small business, of course, benefits from all economic engines that are running.

Furthermore, in this fiscal year of 2007, the projection for corporate taxable income is in the threshold of 31 percent higher than it was last year. So we have to look at the trends and where we were in 2002. We, the government side, do not try to reconstruct the past; we know what happened there; we've changed all that, but the trends show, even on our corporate taxable income now, a 31-percent increase as projected for 2007.

So you put it all together. It is the distinct difference between the Yukon Party government's approach to financial management and the fiscal well-being of the Yukon versus the members opposite who -- both the NDP and the Liberals -- had a crack at fiscal management in the Yukon and, frankly, the jury has ruled that they failed.

Now I'll move to the member's questions on oil and gas and on the revenues from the Kotaneelee. Unfortunately, as gas wells tend to do in certain sedimentary basins, they begin to water in, so the production levels in the Kotaneelee have dropped off. With the production of gas dropping off, revenues that coincide with production are also dropping off.

The corporate tax issue -- some of the increase is due to the cessation of the mineral exploration tax credit, as we take a different approach now -- a much broader approach -- which includes the development and production phases of mining. It also includes -- and we are very encouraged by this sign -- an increase in corporate taxable income. As I stated just moments ago, our productions this year in 2007 show a 31-percent increase. A good percentage of that corporate tax revenue increase that we show in our books is due to our economic growth and the comfort the private sector is experiencing in investing in the Yukon.

Mr. Mitchell: I will start with some specifics. Regarding that increase in the corporate income tax, I just want to nail this down so we will have it on the record, because the officials did explain in response to questions asked during the briefing that they attributed it primarily to the expiration of the mineral exploration tax credit. I am wondering if the Finance minister can tell us what amount of that money is due to that and what

amount of the increase, or percentage if he prefers, is due to actual growth. I will leave him with that. I know he's taking notes and he has the officials there.

As far as his general comments, I really don't want to spend the afternoon going back and forth on the past either. But I know that the Finance minister has a long history in the private sector, as do I, and he also knows that not only do mineral prices affect mine openings and closings but mineral supply, the demand for minerals, and the future projected demand for minerals and the future projected prices of minerals have a huge effect also on exploration budgets.

So, that affects not only the opening and closing of mines, but also the amount mining companies put into budgets, both because they want to bring projects on

stream when prices are high and, more importantly, if there is a significant surplus of minerals around the world -- be it copper or molybdenum or what-have-you -- there's no desire to find huge amounts of new ore bodies, which can keep the prices depressed. If the minister will look south, for example, to the Atlin area where it looks like the long-awaited Adanac mine may be developed in the coming year or two, that property was looked at in the early and mid-1970s. The property was known but the price of molybdenum plummeted and it was no longer economical to develop that mine and recoup the capital infrastructure costs.

In terms of the mine that will open here, the Finance minister knows well that that property has been known for many years but it wasn't economically viable until copper prices increased some tenfold over recent years.

Again, when the minister makes reference to construction and business booms, we went through a period of record low-interest prices in recent years and it was very inexpensive to borrow money and made it affordable for more people to buy homes -- something that's becoming difficult now with the lack of available building lots -- and it made it affordable for more businesses to expand.

I was in that business and I know things certainly turned around prior to this government coming into office. My own investment in Yukon was made under a time period of a former government because I could see the changes coming and that there were opportunities in Yukon. Again, let's look forward.

We would like to ask some other questions. The \$17.5 million of the housing trust money -- how and where will that be spent? Is it the intention that, this year, that money will lapse because decisions won't be made? That's one specific question the minister can answer.

The investment income, which is down 45 percent from \$7.2 million to \$3.9 million -- can the minister explain that? Is it just a question of ebb and flow or is there a specific reason?

I will ask about something that we have been asking about throughout this session -- the community breakdowns. When will these be provided so that, as we go through the other departmental debates, the critics in both opposition parties will find that they have the information available to ask the constructive questions that I know the members opposite want to hear?

Hon. Mr. Fentie: I have to rebut something here. It's a good thing this member is not the minister responsible for mining. If the member wants to talk in the terms that the member is articulating here today, the Leader of the Official Opposition cannot ignore the fact that, all around the Yukon Territory, exploration investment was taking place.

Second, it was well known in the industry globally that when it comes to base metals such as zinc, the graphs showed clearly that the demand side was ever increasing versus our ability to put new reserves into production. Those are not unusual or unknown figures that the mining industry was working with -- and other governments. Of course the former Liberal government obviously didn't recognize that and missed the boat. This side of the House didn't. When the window opens, governments must be prepared and able to reap the benefits of what is happening in global cycles, and that is exactly what the government accomplished.

The member is talking again about the corporate tax rate, and I just mentioned that a portion of the increase is due to the cessation of the mineral exploration tax credit, but I also pointed out, going forward, that a 31-percent projected increase in corporate taxable income for 2007 is realistic.

Now, further to that, the portion of the mineral exploration tax credit for the year closing out fiscal year 2006-07 is unknown until all claims come in. We won't know that exact amount until we do the final accounting on what is a retroactive application to access the tax credit. That would be over the next number of months. I'm sure that we will have the actual figures in place, but it is all dependent upon the mining industry's timeliness in applying for their tax credit.

So that said, I think, all in all, Mr. Chair, the member opposite's questions have been answered to the extent possible, save and except the issue of the housing trust. Well, first off, there is no final decision on investing the \$7.5 million. The anomalous impact on the income is the fact that we directly allocated \$32.5 million in one lump sum to First Nations, so the bookkeeping has to reflect all that. It certainly created an anomaly in the overall positive side of the ledger when it comes to our assets plus earnings plus cash on hand.

So with that, I think we've covered the bases. I will pass it back to the members opposite.

Mr. Mitchell: I have a couple of specific questions that have to do with taxation or tax policy, which is the purview of this minister. The federal \$100-a-month childcare payments that go directly to the parents of preschool children is currently clawed back -- a certain percentage of it -- by both federal and territorial taxes. The Government of Yukon can't do anything about the federal portion of that, unless the Finance minister thinks this is one of those occasions where he wants to get together with his colleagues and walk out on the federal minister, and I'm not suggesting that he make a habit of that, although he likes to talk about it.

It is within the abilities of this Finance minister to do something about the Yukon portion. Does the Finance minister have any intention of finding a way to credit back to the parents of these children the Yukon portion of the tax that is collected -

- because this is sort of found money -- or will he consider doing so?

Hon. Mr. Fentie: The government has always demonstrated that it will consider every option to assist those who need our assistance. In this case, we ensured immediately that this was not calculated in social assistance payments. However, when it comes to the taxable side of this, we have to harmonize with Canada and this is a taxable item under Canada's laws and their taxation regime. It's not something we can readily do in isolation of that harmonization with Canada. The preferred route would be for Canada to make exempt this particular payment.

Mr. Mitchell: I agree partially with the Finance minister that the preferred route would be for Canada to make those changes. Having indicated that is his preferred route, I hope he will aggressively pursue that option with the federal Finance minister. However, despite the need to harmonize tax regimes, every province and territory has their own ability to create tax credits. There have been other territorial tax credits. The Finance minister could, with his officials, come up with a way -- it might be a little more complicated than the preferred route of simply saying it is not seen as revenue -- or a tax credit to counterbalance that. I would ask him to do that. He can answer that when he is next on his feet.

In another area that has to do with taxation, I note that there is some \$6,940,000 estimated in tax revenue from the tobacco tax. This is tax that is collected from the sale of cigarettes, tobacco and other tobacco products within the territory. The territory is moving forward, thanks to the support from all parties, with the third party's smoke-free places legislation to address some of the health aspects of second-hand smoke. It seems to be a strange paradox -- it seems to be almost wrong to be, on one hand, trying to discourage an unhealthy practice and, on the other hand, to be profiting and collecting revenue from it.

If the revenue were to go toward a positive result, then we could have a better justification for it. I'm wondering if the minister would be open to the possibility of making a decision to use that money directly toward both cancer awareness programming and other areas of addressing the direct health issues that result from the use of tobacco in terms of increased funding to deal with people who suffer from lung cancer, emphysema and other smoking-related diseases.

Would he consider doing that? I understand that the current policy is that all revenue goes into general revenue and then decisions are made later. But it would be an important signal if the government were to consider doing that.

Hon. Mr. Fentie: I have to go back to the first point the member made when it comes to the child credit. The taxation -- the taxable item here -- is determined by Canada. Of course, we would encourage Canada at all times to recognize that exempting certain areas of taxable income can have a huge benefit for those in need across the country, including Yukon. The point is that low-income earners and stay-at-home parents wouldn't be taxed anyway. They wouldn't be paying tax. I think our approach was to do something that we could do immedi-

ately and that was to exempt this particular childcare payment from social assistance.

With respect to the member's view on tobacco tax and where the money should go, I want to point out that our investment -- obviously over a period of time -- was to educate and raise awareness with young people so people don't start smoking, because the way to success in future is to reduce the number of people who begin to smoke. Because smoking is a detriment to health and the standard of health that citizens find themselves in, this is obviously a prudent course of action: stop those individuals, especially young people, from starting to smoke.

We are not the lowest jurisdiction when it comes to tobacco tax. I can assure the member of that. Taxes in places like New Brunswick, Quebec and others are lower than us. So we're not the lowest by any means. When we look at this in context of its full requirement, what we're doing here is educating to ensure that we stop young people from beginning to smoke. Now we're moving ahead with smoking legislation, and I would point out that if you look at the bill tabled by the third party, albeit a very constructive approach to this sitting, many of the areas proposed to ban smoking are already smoke-free places. For example, all government buildings are smoke-free. In other areas, it is by compliance. It is the choice of whom-ever, the proponent or the individual or the facility in question. In the City of Whitehorse, by bylaw, all public places are smoke-free. So we are advancing.

When it comes to the health care issue, we are demonstrating a tremendous increase in investment in health care. And we're doing it -- I know the member views this as federal largesse -- but we're doing it because the territories made a stand in respect to the fact that we were not being treated equally and fairly as all other Canadian jurisdictions. The standard of health care delivery in the Yukon should not be dependent on per capita investment by the federal government. It's called the Canada health transfer. It's a specific investment into health care. It should be an investment that ensures that Yukon and the N.W.T. and Nunavut can deliver a standard of health care that meets the needs of their citizens, as other Canadians enjoy.

