

**Yukon Legislative Assembly
Whitehorse, Yukon
Monday, December 8, 2008 — 1:00 p.m.**

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

Prayers

Withdrawal of motions

Speaker: The Chair wishes to inform the House of changes which have been made to the Order Paper. Motion No. 499, standing in the name of Minister of Environment, has been removed from the Order Paper as the action requested in the motion has been fulfilled. Also, Motion 611, standing in the name of the Leader of the Third Party, has been removed from the Order Paper as it is outdated.

DAILY ROUTINE

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

INTRODUCTION OF VISITORS

Hon. Mr. Kenyon: Thank you, Mr. Speaker. I ask the House in joining me today to welcome some visiting guests, Mr. Li Jian Dong, Mr. Cao Guejin, Mr. Han Jian Guo — my apologies for my pronunciation; my Mandarin is very rusty — Ms. Samantha Uang, and Ms. Joan Gu, who are in the Yukon looking around.

Applause

Speaker: Are there any other introductions of visitors? Returns or documents for tabling.

TABLING RETURNS AND DOCUMENTS

Hon. Mr. Lang: Mr. Speaker, I have for tabling the Fleet Vehicle Agency 2007-08 Annual Report.

I also have for tabling the Queen's Printer Agency 2007-08 Annual Report.

Speaker: Are there any further documents for tabling?
Are there any reports of committees?
Are there any petitions?
Are there any bills to be introduced?
Are there any notices of motion?

NOTICES OF MOTION

Mr. Nordick: I rise today to give notice of the following motion:

THAT this House urges the Government of Yukon to initiate measures to manage the impacts of the global downturn by working:

(1) at the national level with the provinces and territories through the Council of the Federation to present options to stimulate the economy to the Government of Canada at the First Ministers meeting on the economy scheduled to be held in Ottawa on January 16, 2009; and

(2) at the local level to implement the following measures:

(a) continuing to maintain a prudent financial position so there is money available to invest where necessary;

(b) hosting roundtable discussions with key stakeholders within the Yukon to collect advice and input to aid and inform decisions;

(c) focusing on key infrastructure investments to create jobs in the short term and to provide an environment for long-term investment and growth;

(d) promoting research and development opportunities in the Yukon, such as the Cold Climate Innovation Centre and the climate change research centre of excellence;

(e) strike an internal committee of deputy ministers, chaired by the Premier, to monitor and assess economic trends and identify opportunities;

(f) implementing labour mobility initiatives;

(g) expanding trade opportunities with foreign partners;

(h) encouraging the federal government to continue to make strategic investments in Canada's north, meeting its commitment to unlock the vast potential in Yukon, and

(i) continuing to work with First Nation governments to ensure an appropriate federal mandate is renewed to adequately resource First Nation governments.

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

THAT this House urges the Yukon government to instruct all Crown corporations and agencies to follow the Yukon's *Financial Administration Act* and recent changes established by the government with respect to investing funds and pension plans.

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

THAT this House urges the Minister of Justice to create an independent police board that reflects the diversity of the Yukon and provides civilian oversight of policing operations.

I also give notice of the following motion:

THAT this House urges the Minister of Justice to fulfill her duties under the law pursuant to section 22(1) of the *Corrections Act* and appoint a corrections inspector.

I also give notice of the following motion:

THAT this House urges the Minister of Justice to propose amendments to the draft *Corrections Act* to ensure that corrections inspectors who investigate complaints are independent of the minister or the department.

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: Workers' Compensation Health and Safety Board funds

Mr. Fairclough: Last week the chair of the Workers' Compensation Health and Safety Board testified before this Legislature. The chair was quite frank in his answers; he said

that the challenge for WCB was how it would ensure that their funds remain stable and 100 percent fully funded. The chair also indicated that the board essentially had two sources of funding: there is assessment premiums charged to employers and there is a return on investment, and that's it.

WCB already announced two months ago there would be no increase in assessment premiums to the majority of employers; however, investment is down — way down, Mr. Speaker — by some \$20 million.

What is the government prepared to commit to WCB should their fund become less than 100 percent fully funded?

Hon. Mr. Hart: The member opposite is asking a good question. He might have asked that question when the Workers' Compensation Health and Safety Board chair was here, but this government will stand behind whatever is needed to keep the Workers' Compensation Health and Safety Board solvent in future.

Mr. Fairclough: The question is to the government, Mr. Speaker, to the minister responsible. We have a big problem here. You can increase your revenues or you can decrease your expenses. Since an increase on the return on investment does not seem realistic in the coming year, that leaves going back to informing the business community that the assessment rates must, in fact, go up. Faced with the economic downturn, the last thing the business community needs is another increase in costs.

Is this government prepared to see the \$20-million loss transferred to the employers and if not, what will they do to prevent it?

Hon. Mr. Hart: The proposed indication of a loss for the Workers' Compensation Health and Safety Board is over a long period of time. We have investments over that period. We'll work with them. We've identified to the employers that their premiums will remain as they were last year to ensure them stability for next year.

Mr. Fairclough: This loss is just this year, and the year isn't finished yet. If we're not going to increase revenues, then you have to decrease expenses. The board would have basically two choices: they can try to cut overhead and run more efficiently, or they could further cut benefits to injured workers, and I guess they could do a little of both. Injured workers do not want, nor do they deserve, another clawback of their benefits.

Employees do not deserve to bear the brunt of this economic mess. Will the government promise to keep WCB fully funded in order to protect employers, workers, injured workers and employees of WCB from suffering the consequences of the \$20-million loss?

Hon. Mr. Hart: For the member opposite, as I stated, we will work with the Workers' Compensation Health and Safety Board to meet all of their requirements to ensure the safety of all Yukon workers and their employers.

Question re: Workers' Compensation Health and Safety Board funds

Mr. Mitchell: Mr. Speaker, the chair of the Workers' Compensation Health and Safety Board made a very valid point on Thursday in the House and I hope the Premier was

listening. The chair of Workers' Compensation Health and Safety Board seems to understand that you cannot put a future value on investments. He stated, "You don't have to be a rocket scientist to know that your investments today are not worth anything near what they were." And he said, "I can't tell you what our market value is going to be tomorrow or a month from now." He said, "Really the only way to determine that ... is if you sell something..."

These statements apply to any investment holdings in the market today or any day. The value of any investment is simply the value of the investment if you were to sell it today. The chair of WCB stated all of this when stating their current losses on their investments were around \$20 million.

The Premier told us that the market value of our originally invested \$36.5 million in asset-backed commercial paper was down \$6.2 million last March 31. Can he tell us what those investments are worth today?

Hon. Mr. Fentie: Well, frankly, I'm not going to speak for the chair of the Workers' Compensation Health and Safety Board. But now the Leader of the Official Opposition has found another approach to this never-ending saga of the member opposite's.

The member opposite knows full well that the public accounts were tabled and scrutinized by the Auditor General. There was an interest-earning adjustment that lowered the earnings of the investment overall by some millions of dollars. He knows that; it's booked in the public accounts. At year-end, it clearly showed that the earnings were to the positive of \$2 million. In total, the investments have earned over \$15 million.

So I'm not sure why the member is referring to what I said. It's in our public accounts. It's not what I said; it's what we have booked, as scrutinized by the Auditor General.

Mr. Mitchell: We're not disputing what the Auditor General has said is the value in the public accounts as of last March 31. In the public accounts, the investments had the valuation adjustment subtracted from the original value, which gave a loss of over \$6.2 million on the asset-backed commercial paper. Not being able to get a current market value and not having access until 2016 should be a concern for the Premier. We cannot look ahead and state for sure what we will receive, especially in the current market situation. The chair of WCB also reported on the prevention fund having the remaining \$1.3 million of the \$5 million set aside, frozen until there is a change in the current financial situation. It seems, in light of the information coming forward on other investments, that lower investment values could be happening in even more areas. Can the Premier tell us what other funds or investments of this Yukon Party government or its Crown corporations have lower market values?

Hon. Mr. Fentie: Well, I think the member is somewhat confused. The issue at hand for all investments is what the projected earnings would have been at the start of a year, and what the actuals are when the actuarial work is done. Though I don't know for sure if the corporation has received its actuarial reports, WCB forecast under-earnings. This is not a situation as the member describes it at all. So, if the member is again referring to the government's investments, they are earning money.

We have booked that and demonstrated that through public accounts, as we have each and every year-end. They are scrutinized by the Auditor General.

Furthermore, by the way, even in the standstill period, the accumulating interest on the investment that the member keeps referring to is \$6 billion. I can only provide the member the facts, the information we receive; that is what is happening and the government will continue to invest and obviously earn money.

Mr. Mitchell: Yes, Mr. Speaker, and too bad that while it's earning interest on paper, it's losing principle in reality. Under this Yukon Party government's watch, \$36.5 million has been frozen in the bad investments in asset-backed commercial paper — frozen until 2016 at best. Almost \$5 million has been spent on an empty shell in Watson Lake, a shell that has never provided one day of health care to a single Yukoner and won't for years, if ever.

Over \$20 million has evaporated from the Workers' Compensation Health and Safety Board's investment portfolio. Mr. Speaker, this totals over \$61.5 million that is no longer available to provide good services or health care or support injured workers, since this Yukon Party government took office and we haven't even mentioned the waste identified in the internal audit on contracts.

What is this Premier going to do to right this leaky ship before it sinks beneath the waves entirely?

Hon. Mr. Fentie: It is quite interesting when you listen to the Leader of the Official Opposition's presentation of what he believes to be the facts, and here are some examples today. Let me refer to some examples that will demonstrate why I'm going to make this response.

The member is throwing out all kinds of numbers. As recently as last week, when it comes to a simple thing like the youth investment fund, the Leader of the Official Opposition is on public record saying that there is an \$80,000 decrease in the fund. Well, Mr. Speaker, that is not the case at all. In fact, main estimates to main estimates, there is \$102,000, and in 2007 — the year he compared 2008 to — \$96,182 was invested.

This year, \$115,000 was invested, yet the member tells the public that there is an \$80,000 decrease. We can't accept the member's numbers.

Question re: Victim services

Mr. Cardiff: On December 1, the Minister of Justice responded to my questions about the safety of clients in the location of victims services on a second floor and up a dark stairway.

She stated that the protection of victims who are clients of victim services is very important to her. She said that safety was assured and that there is more protection. The minister also stated that the move away from the family violence prevention unit was made in the first place for the protection of clients. Security and safety was promised a year ago by this minister. What changes have been made since the move to the new location that improves the protection of clients?

Hon. Ms. Horne: The safety of victims is very, very important to this government. In addition to the changes we are making as to how we treat offenders, we are changing the way

we treat victims of crime. As to the move of victim services and separating it from the probations unit, the old way of doing things did not work. The old way had victims and those who abused them walking through the same door and going into the same office area to get the services. Therefore, they were seeing each other when they entered for their counselling. Victims going for services had to confront offenders every time they went into victim services. Maybe that was okay for some people, but it's not for us.

The people who are victims of crime need to be able to access government services without worrying about confronting their offenders. The entryway to the victim services unit, contrary to what the member opposite is saying, is very, very well lit, with very high ceilings. It has an elevator for those who do not have mobility, and it is working.

Mr. Cardiff: The minister also stated that staff is happy with the move, and so are the clients, but recent news articles and information that we have been given loudly dispute these claims. It appears that the branch has lost 11 workers in 12 months because of discontent.

The Yukon employee engagement strategy survey found very low staff morale in the Department of Justice. The minister appears to be out of touch completely with what is happening in her department. Will the minister justify her statements that staff and clients are happy with the move of victim services?

Hon. Ms. Horne: I did speak to the client services this morning, and of course we all believe the newspaper that they are very unhappy. And I assure you, Mr. Speaker, that they're very happy in the unit. We've made changes; not everyone likes change. The people who did leave, maybe they've gone on to a different path that makes them happier. The staff there are very happy with the changes. It is a very comfortable area that provides security for the victims.

Mr. Cardiff: Mr. Speaker, I still believe the minister is out of touch. I was over there today too and I saw the minister there and I've got a little bit different opinion of what is happening than the minister.

The former manager of victim services who spent 23 years in the department summed up the current situation. She said that there is a lack of direction from management, there were mixed messages, and there was a lack of appreciation for the work that was being done. The minister mentioned change and change is difficult but it is how you manage change. She also said that people who leave or speak out get raked over the coals by senior managers. Sounds to us like whistle-blower legislation is needed now more than ever. How does the minister explain those shocking allegations about her department?

Hon. Ms. Horne: Mr. Speaker, what I find shocking is that disrespect is shown to the employees of the victim services branch. They are very highly qualified. We have people in upper management who are able to manage the big picture of the department and the services are great. There is still work to do. We have the new *Corrections Act* coming in, and with that we will have many more changes. Things are moving; they don't happen overnight, but I assure you, Mr. Speaker, that the victims are safe.

Question re: Employee engagement survey

Mr. Edzerza: The 2008 *Employee Engagement Survey* revealed the average number of responses across government that agreed or strongly agreed with positive statements about their work decreased by seven percent to 55 percent from 62 percent. The Public Service Commission Web site says the survey is part of a continuing dialogue with the public service. It says the survey will be used as a tool to make improvements.

Will the minister responsible tell us how he is working with employees to ensure we have a public service that is engaged and effective?

Hon. Mr. Rouble: I thank the member opposite for the question. Indeed, ensuring that we have employees who are engaged and committed to providing excellence in service in the Government of Yukon is one of the priorities of the government.

We'll accomplish this by working with employees, working with them and asking questions about their workplace, conducting the employee engagement survey, as we've done for a couple of years now, by looking at the results and creating action plans in our departments to address those concerns. The deputies for all departments have received the information; they have all sat down and worked with their staff and have presented plans as to how to go forward, how to make changes in their department and how to ensure that we are appropriately engaging all Yukon employees in the workplace.

Mr. Edzerza: The leading statements on the Public Service Commission's Web site say it supports the career aspirations of its employees. Career aspirations are not met when employees do not have the option to become full-time and permanent. There are many casual employees across this government who are not full-time or permanent. I am specifically talking about teachers on call, nurses, corrections officers and people working for the Department of Highways and Public Works. Many of these employees work full-time, the maximum months allowed, are then laid off for two days and rehired to get around the regulations. The front-line workers in this government are being neglected in favour of top-heavy management and hiring expensive consultants.

Will the minister review the state of casual part-time employees in his effort to improve morale in the public service?

Hon. Mr. Rouble: I appreciate the comments coming from the member opposite. I'll certainly take them under advisement and under consideration and ensure that other ministers are apprised of them.

I do not share the same assertions that the member opposite is making, but I do appreciate his comments and will give them due thought and consideration.