So we do invest in all areas of health care, and we've increased that investment considerably. We haven't in the past, nor do we continue today, to earmark revenues in order to do so, because we don't want to reduce our ability to react to changing needs. That happens on many occasions.

So, the health care levels -- I don't think the member can argue or dispute the fact that we have increased investment, and Yukoners' access to health care is certainly improving. But I can say that in other jurisdictions -- we have to reflect on the challenges going on nationally, when you consider that a couple of weeks ago the maternity ward at the hospital in Weyburn, Saskatchewan, had to close because there were no maternity nurses. This is a problem that is systemic across the country. If you take a look by comparison at where we are at in the Yukon, we can actually still deliver children in our health facilities and we have access to many other health procedures that a few short years were not available to Yukoners.

Mr. Mitchell: That was indeed kind of a strange and rambling answer. It was a very specific question and the minister was giving details on what was and wasn't covered in the proposed smoke-free places legislation. He didn't actually ever answer the questions. He came close to it when he said he didn't want to be bound to not being able to have the flexibility to deal with specific, unforeseen events, but I will ask my question again.

Yes, we clearly spend many millions of dollars in our health budget -- nobody is arguing that. Yes, there is the Canada health transfer -- that's all fine. I asked specifically: would the Premier consider the signal it would send -- and it is something that has been asked for, I believe, by the Canadian Cancer Society -- by directing this specific tax toward additional programming to discourage young people? He pointed that out as being the best and most effective way to discourage young people from ever starting to smoke. That is certainly an important area. There may be others. Would he actually consider doing this? It would be an important thing to do.

I'll ask one other question now. If I give them to him two at a time, he can answer maybe one of them, and he will be batting 500.

The \$14 million that has been mentioned a number of times in terms of Dawson's sewage -- when will that appear in a budget? It's not actually appearing in this budget. Is it a matter of waiting so we have a very specific amount when all the numbers are in, and then having a supplementary budget? Or will it be in the main estimates? How are we going to see that?

Hon. Mr. Fentie: I did answer the question. The Government of Yukon has not in the past nor does it today earmark revenues. The reason is that we don't want to be limited in our ability to react to changing requirements for expenditure.

If you follow the member's logic, the member is suggesting that the only money we invest in our highways is fuel tax. We make a considerable investment in preventing smoking in health care already. If we were to simply use revenues from tobacco tax and earmark it, that is not the course for Yukon to take. That's the answer.

Regarding Dawson's sewage, surely the member understands that it's only the Yukon portion of the municipal rural infrastructure fund that is booked. The total value here includes an investment from Canada also. What we are doing is booking our required portion of an MRIF application. That's why the member won't see whatever the amount he alluded to in our budget. He will see what we have to book and the expenditure we have to make. In this case, in conjunction with Canada's investment, the total package will result in a total investment in sewage treatment for Dawson City.

Mr. Mitchell: I'll just point out to the Finance minister that he's creating analogies that nobody is suggesting have to be maintained. For one thing, there are many services, obviously, that the Government of Yukon undertakes where there is no corresponding direct revenue through a locally sourced tax. This one has been suggested by many proponents of reducing the ill effects of smoking, and that's why I raised it as a possibility. No one is suggesting that Highways and Public Works should only be funded by fuel taxes and so on. If he wants to

play those games, that's fine. The question was, would he consider it? The answer was apparently no, and that will be the record.

I have a couple of questions having to do with numbers of employees. First of all, I would ask, now that the collective agreement has been ratified by the government's Employees Union, whether the Finance minister can inform us what the total effect of that agreement will be on the bottom line for the current fiscal year. We know there will have to be a supplementary budget because there was nothing anticipated in the mains. So if he has those numbers, we'd be interested in hearing them.

Hon. Mr. Fentie: Mr. Chair, the member just said something about the record. I think what we have to do is to keep the record exact, correct and factual. What we have said on tax revenues is that we don't earmark them. But we have invested heavily in areas like smoking prevention and in health care. If the member's point is that we refuse to earmark tobacco tax for a specific purpose, the member would be incorrect, because when the tobacco tax and all revenues flow into general revenue, the decision is made on where to invest and priorities are placed on prevention of smoking, as we've demonstrated. Of course, a huge priority is being placed on health care, considering over 30 percent of the total budget of Yukon at this stage is now dedicated to health care. That's somewhere between 30 percent and 40 percent, Mr. Chair.

Now to the factual question by the member opposite: the collective bargaining agreement -- we do not have exact numbers here, but I can give the member approximations -- will impact the bottom line this year by some \$8 million. That's an approximate \$8 million that will impact the bottom line this year, given the successful negotiations of a new collective bargaining agreement with our employees.

Mr. Mitchell: I thank the Finance minister for that. I would point out that all the questions are factual. The minister may not like the questions but to sort of pick and choose as to which ones he thinks are factual is a little unusual.

I would like to go back briefly to something the minister said in his previous statement. Earlier on, he made reference to the Public Accounts Committee and took credit in some fashion saying it's this government that got the Public Accounts Committee functioning; it was formerly dysfunctional in previous years. I think the Premier should be careful in taking credit for the work of the Assembly. The Public Accounts Committee is the work of the Assembly. There are members from all three parties serving on the committee and they work together cooperatively. If it's working in a functional manner, it's because those individual seven members -- I believe it is -- are working cooperatively together. That's a good thing, and it's where any credit -- I don't think it should be credit because it should just simply be how things work. I don't believe it's the government that makes Public Accounts Committee work or be functional -- it's the committee. That's what the Premier should focus on.

The Premier indicated an additional \$8 million on the increase, approximately, due to the collective agreement for this year. I have some numbers in front of me, a number of employees. In 2002, I guess this was FTE, the net number of employ-

ees was some 3,749. In 2006, we're looking at 4,444. So there were significant increases and I'm wondering if the minister cares to comment on the increase in the civil service over the last four years and whether he sees this trend continuing, or if this is perhaps in large part due to devolution of responsibilities and it's now stabilizing. So, we're just looking to see where this is going.

Hon. Mr. Fentie: It's the record -- the public record -- the accounting of the public record. What was said from this side of the House is that the Public Accounts Committee had not met for some time because it had gotten politicized. That's what this member stated on this side of the House. Whatever the member can determine from that statement, I'll leave it to the member because, frankly, it's not much value in this debate at all.

Now, the member is talking about increased FTEs. Of course, if you do a calculation effective April 2003, there would have been an increase because we absorbed a number of federal employees. I'm very pleased to say today that the two departments that have had a significant increase in FTEs under this government's watch are Education and Health and Social Services -- two very important areas of service delivery to Yukoners. In Education, when you can hire more teachers and education assistants to realize probably the best student/teacher ratio in the country in numbers, that's a good thing. Of course, education assistants undertake a number of very important elements in our public school system.

In Health and Social Services, when you can hire more health care workers at whatever function, this is helping to provide a better social safety net for Yukoners.

So that's where the increases are. The member asked if this is something that has now reached its limit. I would suggest to the member that as the population grows, the demand on government departments to deliver programs and services will increase accordingly, so there may be a trend into the future of the need for more employees in government. That is dependent on the Yukon's overall growth and the ability of government to meet a standard of service and program delivery that Yukon citizens expect.

Mr. Mitchell: I can certainly agree with the Premier that if population continues to grow significantly we will need more employees and that Yukoners are very lucky with the level of service we do receive from our professional civil service.

If the Premier would look at the chart that we have been provided by the department, the growth has really borne very little relationship to the population figures over most of that four- or five-year period. The growth has been fairly constant although the population did not significantly grow until very recently. I think it is only just now getting back to the area of previous high populations at different times before in the territory.

I have one comment. The minister sort of opened the door by talking about the growth of the Education department and the Health and Social Services department, so he has broadened the picture a little bit. One thing I would ask of the Finance minister: perhaps he would consider working with the Health

and Social Services minister and -- although I recognize that it is arm's length -- the Yukon Hospital Corporation to see if there is some way in which part-time employees could also receive benefits. It's done through the government in the Department of Education. If people are teaching half-time or less on their appointments, they are still entitled to government benefits. While we have this shortage of health care professionals, which has been acknowledged by the Minister of Health and Social Services, I know that there are a number of qualified operating room nurses still resident in the Yukon -- in Whitehorse for that matter -- who would perhaps entertain going back to work quarter-time or half-time if they could receive benefit packages but are not interested in doing so without them.

The minister can respond to that when he is next on his feet. I recognize that the Hospital Corporation is an arm's-length corporation, but it may be possible for the government to work with them. There is still a minister responsible for health care.

I have a question regarding the Government of Yukon projections, and the question is simply about the forward projections on long-term plan on capital that exist in the information section, for example, of long-term plans in the Budget Address. Under the capital portion, the 2007-08 main estimates are \$132,045,000, and then, going forward every year, it's just listed as \$95 million. That's as near as we can tell just a place holder. Is that correct, or does the Premier actually have any intention of reducing capital spending by that amount, or is that simply a somewhat arbitrary amount and then things will depend on the issues of the day?

Hon. Mr. Fentie: I'll leave the health care question for the Department of Health and Social Services and the minister responsible. We will always work to ensure we have a full complement of health care professionals but as I pointed out, in other jurisdictions of the country, such things as delivering children are a challenge when communities and their hospitals have to shut down maternity wards because of the lack of professional maternity nurses. So it's systemic in the country and it's a challenge we all face. I'm sure the Minister of Health and Social Services has a tremendous amount of detail he'd like to provide the member opposite.

I know the member is very sensitive about population growth, because the former Liberal government's way to resolve the unemployment rate, demand on lots and anything you want to add to it was to just get people to leave the territory. That's a simple way to do things. The unemployment rate will drop, there won't be any demand for lots, and the government can just sit around and stare out the window, which is probably much of what the former Liberal government did, considering the situation Yukon found itself in after two short years of chaos and whatever else you'd want to use for an adjective to describe the Liberal government's leadership or lack thereof.

I like the way the Leader of the Official Opposition -- a Finance critic -- calls budgeting and elements of a budget "a place holder". This is not sitting down at the dining table; this is serious business. Maybe that's why we were in such poor financial position under the Liberal financial management, because they view us as sitting down at the dining table. In the

federal system it's called the culture of entitlement. That's not how we approach financial management in the Yukon.