Mr. Edzerza: Recruitment and retention of professional nurses and social workers are especially neglected areas of the public service.

When people in Health and Social Services were asked in the 2008 employee engagement survey if they would stay in the department if offered another position, a shocking 31 percent said no. That's up from 22 percent, just a year ago. Registered nurses who are Yukon residents have resigned their positions.

They have come to us and said it was because of intolerable working conditions, harassment and lack of support.

There is currently only one long-term social worker in rural Yukon, which indicates how many positions are viewed. What is the minister doing to ensure we have a stable and happy workforce of nurses and social workers?

Hon. Mr. Rouble: Mr. Speaker, there's a responsibility to the entire government. I'm not sure if the member opposite is aware of the ongoing corporate human resources plan for the Government of Yukon. I'm not sure if the member opposite is aware of some of the other programs such as the employee assistance program, the harassment prevention office, the conflict resolution office, some of the training programs that are in place, things like the First Nation Training Corps, the changes to the STEP program.

Mr. Speaker, there are many different programs within the Government of Yukon to provide training and assistance to those employees who want to further their education and career. There have been steps made in all areas of government to increase the accessibility and involve other equity groups in government employ. We've seen things like the workplace diversity office that was created by this government that has opened up, that is also engaging people that have been under-represented in the government.

The government takes seriously all of the concerns of all employees. That's why we've gone out and asked them how they think and what they feel, and that's why the information that has been provided has gone back to the deputies and they have made plans as to how they will address this in their departments.

Question re: School construction planning

Mr. Fairclough: The F.H. Collins council has been pressing for answers on the fate of their school. They want to know what the minister's plans are. Is there to be a new school? Is it to be a renovated school? Is there to be anything at all?

At a recent meeting with the departmental officials, all they got was a monologue and a lecture. The minister has left people with the impression that there will be a school, but now there are no such plans. In fact, there has not been a committee struck to plan — which in itself is surprising, given the minister's infatuation with committees.

Will the minister commit one way or another: is there going to be a definitive announcement regarding the F.H. Collins school before this House rises one week from today — yes or no?

Hon. Mr. Rouble: This government takes very seriously the facilities that we have in the territory for education. This is the government that built a school in the member's own riding. This is the government that has gone to work on improving the quality of educational facilities across the territory. Virtually every school in the territory has seen changes and improvements in the last couple of years.

We've been working with the secondary school programming committee. It's a committee made up of members from various school councils, school administrators and those people

who have an interest in education who look at the programming and what should go into the replacement of F.H. Collins.

Mr. Speaker, it is important to look at the programming before designing the structure. That work has been underway, the secondary school programming committee has said that they want to be involved in the next steps. There was also a meeting about that last week. I'm surprised the member opposite doesn't know about that.

As well, Mr. Speaker, the report was released to the public at the end of October and soon after Christmas in the new year, we will have another meeting to provide additional information as to where the project is going, how it is proceeding, and how other people can be involved.

Mr. Fairclough: No wonder people are beginning to refer to this department as the "department of reports and committees". The minister's predecessor actually announced the replacement of the school. However, under this minister's stewardship he has spent two years contemplating whether to renovate or rebuild. Conclusion? The minister couldn't decide. The solution was to hire a consultant. The report from the consultant was to hire more consultants. We are well over a quarter of a million dollars and two years later and we are no closer to a new school at F.H. Collins. When will the minister make a decisive announcement on F.H. Collins?

Hon. Mr. Rouble: I simply do not agree with the member opposite. This government has been working very hard on ensuring that programming is meeting the needs of our students to engage them, so that they can go on to continue to lead productive lives in the future. That means engaging them in experiential education, in vocational training, and in programming that is culturally relevant to them too. We've been making significant changes in programming going on in our schools.

Mr. Speaker, we haven't heard about the lack because there is no lack of programming opportunities going on at F.H. Collins. We have the programming there. What we have is a building that has ended its economic life, but we are going to continue to meet the programming needs of students at that high school, at other schools throughout the territory, and for all students.

We'll continue to keep the community engaged in the process as to how we go forward to build the replacement of the facility.

Mr. Fairclough: Well, years and years of studies, reports, consultations and countless meetings with the minister's many partners, and nothing has been done. Nothing has been decided and parents are fed up with the minister's inability to make a decision and actually do something.

Now, there is no timeline to build a new school or to renovate one. No wonder the officials who attended the F.H. Collins council meeting were frustrated. Officials are frustrated with this minister. They have to sit on their hands and button their lips while the minister contemplates and talks with his many partners yet again.

Is the minister going to actually do something regarding F.H. Collins school or is he going to continue to duck actually having to make a decision?

Hon. Mr. Rouble: Mr. Speaker, I recognize that it's the opposition's role to oppose, that when the opposition finds that the government is consulting, they say, "Oh, no, you shouldn't do any consultation; you should just make a decision." Then, Mr. Speaker, when the government makes a decision, they — oh, surprise, surprise — oppose that and say then you should do some consultation.

Mr. Speaker, we made a commitment to work with our partners in education. We made a commitment to look at the programming that would go into a new facility. We made the decision that we would work with all the stakeholders, all the partners in education, with First Nations, with school councils, with teachers, with parents, and with students, in order to accomplish this. We're doing that. We've seen changes in programming, we've seen changes in curriculum, and we've seen changes in approaches. Now we're looking at changes in the facilities.

Question re: Victim services

Mr. Inverarity: I have some follow-up questions for the Minister of Justice regarding victim services. It has been suggested that the Minister of Justice has lost control of the management and operations of victim services branch within her department. The victim services branch has been reorganized and relocated, which seems to be causing operational concerns and communication problems.

Clients are facing potential safety risks and long-time dedicated staff is leaving the branch by the dozens. Is this consistent with the minister's vision of developing the best correctional system in Canada?

Hon. Ms. Horne: I did respond to this earlier and answered the questions. The Department of Justice is committed to delivering high-quality and innovative services to victims and families and to addressing their safety needs in these services. The Department of Justice currently offers many services to individual victims, families and communities through the victim services family violence prevention unit, including 24-hour access to VictimLINK, the Domestic Violence Treatment Option Court, the Our Way of Living Safely — or OWLS — for children, the sexual assault response team and counselling services offered in Whitehorse and in the communities. Every Yukon community has counsellors.

In addition, the Department of Justice also funds the support variation assistance program, the maintenance enforcement programs, legal aid, the Law Line and the For the Sake of the Children parenting program. In addition to the programs and services we offer to victims, the work continues at looking at how we can improve and refine these services. In doing that, there will be changes.

Mr. Inverarity: The Minister of Justice has spoken frequently about the development of the best correction system in Canada. In May last year she spoke about her hopes for improving victim services, and I quote: "A broader range of victims will receive more timely access to victim services, including increased follow-up and support as they work through the court process." This is not going to happen with the current staff level turnover and this is definitely not going to happen with the crippled communications. This is definitely not going

to happen with offenders and victims riding together in the same cargo elevator. Again, will the minister answer their question: is this the Justice minister's vision for the best correction system in Canada?

Hon. Ms. Horne: Indeed we are working toward the best correctional system in Canada. We are putting in the new *Corrections Act*, which we hope will be brought forward in the spring.

As I said earlier, we are making changes. We are concerned with the safety of victims and their families, and it is working. The changeover of staff I will not comment on. There are changes in every department. People leave. They go on to new ventures and new opportunities, but I have every faith that the staff in place now are the very best in their field.

Mr. Inverarity: This is the time for the minister to confirm the facts. It has been suggested that the Minister of Justice has good intentions but lacks the necessary information to achieve the lofty goals of being the best. On the contrary, what was once a world-class victim service unit has been torn apart, moved into separate facilities and actually thrown into chaos.

Contrary to the minister's comments, it seems that staff and victims are not happy with the move. One thing is clear: under this minister's watch there is less protection, not more. Has the Minister of Justice given up on her vision of creating the best correctional system in Canada?

Hon. Ms. Horne: I'm sure that if we had the best victim services in prior times that it was not praised by the opposition. Anything we do is criticized.

Yes, we will have the best *Corrections Act* in Canada. And, as I said, with that comes change. Not all people appreciate change. We are changing for the best.

How can we question that we no longer ask the victims to walk through the same door as the offenders? This is why the change was made. It's ludicrous to criticize this.

Speaker: The time for Question Period has now elapsed.

Speaker's ruling

Speaker: Prior to proceeding to Orders of the Day, the Chair will rule on a point of order raised last Thursday by the Leader of the Official Opposition. During Question Period on that day, the Minister of Energy, Mines and Resources said, "The Member for Kluane is bringing forward assertions that would tend to create a perception of the facts that does not line up with the facts." The Leader of the Official Opposition said this statement violated Standing Order 19. Standing Order 19(h) says: "A member shall be called to order by the Speaker if that member charges another member with uttering a deliberate falsehood."

The Chair does not believe the minister accused the Member for Kluane of uttering a deliberate falsehood. The Chair believes this was a dispute about facts; therefore, there is no point of order.

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.

Motion re appearance of witnesses

Committee of the Whole Motion No. 15

Hon. Mr. Cathers: I move that Willard Phelps, chair of the Yukon Development Corporation Board of Directors and the Yukon Energy Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, appear as witnesses in Committee of the Whole from 3:30 p.m. to 5:30 p.m. on Monday, December 8, 2008, to discuss matters relating to the Yukon Development Corporation and the Yukon Energy Corporation.

Chair: It has been moved by Mr. Cathers that Willard Phelps, chair of the Yukon Development Corporation Board of Directors and the Yukon Energy Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, appear as witnesses in Committee of the Whole from 3:30 p.m. to 5:30 p.m. on Monday, December 8, 2008, to discuss matters relating to the Yukon Development Corporation and the Yukon Energy Corporation.

Is there any debate on this motion? Shall this motion pass?
Committee of the Whole Motion No. 15 agreed to

Chair: Do members wish to take a brief recess before Committee of the Whole continues?

All Hon. Member: Agreed.

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

Recess

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

Bill No. 12 — *Second Appropriation Act, 2008-09* — continued

Department of Justice

Chair: The matter before the Committee is Bill No. 12, *Second Appropriation Act, 2008-09*. We will proceed with general debate on Department of Justice.

Hon. Ms. Horne: Mr. Chair, I am here today to present the first 2008-09 fiscal year supplementary budget for the

Department of Justice. The Yukon Department of Justice operates to enhance public confidence in and respect for the law and society, to promote an open and accessible system of justice that provides fair and equal services to all Yukon citizens, to ensure that the administration of justice operates for the benefit of all persons in Yukon, to work toward an effective and responsive correctional system to manage offenders in ways that promote rehabilitation and ensure public safety, to ensure that the Government of Yukon receives high quality and cost-effective legal services, to promote effective policing, crime prevention and community justice initiatives in our communities, and to encourage respect for individual and collective human rights.

I will start with the capital budget. I'd like to inform this House that \$1,027,000 is being made available by this government for the construction of the transitional women's living unit at the Whitehorse Correctional Centre. This facility will help promote health and hope for low- and medium-risk female inmates by providing them with a healthy living environment that supports healing and responsibility. It will provide a community living environment for female inmates.

That will include six bedrooms with a capacity for nine inmates, and a residential-style kitchen. It will also provide a supportive environment that will allow for a more client-focused supervision approach. Inmates will have more opportunities to take responsibility for their actions and reintegration planning. Construction of the transitional women's living unit is expected to be completed in 2009.

Community and correctional service is also undergoing some major changes. The interim space plan and renovations at the Whitehorse Correctional Centre are complete. These renovations will allow for the transition of both inmates and staff to the new correctional centre in 2011, and will allow them to live and work in a more suitable environment that promotes health, hope and healing. \$109,000 has been revoted, which completes the work on this project.

The SCAN unit requires \$24,000 for the purchase of surveillance and investigative equipment so that it can effectively respond to Yukoners' complaints of ongoing illegal activity occurring in their neighbourhood.

With the construction of the transitional women's living unit, the proposed supplementary capital requests are \$1,160,000 on a previously approved capital budget of \$6,878,000.

I will now turn to the proposed supplementary operation and maintenance expenditures for the department. The RCMP requires upgrading of its mobile radio system. An expenditure of \$2,355,000 is required for capital and part-year operational costs of this system. This represents 70 percent of the cost to the RCMP.

The *Corrections Act* consultation has been extended until January 30, 2009, to allow for further consultation with Yukon First Nations. \$92,000 has been revoted for this important legislation.

To ensure access to justice for all Yukoners, court services requires an additional \$158,000 to allow for increased costs associated with court operations. This includes \$82,000 for

travel costs for circuit courts, \$13,000 for circuit court facility rental in communities, \$54,000 for court-ordered psychiatric assessments, and \$9,000 for language interpreters. Legal services branch requires \$50,000 for participation in the 2008-09 administration of justice negotiations. This money is 100-percent recoverable from the Government of Canada.

The department is contributing \$27,000 to the Public Service Commission's addiction management program initiative. \$20,000 is being spent on workers' compensation premium increases. There was a savings of \$40,000 that had been budgeted in 2008-09 for the translation of the rules of court. This \$40,000 in savings was reallocated to cover increased costs for court-ordered litigation, filing and transcript cost for two case files.

Mr. Chair, this government is ensuring that people involved in the justice process understand the court system. To this end, the government is committing \$100,000 for legal, an aboriginal courtworker and the Yukon Public Legal Education Association through an access-to-justice agreement with the federal government. This community-based funding is 100-percent recoverable from Canada. Fulfilling the requirements of the corrections action plan is a mandate of this government. We are now in the final stages of planning for a new correctional centre and a new offender management and supervisory model through the corrections action plan.

Implementation office and community and correctional services — funding for this office has been extended to March 31, 2010. This office will require \$569,000 to cover annual operations costs which includes the contribution agreement with the Council of Yukon First Nations. The budget also includes \$89,000 for a one-year position for the integrated offender management model project and an 18-month position to support the electronic information management system project. This funding is effective October 2008.

The government is partnering with Yukon First Nations by taking advantage of this northern strategy project. The Department of Justice is providing \$50,000 in a revote through a contribution agreement with the Kwanlin Dun First Nation for a therapeutic community resource feasibility plan.

Preventing violence in Yukon communities and having services in place in the unfortunate times when it does occur is important to this government. Therefore, the victim services and family violence prevention unit is receiving a revote of \$26,000 for its prevention of violence against women campaign. This money will be used to complete training workshops and evaluations and is in partnership with the Women's Directorate.

This government's work in combating substance abuse is well known. Fulfilling the goals of the Yukon substance abuse action plan is a priority for us. \$25,000 in revoted funding will go toward the creation of a resource directory of substance abuse treatment and wellness programs in each Yukon community.

The success of our SCAN legislation and helping to reduce unwanted illegal activity in Yukon communities is unprecedented. Ongoing efforts by the RCMP in combating illegal drug dealing through the street crime reduction team have

helped clean up Yukon's streets. With all this positive activity, crime prevention and policing requires \$133,000 for the new position of program director of policing and public safety. The SCAN unit also requires \$45,000 for a half-time investigator position to increase the level of service for Yukoners.

Crime prevention and policing also requires funding from the northern strategy for a Southern Lakes justice development project. \$30,000 is being revoted for the Carcross-Tagish First Nation through a contribution agreement with the Department of Justice. Work also continues at bringing justice services to Yukoners through the Northern Institute of Justice. \$204,000 to complete a marketing feasibility review is being revoted for the Department of Justice. This funding was also made available through the northern strategy project.

The Community Wellness Court has been in operation for over a year. I am pleased to announce that \$20,000 for this court — which focuses on solving the root causes of crime — has been recovered from the Government of Canada against expenses in 2007-08. The total increase in operation and maintenance expenditures in the 2008-09 supplementary budget requested is \$3,885,000 on a previously approved annual budget of \$44,446,000.

Thank you.

Mr. Inverarity: I would like to thank the officials for attending today. Their presence is always welcome in the House. I know that it's a busy time of the year and I appreciate the effort that you've made to come out today. I would also like to thank the minister for her opening remarks which have gone a long way to explaining the supplementary budget. I know when we get down to line by line, it will make life go a lot faster and I appreciate that from the minister.

I'm not going to talk a lot in my opening remarks. I think, given the time we have today, we'll just get into some of the questions and see where we are going. Just on her opening remarks, she mentioned \$1.027 million allocated for the woman's transitional living unit. I'm just curious as to whether this will be the total cost to build the facility or are there other costs we saw with the Watson Lake facility that it didn't include — fixtures or computer equipment or things along those lines? I am wondering whether or not this is the total cost of that facility or if there are other costs we can expect down the road that are not included in the supplementary budget? And while she is looking it up, could she provide an estimate if she knows it?

Hon. Ms. Horne: Mr. Chair —

Chair's statement

Chair: Order please. Before the member continues, I just want to remind all members that before you speak, the Chair is supposed to recognize the members.

Ms. Horne, please.

Hon. Ms. Horne: I can inform this House that \$1,027,000 is allocated to the transitional living unit this year.

Mr. Inverarity: Again, I'll ask the question: does it include all the costs to get the building up and running so the women inmates who will be housed there will have plates, bedding and money for all the other sundry items that may be required for the construction of this facility? Does she have an

estimate? If it's not included in that, what might that estimate be?

Hon. Ms. Horne: The \$1,027,000 is allocated in the budget this year, and this is what we're speaking about.

Mr. Inverarity: What does it include?

Hon. Ms. Horne: The transitional women's living unit will provide improved and more suitable accommodation for eligible low- and medium-security female inmates at Whitehorse Correctional Centre. The female population at Whitehorse Correctional Centre is increasing, but remains a small and diverse population.

Accommodation issues come up regularly in this population, such as women who cannot be kept together for legal reasons, women who cannot be kept together because they do not get along and women who cannot be kept together because of security issues. Women are currently accommodated mainly in an area designed for six inmates and are placed throughout Whitehorse Correctional Centre, separate from the men, of course, when required.

Renovations to the current Whitehorse Correctional Centre through the interim space plan have provided some relief to the female inmate accommodation, but longer-term solutions are required. The total construction estimate for the transitional women's living unit is \$1.6 million.

Mr. Inverarity: Will that then complete this project?

Hon. Ms. Horne: We estimate the completion of this building in the late fall of 2009, and the estimated cost to completion is \$1.6 million.

Mr. Inverarity: I thank the minister for her comments. I think that answers that question for the time being.

Another question that came out of the minister's opening comments — I believe the number was \$27,000 for Workers' Compensation Health and Safety Board payment premiums. I'm just wondering if this represents just the Department of Justice premiums, or does it include other departments? I'm thinking of the Human Rights Commission; that's what's coming to my mind, but is it just for the Department of Justice?

Hon. Ms. Horne: The \$27,000 was the amount levied on the Justice department only.

Mr. Inverarity: I'm looking for some opening statistics as we move on. What is the current population of inmates, if you have it handy — a breakdown of males and females at the Whitehorse Correctional Centre?

Hon. Ms. Horne: We don't have the figures as of today, but I can tell you that the total is approximately 80 in the facility and normally eight to 10 of those would be female.

Mr. Inverarity: Last year around this time when we were chatting, we had some discussions regarding an early release program that was happening within the corrections facility to alleviate some of the overflow — I guess we might call it — to relieve some of the strain on the population.

Could the minister tell me a little bit more about this program? Is it continuing? Are there any inmates currently out on an early release program? Have they experienced any significant problems with inmates who have been released? Were there any problems at all regarding that program, if in fact, it's still going ahead?

Hon. Ms. Horne: Thank you, Mr. Chair. As to the early release of inmates — inmates are released to the Yukon Adult Resource Centre following due process that is followed by all officials involved. An inmate cannot just be released from the correctional centre to the Yukon Adult Resource Centre without a number of steps being taken, first by a number of different officials including the judiciary, officials from the Yukon Adult Resource Centre and adult probations. For example, when an individual is arrested on charges by the RCMP, they are brought before the court in 24 hours or as soon as practicable.

If they want to be released to the Yukon Adult Resource Centre as part of the bail process, duty counsel must ask the court to order the preparation of a bail report to look at the viability of that plan. Their probation officer interviews the clients and makes a referral to the Yukon Adult Resource Centre. The individual is then interviewed by officials from the Yukon Adult Resource Centre who will make a decision about whether or not the centre is able to provide the individual with suitable accommodation. If a decision is made to accept a person for residency at the Yukon Adult Resource Centre, that information is reported to the court by a probation officer. The probation officer would recommend conditions of release, and the justice of the peace presiding in court, after input from duty counsel or defence counsel and the Crown prosecutor, would make a final decision about whether or not they would be released and the conditions attached to that release.

At times, this release to the Yukon Adult Resource Centre cannot be done immediately, due to the availability of a bed. In these cases, the individual may need to remain at the correctional centre until a bed becomes available at the Yukon Adult Resource Centre.

The release can take anywhere from a couple of days to several weeks, dependent solely on bed availability. It is only after considerable work on the part of a number of officials and after a number of criteria has been met that an individual would be released to the Yukon Adult Resource Centre. To our knowledge, there have been no problems in the early-release program.

Mr. Inverarity: I thank the minister for those remarks regarding that program. The only part I'm missing out of it is if she could provide the number of individuals in the past year or until the latest statistic review time that you had — both of individuals who have participated in the early-release program and if you have it by male and female that would be great too.

Hon. Ms. Horne: I don't have that information with us today, but I will provide you with the information for the past year.

Mr. Inverarity: I'd appreciate that and look forward to the information. I've got a few little disjointed things that I'm going through here, and I thought I would like to cover them off as we get into this. We've talked once before about an amber alert program and protocol. I would just like an update on the amber alert and how it's going. I have to say that in the past year I haven't seen any specifically, but I would be curious to see if any actual amber alerts have been given out and just an update on that program.

Hon. Ms. Horne: Yukon does not have a formal program. We are currently researching the feasibility of implementing the amber alert system in Yukon.

Part of that research will include an analysis of the requirements for Yukon to participate in the proposed new national protocol to coordinate amber alerts across the country. For example, most amber alert programs utilize large billboards to advise the public of missing or abducted children. Yukon does not have this type of billboard.

Every situation with a missing child is unique. If a child was reported abducted or missing in the Yukon, the RCMP have a number of different options available. RCMP M Division has a working agreement with the amber alert coordinator in RCMP E Division, which is B.C. In cases of missing children, the RCMP M Division also works with the National Missing Children Services, a national program administered by the RCMP.

Mr. Inverarity: I'm a little disappointed: I thought we were putting that program into effect. Obviously I was mistaken on it. I know there has been a lot of discussion regarding homelessness and youth and places to go, and I know there was one individual — I'm not going to say her name — who has succumbed to foul play in the last year or so. I think that an amber alert program is something we should move forward with. I can see supporting the program in the near future. Certainly, I realize it's going to be an issue of concern across the great breadth of the Yukon, but even radio and other parts of the program could maybe be implemented sooner than later. I look forward to seeing that program implemented in the future.

Lately, there have been a number of discussions — I saw an article in a recent newspaper regarding inspectors at the Whitehorse Correctional Centre. We've also had some discussions in the last few days — today specifically in Question Period — regarding staffing. There seem to be some issues around morale in some of the branches within the department. I noticed in your newsletter here — actually, it's a year and a half ago now — regarding the Whitehorse Correctional Centre recruitment and retention, that you had discussed having a formal recruitment and retention strategy for the corrections centre. It looks like you might need one for more than just there.

I'm wondering if you could give us an update on staffing in general within the department, and if you have a formal strategy across the department, or specific branches within the department that might have initiated a strategy, as mentioned in your newsletter of September 2007.

Hon. Ms. Horne: The first question was on corrections inspectors, and I would like to inform that the current *Corrections Act*, under section 22(1), allows for the appointment of a correctional inspector. The role of the corrections inspector is to investigate the conduct of any person employed, or any person found within the centre, including inmates or any other matters affecting the interest of the institution.

Corrections inspectors were in place at the Whitehorse Correctional Centre until May 2000. These inspectors were used very infrequently. Significant challenges were identified in the recruitment of corrections inspectors at that time and, as I stated, these inspectors were used infrequently.

Additional work was underway on correctional redevelopment and revisions to the *Corrections Act* at the time. However, inmates who have concerns or complaints about the centre and their treatment can make an internal complaint. Additionally, outside scrutiny is provided by the offices of the Ombudsman and the Yukon Human Rights Commission.

Correctional oversight is a key component of the draft new *Corrections Act*. The draft new *Corrections Act* and regulations contain a number of clauses that specifically address independent oversight. These include the establishment of an investigation and standards office, independent adjudicators and a citizens advisory committee.

There are also new provisions strengthening the internal administrative law procedures around discipline and strengthening provisions around earned remission. These provisions were recommended by the Office of the Ombudsman during the consultation on the draft new *Corrections Act*. There are also much stronger, independent appeal provisions for the delivery of discipline, granting temporary absence and earned remissions of the new draft act. The Department of Justice has also established a position of director of public safety and investigations. This new position will have responsibility for establishing the investigation and standards office and for ensuring there is procedural fairness and due diligence for all investigations at the centre. Staffing is now underway and it is expected that position will be staffed by March 2009.

I can provide the member opposite information on issues surrounding gender equity issues at the Whitehorse Correctional Centre. The work at Whitehorse Correctional Centre continues toward ensuring a respectful work environment at the Whitehorse Correctional Centre. Examples of this include: intensive training on respectful workplaces took place in May 2008; a new code of conduct for employees was introduced in fall 2007; new corrections officer basic training has been developed to include training modules on professional relationships and workplace harassment prevention; a new staff facilities trailer has been installed at Whitehorse Correctional Centre, which offers separate dedicated areas for locker rooms, change rooms and shower areas. The trailer also includes a separate break area for staff.

A fall focus group on women's issues was held as part of the planning for the design of the new centre. A female correctional officer was designated to sit on the focus group dealing with centralized administrative services, including staff services. Efforts to increase the number of women in the Whitehorse Correctional Centre workplace are achieving results. Thirty-seven percent of the Whitehorse Correctional Centre workforce is female; 21 of the 63 staff members working in security are women. This equates to 33 percent. We have now increased the number of female correctional officers on every shift. The current schedule rotation ensures there are no less than two female officers available at any given time.

New reinforcement auxiliary positions have been created as a result of the Yukon Employee Union collective agreement. Equity preferences were applied, stipulating a preference for females and First Nations. For every position being recruited at Whitehorse Correctional Centre, equity preferences for female

and First Nations are being applied unless an exemption is approved, with supporting rationale.

Efforts have also been made to increase representation of women at all levels throughout the Whitehorse Correctional Centre. A female manager and two female supervisors have been added to the Whitehorse Correctional Centre staff in the past year. An overall recruitment and retention strategy is also being developed as part of the correctional redevelopment strategic plan.

Reference to increasing the representation of women is being included in that strategy. The department has worked with staff, managers, the Yukon Employees Union, the Public Service Commission — including the workplace harassment prevention office — to build and ensure a respectful workplace and work environment for staff at Whitehorse Correctional Centre. A working group of senior officials from the Department of Justice, which included representatives from the Whitehorse Correctional Centre, with the assistance of the workplace relations unit at the Public Service Commission, has been meeting on gender issues at the Whitehorse Correctional Centre over the past year. A goal of the correctional redevelopment strategic plan directs the department to provide support in development opportunities to employees, volunteers and community members who deliver correctional programming. The group has been reviewing and directing operational activities to improve the workplace culture and build a respectful work environment. The gender working group is making strong contributions to establish a culture of ethics, respect, professionalism and support — another action item under the correctional redevelopment strategic plan.

The working group continues to meet quarterly on gender issues at Whitehorse Correctional Centre. I can tell you that I am very proud of the accomplishments of people within the public service — the work that they do and the services that they offer to the public generally, and clients in particular. I have every confidence that the senior management within the Department of Justice and across government are developing ideas and taking actions that support a healthy workplace environment.

Mr. Inverarity: I appreciate the comments from the minister regarding the Whitehorse Correctional Centre. By the way, perhaps the next time the minister stands up, she could ask me if I'm actually calling it by the right name. I understand that in some of the documents that I have I have it as a healing centre. I understand that has been changed back to the Whitehorse Correctional Centre. Perhaps she could answer why there was that change from one to the other and back again — if it was popular demand or some other reason. It's just a passing comment on my part; I'm kind of curious.

On the issue of the inspectors themselves for the correctional centre, I have to say that I find it strange that there have been no actual inspectors within the Whitehorse Correctional Centre since, I believe, May 2000. I understand that — maybe not from 1998 to 2000, but certainly from 1987 to 2000, there were two or three inspectors, and they went a long way in solving day-to-day problems. You know, when you start to escalate issues to the Ombudsman or to other formal complaint services,

you run the risk of breaking down communication. It struck me that these inspectors, because they were independent and had the ability to go into the correctional centre at any time, had the ability to, in fact, solve problems that didn't have to get escalated up to the Office of the Ombudsman.

I think that in eight and half or nine years, it would be reasonable that you could have found some replacement inspectors from a staffing perspective. I think it would have gone a long way to help the situation.