In our long-range plans, the capital number is a target. For the member's benefit, that would mean that that target would be the A-base capital requirement of government, and then decisions may or may not be made on other matters of capital investment. This is a target for departments and government to work within as we go through the next budget cycle. So it's not a place holder; it's a fundamental element of solid fiscal management, solid cash management and doing the hard work necessary to ensure we can stimulate the Yukon economy, deliver programs and services, build infrastructure, invest in Yukon's future but still maintain a very healthy net financial resource position at year-end.

If the member looked through all the projections in the budget document, that is exactly what is happening.

Mr. Mitchell: I'm not going to get any further into this debate of history. I don't think it's productive. If the Finance minister wants to constantly talk about what happened in 2002 or 1998 -- or 1978, for that matter -- he can do so, but we're elected here now to deal with the issues of the day and ask questions of the minister of the day about the finances of this territory, and that's what we'll do.

I don't think there is much to be gained by the Finance minister repeatedly referring back to the past, and I don't intend to continue to have those discussions. I will accept what he is telling us. He wants to play semantic games. We won't use the words "place holder". We'll say that that is his best-guess estimate for what he expects the capital budget to be in 2008-09, 2009-10, 2010-11.

We'll point out that if it's so substantially reduced, then of course the net financial resources may look very positive at the end of the day, but that won't necessarily be for the betterment of Yukoners if that is the approach that he chooses to take.

I know there are other members who want to ask questions so I'll allow that to happen.

Hon. Mr. Fentie: It is the clear example of leading from behind. The member fails to recognize that there is a fundamental principle in building futures and that is: to know where you are going, you have to know where you have been. That is essentially why a Yukon Party government has been elected. We have demonstrated we know where we've been and we've shown clearly to Yukoners that we know how to get out of that and build a future.

I just heard the member suggest that these numbers are just an attempt at making the bottom line look good. Well, I have to say to the member opposite, what a shameful display. These numbers are produced by those individuals he hopefully sincerely stood up and extended an appreciation to -- the officials in Finance. Is he suggesting that they just put these numbers down to make the bottom line look good? Shame on the member and the Leader of the Official Opposition for such a display. That is not why we are here.

For the member's benefit, that is not how this is constructed, and I will repeat for the member's benefit that the net capital expenditure here -- the member doesn't even recognize that it is minus the gross amount, which would include the re-

coveries -- is set as a target at \$95 million. That would be a base capital investment for all departments to work within. It's called sound fiscal management. Obviously it is something that is foreign to the member opposite -- sound fiscal management.

So I hope I've answered the member's questions, but I would encourage the member to stop diminishing the hard work and effort of so many individuals in the public service and give due consideration to the conduct that the Official Opposition displays in this House.

Mr. Cardiff: Mr. Chair, I have one or two questions for the Finance minister. I'd like to thank the officials for the briefing and for getting back to us on the follow-up questions on the lapses in revotes. One of the questions we had was: what is the total liability for employee future benefits, and has it all been recognized? It says that it has. The liabilities have been fully recognized. So this goes back to the change to full accrual accounting. Forgive me if I'm still grappling with the concept, to some extent, but I think I've got it.

So the liability for post-employment benefits is \$45 million and the liability for retirement benefits is \$37.5 million. So in the full accrual accounting system, is that money available? It's booked; the liabilities are booked; but does the government actually have that money on hand?

Hon. Mr. Fentie: Yes, Mr. Chair. That's the purpose. Here's one of the areas that was problematic for Yukon in the past and why we were getting qualified audits. So we have to fully book those liabilities. Once booked, that comes out of our revenues plus assets and, so far, equals what we've got in the bank. At the end of the day, once booked, the liabilities must be covered.

Now, there is another point to be made. The numbers that the member is speaking of are created once a year-end is done. So anything we say about 2007 would be speculative in nature until the Auditor General has completed a full accounting and review of the Yukon government's books.

That, I believe -- March, ending 2007 -- will be sometime in the fall. Obviously those numbers may change, but we have a \$156.8-million cash account today. These totals are indeed covered.

Mr. Cardiff: It's good to know. I was in Dawson City at the Association of Yukon Communities meeting a couple of weeks ago, and an issue that came up in discussion was the fact that the government is requiring municipalities to move to the full accrual accounting system. It seems that -- maybe not in all instances -- in some municipalities there are concerns about their ability to set aside dollars basically for capital replacement because they have to book the depreciation and their liabilities. They feel they are going to have a hard time doing it. Quite frankly, they don't believe the government is doing it, so I'm just wondering what assistance is being provided to municipalities to give them a better understanding -- and if it does pose a financial hardship for municipalities to do this, they're faced with lower revenue streams than the territorial government. I know that the municipal funding formula is under review, but these are things that need to be taken into consideration in that review -- the hardships and difficulties that small

municipalities have in meeting these demands that the territorial government is putting on them.

So I don't know if the Premier gets the gist of what it is I'm saying. Hopefully he does. What I'm interested in is what assistance can be provided to the municipalities that are struggling with this.

Hon. Mr. Fentie: Well, first and foremost, the member made a point -- I believe he is saying that the member opposite and third party don't believe the government is covering their liabilities. All I can say to the member opposite is the Auditor General says different, and we will take the Auditor General's view of our accounting over the member opposite's.

Second, it's not the Yukon government directing or dictating to municipalities their accounting procedures. It is the public sector accounting guidelines that are accepted across the country. What is wrong with full accrual accounting? It's the difference between running your books -- I am talking about running governments here, whether it be the territorial government or municipalities -- it's the difference between running out of a chequebook versus incorporating all assets and liabilities. We have to do that; it's sound fiscal management. That is the principle that is fundamental to this.

The Minister of Community Services is already working on issues for municipalities. That's well known. We certainly are sensitive to the issues they face, and that's why we are working on it. I want to point out to the member opposite that sound financial management will ensure that these liabilities are met. It's all relative to the number of employees and the benefit packages, as provided by the municipalities. They must be prudent in all their decision making when it comes to their finances.

I would caution the member to take a position around municipalities not fully booking liabilities, as they should, as dictated by public sector accounting guidelines. At the end of the day, it's taxpayers' money. Every nickel of this is taxpayers' money. That's the revenue stream, and we have to be very careful and conscious of how we manage that money. I would submit that we should do so always with the principles of sound fiscal management and accept always the direction that we are required to accept by public sector accounting guidelines. It's not an invention of ours, it's not an invention of British Columbia's government, Ontario's government, or any other jurisdiction in the country; it is the principles that are required under public sector accounting guidelines.

Mr. Cardiff: I thank the Premier for that answer. Just to clarify, I did not say that I didn't believe the government was doing that. What I said -- and the Premier should listen to this -- was that the perception out there was that the territorial government -- this was the perception that I heard. I am just relaying to the Premier what I heard. He should be cognizant of that fact. I was at a meeting last night, and that was kind of the theme of the meeting -- what we heard. So I'm telling him what I heard, and that was that the perception out there among municipalities is that the territorial government doesn't necessarily have the cash to cover all the liabilities that it has booked. That is all I said. I didn't say that I didn't believe the Premier. I said

it was the perception out there at the meeting I was attending in Dawson City.

Hon. Mr. Fentie: Well, as perceptions tend to do, they create an incorrect perception. Frankly, if that's a perception out there, I couldn't for a moment respond to the member opposite because it's not relevant to the facts. Even if we look at the year-end and the public accounts for 2005-06, the member will clearly see the net financial resource position ensures that the government is covering its liabilities. This is by the Auditor General, so it's not something -- the member doesn't have to take my word for it, but the public accounts demonstrate it, and this was produced by and audited by the Auditor General.

So unfortunately -- and I apologize to the Member for Mount Lorne in misunderstanding his point. He did mention it's a perception out there and, that being the case, I can only put on the public record that the perception is false and incorrect and does not relate to the realities of where we're at financially. But I also want to point out that even in that context of ensuring that we can meet our liabilities, the government stepped in to assist Yukon College and Yukon Hospital Corporation on the issue of solvency for their employee pensions.

The hospital employees pension fund was addressed by the government, and we stepped in and assisted with that too. I think it's a reflection of how much priority this government places on ensuring that we meet our liabilities, especially when it comes to what has been committed to for employee benefit and pension packages. These are areas that have to be addressed and managed appropriately. We have demonstrated that through the course of our past mandate and now our new one.

Chair: Is there any further general debate?

Seeing none, we will proceed line by line for Vote 12, Department of Finance.

On Operation and Maintenance Expenditures

On Treasury

On Administration

Mr. Mitchell: Could the member please provide a breakdown?

Hon. Mr. Fentie: This is an activity. The activity is relative to administration in all its forms. We must always administer. The breakdown in total would include salaries at \$389,547 plus another \$69,070. One is salaries and administration, one is salaries toward loans -- so that's an administration of the loans file. There must be a couple of other things that total up to the \$559,000. If you add up the whole works, it would include salaries, travel, supplies and other non-consumables.

Administration in the amount of \$559,000 agreed to On Financial Operations and Revenue Services

Mr. Mitchell: Will the member provide a breakdown, please?

Hon. Mr. Fentie: Okay, Mr. Chair, considering that this is quite benign in terms of the question. The breakdown includes financial operations, payroll, accounts payable, accounts receivable, financial systems, taxation, and investment -- I guess you would call that administration too. All added up, it should be at the total of \$2.633 million.

Financial Operations and Revenue Services in the amount of \$2,633,000 agreed to

On Fiscal Relations and Management Board Secretariat

Mr. Mitchell: Will the minister provide a breakdown?

Hon. Mr. Fentie: That includes budgets, budget cycle, and fiscal administration management. That's for the overall Management Board Secretariat.