I understand with the new act that we'll be getting back into some of that and we can address that issue when we start going into the new act. Meanwhile, it would be nice to be able to address the inspector in the short term and if you're going to be staffing, maybe we could do that under the old act until the new one has been put into place.

The actual question I had was regarding recruitment and retention across the department, not just within the Whitehorse correctional facility. I do appreciate the answers regarding the corrections centre but we saw earlier today there appears to be some issues around recruitment and retention of other staff within the department. How is this being addressed? If we want to isolate it to a particular branch, victim services would be fine, but I would like the broad answer if I could, just to find out where we're going with staffing within the department.

Hon. Ms. Horne: I do have the WCC count as of this morning. The total today is 90. We have 31 sentenced males, three sentenced females, 47 remand males and nine remand females. As to the WCC, we did recognize that we had a problem and we needed to have an officer for compliance.

I assure this House that the Human Rights Commission and the Ombudsman have been made available to the inmates at Whitehorse Correctional Centre on a regular basis, but we did recognize that this was something that was needed, and we are working toward getting this position filled as of March 2009.

Again, as minister I can't speculate on why anyone, or a number of employees, may not be happy with the work environment. I do know that a correctional redevelopment involves a significant amount of change, as I stated in this House earlier, like a new building, new legislation, and changes to the way things are done, and as called for by the public by way of the corrections consultation. Change can create anxiety or uncertainty, which can lead to a sense of disengagement. I believe that the survey that the member spoke of will give the department a good sense of where they need to focus in order to support a healthy work environment during a time of significant change, and I can assure this House that that work is ongoing and being undertaken.

Mr. Inverarity: Mr. Chair, I move on here. I know we are pressed for some time today. The member from the third party would like some time to ask some questions, and I want to make sure that I leave a little bit there for him.

In looking at the Web site, I came across an executive summary on a northern policing review. There was a larger document there and it referred to the fact that the territorial policing agreement expires in 2012, I believe. One of the comments that was made in there — and I'll just quote from this

document, "With regard to communications and accessibility, consultation participants have serious concerns regarding the central dispatch system in operation during the night." This sort of refers to rural communities where if you phone you end up getting Whitehorse — I assume that is how it is working. I was just wondering if there have been any updates on — something like the communities would like to be able to phone the local detachment, but they end up getting Whitehorse and then the communication sort of breaks down. In other words, they don't mind dealing with the local member of the RCMP, but they end up getting somebody in Whitehorse who doesn't know the local, on-the-ground situation and there is a bit of a time lag. It was one of the issues that was brought up in it.

There was another one part and parcel to this with regard to crime prevention. Consultation participants were concerned that they would like to see a higher police visibility in the communities, and that goes with the first question I had.

Hon. Ms. Horne: This review was undertaken several years ago. The RCMP is aware of the issue and has addressed this through a variety of means including the backup policy that is currently under review. The Department of Justice officials work with the RCMP M Division to continually assess staffing levels and any related issues.

Earlier this fall, I was able to discuss the issue of staffing levels with the Commanding Officer of M Division. Together we are continuing to look at creative ways to addressing police issues in the Yukon.

For instance, as an example, last summer we had the services of a half-time police officer at Burwash Landing, which went over very well and the community was very happy with the work the RCMP did in working with them. We are now working on the assessment of this approach.

Currently in the Yukon there are 183 full-time employees in Yukon M Division. These consist of 122 regular RCMP members; 26 civilian members, including special constables; and 35 employees in the public sector. These totals include division headquarters staff located in Whitehorse, who provide enforcement of federal statutes, executive orders, protective policing services and divisional administration services.

Police forces everywhere are addressing many considerations in deploying staff, including response to calls for service; attendance at related activities, including court; training and/or prisoner transfer; and responding to personal needs, such as sick leave. We are aware of the new RCMP backup policy and are working with the RCMP to address the implications of their new national policy in a way that provides the best level of police service for the Yukon.

In the past year, YTG has provided increased funding for two new constable positions, which are needed to provide relief as required in all Yukon communities, including Beaver Creek. We have been discussing, just recently, increasing the number of RCMP in Yukon.

Mr. Inverarity: I'd just like to move on to human rights just for a few minutes, and I know we're — again, I'm going to try and be brief.

Before we get into that, I'm just curious — I'll just throw this out, and perhaps the minister could answer the question

when she stands up regarding the Human Rights Commission, but it's the last question I have on the corrections centre. Has any funding been provided in the past year to either the Elizabeth Fry Foundation or to the John Howard Society? And then I'll move on now to my human rights question.

First of all, I'd like to thank the minister, who was the chair of the Select Committee on Human Rights, and also to my colleague from the third party. I have to say that, overall, it was a fruitful venture — six months of hard work all three of us did on this. I think the results speak for themselves. I'm quite pleased with the recommendations we put together in the final report — and I brought a copy along. I'm not going to get into the specific — well, I have one I'd like to talk about. Given the time, I might pass on that question on a specific amendment and move on to another question I have.

I believe the important one is this: when will we see the recommendations of the report translated into a document we might be able to discuss further? I know the Human Rights Commission is very anxious to see us proceed. I believe there were some recommendations that came out of the review that could have been put forward this sitting, had we put our minds to it. There are definitely one or two — one for sure that is really outside the scope of the act and could be addressed. I have addressed it in the House in the past week or so here. It is within the minister's ability to change and certainly within her caucus' ability to change. It would be a sign of good faith to both the Human Rights Commission and to the Department of Justice because clearly they see the arrangement from a funding point of view is difficult to deal with.

The specific question I have isn't related to that — well, it is. It relates to the Department of Justice actually doing the act review — in other words, writing the proposed changes. It's an awkward situation because, by and large I understand the Department of Justice does look at a lot of the acts and writes the amendments for them. However, I know that on at least one other occasion they did turn this responsibility over to a corporation for them to write their own act, and I believe they contracted it out and what came forth was certainly acceptable to the House here last spring.

The problem with the Department of Justice rewriting the amendments to the act is that there is this perception out there that the Yukon Human Rights Commission is not as arm's-length as we would like to see. Therefore, having the Department of Justice reviewing our recommendations that we're putting forth — perhaps this could be farmed out to a contractor to do. Perhaps even the Yukon Human Rights Commission could do it as was the case of WCB in rewriting their act. I'm not quite sure I agree with that either, but certainly I think we need to overcome this perception within the population that we need to get a little longer arm on this one than we have currently. Would the minister care to comment on that and if she's prepared to sub-contract this rewrite for amendments out to another body that's a little more distant?

Hon. Ms. Horne: I will respond in the same order as they were brought up. I will first respond to the question regarding the Elizabeth Fry and John Howard societies. When Elizabeth Fry and John Howard established themselves in the

territory, they provided proposals for the Yukon government to fund their core operations. Together, these proposals would have exceeded three quarters of a million dollars per year. Officials met with the societies to discuss these broad proposals further, to identify possible sources of funding and to see what help the department could give. Two meetings with officials were scheduled in the fall, but were cancelled at the request of the societies. The societies have made no efforts to reschedule.

The department is open to ideas on services and programs from the societies, and would welcome a chance to meet with them to discuss these further. The Elizabeth Fry and John Howard societies provide valuable volunteer advocacy work and operate as service agencies across Canada. I continue to welcome their establishment in Yukon. They are recognized as parties with significant interest in the correctional redevelopment plan. As such, we have invited them to participate in discussions with other non-government organizations and First Nations around the new correctional centre. They are also members of the programs and services advisory committee, set up to provide advice on new programs and services models as part of the correctional redevelopment.

On the human rights, I also enjoyed the six months that we worked on the human rights review. I would like to take this opportunity to thank those members of the public in various stakeholder groups who took the time to prepare their submissions. Their input was thoughtful, informative and appreciated by all three members of the select committee. I have asked the officials to examine the recommendations as set forth by the select committee. I think some of the recommendations can be implemented in the very near future while others will require further consultation. Most of the recommendations deal with the internal functioning of the Human Rights Commission board and board of adjudication. These changes will indeed streamline the complaints process and ensconce balance between the interest of the complainant and, equally, the respondent. Major changes, for instance, will be given more scrutiny by way of public consultation.

For instance, one of the 25 recommendations is to enhance education in our public schools, and this is already in the *Education Act*. So any change to the *Human Rights Act* — it takes a lot of work and a lot of consultation to make sure it's done right. It's impossible to put through changes in a week or two. It will be streamlined and, hopefully, they will come forward in the very near future.

As to the writing of the act by the Justice department, as is parliamentary tradition, the Minister of Justice and Auditor General are ultimately responsible for bringing forward bills to the Legislature. Bills are then debated by members. As I have stated many times before, I have full confidence in the ability of the Department of Justice to bring forward legislation that results in a human rights regime that all Yukoners can be proud of.

Mr. Inverarity: I think I'm going to conclude my questioning at this point. I clearly probably have another two or three hours' worth of questions. I'm not sure if we'll have another opportunity this sitting to come back, but I feel it's important that the member from the third party gets some time

today, as we are severely limited with the number of days we have left in the sitting and the fact we were so late getting into the budget debate this sitting. I feel we have to be conservative in our time.

I'd like to thank the minister for her opening remarks, in which she went a long way in explaining a lot of the actual line items. I may not need to do very much within the line-by-line debate. I would like to thank the department officials again. I appreciate that you have come out today and the effort you've put in. I think we've been seeing each other now for a couple of years.

On that, I will conclude my questioning and turn it over to the member from the third party.

Mr. Cardiff: I'd like to thank the minister for her opening remarks, as well, and thank the officials for being here today. I look forward to asking a few questions this afternoon before we take a break.

In her opening remarks, the minister mentioned an expenditure of a little over \$2 million, and I believe it's in the crime prevention and policing line, but she mentioned that is for communications equipment for the RCMP, and I'd just like some clarification on that. Is this part of the mobile communications solution that's in Highways and Public Works for \$6 million? Could she just repeat the figure that she mentioned in her opening remarks so that I get it clear in my mind how much it is, and can she tell me whether or not that is the total figure needed to complete this communications solution project with the RCMP?

Hon. Ms. Horne: The figure is — I will reconfirm — \$2,355,000. The Department of Justice has worked very closely with the Department of Highways and Public Works to ensure the RCMP have access to an effective and affordable radio communications system.

The multi-department mobile radio system is a public safety mobile radio system for use by the RCMP, health and safety professionals, public safety volunteer organizations and other government personnel. A project to replace the aging and unsupported MDMRS system was initiated in 2002. A cost-effective and efficient new mobile radio system solution is needed to meet the needs of the critical public safety agencies and Yukon government departments.

Highways and Public Works is implementing a new mobile radio system scheduled to be available to users in 2010. HPW negotiated an agreement with Northwestel to extend the maintenance operation of the MDMRS until December 31, 2010, which allows sufficient overlap or transition time. HPW negotiated an agreement with Northwestel to maintain and operate MRS for 15 years. HPW, with Northwestel, negotiated an agreement with EF Johnson Technologies Inc. to provide the MDMRS infrastructure and user gear equipment.

Mr. Cardiff: I have a couple of other questions on this area and this particular project. Can the minister tell if this money is to buy equipment and, if so, why is it located in operation and maintenance instead of capital?

Hon. Ms. Horne: The \$2,355,000 is capital on the RCMP books. On our books, it's operation and maintenance, and this is cost-shared with Canada.

Mr. Cardiff: Can the minister tell us again: if this is going to complete the project? Are there going to be further ongoing costs for this communications system from year to year, over the life of the communications system?

Hon. Ms. Horne: There will be ongoing O&M costs involved, and this is managed by Highways and Public Works, so the ongoing O&M costs can be achieved from them.

Mr. Cardiff: So there will be no further costs to the Department of Justice? Highways and Public Works will maintain the system and this is a one-time expenditure by the Department of Justice, and once it's done this is it. Is that correct?

Hon. Ms. Horne: As in the old system, as I said — maybe I didn't make it clear — there will be ongoing O&M costs involved, as with the old system, in the Department of Justice budget.

Mr. Cardiff: Does the minister know and can she tell us what those ongoing annual costs are?

Hon. Ms. Horne: We don't have those exact figures on us today. We will have to report back.

Mr. Cardiff: I thank the minister for that answer. When she provides that information to us — I assume by a legislative return — could she show us at the same time a comparison of what the costs were previously on an annual basis for the old system as opposed to the new system and whether or not there is any cost savings?

In the short period of time that we have left, I would like to ask the minister a couple of questions. Previously in our discussions, the minister has indicated that there was an evaluation of restorative justice being done. I would be interested in knowing whether or not that evaluation is complete and if it is not, when she expects it and when we might see a report on that. As well, I asked the minister questions previously about the Community Wellness Court — sometimes referred to as the "problem-solving court" — and whether or not there has been an evaluation done of that?

One of the things that we tabled in the House last week and brought up in our questioning was the *Working Without Boundaries* document. If the minister can't provide an answer in the time we have left today — because I know we have the corporations coming in — she can provide it at the next opportunity or provide a written report. Can she tell us how the Department of Justice is responding to the recommendations that were in the *Working Without Boundaries* report dated May 2004? The report is four and one-half years old. There are a lot of recommendations and a lot of them are about providing communication between departments — specifically Education, Justice, and Health and Social Services. But in regard specifically to the Community Wellness Court, are the necessary supports that are needed there for providing treatment options to clients at the Community Wellness Court or problem-solving court, whichever you would like to call it — how her department and the Department of Health and Social Services are working together to ensure the success of the clients of that court — both the offenders and the victims — and what progress has been made? If the minister can, could she also provide some specific examples of where that collaboration is taking place?

Hon. Ms. Horne: I'd just like to go back to my previous answer and the member's follow-up question on the RCMP radio, the MoCS system. It's not only the cost comparison; it's also the safety of those front-line workers, which is very important — not only the cost.

As to the common client project, or the *Working Without Boundaries*, a steering committee comprised of representatives from the departments of Justice, Education, Health and Social Services, and the Women's Directorate has been tasked to work on a research project regarding common clients. Common clients are persons who are often involved with government services at different periods in their lives. The services accessed by common clients are in the areas of Justice, Education, and Health and Social Services. Many of these clients are also women. The research project will help identify the scope of the common clients and the services they access.

The *Working Without Boundaries* report was developed by officials from Health and Social Services, Justice and Education, working with a senior official steering committee. The report was completed in 2004. There were a number of major recommendations, and the document is informing the work on the common client project. The work is ongoing, and it is very important to all these departments — to the entire government — and we are moving forward on this so we can identify what clients are there that use all the departments' services, and to help them to move beyond having to work with the services, and become contributing citizens outside the system and also better assist them in getting the service while with the government.

As to the community-based justice projects, in 2008-09 the Yukon government expects to provide just over \$433,900 of in-kind and financial support to nine community justice projects.

With the funding for the aboriginal justice strategy with Justice Canada, it is estimated that over \$974,864 will go toward supporting the community justice projects. Through the correctional redevelopment strategic plan, this government has endorsed its commitment to community capacity enhancement. Yukon provides support to community justice projects through the crime prevention and policing branch, which supports community capacity building and collaboration, the administration of contribution agreements, practical support and training.

It will also foster good relationships between community justice projects, the Crown, RCMP, Health and Social Services, resource and service providers.

We look forward to working with communities and the aboriginal justice strategy to strengthen the good work being done.

I move that we report progress.

Chair: It has been moved by Ms. Horne that Committee of the Whole report progress.

Motion agreed to

Chair: Pursuant to Committee of the Whole Motion No. 15, Committee of the Whole will receive witnesses from the Yukon Development Corporation and Yukon Energy Corporation. In order to allow witnesses to take their places in the

Chamber, Committee will now recess and reconvene at 3:30 p.m.

Recess

Appearance of witnesses

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

Pursuant to Committee of the Whole Motion No. 15, adopted earlier today, Committee of the Whole will now receive witnesses from the Yukon Development Corporation and Yukon Energy Corporation.

I would ask all members to remember to refer their remarks through the Chair when addressing the witnesses. I would also ask the witnesses to refer their answers through the Chair when they are responding to the members of the Committee.

Mr. Kenyon, would you like to introduce the witnesses?

Witnesses introduced

Hon. Mr. Kenyon: The witnesses appearing before Committee of the Whole today are Willard Phelps, chair of the Yukon Development Corporation Board of Directors and Yukon Energy Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation.

Chair: Would the witnesses like to make an opening remark or comment?

Mr. McRobb: It's a pleasure to again have the opportunity to question the officials. Again, I'd like to ask for their cooperation in answering questions as expeditiously as possible, so we can cover several topic areas. I'd also like to extend the very best in season's greetings to them, their families and workers.

As usual, I'd like to start off with an accountability check. Officials have promised to avail themselves to the general public each year by holding an annual public meeting. Such a meeting is designed for the general public to ask questions on any matter of concern. Can the officials indicate when and where the meeting was held this past year?

Mr. Morrison: I can't remember the exact date in August, but it was — and I can get him that, certainly — but it was at the Gold Rush Inn, it was attended by all of the board of directors of the corporation and, if my memory serves me right, three members of the public. It was advertised in advance, as well.

Mr. McRobb: All right. I thank the official for that.

Now, section 3 of Yukon Energy Corporation's protocol says it will endeavour to hold its public meeting in at least two locations each year. Was that done?

Mr. Morrison: Mr. Chair, normally what we do is we try to have a public meeting in Dawson and in Whitehorse, and this year we were only able to successfully have one in Whitehorse.

Mr. McRobb: All right. Last year the officials indicated they'd meet regularly with the minister — in fact, at least once a month. Has that practice continued?

Mr. Phelps: Yes, it has, Mr. Chair.

Mr. McRobb: What direction, if any, has been sought and received?

Mr. Phelps: Well, in general, Mr. Chair, we discuss issues as we see them, as things develop, and a broad range of issues are discussed with the minister.

Generally speaking, we have been operating under the overlay of the letter of expectations, which is signed by the chair and by the minister each year. Essentially in our meetings, for the most part, we discuss progress on the issues that are spelled out in the letter of expectations. I might add that normally the letter of expectations is developed in consultation and cooperation with the minister and I'm sure between the board and the minister, and we try to arrive at a letter of expectations that we all feel is achievable and reasonable in the circumstances.

Mr. McRobb: Have there been any independent audits done of recent capital budgets or operations?

Mr. Morrison: I'll try not to be as quick off the mark. As I am sure the members of this House know and as has been the practice, the Energy Corporation and the Development Corporation — as other government agencies — are audited by the Auditor General of Canada who is, from my perspective at least, the most independent auditor in the country. So we do that.

We have in past years looked at some specialized areas of the corporation. Five or six years ago we had an audit of our purchasing practices, but other than the special examination audit on the Mayo-Dawson line and our regular internal audits, which are tabled in this House — or at least the results of that are as part of the annual report — there are no other audits being done.

Mr. McRobb: All right, with respect to the government's policy, the chair indicated that it was sitting on the minister's desk since August 2004. When asked last year, he said he was proceeding with the government to finalize it. Has that been done? Is the governance policy finalized?

Mr. Phelps: No, Mr. Chair.

Mr. McRobb: All right. I assume the officials are familiar with the protocols that were tabled in the Assembly June 14, 2007. In section 1.4, it refers to the minister's requirement to clarify any unclear or conflicting issues that may arise between the two corporations. Has the minister had occasion to clarify any such situation?

Mr. Phelps: There has been open discussion about virtually all situations at a higher level.

Mr. McRobb: All right, still with the protocol — section 4.2 deals with any loans between the two corporations. Can officials indicate if there have been any such loans recently?

Mr. Morrison: In 2008, Mr. Chair? Just for clarity?

Mr. McRobb: 2007 and 2008.

Mr. Morrison: Let me just think for a minute. There is a loan being processed this year between the two corporations. My memory is maybe not as good as it should be on this. I can't recall any in 2007, but I'd be happy to double-check.

And all of those transactions are recorded in our books, which are audited and filed with the Yukon Utilities Board.

Mr. McRobb: Back to the protocol — section 4.2 indicates that the approval of the minister is required. Would he have approved any of these inter-corporate loans?

Mr. Morrison: The minister would approve anything that we require the minister's approval for, yes.

Mr. McRobb: Now, with respect to section 5.4 of the protocol, was it necessary for the government to effect any required approvals or legal authorizations with respect to the protocol?

Mr. Morrison: Mr. Chair, again for clarity, are we still talking about these loans?

Mr. McRobb: I'll just clarify. Section 5.4 reads as follows: "Yukon government will ensure that any required approvals and other legal authorizations are secured to give effect to this protocol." So my question is, simply, has it been necessary for the minister to give effect to any of this?

Mr. Morrison: Other than some borrowing authorizations, I can't think of others directly, perhaps other than some permits. Just to be clear, permits are required for the Carmacks-Stewart line project or other associated projects such as that.

Mr. McRobb: All right, now the very last clause in the protocol indicates that the protocols will be reviewed annually and possibly changed. The date this one was signed is nearly two years ago. My question: have there been any changes to the protocols since the date of the original signing?

Mr. Phelps: We have signed one. We have the protocol signed each year, usually in March. So I am sure there is at least one since the honourable member has read that. I don't recall any changes unless there was an editorial change, which I think there was in one, but it wasn't significant, really.

Mr. McRobb: I am sure the officials probably saw the article in last week's *Vancouver Sun* about the \$200,000-a-year club with the number of public servants and heads of agencies down there earning in excess of \$200,000 per year. My question: are there any Yukon members of this club?

Mr. Phelps: The president would be in that club.

Mr. McRobb: I have some questions about capital plans. Last year, several options were identified as being investigated in the near term. Can we get a progress report, especially with respect to any changes or developments?

Mr. Morrison: I'm going to embark on an answer here, and I'm hoping I'm interpreting the question correctly. If we're talking about capital plans for new capacity — the expansion of the system — that's what I'll base my answer on, so if it's different, perhaps that could be clarified.

When we looked at the capital plan last year, we identified several projects that we were looking at and spending some money on — one being the Mayo B. I should clarify, Mr. Chair, that all of these projects that we are talking about during the 2008 year are all projects that we had included in the capital resource plan that was approved by the Yukon Utilities Board in 2006, so we have been consistent in following that plan. We've looked at Mayo B. We have actually done some field work this year and some geotechnical studies but I wouldn't say to you that that work was anywhere near giving us any cer-

tainty on whether we'd go ahead yet. On a very preliminary basis, with some internal resources and some advice of some external engineers, we have looked at a couple of other projects, a control structure on the Atlin River, and a diversion of the Gladstone, which would both give us significant additional capacity at lower cost. As was indicated in there, on a very preliminary basis, we've conducted an examination of some potential geothermal resources for the production of power.

Mr. McRobb: All right. Let's go to the Aishihik third turbine. Last year the officials indicated it would be in operation in early 2010. Is that still on schedule?

Mr. Morrison: Last year we said it would be in operation in 2010. I don't think we've ever said early 2010, so if it is, it's probably more like mid-2010. I guess if that's early, I guess we're all right, but as far as I know today, we're still shooting for that timeline.

Mr. McRobb: And what's the estimated final cost of the project?

Mr. Morrison: I don't have an updated cost to give the member. The last cost I have was about \$7.5 million. We don't have quotes on the turbine, nor do we have quotes on a number of the pieces of work. So I don't want to give a number that really isn't accurate.

Mr. McRobb: Is that project subject to Yukon Utilities Board review, or was it already approved?

Mr. Morrison: The project was approved in the last licence application hearing. It is subject to us providing the Yukon Utilities Board with an operating plan for the plant.

Mr. McRobb: All right. I'm just wondering about the \$1-million rule with respect to any new capital projects. I believe that came in after the Yukon Utilities Board's decision. Would there be a requirement to review the expense of the project through the board?

Mr. Morrison: You're taxing my memory. My memory is that the Aishihik third turbine project is in the resource plan, which the Yukon Utilities Board approved, and it was coincident with the utility, Yukon Energy, adopting its own internal rule that anything over \$3 million would go to the Yukon Utilities Board for approval. My memory is that they happened at the same time. So it has already been to the board.

Mr. McRobb: Staying with the Aishihik hydro facility, the officials indicated they are looking at the Gladstone diversion as a possible way to supplement generation from the plant. What can they tell us about that and what other possible diversions are being investigated?

Mr. Morrison: I can't really tell you very much. The main reason that we would look at the Gladstone is that, even when we add the third turbine, we don't use any more water than we have now. So the third turbine provides us, certainly, with great efficiencies in terms of the operation of the system because it is a seven and a half megawatt turbine. Just in simple terms, if we need 20 megawatts of power, right now we have to turn on two 15s and if you've got a seven and a half, you can turn on a seven and a half and a 15. So from a water point of view, it is much more efficient.

We will be able to run the three turbines for short periods of time all at once if necessary, but we still have to manage our

water and we only have so much water. The beauty — if you will — of the Gladstone diversion is that it gives us a significant amount of water that would allow us to run the three turbines more often — in fact, most of the winter if we had the water — which would really be a boon to the system, because it gives us the full seven and one-half megawatts times the number of hours in winter. So it's a plus. As well, it's not very expensive in terms of infrastructure cost.

Mr. Phelps would just like to add something.

Mr. Phelps: If I could just add to it in terms of concept, it involves diverting part of the flow of the Gladstone River, which currently flows into Kluane Lake. Part of that flow, the concept, would be diverted to a stream that flows in the Sekulmun Lake.

Mr. McRobb: Still with capital plans, the officials mentioned Mayo B, which of course is an enhancement of the existing facility to provide a greater amount of generation. Can the officials indicate what the anticipated cost, timelines and process are for that facility?

Mr. Morrison: Well, timelines are difficult because it depends on where loads are and, with this mining environment, things are shifting a little bit. But the costs that we have seen so far, which are very expensive, are \$100 million.

Mr. McRobb: And does that cover basically all of the expenses to upgrade the facility itself, including any shoreline mitigation or improvements to the transmission line or anything? Can the officials comment on that?

Mr. Morrison: To be clear, it doesn't include the cost of a transmission line. That's something separate. Secondly, it does cover all of the costs, as we know it, for the purposes of upgrading the capacity of the Mayo plant. I want to be clear, though, that from our perspective — we haven't looked at shoreline mitigation. We haven't made any decision that would, at least in the current plan, even include the possibility of shoreline mitigation.

Mr. McRobb: All right. And what about the potential grid inter-tie between the Whitehorse-Aishihik-Faro grid and the Mayo-Dawson grid?

Can the officials indicate what the expected costs of that project are, along with any possible timelines or requirements that would need to be in place before the project proceeded?

Mr. Morrison: The Carmacks-Stewart line — when we went to the Yukon Utilities Board two and a half years ago with the project as a whole, we anticipated that the costs for the second phase would be about \$30 million. My guess is, at the moment — because I don't know much more than that; we haven't had engineers look at tendering equipment or anything — because costs over this period have gone up, it's probably closer to \$40 million.

The question, of course, is, with this economic downturn that we're going through, are we going to see prices come back down again. One of the big costs in that project is the copper wire and poles that you use, and they've all been expensive — and substations have gotten to be very expensive because of the component parts necessary. Perhaps it'll come back down and be closer.

The project, when we looked at it two and a half years ago and put it through the environmental assessment process — the entire line went through the YESAB process and was basically signed off at the YESAB level.

The only thing that has to now be done is a little bit of final engineering. We also have to get permits at the permit level between both First Nation government and the Yukon government. So those are land use permits and permits to be in the highway right-of-way. With the YESAA process out of the way, those are fairly straightforward.

Mr. McRobb: Last year the officials indicated they were going to be purchasing the diesel generators from the Minto mine. Can they provide an update on this along with the cost?

Mr. Morrison: The diesel generators and the terms under which they are purchased and the price of \$2.4 million is part of the power purchase agreement that was tabled and approved by the Yukon Utilities Board last year. The terms and conditions of that purchase are essentially that we will finish the line interconnection. There are some technicalities around the leases they have with Finning and how those have to get paid out, but the process is all outlined in the purchase power agreement and the price is \$2.4 million.

Mr. McRobb: I thank the officials for that. I'm just wondering why these units would be required given the downturn in the mining sector — I think it is fair to call it that. Also, with the refurbishing of the Mirlees generators in Whitehorse and the recent refurbishing in Faro, as well as the new seven and a half megawatt hydro turbine in Aishihik, why is it really necessary for the corporation to own these diesel generators?

Mr. Morrison: Well, from the simple point of view, the calculation of the capacity planning requirement that we have — which again, was approved by the Yukon Utilities Board two years ago — is a new capacity planning criteria. So it takes into consideration — not the fact that we would lose one of our largest providers, either a hydro unit or a large diesel — that we would lose the Aishihik line which is our largest provider of power in the winter. So then we look at what we have in the rest of the system that could supplant that or take the place of having the Aishihik plant. When you add up all the diesels and the requirement, we have a requirement for a good part of the diesel that is out at the mine —

We have yet to get the Yukon Utilities Board approval to put those diesels into rate base, and we have that as part of our application in front of the board now.

The argument I would make, on a simple basis, is that we need it as part of our capacity planning criteria. The Aishihik third turbine isn't available as part of new capacity-planning criteria because if you lose the line, you lose that as well as the other turbines that are there.