Fiscal Relations and Management Board Secretariat in the amount of \$1,603,000 agreed to

On Banking Services

Banking Services in the amount of \$50,000 agreed to

On Public Utilities Income Tax Transfer

Public Utilities Income Tax Transfer in the amount of \$213,000 agreed to

On Prior Years' Expenditures

Prior Years' Expenditures in the amount of nil cleared

Treasury in the amount of \$5,058,000 agreed to

On Workers' Compensation Supplementary Benefits

On Supplementary Pensions

Supplementary Pensions in the amount of \$426,000 agreed to

Workers' Compensation Supplementary Benefits in the amount of \$426,000 agreed to

On Bad Debts Expense

On Allowance for Bad Debts

Allowance for Bad Debts in the amount of \$48,000 agreed to

Bad Debts Expense in the amount of \$48,000 agreed to

On Prior Period Adjustments

Prior Period Adjustments in the amount of one dollar agreed to

Total Operation and Maintenance Expenditures in the amount of \$5,532,000 agreed to

On Capital Expenditures

On Treasury

On Office Furniture, Equipment, Systems and Space

Office Furniture, Equipment, Systems and Space in the amount of \$46,000 agreed to

On Loan Guarantee Contingency

Loan Guarantee Contingency in the amount of \$250,000 agreed to

Treasury in the amount of \$296,000 agreed to

On Bad Debts Expense

On Bad Debts Expense (Capital Loans)

Bad Debts Expense (Capital Loans) in the amount of one dollar agreed to

Bad Debts Expense in the amount of one dollar agreed to

Capital Expenditures in the amount of \$296,000 agreed to

Some Hon. Member: (Inaudible)

Point of order

Chair: The Hon. Premier, on a point of order.

Hon. Mr. Fentie: For the benefit of expediency in budget debate so we don't have to come back to an item, it is customary to clear Vote 20, which is Loan Capital and Loan Amortization, and the government side is prepared to go

through that now. It's a simple matter in the main budget document that reflects a \$5-million allocation.

Chair: Before I get to the point of order, I should ask if Vote 12 shall carry.

Department of Finance agreed to

Loan Capital and Loan Amortization

Chair: If members wish, we can continue with Vote 20.

Hon. Mr. Fentie: We felt that we could maybe just go through this. It's really a very limited area of the budget. However, I will give some brief comments.

It's a standard provision for authority to make loans to municipalities, should they wish to borrow from the government during a fiscal year. The \$5 million is the traditional amount set aside and is seldom all required. This line has no impact upon our surplus since loans are carried as an asset on our balance sheet. The loan amortization expenditure line is simply the payments being made on old loans that the Yukon government took out many years ago to re-loan to municipalities. These loans will be fully paid out in 2007-08. The recovery line represents payments by the municipalities to the Yukon government for loans outstanding and that is the extent of Vote 20.

On Loan Capital

On Loans to Third Parties

Loans to Third Parties in the amount of \$5,000,000 agreed to

On Loan Amortization

On Interest

Interest in the amount of \$213,000 agreed to

On Principal

Principal in the amount of \$3,154,000 agreed to

Loan Capital and Loan Amortization agreed to

Chair: The matter before the Committee will be Department of Energy, Mines and Resources. Do members wish to take a brief recess?

All Hon. Members: Agreed.

Chair: Committee of the Whole will recess for 15 minutes.

Recess

Chair: Committee of the Whole will now come to order.

Department of Energy, Mines and Resources

Chair: The matter before the Committee is Bill No. 6, *First Appropriation Act, 2007-08*, Vote 53, Department of Energy, Mines and Resources. We will proceed with general debate.

Hon. Mr. Lang: It is my pleasure to introduce the 2007-08 main budget for the Department of Energy, Mines and Resources. The Energy, Mines and Resources' mandate is to responsibly manage and support the sustainable development of Yukon's energy and natural resources. Our budget for 2007-08 focuses on continuing to fulfill this mandate. The depart-

ment's efforts support the government's commitment to develop a prosperous and diversified economy.

Over the coming year, some of the priorities of the department will be: complete the implementation of the new placer regime; ensure that the approvals for the new Minto Copper mine are completed in a timely manner to enable production early this summer; continue to add to and approve our geoscience database; work with Canada and First Nations to identify a preferred option for the remediation and closure of the Faro mine site; support the work to have an acceptable recommended north Yukon land use plan presented to government by the fall for our review; advance the development of the Yukon energy framework strategy; deliver a broad range of energy efficiency and renewable energy programs through the Energy Solutions Centre; and work closely with other government departments on corporate objectives such as the climate change implementation plan, mine project facilitation and capacity building.

The overall budget for the Department of Energy, Mines and Resources for 2007-08 is \$40.3 million. The operation and maintenance budget is \$35.1 million. The department's capital budget is set at \$5.2 million. Revenues this year are estimated to be \$11.4 million. This includes a \$9.1-million recovery from Canada.

I'd like to take a moment to share with the Members of the Legislative Assembly some of the highlights of Energy, Mines and Resources' 2007-08 main budget. In oil and gas and mineral resources, Yukon is considered one of the mining investment hotspots in Canada, and we are pleased that Yukon has improved its ranking from 21st to 11th in the world in the Fraser Institute's survey of mining jurisdictions.

Our focus on client services in the post-devolution world, coupled with the clear commitment of this government to the mining industry, has made a difference. However, there is more to do to maintain and improve our investment climate.

This year we will work toward developing production-focused incentives for the mineral industry and continue to provide project coordinators to assist major mining projects as needed.

The government has allocated \$124,000 for regulatory competitiveness to continue the implementation of recommendations from the Yukon Mineral Advisory Board. The Yukon Mineral Advisory Board has also recommended that government and industry provide more public education and outreach as it relates to the mineral sector. This work is already well underway. For example, our first Mining 101 awareness seminar takes place June 11 and 12 of this year.

We are also working to ensure that the necessary approvals for the Minto mines are completed in time for the start of production early this summer while also supporting the permitting of other projects including Yukon Zinc at Wolverine Lake, Western Copper at Williams Creek near Carmacks, and Tagish Lake Gold at Skukum Creek south of Whitehorse.

Another key initiative for the coming year is to conclude the implementation of the new placer regime. We have committed a total of \$650,000 in the departmental budget to do just this.

Of this total, \$170,000 will be used by the client services inspection branch to hire qualified personnel to analyze and monitor information collected from water samples within areas where placer mining activity exists. The funds will also be used to develop a comprehensive database to track this data. The remaining \$480,000 will be used by the Yukon Placer Secretariat to complete the consultation implementation of the new placer regime.

Finalizing the implementation of the placer regime is a major success story, which would not have been possible without the excellent collaboration and support from First Nations and the Department of Fisheries and Oceans Canada. I should point out that a portion of these implementation funds will be recovered from Fisheries and Oceans Canada. The new placer regime recognizes the importance of a sustainable placer mining industry and the importance of conservation and protection of fish and fish habitat.

The government has allocated \$675,000 for the continued support of the Yukon mining incentive program. This funding helps to promote and enhance mineral prospecting, exploration and development activities. It also provides a portion of the risk capital required to locate and explore mineral deposits. The Yukon Geological Survey has an outstanding geoscience database, and we will continue to contribute to its growth and maintenance. The database supports industry investment and development, land use decision making, and contributes to the overall wise stewardship of Yukon resources.

We have revised and streamlined our oil and gas rights disposition process and our goal is to have two rights offerings in this year, 2007-08. The spring request for posting was reached -- recently completed -- and we were encouraged to receive 25 proposals -- 24 in the Eagle Plains Basin and one in the Peel Plateau. We are now moving to the "call for bids" part of the process.

This year, we will also complete the oil and gas royalty regulations, which is a final key component of our oil and gas regime. We are actively participating in both the Joint Review Panel and the National Energy Board processes related to the Mackenzie gas project. Our goal is to maximize opportunities that will arise from northern oil and gas development and ensure Yukon's natural gas reserves are not stranded.

A strategic action plan was developed last year with Alberta and British Columbia and will be implemented this year to help us achieve regulatory certainty for the Canadian portion of the Alaska Highway pipeline. We continue to work with and to provide funding to the Aboriginal Pipeline Coalition for this fiscal year. The government has allocated \$200,000 to the coalition. The coalition plays an important role in ensuring that we are prepared for the Alaska Highway pipeline project.

First Nation engagement and participation are essential in the development and implementation of an efficient pipeline regulatory process. The government has committed \$175,000 to further develop Yukon's oil and gas potential. We will conduct a hydrocarbon resource assessment for oil and gas in the Peel Plateau and further work will be completed in the Liard Plateau and the Whitehorse Trough.

The government will continue the responsible closure, reclamation and care and maintenance of abandoned and orphan mines in Yukon. The department will receive \$8.3 million from Canada for reclamation and closure activity for the four type 2 mine sites. This includes \$1.84 million for Mount Nansen, \$370,000 for Clinton Creek, \$3.48 million for the United Keno Hill, and \$2.59 million for Faro.

Mr. Chair, this year, closure alternatives for the Faro mine will be evaluated, including a public consultation process that will result in the identification of a preferred closure alternative. A preferred closure alternative to Mount Nansen will also be selected, and we will work with the client at United Keno Hill to conclude the sale and ensure continued care and maintenance of this site.

The department will allocate \$400,000 to complete and implement forest management plans in partnership with First Nations and renewable resource councils. Forest management plans have been completed in Teslin and the Champagne and Aishihik area, and it is anticipated that strategic forest management plans for southeast Yukon will be completed shortly with the Kaska. Work will begin on establishing a sustainable harvest limit for timber in Teslin and southeast Yukon, pending the regional forest plan. By establishing plans and harvest limits, we are providing secure access to this resource for industry. Yukon is currently experiencing the largest, most intense and most northerly outbreak of spruce bark beetle in Canada. It now affects 400,000 hectares, or 70 percent, of the entire forest cover within southwest Yukon. The Yukon government, the Champagne and Aishihik First Nations, Alsek Renewable Resource Council and Parks Canada have identified a harvest ceiling of up to 1,000,000 metres of salvaged timber for the beetle-affected forest of southwest Yukon.

Mr. Chair, the Yukon government and the Champagne and Aishihik First Nations jointly issued a request for proposals for the identified salvage harvest opportunity and are presently in discussion with three proponents, working toward securing detailed business plans from them to support future timber disposition decisions.

Yukon is providing \$200,000 in the year 2007-08 for engineering and construction of mainline forest roads within the Champagne and Aishihik traditional territory. The northern strategic trust will be matching these funds for a total of \$400,000 in the investment.

The government has allocated \$200,000 for silviculture work. A silviculture survey will be completed in areas logged and burned from old wildfires across southern Yukon. This survey will assist us in developing a comprehensive silviculture plan for areas not properly restocked. The department will also plant approximately 60,000 seedlings in the Fox Lake timber harvest project area -- an area where harvesting fire-killed trees has been occurring since 1998.