Mr. McRobb: There was also discussion last year about the possible inter-tie with the B.C. grid, and the chair indicated that he was going to be meeting with BC Hydro officials to discuss the possibility of extending the grid in conjunction with other developments such as the gas pipeline. Can the chair give us an update on these meetings with respect to this grid extension?

Mr. Phelps: About a year ago, we were feeling very positive about the way things were moving in B.C. because they had announced that they were going to start building their transmission line toward Dease Lake, up to Bob Quinn Lake. Then the main private backer, the Galore Creek Mining Corporation, decided it wasn't going to go into production. They cancelled their production plans, and that got stalemated.

However, we did meet. I met once with our president and our president met several times with our counterparts — the vice-chair or the high-level management in B.C. — and had discussions. At this time, it really looks a fair distance off in time before they would be interested in coming far enough north for us to really discuss some kind of inter-tie.

The possibility of it happening would be enhanced were we to find some kind of sizable low-cost green power that we could produce, either jointly with them or by ourselves so they could have a feed-in from this end. We've discussed a couple of possibilities, one of them being the Taiya project on the Southern Lakes, also the possibility of some major geothermal, should it be here. Without that, and with the slowing of the economy, I think it's just not realistic to expect any progress in this in the foreseeable future.

Mr. McRobb: All right. I would just request further detail, especially with respect to this option and the gas pipeline. We read today how the Governor of Alaska has approved the AGIA process and it looks like another positive step in the development of that project, so how would this inter-tie be enhanced with the pipeline project?

Mr. Phelps: Well, Mr. Chair, my thinking on that was that, should BC Hydro be in a position to electrify some of the stations on the northern end of the B.C. segment, that would bring them fairly close to Watson Lake with a transmission line. And if we had some potential to electrify some of the pumping stations on the gas pipeline in that area of the Yukon, it would certainly be a much shorter step to seeing some kind of an inter-tie, but it's reaching. It's presuming, first of all, that B.C. has the resources to really direct to energizing part of the line in their jurisdiction.

Right now they're running short of capacity. In our case, it would be for us to find hydro or geothermal that would be at the right price to make it worth our while. Again, we just haven't at this point got anything identified and we've been looking.

Mr. McRobb: I note the shareholder letter of expectations between the corporations and the minister from 2007-08 gave high priority to working on capacity-related projects. Of course, that's generation projects. Has anything changed with this priority since then?

Mr. Phelps: I think we're still looking at any possibility that seems to make sense. We've looked — as the president has already mentioned — Mr. Morrison has already mentioned it — at several of the options that are set out in our 20-year plan, which was passed by the Yukon Utilities Board and discussed in public meetings throughout the Yukon. We're still very interested in trying to find some other capacity that could be brought on-line in a reasonable time period, because we may

see a rebound in the economy or we may not. It's very hard to judge our needs in the current economic climate of the world.

But yes, we're still pursuing some of these things and we're going to be getting some feedback fairly soon on our initial program regarding geothermal to see whether or not it's worth following up in a second program next year.

Mr. McRobb: Thank you, Mr. Chair, and I thank the other chair for that response. Of course it has been indicated the Yukon has vast potential with respect to geothermal, and perhaps the officials can just provide a little more detail on that. What is being done? Is it a study that's being done? For which area? When might we expect that study to be available?

Mr. Phelps: At this point, what we've done is we've engaged one of the leading experts in Canada in the field. He has set out a proposed method of approach in starting to investigate the potential for geothermal. He has looked at several areas that he considers high priority and high potential.

Initially, we've been doing the kind of level 1 testing that one does, and that really, for the most part, involves looking at a lot of mapping. It's mostly geology, coupled with testing springs — water — and looking at the makeup of the water to see whether or not it indicates the potential of geothermal deep down. And they do this by looking at isotopes in the water, and the makeup of springs, not only hot springs.

And so they had a team out testing in various areas, one of the criteria being within a reasonable distance from our existing and proposed transmission lines.

Mr. McRobb: We've touched on what's referred to as the new economic reality. Of course, up until recently, the mindset of probably not only the corporation, but just about everybody, was develop and order equipment on a long lead-time basis, and pay high costs. But with the market meltdown, we've seen almost a complete reversal to that situation.

Is the corporation pursuing any lower cost opportunities as a result? And is it engaging in any cost-saving practices by perhaps cutting projects? And does it look at factors such as local employment possibilities when making these decisions?

Mr. Morrison: Again, our plan for the last few years has been to — I would term it this way — enhance our existing systems before we go out and look at new capacity projects. So in addition to the enhancement of existing systems that we talked about earlier — which means the Gladstone project, which enhances the already existing Aishihik project by providing more water, and the Atlin project which, again, would provide more water to the Whitehorse system — those are the kinds of things at a much bigger level, I think, that we would talk about in terms of spending big money. We are also looking at — on a smaller basis, with that same concept in mind — enhancing our existing system. So we're looking at each of our three hydro systems and saying whether or not, if we rewind generators and put in new efficient turbines, would we get a much greater capacity out of the system by doing that and does the money that it would cost to do those kinds of things balance the benefit that you get from it?

So we've got a range from the very small — you know, if we spend three quarters of a million dollars rewinding a generator, does it let us get more capacity out? To give an example

of that, we went through this process in Mayo a few years ago and instead of getting five megawatts out of the Mayo plant, we now get 5.3 megawatts out of it — which is very significant from our perspective. I know that 0.3 of a megawatt doesn't sound like a lot but, in terms of the costs, it was very significant.

Over the last couple of years, we have rewound both the generators at Aishihik as part of our maintenance process and we just now are going to look at whether or not putting new turbines in there, using the same amount of water, will get us more capacity — and we are doing the same at Whitehorse. I don't have any of those results.

The question of cutting back projects is a balancing act in the sense of trying to be ready for now versus trying to play catch-up. From a strategy point of view, I'd like the chair to just add a little bit on that, if you don't mind.

Mr. Phelps: I think that one of the major things lacking regarding the corporations is that not much work was done in identifying projects going forward. Not nearly enough was done, and it's regrettable that money wasn't spent each and every year, on looking at projects, and those that seem to be fairly viable, moving them ahead in the planning stage to see whether or not you could end up with a few projects that were virtually shelf-ready, should the sudden emergence of a mining boom or such occur. I'm fairly committed to spending some money each year examining whatever options there are out there, and it looks fairly bleak, to be quite honest, in terms of new hydro. We're hopeful still about geothermal, but we've got to keep looking, and where you do have a hydro site that might have potential, then there are a lot of phases that you go through. Quite often, you think something looks good, and you go and drill and the geological conditions are no good. You've got to be testing the flow of water; you've got to be doing all kinds of things, and it takes quite awhile to get into a situation where you have a project that is virtually "shelf-ready."

Other large companies in Manitoba, B.C. and Saskatchewan go through this process and try to always have some shelf-ready projects so they're ready in case this kind of thing happens. We were really stuck when this boom hit.

Mr. McRobb: I thank the officials for that response. I'd like to ask some operational-type questions. Before we get to the frequent power outages, I would like to ask about rationalization. Are the corporations actively working on the rationalization of assets with anyone?

Mr. Phelps: Over the years, we have held exploratory talks with them and still do. There was always the intention right from the outset of the takeover of the assets from NCPG that it would be worthwhile to have one company doing the retail — the Yukon Electrical Company — and one doing the wholesale, the generation of the main transmission. It makes sense in many ways just from economies of scale.

Right now, for example, we have only retailed to a very small number of Yukoners by comparison to them, and yet we have to send the bills out, and we use them to do it and so on, so there is some duplication.

It has always been something that has been desirable. We've been having talks. This is over many years — normally they haven't led anywhere.

Mr. McRobb: Just to clear up any confusion, can the officials explain what “rationalization of assets” really is? My understanding is it's basically as the chair alluded: Yukon Electrical is the retailer that is involved with distribution; therefore — pardon me, I'll remove that word “therefore” — while Yukon Energy is the generator. But each own not only exclusive assets; they own both. So is it basically a swapping so Yukon Electrical becomes a pure distributor and Yukon Energy becomes a pure generator? Is that what it is?

Mr. Phelps: Yes, there has been a long history of these swaps. Essentially that is correct, Mr. Chair. Essentially the goal would be for our companies to own all the generating facilities, including Fish Lake here and the diesel operations in Watson Lake and other communities where they generate and they would own, in turn, all of the retail distribution networks. One of the biggest issues always comes down to what constitutes a transmission line that isn't a retail transmission line. You can imagine, Mr. Chair, that for example, along the line to Carcross from Whitehorse, there are all kinds of people who receive electricity off that line and which company should that end up in? It is currently Yukon Electrical Company Limited. That is one of the major issues that always seems to be a deal stopper.

Mr. McRobb: Okay, and is rationalization of assets involving Yukon Energy only being contemplated with Yukon Electrical or one of its parent companies?

Mr. Phelps: To my knowledge. Certainly now, we aren't having talks with anybody else. As I say, it's something that keeps reoccurring and has ever since the NCPC assets were turned over.

Mr. McRobb: Would there be public consultation on something like this, or Yukon Utilities Board approval, before any decision is made?

Mr. Phelps: There would have to be and, of course, it would be unthinkable not to have public consultation.

Mr. McRobb: Just to cap that one off, it's referred to in section 6 of the Yukon Energy Corporation protocol. As it states, it deals with approvals to expedite activities. The very first one is the sale, lease or disposal of all, or substantially all, of the assets of Yukon Energy Corporation. I'm just wondering why it doesn't refer to only the distribution assets. There is nothing to constrain it just to distribution. It's pretty well widespread to all assets, as it's written in the protocol.

Mr. Morrison: I could be reminded that there is more to it, but I would suggest to you that that's basically just following the authorities under the *Yukon Development Corporation Act*.

It just essentially says the same thing, and it doesn't limit — you know, the corporation doesn't have the ability to sell its assets without the government's approval.

Mr. McRobb: There has been some discussion recently about investments that have been downgraded as a result of the economic downturn. Do any of the corporations have

any such investments that have lost money or been devalued, such as the employee pension plan?

Mr. Morrison: No, not that I'm aware of.

Mr. McRobb: All right. Let's get to an issue I'm sure the officials are champing at the bit to discuss, and let's hope the lights stay on this time.

I recall the Yukon Utilities Board took measures to address the frequent power outages back in, I think it was, 1991. And this was brought on by a rash of frequent outages at the time, including one on Thanksgiving Day. It seems the problem has returned to quite a similar degree, including this past Thanksgiving Day. I'm sure we can all agree this is quite disruptive to the customers and residents, retailers, industry, traffic — just about everybody is affected.

Let's begin with this year's Thanksgiving Day outage. Has a cause for that outage been found yet?

Mr. Morrison: Yes, the cause has been found and corrected. Should I — you've asked before to be brief, so I'm trying to be brief. It's related to the governor on the Whitehorse 4 unit and we have been able to find or discover the problem there. We had some experts come in from BC Hydro and from what I would call the governor supply company in the U.S. — and they have been fixed.

Mr. McRobb: Do the officials know when the last time was when the Yukon Utilities Board conducted a detailed review of power outages?

Mr. Morrison: Not off the top of my head, Mr. Chair, but I believe the member alluded to the early 1990s as something that happened then.

Mr. McRobb: So it could have been nearly 20 years ago.

Would the corporation support the Yukon Utilities Board doing a review of the power outage situation as part of its upcoming hearings?

Mr. Morrison: I'm not sure that the upcoming hearings are appropriate. The upcoming hearings are rate hearings. I'm not sure what the Yukon Utilities Board reviewing the outages is going to tell anyone that we can't tell you at the moment. Basically, from my perspective, we have an aging isolated power system that — again, this is my opinion — a number of years ago went lacking in terms of its maintenance expenditures and we're paying the price.

We have, and the board of the corporation has, been very supportive in providing additional dollars to management to increase the capital and maintenance budgets over the last several years without impacting ratepayers to put in place upgrades to the facilities in order to get past this. In addition to that, the board has also supported — we've done asset assessments, which is partly why I'm not sure what somebody else would find. We had Acres Engineering and BC Hydro come in over the last couple of years and do asset assessment work on our diesel plants, our hydro plants and our transmission lines to tell us what kind of state the assets were in. We have provided to our board a list of commitments— or a list of action items — that came out of those reports and that we have committed to get fixed in order to make these assets in as good a working condition as possible.

We have a very well-qualified and very dedicated, hard-working staff of Yukoners, and we don't like these outages any more than anybody else does. And we're doing our darndest to make sure that we can find ways to resolve these issues. But part of it really is our ability to look, in some cases, under the ground and find problems, which was the last problem at Aishihik. It was a transformer problem with the connection from wires coming out of the ground. You know, we scan those substations every year. It didn't show up. And all of a sudden it shows up. These things wear out.

I'm not suggesting to you that outages aren't a problem, but I am suggesting that the Yukon public should take some comfort in the fact that we have a backup system capable of supplying all of our needs if we have large outages, like losing the Aishihik grid, which we did a couple of weeks ago.

Mr. McRobb: The fall of 1991 hearing was a general rate application, by the way. It was for the 1991-92 GRA that the board simply took half a day or more to consider this matter. Certainly, there's nothing stopping the board from doing that, and in fact, it may do that as part of the upcoming process, even in the absence of an order from the Yukon government. Should the board decide to undertake this review, what material would the officials suggest would be helpful to such a review?

Mr. Morrison: Mr. Chair, without speculating what the board might do, certainly these asset assessments that I just mentioned would be helpful. I'm not sure what else. Whatever the board decides, we'll obviously follow, because we're subject to the regulation of the board itself.

Mr. Phelps: I wanted to say something. Just to add to things, to put everything into context, the board of directors has passed capital budgets for maintenance — O&M budgets, capital budgets, maintenance budgets. The capital projects that have been in the range of \$7 million plus each year, that's just to upgrade the existing system.

The second thing is that our methodology and the routine that we go through are all in accordance with industry standards across North America.

Mr. McRobb: I may come back to this later if there is time left over.

Let's talk about some consumer issues. I have a question starting with the general rate application. We know there was a separate filing by Yukon Electrical and Yukon Energy and it seems this is becoming normal in recent years. Does this speak to a somewhat less-than-amicable relationship between the two companies? Why don't they file an application jointly as in years past?

Mr. Morrison: Perhaps in years past, their interests were common. What I suggest by that doesn't mean that we have anything less than a good working relationship with Yukon Electrical. Our interests are different. We have the benefit of a new industrial customer which has created additional revenue for the corporation and following the Yukon Utilities Board practices, rules or regulation, we would earn more than our rate of return; therefore, when you do that, you would normally come in and return those additional funds to the ratepayers. Our interest was to file a rate application that would reduce rates.

For whatever their own internal reasons are, Yukon Electrical's interest was to file a rate application that increased rates. I don't know how you would do that together. We have some very different interests and we have different approaches to rates and consumers, just in general.

Mr. McRobb: I've got a sample power bill that I would like to send over to the officials and ask them a couple questions about the bill because I think it is fair to say that a lot of people have difficulty understanding their bill because there are a number of riders and various charges on the bill.

Let us start with the fuel adjustment rider. Can the officials give us a brief history of this cost? When did it start? What is the bill impact and what is the anticipated expiry date for the fuel rider?

Mr. Morrison: Mr. Chair, I'm reluctant to say that I am an expert on the fuel rider because I am not. I would be happy to add some information to it. But essentially the fuel rider is a rider that covers the difference in the cost of fuel from the costs approved by the Yukon Utilities Board some number of years ago — at the top of my head, I don't have the number, but I think it is 31 or 35 cents or something like that.

So if the utilities essentially file a revenue requirement, and it says that they're going to burn so many gallons of diesel fuel at 35 cents, and out of that you get a commensurate rate, if the price of diesel fuel goes up, obviously the rate to consumers is going to have to go up along with it. So instead of the utilities coming back each time saying, "Well, the price of fuel went up, we need to change the rate," what the Utility Board has done — and many other jurisdictions have used this practice over time — is add a rider. So there's a calculation that the utilities do, and when the cost of fuel goes up they file this with the board, and they collect the additional revenue, so it's a simple way of dealing with the fluctuating cost of fuel.

Now, in today's world, this rider — the one that's on here — is going to come down, because the price of fuel has come down. So it doesn't just go up; it comes down as well. Now, when is it ever going to go away? I guess at some point, when the utilities file and get approval for a new rate, and that rate stays without prices going up or down from that rate forward. So it's really difficult to answer that part of it, but it's there just to balance the utilities' costs in relation to fuel. Mr. Chair, did you want to —

Mr. Phelps: Mr. Morrison had covered one point; it went up rather quickly, because the price per barrel of oil went way up. Now the price of oil is going way down, so presumably it will come down as well. But you have to understand these riders sometimes — one has to realize that the Yukon Utilities Board is averse to rate shock. So wherever they can smooth out changes, so there aren't spikes up and down, they do that, and they often do that through the use of riders. While the price of electricity changes with the cost of diesel, and is particularly acute in some of the smaller communities, the purpose of the rider is to smooth out the changes, so there isn't rate shock, up or down.

Mr. McRobb: Right. Is the Yukon Energy Corporation applying for a new rate regarding the diesel cost that was referred to?

Mr. Morrison: Subject to check, I would say that our new rate includes a new diesel cost, yes. I would have to get that number for the member, if he so desired it.

Mr. McRobb: Okay, thank you. The rider to reflect the lingering cost of the Faro mine — when was it expected to expire, before the board's recent decision?

Mr. Morrison: As far as I am aware, there is no expectation that it will expire. It is a rider that is there to provide for the assets that were required, and I think it is commonly called the "Faro rider", but it is there to pay for assets. It is just a smoothing of rate shock that was put in at the time. So instead of saying to consumers, "Here is a big spike in your bill," in order to pay for these additional costs, these assets were being paid for by an industrial customer who is no longer there, so the Yukon Utilities Board — and perhaps in connection with the government of the time — decided to add the rider to smooth it out over time, but there is no end to it that I'm aware of in terms of an order or anything like that.

Mr. McRobb: Okay, I suppose we could talk about these technical matters all afternoon but let's cut to the chase. There are a number of power bill changes that are forecast for the next eight months including the expiration of the rate stabilization fund. There have been a number of changes in the past 16 months, including the first cut to the RSF.

Can the officials tell us: to the average Yukoner's power bill, what will be the impact at the end of the day from all of these changes to the power bill? I say "bill," Mr. Chair, because sometimes a lot of people confuse rates with bills. The bill is the ultimate payment from a customer; whereas, rates are only a portion of the bill, so it's the bill impact I'm referring to.

Mr. Morrison: I would be happy to provide for members an example or several examples of bills that would illustrate that. I think it's very difficult to explain it but let me give you a quick overview.

The Yukon Electrical Company has applied for a five-percent rate increase — five-point-something-percent rate increase for each of the next two years. If the Yukon Utilities Board approves that, it means bills will go up by 10-something percent over two years. We have applied for a 17.5-percent decrease in the first block rate and an increase in the second block rate. So the first block will come down substantially and there will be a slight increase to the second block. The second block's a run-out rate so it's designed to provide for increasing costs of production on the margin, which in our case is diesel. We didn't have that change for a long time and we felt it was appropriate to look at that because diesel costs had gone up.

I would be happy to show people what a bill looks like. I think it's really hard for us to try to do the math, in terms of an explanatory note. But if that would be helpful, we'll do that.

Mr. Phelps: Just one minor correction, and that is that on today's bill, the first rate increase of YECL is reflected because they got an interim increase, pending the outcome of the hearing itself.

Mr. McRobb: Right. I'll take the president up on his offer for the sample bill before and after. Of course, this is inclusive of the RSF impact, Yukon Electrical's rate changes, Yukon Energy's rate changes, and any changes to riders. It's

basically the bill, before and after. Let's just nail down a few scenarios. How about residential class for 1,000 kilowatt hours per month, 1,500, 2,000 and 2,500 kilowatt hours per month? If we can get all of those scenarios — I see the officials nodding in agreement, so we can move on to guaranteed rate of return.

I will probably guess the officials are going to argue it is not guaranteed and I can back them up on that, Mr. Chair — it is not. However, sometimes the actuals exceed what the theoretical rate of return is. Can the officials indicate in terms of dollars and percentages what the rate of return has been for the Yukon Energy Corporation in recent years?

Mr. Morrison: We have experienced both, Mr. Chair. In 2007 — it might have been 2006 — we had a slightly higher rate of return than what we were allowed and other years we've had somewhat lower returns. The concept I believe the member is getting at is that the Yukon Utilities Board approves a rate of return on equity for us and other utilities. We have a return — now the member is right, there is no guarantee you're going to get there. You have to do your best and the estimates that you put forward in a budget plan either come true or you don't reach the rate of return. I think there is also a level of acceptability around making slightly over in one year — I would say to you that it wasn't a significant amount over the one year we did get past the 9.05 rate of return that we are on now.

So, I think there's a balance there. If we had a rate of return that was too high, I am certain that the Yukon Utilities Board would be directing us to return it to ratepayers.

Mr. McRobb: I note, in the recent application from the Yukon Energy Corporation, it's asking for a return on equity of 8.64 percent, and I'm just wondering, Mr. Chair, how really fair that is, given recent reductions to the cost of borrowing money, for example, some significant drops in interest rates and so on. Of course the concern is that this is all charged back to the ratepayer. Has the corporation reconsidered what it's asking the board for?

Mr. Morrison: Mr. Chair, we haven't yet. Our calculations related to return on equity are based on the formula system that's used in a number of jurisdictions in Canada. I would expect that based on that, when we get in front of the Yukon Utilities Board and we are trying to defend our formula — because it's basically a long Canada bond plus some small percentage of that — and ask them to take the risk factor that you apply to the utility into consideration.

So if you were downtown Calgary — actually, Vancouver would probably be a better example because Alberta doesn't follow a formula system — you know, you'd be long Canada bonds. If you were Western Gas up in the north of B.C., it would be long Canada's plus something. So it is a pretty simple system. When we get to the Yukon Utilities Board, they will ask, "Well, tell us what long Canada's are so you can justify your 8.6 percent." You know, they are going to look at the evidence. All you can do with those things is look at the best information you have at the time you file your application.

Mr. McRobb: One more GRA-related question. What planned expenditures would the corporation be flexible on cutting from its application in order to reduce costs to ratepayers?

Mr. Morrison: We are already reducing costs to ratepayers and I don't think there is anything in there that I would look at and say that we would want to cut at the moment. The capital budget is primarily maintenance capital, so if we are looking at it in terms of reliability, I wouldn't want to cut anything out there. We certainly can't cut any staff, because we already run at a very skeleton level in that sense.

We are never averse to making sure that our costs are in line, but the point of a Yukon Utilities Board hearing will be to make sure that our costs are in line and will be scrutinized by intervenors and the board staff, but there isn't anything that's apparent to me at the moment.

Mr. McRobb: I thank the officials for that response. I've got one more area I'll cover and then I'm sure the third party has questions. I want to ask about subsidies within the existing rate system. The rate stabilization fund was referred to as a subsidy within the system, but there are other subsidies that exist. I'd like to ask the officials to identify the other subsidies that exist, who benefits from them, and who pays for them?

Mr. Morrison: I think I understand the question, Mr. Chair. Essentially, I believe what the member is talking about is when you look at rates and rate classes, the residential rate class — let me back up for a second. There are arguments in some places that a rate class should pay between 90 and 110 percent of its cost of providing service to that rate class. The residential rate class in the Yukon pays — roughly these days — about 70 percent of the cost of providing electricity to that rate class.

The commercial rate class is about bang-on. I think they're paying about 102 percent or 103 percent — somewhere in that range of costs. So they are pretty bang-on. The cost of providing the residential rate class at the 70 percent is paid by the government rate class. So, who benefits? Residential customers. Who pays? Government.

Mr. McRobb: I think the area of concern is the existing board order to move all rate classes between 90 and 110 percent, as the president indicated. When you look at the residential class only paying about 70 percent, if it had to be boosted to 90 percent, that 20 percent is equivalent to about a 30-percent increase to their power bills. This is something the board has been trying to bring forward for a number of years. So the question is: sticking with this particular subsidy, what are the timelines and expectations for achieving the board's decision?

Mr. Phelps: I think one of the points that should be made is that by order in council, the board is directed not to make a ruling respecting that very issue during these hearings. So the government has the power to avert that possibility.

But the fact is that one of the underlying key and fundamental principles of virtually every utilities board in existence across Canada is that they like to see users pay cost of service and certainly that's what we're up against, in terms of their wishes.

Mr. McRobb: Well, that's quite interesting because the Yukon Party really chastised us in the opposition when we asked about their plan to terminate the rate stabilization fund.

They pointed the finger at us, saying, "The Liberal Party supports subsidies but we support actual true cost-of-power signals to the consumer."

Now we find out the Yukon Party government prevented the Yukon Utilities Board process from making any changes to this other hidden subsidy that is equivalent in nature. It is also 30 percent.

I'm not suggesting that the board should make this change; I'm merely pointing out an inconsistency from the politicians across the way. I know the officials won't want to comment on that.

The other subsidy I want to allude to is what I think is referred to as the Yukon rate equalization policy, which standardizes the price charged for the first block in diesel communities in the Yukon. We've heard concern recently from customers on the Whitehorse-Aishihik-Faro grid about having to subsidize rural communities.

Just for the record, Mr. Chair, I think it would be unfair to those customers to make a change to this policy, but my question to the officials is, are there any plans to reconsider that policy in the near future?

Mr. Morrison: Let me say this: the Yukon is a single rate zone, as far as rate zones are concerned. Therefore, rates across the rate zone are the same for everybody in the first block, as the member indicated, whether you live in Old Crow, Watson Lake or Whitehorse.

The only difference in the rates across the territory is that there are different rates for people who live in what is classed a diesel rate zone — as an example, Watson Lake would be a diesel rate zone because their power is provided by diesel, so there's a higher second-block rate for them than there is for somebody who lives in Whitehorse. I would make the argument that I've had the experience of both.

I've had the experience of the Northwest Territories, where each community is an individual rate zone. In what is now the Northwest Territories, they have 21 rate zones and each community pays the full cost of service for what happens. What it does is, in small jurisdictions like the Yukon, or the Northwest Territories, or you could even say it in regionalizing in smaller parts of provinces, it really creates a tremendous inequity. To use an example, if the community of Fort McPherson in the Northwest Territories needs a new diesel generator, the 300 people who live there have to pay for it. Therefore, their utilities systems never get upgraded because it's too costly for tiny communities to do this.

This isn't the only thing in the Yukon that's equalized across the territory. This has been in existence for quite a few years now — and I'm not sure exactly how long but there may be people in the House who would know when that happened, but it was a change in philosophy, and it's a change in the right direction.

There is no good argument to be made for charging people in different communities different rates in this territory; it is far too small.

Mr. McRobb: I would like to thank the officials for answering the questions. I think, once again, we've had an opportunity for constructive dialogue and I will give the third

party an opportunity to question them as well. If there is time remaining, maybe we can get in a short snapper or two.

Mr. Cardiff: I thank the officials from Yukon Energy Corporation and Yukon Development Corporation for coming in this afternoon. I would like to thank the member of the Official Opposition. He covered a lot of the topics that needed to be covered so I will do my best not to revisit too many of those topics. There was some talk about infrastructure and your plans for new projects and upgrading. There was talk about alternative forms of energy, specifically geothermal.

Maybe say a bit more about what the plans are and what the potential is for geothermal? As well, has there been any more progress on other forms of alternative energy with regard to either wind or photovoltaic solar?

Mr. Phelps: In our view the one, aside from hydro, that's most promising is geothermal. Just to talk about it a little bit without going on too long, we're on the Pacific Rim and it's a growing source of energy. Mexico has large plants — California, Nevada, Utah, Washington. There is great potential in British Columbia and there's actually a small geothermal in Alaska — big potential there. In fact, lands are auctioned off near Anchorage. Ormat Technologies Inc. — a very large company — is looking at developing geothermal there. Right down the Ring of Fire on the other side, you have Japan, New Zealand, Indonesia, Philippines — all with substantial geothermal power, and we just happen to be fortunate enough to be in the same kind of region.

So there have been different estimates of what might be here. We were told by one expert, a professor at the University of British Columbia, that there could be 1,000 megawatts or more here. But that's very preliminary.

The concept is that you tap into very hot water, and there you've got your heat and, using steam turbines, develop electricity. It's a wonderful baseload source. Almost everywhere it's used, you get 95 percent or better of your capacity year-round. It's ideal to match up with things like mines or industrial use, and it's totally clean. If it's done properly, particularly if you have two circuits — one of just hot water that comes up and goes down in the ground and the other separate circuit — the plants can carry on forever. In fact, the oldest one in the world right now is in Italy and is over 100 years old.

So if we're lucky enough to have the right stuff here, and if we can find it within a reasonable distance of our grids, then we'd be in pretty good shape. I'd love to be able to say that we were able to find even 10 or 20 megawatts of it, because it would be wonderful power for us and would really tide us over for a period of time.