We will continue to work with the successor resource legislation working group, as well as the new Yukon Forest Industry Association and the forest value focus group, to complete drafting instructions for the new forest resource act. The department looks forward to working with the newly established

Yukon Wood Products Association in developing the forestry legislation, as well as promoting the forest industry.

Mr. Chair, Energy, Mines and Resources is working with our colleagues in Community Services to identify ways to improve and streamline the land application process. In partnership with the Teslin Tlingit Council, we are working toward development of recreation and rural residential land in the Tlingit traditional territory. Yukon will provide \$330,000 for this project, which is supported by the northern strategic trust.

This government continues to support the growth of the agricultural industry in Yukon. The 2006 agricultural policy established the framework for a more commercially-based industry and we are moving toward this goal. By the end of the summer, there will be a lottery for six planned agricultural lots in the Haines Junction area. This represents phase 1 of this development, with nine more lots being made available in the near future.

In energy and corporate policy, the department will focus on the development of an energy framework strategy that will guide policy development to support sustainable energy projects. The strategy will be developed in several stages: background research, consultation, draft and implementation. Background information is currently being collected and initial one-on-one consultation with stakeholders in other governments has begun. The policy development process will also include, of course, public consultation.

It is expected that the strategy will address the issues of energy management, supply, demand, security, affordability, efficiency, conservation and the reduction of greenhouse gas emissions. The government is already actively working on many of these issues.

This government supports an environmentally and economically responsible approach to energy and continues to deliver a range of energy efficiency and renewable energy programs through the Energy Solutions Centre.

Energy, Mines and Resources is also working in partnership with the Department of Environment to help develop the climate change implementation plan. The climate change implementation plan and the energy framework strategy are both key initiatives of this government. We will work with Environment to ensure the two are linked.

This should be a milestone year for land use planning in Yukon. The first recommended regional land use plan being prepared by the North Yukon Land Use Planning Commission will be submitted to the Yukon and Vuntut Gwitchin governments for review and approval. We will also continue to support and facilitate regional land use planning in the Peel region and hope to see a new plan start in the Dawson area later this year.

The department will also contribute resource information for the completion and approval of the special management area management plans in all resource areas. The department will pursue ways to ensure First Nations are full partners in resource management and development in Yukon. This year the department will continue to implement the Minto mine memorandum of understanding with the Selkirk First Nation

that helps govern the operation of the Sherwood mine on settlement land.

The department will also support the Aboriginal Pipeline Coalition and work with First Nations in Teslin, Watson Lake, Ross River, Dawson, and Haines Junction to complete and implement strategic forest management plans, identify the training needs of First Nations to assist them in maximizing business and employment opportunities for First Nation members and corporations in relation to care and maintenance activities at abandoned type 2 mines, and work in partnership in northern strategic projects such as developing the Little Teslin Lake cottage lots and building forestry roads in southwest Yukon.

This concludes the introductory comments for the main estimates for the Department of Energy, Mines and Resources.

Mr. McRobb: I thank the minister for those opening comments.

I would also like to note that this is the second consecutive day that this same minister and I get to spend the last hour and a half debating a department he has just introduced. It reminds me of a familiar story I heard from my father over the years. Back when he was living in the Lower Mainland, he was called to the principal's office quite often to deal with my older twin brothers. Near the end of his visits with the principal he said to him that, "If nothing else, at least we have become well-acquainted." I think that is something both the minister and I can smile about this afternoon.

I'd like to also express gratitude for the excellent work done by the several employees in this department, and especially to the official who accompanies the minister today because we know how dedicated he is. He does a lot of excellent work for this department and for Yukoners.

I do have a number of questions and invite the minister to accompany me in being as expeditious as possible.

The first one: can he tell us how many people are employed in the forest industry in the territory?

Hon. Mr. Lang: There are approximately 22 in the branch.

Mr. McRobb: I didn't ask for the number of people working in the branch. I asked for the number of people working in the forest industry.

Hon. Mr. Lang: We don't have those figures. We are dealing with the branch and the branch has 22 employees. We know that -- approximately 22.

Mr. McRobb: That's a little unusual, Mr. Chair. We know it is the minister's responsibility to address the industry. I recall a statement he made soon after he was first elected. There was a big headline in the *Whitehorse Star*, "Forestry Will Thrive by 2005" -- so we know his vision. Certainly it is not restricted just to personnel within his department. He is looking at the industry as well.

I do know there are employees in the Haines Junction area. I'm rather amazed he doesn't have any information on this. So let's try another question: can he tell us how much wood has been cut in the past year in the territory?

Hon. Mr. Lang: There are people in the forest industry from Dawson City right to Watson Lake. So there is work being done in the forest, and so if I don't know the exact num-

ber of individuals that are employed, I certainly know the industry is active in all those regions. I would always like to see more activity, but there is activity in the forest industry from Dawson City south to Watson Lake.

Mr. McRobb: Mr. Chair, I think I just heard the minister attempt to answer the first question again, and he didn't address the second question, so I would ask him to do that.

Hon. Mr. Lang: Again, Mr. Chair, it's always harder to open an industry than it is to close it down. Yukon understands how hard the member opposite did work to do just that. So we as a government have been very proactive with the forest industry to open it up, and we're working in all the jurisdictions and the traditional territories in the Yukon to get the partnerships up and running and moving forward.

As far as the amount of wood being cut, that's a technical question, and I would have to get back to him on that issue. I could get back to him in the near future.

Mr. McRobb: That would be appreciated. But I have no idea where the minister is coming from with respect to his rather cutting remarks about my past involvement -- no understanding at all. I would suggest that he not take advice from his House leader, the MLA for Lake Laberge, who certainly doesn't understand we're trying to be more cooperative here this afternoon.

The member wants to try to interrupt me, but I do believe I have the floor. Let's go to oil and gas.

Can he give us an update on the latest land disposition?

Hon. Mr. Lang: In addressing the member opposite's issue on management of our forests, we as a government have been working on the management plans in all the traditional areas of the Yukon and we have a plan in the Teslin area -- Teslin Tlingit traditional territory. We've worked with the Champagne and Aishihik First Nations and their traditional territories. We're finalizing the management plan with the Kaska Forest Resources Stewardship Council in southeast Yukon. We're working in Dawson City, Ross River and in the Whitehorse area itself, so this government is putting management plans together. This government is putting wood out, working with the industry to make sure that, in the near future, we have more people working in our forests.

As to the other question he asked about the dispositions in north Yukon, those dispositions have been through YOGA. We've gone through the process; there have been 25 requests; the next step is a call for bids in that area and it looks very positive.

Mr. McRobb: I'm trying to sort through that response. Before leaving the forestry issue, can he give us an update on the federal disaster relief funds they were seeking for the spruce bark beetle infestation?

Hon. Mr. Lang: We are working with the federal government on that issue. The beetle kill in southwest Yukon is critical and we have worked with the federal government, not just on one level but on many levels, and we're hoping that our jurisdiction gets the same treatment as British Columbia did with the pine beetle kill. We are actively working on the file to get some recognition by the federal government. We have had recognition from Parks Canada, but we are working with our

partners in Ottawa to make sure that they recognize this disaster as important for not only the Yukon but for Canada, understanding the pine beetle kill has been an issue with the federal government and of course our provincial partners in British Columbia and Alberta. The urgency of the spruce beetle kill is there and we have been working to make sure that it is.

We have brought this to the attention of DIAND and the Minister of Northern Affairs, and we are also working with the Minister of NRCan through the best forest strategy. That is hopefully where we will get some funding to move ahead with the management of that critical part of the Yukon.

Mr. McRobb: I just note that we have heard about the government efforts to get this funding for, it seems, at least two years now. In recent months we've seen reports out of other areas like Alberta where that province has received hundreds of millions of dollars from the federal government to try to fight its beetle infestation -- and British Columbia as well. I might be incorrect on those numbers, but it was a sizable amount of money. I am just wondering why we haven't received anything yet.

The minister can correct me if we have received something. Can he tell us how much we are asking for at least?

Hon. Mr. Lang: In addressing the member opposite's question, we are as concerned as he is about how slow the federal government works. We understand that the size of the jurisdictions of B.C. and Alberta -- and, of course, the matching dollars that B.C. and Alberta are capable of putting toward this situation -- has a lot to do with the federal government's choices. We certainly have been working with both departments very, very effectively. Hopefully, we will resolve this issue.

As far as the amount of money is concerned, I would say that we're looking at two different pots of money. One is a management go-forward plan with the Champagne-Aishihik group so we can put a plan together on how we are going to mitigate this issue. Then a larger sum of money is to put the actual plan to work. Those issues sort of run in parallel and we are certainly looking at funding for both levels.

We as a government are willing to put resources into it too. But we have to remember that we are not British Columbia or Alberta, so when they talk hundreds of millions of dollars as their part of the partnership in this management team, we don't have the capability to put the money at that kind of volume toward the beetle-kill or the issue in the forest.

That doesn't mean that we are not concerned about the condition of our forest and the spreading of the pine beetle throughout our jurisdiction. We have to remember that the pine beetle materialized through the parks -- Kluane Park -- and also came through the Dalton Trail area from Haines and through that area. It has come a long way. The issue has been an issue for a very long time. I think it would be timely for us and the federal government, in conjunction with Parks Canada, to accept some of the responsibility as jurisdictions to put together the working group to get the plans and then move forward.

There is a lot of work being done through NRCan on beetle-kill situations across North America. We are not the only jurisdiction with an insect issue. There is the pine beetle-kill

issue in southern California and on the eastern seaboard with the elm beetle. There are many other issues that go with forests. All we want to do is get our fair share of the resources, and go forward with the Champagne-Aishihik and the federal government in partnership to take a look at the resources we have and try to mitigate the spread of the beetle. It has grown over the last 10 or 12 years to be quite extensive.

Mr. McRobb: I would like to follow up a bit more on this matching fund requirement. I recall a story from Friday's *Whitehorse Star* quoting a scientist working for the national Forest Service. He indicated that this is the largest infestation in Canada. It would seem that funds should be geared more to the size of the infestation rather than provincial or territorial budgets. I just would like the minister to clarify if the federal government is insisting on matching funds from the territorial government.

Hon. Mr. Lang: The answer to that is no. The federal government has been very receptive to us. They understand the urgency of this. It is just the nature of how the federal government works, and we certainly want to address this sooner than later.

Mr. McRobb: I understand the answer to be no, the federal government does not require matching funds. If that is incorrect, the minister can elaborate further.

He mentioned a few other infestations and there are others as well across Canada and the United States. As a matter of fact, earlier this year I had an opportunity to visit a museum in New Hampshire and noted that they had a beetle display. There were virtually hundreds of different types of beetles. It really raises one's awareness of just how much a peril this is. I also toured Stanley Park in Vancouver. One of the concerns about leaving deadfall too long is an infestation of beetles from ships out in English Bay that are waiting to load. This is a very serious concern. I drove through the interior of B.C. and saw the devastation there, and into Alberta. It is widespread and it would seem that we should have received something by now from the federal government in this respect.

Getting back to oil and gas, we didn't get much of an update on the latest disposition, so if the minister would like to elaborate a bit more on that, it would be appreciated.

Let's talk about Kotaneelee in southeast Yukon. Can he give us an update on the future of this well and when it is expected to cease operations?

Hon. Mr. Lang: I'm going back to forestry for a bit. We are working with the national government and other provinces and territories in putting together a national forest pest strategy. We are working with our partners across Canada to inventory and address some of the pests that most jurisdictions in Canada are living with today. We are an active part of that and we are moving forward with that.

As far as the Kotaneelee is concerned, the Kotaneelee was the most successful gas-producing field in North America for some 20 years. It is watering in and, of course, that is the life of the well itself. Devon, the owner of the well, did an extensive drill program to try to mitigate the watering in of the well, and that was not successful. As you can see, the revenue from the wells is dropping and that would be, I imagine, the end of that

resource until there is more exploration and drilling in that area.

Mr. McRobb: I understand from the officials during the briefing that in order to upgrade the well, a cost of some \$30 million has been estimated. The other option of drilling a new well is expected to cost \$40 million. Can the minister confirm those numbers? Does he anticipate directing any public funds toward any options with respect to this gas field?

Hon. Mr. Lang: The numbers are just numbers. I am not privy to any of those numbers the member opposite raised in the House. Devon did do an extensive review of the well and a drilling program that cost in the millions of dollars. I don't have the exact figures because those were their figures. Certainly, in the future, the corporation that owns the well would make that decision. We do not see ourselves in a position of putting any public money into a re-drilling program or any kind of a drilling program in the area. We understand as a government that it is in southeast Yukon, it's in the traditional territory of the Kaska and there are some overlapping claims there with the Northwest Territories, and in YOGA it says very clearly that until we get an agreement from the unsettled First Nation, YOGA would not proceed with drilling. So, we are working with the involved First Nations in that area toward an opportunity to drill in that area.

It looks very positive for gas in that area. We have the infrastructure in place to handle the drilling program, and that's very important. All those resources would move toward Fort Nelson, and that's where it has been handled over the last 25 years.

But as far as the southeast Yukon, until we get that agreement with the Kaska and the affected First Nation from the Northwest Territories, we won't be doing any gas development in that area. In saying that, we are working with the First Nations and it looks positive.

Mr. McRobb: Well, the information I put on the record came from the minister's own officials during a half-hour briefing. I'm a little surprised that he's not aware of those same numbers.

Let's turn now to the proposed Alaska Highway natural gas pipeline. I'm holding in my hand an article from the *Globe and Mail* dated May 4 of this year. It's entitled, "Single Arctic pipeline under construction." The subtitle was: "Spiraling development costs encourage new approach." The upshot of this article is that the Northwest Territories minister equivalent to this minister is advocating the over-the-top route. Of course, an over-the-top route would eliminate any possibility of an Alaska Highway pipeline because the very purpose of both would be to deliver gas from the North Slope to market in the south.

I know that the minister will probably stand up and say that the Alaskans outlawed this approach. Indeed, that was the case approximately four years ago. A bill was passed to outlaw it. However, there is a new administration in Alaska, as I'm sure the minister is aware, and it's headed by Alaska's new Governor Sarah Palin.

She is on record saying that she's willing to consider all options and proposals on how to bring Alaska gas to market.

This effectively scraps previous plans that were on the table, or perhaps off the table. Given this information, I would like to ask the minister what he thinks of his Northwest Territories counterpart's statements, which are effectively trying to cut the Yukon out of the picture.

Hon. Mr. Lang: Again, the member is wrong. The legislation is still in Alaska. The new government did not rescind that. It is still on the books that it is against the legislation to even contemplate building a pipeline across the top of Alaska. That in itself answers the member's question.

Also, as to the governor not coming in on the Alaska pipeline, he is again wrong. The *Alaska Gasoline Inducement Act* is intended to encourage the expedited development of Alaska's natural gas resources by offering incentives to companies that produce the state's gas and to companies that can build a pipeline to transport it.

When I talk to the State of Alaska and the people involved, they are very positive about the Alaska Highway pipeline.

Mr. McRobb: Mr. Chair, I think we took a bit of a step back there. I tried to head off that standard response by pointing out that there is a new administration in Alaska and how that old law under the Murkowski regime can be changed in the bat of an eye. If you examine what this minister just said about the new approach to getting gas to market -- well, it's not precluded by an over-the-top option. The over-the-top option would still get gas to market. She clearly wants all options and proposals on how to bring Alaskan gas to market on the table. It spells it right out in this *Globe and Mail* article, as well as several other ones from the *Anchorage Daily News* that I've read over the past few months. I would like the minister, instead of just continuing to deny the existence of this possibility, to answer the question as to what he thinks of the comments made by his Northwest Territories counterpart, who is effectively trying to cut the Yukon out of the pipeline picture.

Hon. Mr. Lang: I get my information from a little higher than the *Globe and Mail*. I talk to people who make decisions in Alaska. I don't have to read them second-hand from a news release by the *Globe and Mail* or by the *Anchorage Daily News* or by any other newspaper. The Governor of Alaska is committed to moving forward on addressing the pipeline.

There are environmental impacts that would come with the over-the-top route, and that is why the State of Alaska, both houses -- the insinuation that governments can cancel legislation with the snap of a finger is again misrepresenting the facts; the fact was the issue about over-the-top was addressed on an environmental level and a legislation level and in the House of Representatives and in the Senate in Alaska and all of them had thumbs down on an over-the-top route.

I will continue dealing with my counterparts in Alaska at a very high level to make sure I get the facts right on any issue involving the Alaska Highway pipeline. That is my side of the story; that's where this government takes their information from. We do not take the *Globe and Mail* dispatches as gospel. The Alaska Highway pipeline is alive. The governor is committed; she is going to work with industry and pipeline companies to bring the best proposal for Alaskans forward so the project can move forward.

Mr. McRobb: Like the minister said himself, it is just his story. I don't know anybody who considers this minister's comments to be "the gospel", either.

My question was a rather simple one. It's asking him what he thinks about his N.W.T. counterpart trying to cut the Yukon out of the pipeline picture. What does he think about that?

Hon. Mr. Lang: The Mackenzie Valley pipeline is a very realistic project. The member opposite is minimizing the opportunities the Mackenzie Valley pipeline brings to the Northwest Territories. This government, unlike the Liberal government of the past, is working very positively with Northwest Territories to move forward and work as a partnership to make sure that we realize not only the Alaska Highway pipeline, but the Northwest Territories pipeline. That is going forward.

For the Alaska Highway pipeline, decisions will be made in Alaska with the producers, the State of Alaska and the pipeline corporations on timing for that pipeline. In reminding the member opposite, the Alaska Highway pipeline just goes through our jurisdiction. We do not decide when it starts. We work with the corporations, the producers and the pipeline to make sure that we mitigate any issues we have as it crosses from border to border. As far as the Northwest Territories pipeline -- the Mackenzie Valley pipeline -- it's on track. It's going forward and we are going to work in partnership with them to make sure that it's successful.

Mr. McRobb: The minister sounds so high and mighty, I'm wondering if I should bow when I stand up and ask a question.

His sudden concern about the environment -- I'm just wondering if he has been transformed into some new green minister or something. He didn't seem to be bothered too much about it before. I would remind him that, no matter which project proceeds, it must be approved through an environmental review. He can talk about environmental concerns related to one project, but the same apply to any project.

He failed to respond to his counterpart's suggestion that the N.W.T. pipeline should be pursued with the over-the-top option. I think there are other Yukoners who are probably just as concerned about this as I am, on the possibility the N.W.T. is doing an end run around this minister.

Some Hon. Member: (Inaudible)

Mr. McRobb: Good point. The Leader of the Official Opposition just reminded me about the Premier's comments about how this minister's N.W.T. counterpart was just a person. Well, the N.W.T. minister has officials and has contact with the Alaskans and others as well. We are quite concerned about losing out on this.

There are billions of dollars at stake here and certainly a lot at stake for the Yukon Territory as well. We want to be assured that the minister is on top of this and not just paying lip service. Can he guarantee us right now that none of the concerns identified that I have mentioned here today with respect to this over-the-top route and the end run and everything else -- will he give his assurance that we can rest assured that we are in good hands under his watch?

Hon. Mr. Lang: I guarantee the member opposite -- and the member from the NDP will verify this -- you can rest easy at night knowing I have my hand on the helm of the Department of Energy, Mines and Resources. I am glad the Member for Kluane brought it up. He can go to bed now every night knowing that the minister is on top of his job.

As far as the debate about the Alaska legislation against going over the top, I am in constant contact with Alaskans who have a big say in where this pipeline is going to go. I am sure they would be interested in the *Globe and Mail's* announcement too -- but certainly have been working with the Canadian government at a high level on the Mackenzie Valley pipeline. It is moving ahead. The Mackenzie Valley pipeline is a long way from dead. The Canadian government is very, very concerned about it and the Northwest Territories is working very positively to move that project forward.

Again, there are going to be two pipelines. There will be a pipeline down the Mackenzie Valley, which will handle Canadian gas to Canadian markets. There is going to be an Alaska Highway pipeline that will go down the Alaska Highway. It would be odd to have the over-the-top Alaska Highway pipeline. We would have to rename it.

We would have to address that on a very high level. But the member opposite can rest assured that I will work diligently to make sure that the Alaskans don't override their own legislation and sneak a pipeline over the top while the Member for Kluane is napping or on a junket of some sort across our great nation.

And this could happen, Mr. Chair. It happens many times. People fall asleep at the switch and things happen. But as you leave the City of Whitehorse, you can rest assured that the minister will never fall asleep at the switch, and I will fight tooth and nail to make sure that the Alaska Highway pipeline gets its due overview.

I will work with the Alaskan government; I will work with the producers; I will work with the Aboriginal Pipeline Coalition and, of course -- a large stakeholder in this -- Yukoners. Yukoners have to address this issue too.

And I agree with the member opposite -- a couple of things he said this afternoon were right on the mark. One of them was the environmental overview. I understand that all of this will have an environmental issue, and it will have to have a review. The Mackenzie Valley pipeline will have a thorough review, part of which they're going through now.

And of course, once the producers and the State of Alaska -- we can't leave them out -- once the pipeline is decided on, there will be an extensive public environmental review of that project.

I remind everybody in the House about the size of the project. We're looking at the Alaska Highway pipeline as one of the largest construction jobs ever done in the history of North America or the world.

Some Hon. Member: (Inaudible)

Hon. Mr. Lang: Now, the Member for McIntyre-Takhini makes light of that. That is a fact. This is a large project. So, we as the government of the day -- and we've been talking about this pipeline for five years. In fact, I was standing

on the front porch of my house in 1978 when it was announced that we were going to get a pipeline, Mr. Chair, we just had to fire up the truck.

The pipeline is coming, Mr. Chair. I have heard about the pipeline for a very long time. As a government, we don't concentrate on the Alaska Highway pipeline like the last government did. We concentrate on the economic engine that we can create within our borders for the benefit of all Yukoners.

What do we do? Well, we encourage the forest industry. We encourage oil and gas. We encourage the mineral industry. All those partners in industry are what will eventually drive the Yukon's economy. The pipeline, if and when it comes, will certainly be a long way down the trail. The pipeline will not arrive overnight. I am sure that the Member for Kluane will understand that. It will arrive in a very organized way and it will be under very strict environmental overviews.

I will promise here on the floor to all members here today that I will actively work for the benefit of all Yukoners to ensure that we maximize any return we can get from the Alaska Highway pipeline. We as government and I as minister will talk to the State of Alaska about the *Globe and Mail's* report about the over-the-top -- and we did this, Mr. Chair, and of course it was proven to be wrong. We will work with the governor and the government in Alaska to access whatever benefit we can, understanding the jurisdictional situation we are in here in the Yukon.

We are not going to decide on a pipeline. We are going to work with the producers and the pipeline companies to go through our territory in a very constructive way. I make that commitment here in the House to the Member for Kluane and I look forward to working with him as this massive pipeline project goes through his riding.

Mr. McRobb: We knew something was coming over the top, but we just didn't expect it to be this minister.

I'm sure everybody can feel quite good about having been assured by the minister. And, by the way, if anybody has problems falling to sleep at night I invite them to perhaps try to read some of the *Hansard* from this debate. That should overcome any insomnia.

The minister also said he never falls asleep at the switch, but I think that could be famous last words, similar to the captain of the *Titanic*. I sense a territory-wide blackout coming soon.

Seriously, Mr. Chair, this matter is of great interest and the minister is well on the hook for taking full responsibility. I don't think there is a need to pose further questions in this regard. Should anything bad happen, we know that he'll stand up and do the honourable thing.

I would like to move to another aspect, a long-standing issue on which the minister has undertaken to produce some results. That is the position of the federal government with respect to which project would be chosen: whether it's the greenfield project or using the Foothills pipeline permits.

Has a decision been made? What can the minister say to enlighten us on this since he is so awake at the switch?

Hon. Mr. Lang: Understanding the project itself, there's the greenfield and then there is the Foothills, the NPA --

the Northern Pipeline Agency -- which is really the only thing -- and the right-of-way -- we as government have in front of us today. There has been no decision. The only thing we have to go on is that the NPA has Foothills' easement in place and it's current.

Mr. McRobb: All right. Has he talked to the federal government about its position? Has a decision been made? What can the minister tell us about the decision that we've been waiting for from the federal government for a number of years now?

Hon. Mr. Lang: We've talked to many governments about this, so it's not just the government of the day that we've talked to in Ottawa about the decision. In fact, one government even hired an individual to come up and see if they could modernize the NPA and if it was a workable document to go forward with, and his overview was that it was feasible to modernize it and bring it up to date.

To answer the member opposite, the federal government has not made any decisions and all we as a government have in front of us is the right-of-way and the NPA, and we've been told that it's capable to modernize it to move forward. Until that decision is made and until we can see what other proposals are out there and what benefit they are to Yukon, I guess we're stuck with the NPA and with the deal that was put in place many years ago. You understand that the NPA and the Foothills proposal was a bid process, they were successful on the bid, and that was in 1978-1980 when the pipeline was first announced. So, it's not without its merits. It is an effective document until the year 2012, but I think there's a renewal clause in there so there are some questions about legality of the contract and, of course, we don't get involved in that as a government.

That, again, is a corporate decision and the Government of Canada and NRCan will have something to say about that at that time. Of course, a commitment I make, again, to the member opposite is that I am working with my capable department, and Yukon is ready for either project. That is an issue that we commit to. We have to be ready for whatever project is decided on. Yukon government is as ready as it can be.

Mr. McRobb: I think it's safe to say that there are differences in how the territory would benefit under either approach. I would like to know what the minister's preference is and if he has indicated such to the federal government.

Hon. Mr. Lang: We certainly haven't taken sides on that issue at all. Why would we argue an issue when really we don't have any decision-making process in place to even participate in the conversation? The only thing that I've been vocal about on the agreement is that the route has some value. It's third party protected. It's a route from border to border and the corporation has paid taxes and kept that third party interest alive. As far as this government picking sides, we certainly haven't.

Mr. McRobb: Is it not the federal government that ultimately makes the decision? Perhaps the minister could answer that question.

Hon. Mr. Lang: Certainly they are a big part of the decision-making process. I would think that we would be involved in some small way because it does go through our juris-

diction. I would imagine the government of the day, whatever government it is, would respect that.

Mr. McRobb: There were two different answers for the same question. The minister is now saying that he's involved in a small way with the federal government, which has a large part in this decision. His previous response was that he doesn't get involved in this and it's not a decision that the Yukon would be involved in. I would just like him to clarify for the record if he has expressed a preference to the federal government -- because we know that the Yukon Territory does that all the time on matters that are decided by the federal government -- for either of these two options?

Hon. Mr. Lang: The government has not been involved in those discussions. The Yukon government is waiting for decisions from Alaska. That will trigger other decisions. This government is not making any decisions.

All I said in the House today was that there was some value in the route. It was the Foothills route, which is third party protected. It goes from border to border. I would say that there is value in that. Also, I would think that the federal government, when it comes to making these kinds of decisions, would treat the government of the day -- and it probably won't be this government, but one down the road -- like they would any partner, so that we would be aware of any decision that the federal government makes.

Mr. McRobb: We are still not quite there. For the record, can the minister indicate whether he has expressed a preference on an option to the federal government? It is just a simple yes or no. Has he expressed a preference?

Hon. Mr. Lang: Mr. Chair, the complication from the member opposite is that there is no project. There is no project for anybody to make a decision on. So, certainly I have not made my preference known. Until there is a project, the next step would be some sort of federal government decision. But there are many decisions that have to be made. I have not stated my preference to any minister of the Crown in Ottawa. I have never been asked my opinion or my choice because they know that there is no project. The project will come out of Alaska and has to be decided in Alaska. That is the step that the member opposite is missing.

We aren't deciding on a pipeline. We are waiting for a decision to be made in Alaska, which, by the way, is in a foreign country and has to be handled differently from the Mackenzie Valley pipeline. It's American product going to an American customer.

So, as far as the member opposite's comments about decision making, he's missed the step. The step is that Alaska has to make a decision. Alaska has not made a decision. Alaska might never make a decision. So this government is going forward with economic plans for the future of the Yukon, not based on an Alaska Highway pipeline, but based on internal economic opportunities for all Yukoners.

If Alaska makes a decision and if a pipeline is triggered, then we'll work with that decision; the federal government will have to make decisions and we will move forward at that time. But I remind the member opposite that it was a decision that

was triggered in 1978 -- 30 years ago, a decision for the Alaska Highway pipeline was made.

The process was put in place for that pipeline. Now, why the pipeline was delayed I couldn't tell you, but I don't see a pipeline; 30 years later, there is no pipeline. When I talk to NRCan and to Northern Affairs, I talk on many issues. I remind the member opposite that governments don't work on rumours. We work on facts. The fact is there is no pipeline. The decision will come from Alaska. At that point, the federal government will get involved and issues will be resolved.

As far as any minister on this side of the House asking the federal government questions about what they would do, we haven't entered into that dialogue.

Mr. McRobb: I was also here back in 1978. We know the minister was probably talking to the squirrels in his attic or something, which were telling him about the pipeline coming. Now, look back to what he said just a few minutes ago versus what he is saying now. A few minutes ago he was admonishing the Member for McIntyre-Takhini and pointing out how this is the largest project ever. Now he just stood up and said there is no project. The minister can't have it both ways.

However, I will accept his firm denial on the record that he has not expressed an interest to the federal government. We will just go with that.

I also note a press release dated June 8, 2005, from this Yukon Party government, where the Premier is expounding on the virtues of the NPA process. Here is a quote: "The certainty provided by the NPA process is one that is extremely important to us. Furthermore, the NPA provides more assurance that Yukon's interests will be met."

The conclusion is yes, this government has taken a preference. Maybe the minister responsible for this area had another one of these end runs done around him -- this time by his own Premier -- because that's what it indicates. It looks like the Premier is the one who has been in contact with the federal officials while the minister was probably asleep at the switch, something he just guaranteed us he wouldn't do. Who knows what goes on upstairs? It is probably chaos a lot of times -- we understand that is the way it is.

Let's move on now because I think we've covered the pipeline issue quite extensively. Let's go to a new area. Let's talk about something I know the minister is quite hyped up about -- mining in the territory.

It is a rather exciting field when you consider we do have a new copper mine opening up in the Minto area with several other prospects on the near-term horizon. No doubt if mineral prices stay at record levels, there will be other mines opening up as well. Certainly there is the molybdenum mine at Surprise Lake in northern B.C. and we would hope the Yukon would receive spinoff benefits from that enterprise.

Let's start with the Yukon placer miner because that is really the mainstay of mining in the territory. We know that the Yukon placer miner can be depended on to help the economy even when mineral prices are low. In cases when larger mines close, we know that Yukon placer miners will continue to work their properties and be players in regional economic development.

In recent years, one of the larger issues was the Yukon placer authorization. We would like the minister to give us an update on new developments with this particular issue.

Hon. Mr. Lang: In addressing the placer authorization, the Yukon government is moving forward in partnership with the First Nations and the federal government. We have a commitment to put the new authorization in by this fall. We are hopefully going to meet that date. I met with industry at the gold show a week or 10 days ago. We are moving forward with them to ensure that industry buys in, and of course the Department of Fisheries and Oceans is working very hard, as are we and the First Nation, to ensure that placer mining continues in the Klondike and the Mayo areas, and also that fish and fish habitat are protected. So, it has been a very positive experience.

We have been working very hard on this issue over the last four years. We have certainly brought the partnership among the Department of Fisheries and Oceans, the Yukon government, the First Nation and industry into a more agreeable situation than we found in December 2002. At that time, when we took office, the federal Liberal government had cancelled the authorization. We went to work with the federal government and Fisheries to resolve the issue of what it would mean to the placer industry and to the mining community in the Yukon if, in fact, the decision by the Liberal government of the day was brought forward.

We are looking at the fall of 2007 for meeting our commitment to the Minister of the Department of Fisheries and Oceans. We are very optimistic that we can meet that date.

Mr. McRobb: Okay, that's fine. If the minister had attended the retirement party for our former Senator, he would have heard accounts about the wonderful work that both she and our federal Member of Parliament did on this file.

During the briefing with the officials, we requested a list of project champions. Can the minister tell us whether or not that particular information was provided? I'm sorry -- I don't have that note with me, and I don't recall seeing it. Was that information provided? And can the minister tell us if there are any conflict-of-interest rules or guidelines that apply to these contractors?

Hon. Mr. Lang: This was sent to you on May 24, so you obviously haven't picked up your mail.

Mr. Chair, the member opposite has that communication in his possession somewhere. I can't see it going -- that's five days. But all that information is available as soon as he gets that communication. Conflict of interest is an issue in working with these champions to make sure that there isn't a conflict.

Now, as far as the member opposite talking about the placer authorization, we never, in any conversation, minimized what the Senator did at the time in realizing that the decision was a wrong decision by the federal government of the day. And she was very much involved in bringing the federal government around to make sure that, at the end of the day, we could work with our partnership to get a placer authorization here in the fall.

So to say that at any point in my relationship with this decision-making body the Senator was not involved -- she was very much involved in the whole process and I thank her for

the work she did because, without her hard work, I'm not sure that the placer industry would be here today.

Mr. McRobb: Let's just follow up on the project champions in the conflict-of-interest question, because the minister acknowledged there is a concern but he said he has been assured that there isn't. An obvious question would be: how has he been assured? Are there guidelines or rules in place? Is there some type of accountability these people must file to disclose their holdings? Can the minister elaborate for us?

Hon. Mr. Lang: We have a process internally where any company we hire that hires these individuals is not to have these conflicts. We certainly are aware that conflicts are not an appropriate situation to find ourselves in. We do our homework. These companies are pretty independent and we are quite comfortable with them.

Mr. McRobb: Well, in the case of at least one project champion -- we are only talking about individuals here and they are not necessarily large companies. I would like to know what mechanism is in place with respect to accountability in terms of conflict of interest. The minister's conflict-of-interest statement just indicates a holding company and it doesn't have a breakdown of what shares are in that holding company, yet that seems to be okay with our Conflicts Commissioner. Is he using the same example with these project champions or is there something a little more realistic?

Hon. Mr. Lang: I understand where the member opposite is going with this question. We are actively working with the mining community to bring it back. We are not looking for conflicts. We have a very high integrity in this government. For the member opposite to question the deputy minister and the corporations is very questionable.

We have companies like New ERA Engineering Corp. and Gartner Lee Ltd. working on projects -- they certainly bring their expertise -- and I'm sure that they have the know-how that we need to bring these mining projects on-line. As far as the individuals in the corporations who are hired to do this work, I'm sure that the companies themselves have a high professional level and they would be very aware that they wouldn't want to get into a position of conflict with any of the government, the corporations or the mining companies that they're doing business with.

The names are brought forward to the deputy minister. We're quite comfortable with the corporations; we're quite comfortable with the employees the corporations hire to do this job. So there has been no conflict since we've put forward this concept of overview with the mining corporations and I look forward to the process working. It has worked up to now; these corporations have done a great job and we're looking forward to more mines coming on-line here to improve the economic well-being of our communities.

Mr. McRobb: I want to get on the record. I'm not questioning the deputy minister, nor am I accusing anyone of being in conflict. I'm merely trying to ascertain what mechanisms are in place to assure us that a conflict doesn't exist, and the minister was unable to identify what those mechanisms are.

We can't force the minister to tell us the full answer. We would have imagined that he would feel responsible -- in the

interests of the Yukon public and being accountable for spending the taxpayers' dollars -- and would have provided a full answer, but that was not the case.

I want to ask the minister if he owns any Yukon mining stock.

Hon. Mr. Lang: Mr. Chair, the member opposite insinuates that the deputy minister is fine and the companies are fine, but that somehow we have a conflict. The issue is that he has to pick up his mail. It is very transparent. The list of the corporations and the individuals who work for the corporations and do the job is there. The member understands exactly where a minister stands as far as mining or investments in the mining community go. I or my family -- my wife included -- cannot invest in mining communities, any more than the Leader of the Liberal Party can get up and debate a liquor licence. We all have the conflict-of-interest papers down in the office. The Member for Kluane can look at my conflict-of-interest statement and also the Leader of the Official Opposition can look through all the number accounts and do the appropriate thing.

As far as me or my wife owning shares in the mining community, it is not factual.

Mr. McRobb: I merely asked a question. The minister is quite defensive. Even so, he points to his own conflict-of-interest statement, which merely identifies a holding company. It does not include a breakdown of shares.

By not answering the question with a straight no, it raises suspicion. Yukoners need to know. I would like to ask him specifically about the Sherwood stock, because this is a question for which he was nowhere to be found when reporters tried to ask a question. I will ask it now, since we have him on the floor. Does he own or has he ever owned any stocks in that company?

Hon. Mr. Lang: No, I have not.

Mr. McRobb: All right, thanks to the minister for clearing the air on that question.

I want to move now to a question regarding reclamation and abandonment of mines, and I want to ask him if his department or the government is negotiating or trying to negotiate an agreement with Little Salmon-Carmacks First Nation with respect to the Mount Nansen cleanup and reclamation.

Hon. Mr. Lang: We involve all First Nations where type 2 sites are in their traditional territory. So, I would say yes, we are involving the Little Salmon-Carmacks First Nation in the Mount Nansen situation. The Yukon is currently working with the Little Salmon-Carmacks First Nation and other government partners, including the Town of Carmacks, on a closure plan. The intention is to have a closure plan developed and submitted for regulators next year in 2008. So, yes, we are working with the First Nation.

Mr. McRobb: All right, the answer to that question is yes. What about the mine reclamation work at Faro? Is the minister also working with First Nations with respect to that project?

Hon. Mr. Lang: In addressing the Faro issue, we certainly are working with our First Nation partners, Ross River Dena Council and the Selkirk First Nation. Not only are we

working with them but they're on the overview committee that is overseeing the actual closure and closure plan.

Mr. McRobb: Just last week the minister undertook to provide the third party with the abandonment plan for the Minto mine. I'd like to ask him if he has provided that document and whether he is prepared to provide it to us as well and when we might expect it.

Hon. Mr. Lang: After we get through the review with the affected First Nations, that will be a public document.

Mr. McRobb: I want to follow up with some energy-related questions and about the process he announced throughout some questioning last Wednesday. He is working to develop an energy policy for the territory. He spelled out some rather specific timelines, which I have made privy to some energy stakeholders. I'll just fill him in a little bit on the reaction so far.

I can probably best categorize it as "outraged". It brings to mind, again, how the Yukon Party has circumvented and truncated badly, or completely eliminated, public consultation with respect to energy matters.

Going back to the minister's own words, he is expecting Yukon's energy stakeholders to give up their summers to attend his meetings.

On top of it all, he hasn't even notified them yet about these meetings. So while the minister is on his junkets, travelling across the country or perhaps with his lure in the water in many of our beautiful lakes, he expects all the energy stakeholders to buckle under to his summer schedule.

Now, allow me just to ensure that the minister understands what this is about. Last Wednesday, I related to him, at length, proper process with respect to consultation, and I held up a golden example of how successful that can be, if done right. That was the Cabinet Commission on Energy that was in existence from 1996 to 1998.

Now, I see the Premier just about lost his cookies there, but he's thinking about the failed forestry commission -- not the successful energy commission. I know the Premier has tried to wipe the memory boards of the past in this area because the energy commission was the only one of the four commissions that received glowing feedback from the stakeholders and both opposition parties at the time. Can you believe that?

Well, it happened, because our work was well-grounded in public consultation, and the commission listened to the stakeholders.

One of the main conditions of the consultation was to avoid summer consultations, because to require Yukoners to give up their summer in a hot and stuffy room with the minister to talk about kilowatt hours here and there on the grid and these nebulous policy ideas is just expecting a little too much. People have lives too. The best time of the year to hold consultations is during the winter. That is why we've been asking the minister for three years -- maybe four -- about when he is going to launch this consultation to develop an energy policy.

Mr. Chair, it looks like the minister is getting ready to launch out of his chair. We must be getting close to 5:30 p.m. Given that, Mr. Chair, I move that you report progress.

Chair: It has been moved by Mr. McRobb that the Chair report progress on Bill No. 6.

Motion agreed to

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

Chair: Mr. Cathers has moved that the Speaker do now resume the Chair.

Motion agreed to

Speaker resumes the Chair

Speaker: I will now call the House to order.

May the House have a report from the Chair of Committee of the Whole?

Chair's report

Mr. Nordick: Mr. Speaker, Committee of the Whole has considered Bill No. 6, *First Appropriation Act, 2007-08*, and directed me to report progress.

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

Some Hon. Members: Agreed.

Speaker: I declare the report carried.

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

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

Motion agreed to

Speaker: This House now stands adjourned until 1:00 p.m. tomorrow.

The House adjourned at 5:26 p.m.