Mr. Cardiff: What resources are the corporations putting into this search and what kind of time frame are they looking at before there could be a possible decision about moving forward with something like that?

Mr. Phelps: We are trying to partner with some government programs and, at the present, we've partnered a bit with the city in looking at some more wells here. Any kind of information we have about warm water or water is good information in terms of what we are requiring. Our first year, this year, the program involved expenditures of roughly \$100,000.

Once we have the results from that — a lot of it was testing water and geological work — the preliminary stages are geological work. Once we have that data in hand, our consultant will come back and make recommendations for stage 2 and we don't know how much that may be.

Mr. Cardiff: I thank the chair for that answer. I'd like to ask a little bit about whether or not the corporation is looking at any other developments in the wind energy or solar energy area.

Mr. Phelps: Mr. Chair, we've definitely been looking at wind, and I'm sure the member is well aware of the two turbines we have on Haeckel Hill, but we don't see it as being a very large component in the future. There are certainly a couple of areas that we're still looking at; a couple of turbines might be worthwhile, but unfortunately, wind doesn't provide base-load power in the Yukon. We have lots of problems with hoarfrost, which unfortunately occurs as you get higher up in elevation, and that's really where our wind is here — the wind that we can use for wind turbines. It's not really a very good option.

And solar — we need our electricity, unfortunately, in the wintertime, and that's when we don't have much sun, so it's not really a good one either.

On the other hand — and the wind that we do have is quite expensive. It is certainly in the category of what diesel has been recently to produce electricity.

Geothermal is more in the range of seven to 10 cents, from what we can understand in meeting with people in Nevada and California.

Mr. Cardiff: I'm just wondering what kind of analysis or reports or studies the corporation has done using photovoltaics. It's my understanding that the technology is improving. I've talked to some people locally who actually think the solar panels they have, the photovoltaics they're using, generate quite a bit of electricity during the winter months. I don't know if it's the reflection off the snow or what it is, but we may have shorter periods of sun, of daylight, but at the same time in a lot of areas, depending on the location, we have more clear, sunny days in the winter, as well.

Mr. Phelps: Mr. Chair, I certainly wouldn't totally discount solar. The member is quite right. There are a lot of advances being made, rather quickly in recent years, and a lot of money being spent in the field and a lot of money being raised to do research and development. We are going to keep abreast of that and see what is and can be done in areas such as Germany. I know there are things happening in Europe which aren't like in Arizona where there are plans for some rather large solar fields.

We are keeping on top of the subject, Mr. Chair, but right now it is not at the top of the list until we can be convinced that we might have something that would provide green energy at a reasonable cost to the ratepayers.

Mr. Cardiff: I will try to keep moving here as time is running out. There were some concerns expressed by some of the secondary power customers about the short notice they got when they were basically terminated or told they would be removed from secondary power. I understand what is behind the secondary sales concept. It was surplus power. A lot of that

surplus power is now being sold to Sherwood Copper for the Minto mine.

I'm just wondering if there is still the potential for secondary power sales to some of those customers like the Hospital Corporation. I guess the reasoning behind it is there was considerable investment on the part of those customers of the corporation that they made in good faith, hoping to be able to take advantage of that. Will those opportunities still be available for them? Will they have an opportunity to recoup the investments they've made without having a negative impact on other residential customers and the like? So I'm just looking for some comfort in that area.

Mr. Morrison: There is still power available for secondary power customers. It is a quantity of power that's decreasing over time, but it's a quantity of power that was decreasing over time without Sherwood or Capstone because loads in the Yukon have been increasing. So the ability of these customers to get as much power as they were getting all of the time has diminished somewhat, but whatever surplus we have on the system is available to them. We haven't disconnected anyone just arbitrarily from the system. Everybody is connected, and if there is secondary power available, we're certainly happy to sell it to them. Now, there will be more power in the summer versus the winter, but there will still be power to provide secondary customers with some.

Mr. Cardiff: I thank the president for that answer. Maybe I don't understand the entire way that it works — I'm just wondering: if there is surplus power available, and there are secondary sales being made, how do those customers access that? Is there a priority basis, or a queue that you have to stand in?

Mr. Morrison: First of all, all those customers who receive secondary power are separately metered, so they have their primary source of power, and then they have a separate meter for their business or their institution that is just secondary power. So basically, if we've got power available on the system, they're getting that power, whatever we have. If there is no power available for secondary customers, then we go and — we don't; the Yukon Electrical Company folk go and they disconnect that meter, and that means there's nothing available to them. And over the past several years, that has occurred for a very short period of time every winter. So when we get to our peak, for a few days — maybe a week — that meter is disconnected; that power isn't available to them.

Now, all of the customers are treated the same, with the exception of the hospital. The hospital has — and this option was made available to all of the secondary sales customers — the hospital connected to Yukon Energy via a SCADA system. So basically, we have a computerized visibility of their system. What the SCADA system gives us — so we see it in our control centre.

The difference here is that we give everybody else notice — it's 24 hours or 48 hours — before we disconnect the meter. We give them enough notice to turn on the other system that they have, which is their backup supply. In the hospital's case, we give them an hour and we turn it off. But the benefit that they get is that, as soon as we've got power back on the system,

we turn them back on immediately and they don't have to wait for a day or whatever it is for one of the staff at Yukon Electrical to go around and hook up all the meters again. They get instantaneously turned off but they get instantaneously turned on as well. That is the difference.

Mr. Cardiff: In another area, there has been some talk recently about electrical generation through coal-fired means. I'm just wondering whether the corporation is looking at that or if they are in discussion with companies like Cash Minerals or any other companies that are promoting that.

Mr. Phelps: The answer is no, we aren't. The government policy was reflected in our 20-year plan — they wanted us to be looking for green energy and that's what we're doing.

But when you do talk about coal, there have been at least two pre-feasibility reports coming out for large mines, one being Cassino — the old Cassino property which was a huge mine — which talks about that mine doing coal, over 100 megawatts and Howard's Pass likewise — a huge potential mine on the border that I'm sure you're aware of, and they're talking about coal. But that would be them, not us.

Mr. Cardiff: Is the corporation looking at any means of supplying either of those projects with power at all?

Mr. Morrison: We have not had any discussions with the people over at Howard's Pass. Through our discussions with Western Copper about their Carmacks Copper property, they have asked us, did we have any options that would be available to supply them with 100 megawatts of power, and we've said, not at the moment.

Mr. Phelps: To put it in context, 100 megawatts of power is more than we produce now with hydro, so it's a huge amount of power for one mine.

Mr. Cardiff: I would like to ask a couple more questions here. In the annual report of the Yukon Minerals Advisory Board, one of their priorities was for the provision — basically, they're looking for some legislative amendments to allow licensing of exclusive water rights to private parties for the generation of power. That's my understanding. It's one of their top five priorities.

They make a recommendation that the Yukon government needs to establish a competitive legislative regime for the granting of exclusive water rights to applicants. I'm just wondering what YEC/YDC's position would be on that and whether or not they are aware of any drafting of legislation that would grant greater access to private businesses for the purposes of power generation.

Mr. Phelps: We have no position against such a proposal, but it's solely the purview of the government. It's for them to determine the policy and to move ahead, if they wish. Certainly we have nothing to say that would oppose it.

Mr. Cardiff: There was an article in the paper on Friday — and the chair is probably aware of this, being that it's being proposed in his community — about a microhydro project in the Carcross area. I'm just wondering, first, whether or not the corporation would be receptive to buying power such as this from the First Nation in Carcross — and I would hope they would be — and second, whether or not they're actively work-

ing with any First Nation development corporations on other projects like this.

I think that it kind of speaks to the concept of some of the goals that are in the legislation about promoting sustainable development in the Yukon and supporting community development. So I'm just wondering whether the corporations have been in any discussions and if they're looking at other projects like this in other communities.

Mr. Phelps: The Carcross-Tagish First Nation hasn't officially come to talk to us about their project, firstly. Secondly, we're certainly open to talk to them. I mean, the real issue is that if it's an economic project and the price is reasonable, then we're certainly willing to talk to them in a very serious way. We don't know. We have definitely talked to some other First Nations about mini-hydro in the various places. There hasn't been any uptake at this point. I think part of the reason, in at least one case, is that they've been very busy doing other things.

Mr. Cardiff: Part of the reason for asking the question was that it's my understanding that there are other First Nations out there that are looking at this area as part of their investment strategy.

I'd like to ask the witnesses a question about the YEC annual report and the financial. On the consolidated balance sheet, it shows that current assets, cash and cash equivalents, from 2006 to 2007, are down by close to \$2 million. According to the note, the short-term investments are monies that are pooled in a market fund. I'm just wondering why it's down \$2 million. Was there an expenditure, or are there problems with the investment strategy? Why does that show up on the balance sheet?

Mr. Morrison: No, either we have less cash because we've spent it and/or we have less money in the market earning a return because we've spent money doing other projects. But we have no investments that are at any kind of risk.

Mr. Cardiff: In the YEC annual report it mentioned that 40 percent of the workers are going to be eligible for retirement in the next few years, and I'm just wondering what the corporation's plans are for recruitment, retention, and the training of employees.

Mr. Morrison: Over these last few years, not only have we been facing an aging workforce, we've also been facing a very competitive workplace across North America, particularly in terms of utility-qualified workers — linemen, electrical engineers, utility-qualified electricians. It's a bit of a problem for us in the sense that, even if we do have good plans for recruitment, and we certainly have a competitive wage package and a very competitive benefit package, and we have the beauty of the Yukon to recruit with, everybody else in the country's doing the same thing. So we couldn't compete, in some instances, with \$50,000 signing bonuses and these kinds of things.

We have instituted an apprenticeship program, which we've never had before. We have three apprentice linemen at the moment. We've got an apprentice mechanic on the diesel — they could work on the diesel plant or they could work on the hydro plant from a mechanical point of view. We're ac-

tively recruiting. We've had a very active scholarship program for a number of years and a summer student program. What we've been able to do is find engineer-in-training funds and we've actually been able to bring in one of our scholarship/summer students. The young fellow got a scholarship, he went to school — and he's from here — and we were able to work that through a summer job and then into an engineer-in-training position. We're trying to do it that way to introduce new staff at the apprenticeship and engineer-in-training level and then hopefully we'll be able to keep them as we retain.

But it's a balance, because we don't know how quickly some of these people are going to retire. Maybe that retirement pool will diminish some because the markets have been so devastating to people's investments that they might have to work another year or two and that will give us a little breathing room. I'm not being facetious when I say that, but it's a big issue for us and we're addressing it every day.

Mr. Cardiff: There's a possibility there are a few people — we've definitely heard of from people whose retirement plans aren't going quite according to plan. So you may end up getting a few more years of service out of them.

I'm glad to hear you're working in the apprenticeship field and promoting apprenticeships to get young people involved and into the workforce. Along that same line, is that being done in rural communities as well as Whitehorse?

Mr. Morrison: Yes, it is. We have an apprentice in Mayo and he's a local lad from Mayo. We have just recently had an apprentice in Dawson, as well. To add something based on your apprenticeship point, we've also changed one of our scholarships so we're providing scholarship funds not only to university-level students now, but also to those at the trades level.

Mr. Cardiff: On the Carmacks-to-Pelly line, what economic benefits were provided for local communities and First Nations on that portion of the project? What real on-the-ground benefits were there for those communities with regard to employment and especially, to stay with the training theme, transferable knowledge and skills that people in those communities will be able to take and use on the next phase of the project, as well as transfer to other jurisdictions? Do those plans also exist for the second phase?

Mr. Morrison: I would say that the Carmacks-Stewart project, from my perspective — and I think from others' — was a resounding success in terms of local employment and local partnerships. At the outset and with the support of the board, we entered into a memorandum of understanding with the Northern Tutchone First Nations — all three of them — which carried forward through their involvement in the project, not just from the government point of view.

At least the Selkirk First Nation was a decision body, and the project goes through both Selkirk and Little Salmon-Carmacks First Nation lands.

So we got a memorandum and we ended up with a project agreement. The consortium of the three First Nations, the Northern Tutchone First Nations, carried out the clearing contract, which was a substantial contract and had local First Na-

tion members employed and also local contractors from both Pelly and Mayo involved in the clearing project.

The three First Nations were also partners with the successful bidder for the construction of the line. My memory is never very good, so I can't remember, but I know that we put out, as part of the information package on the start of the line, the number of jobs that went to Yukoners and it was 80-plus. We had, as an example, an all-women crew from Carmacks putting in the Tatchun reroute, which required hand-digging of holes and putting them in with helicopters. All this work was done with localized crews. The businesses along the way, certainly in Carmacks — which was the hub of the project, you know — had full hotels for the duration of the year of the project with different crews and engineers and inspectors and people staying in them.

So it was a really successful project. A lot of the money stayed here, certainly the money where you had to buy the poles and buy the wire — you know, we just don't have those manufacturing facilities, but a good deal of the money stayed in the Yukon and it worked from the First Nations' point of view. At least in the discussions I've had with the three chiefs of each of the Northern Tutchone First Nations, they are very happy with sharing in the economic benefits of the project. And we would continue; you know, the memorandum of understanding we have with the Northern Tutchone First Nations continues through to the next stage.

Mr. Cardiff: Just one more question, I guess, and then maybe we have time for those short snappers. But I'd like to thank them for their answers today and for being here once again.

The last question in that area — the kind of training opportunities is one of the things I was looking for — the transferable skills that are going to remain in those three communities for the second phase and for other projects, whether they be here in the territory or not.

When you're tendering for installing the transmission line, is there something there that requires the contractor to do that kind of training and provide local benefits with regard to transferable skills?

Mr. Morrison: I think we're pretty informative in this. As the project went along, we did a lot of training. The surveying group, made up of local surveyors, spent quite a bit of time in the communities training people they needed for crews to do the surveying. The clearing contractors did the same kind of thing for people they needed on the ground, as did the line contractor. So basic construction skills were part of — and we certainly can't require people to train locals as part of a contract, but we certainly encouraged it and it was part of the bid process.

On the skill set of the line construction itself, it's really difficult, in the sense that these people are highly qualified professionals who string this line. We attempted, wherever possible, to try to get locals and train those locals in the skills that were available to them, but in some ways it is limited.

Mr. McRobb: Here we go with the short snappers. The first one: is diesel generation currently required on the WAF system in the case of no power outages?

Mr. Morrison: No.

Mr. McRobb: How much in the diesel account is YEC budgeted for with approval from the Yukon Utilities Board each year?

Mr. Morrison: I don't have the number at the tip of my fingers but we don't budget for a lot of diesel. Generally, our diesel budget is simply this: what we know we're going to have for hydro maintenance — so if have to do maintenance on the Mayo system, we know we would take the hydro units out, turn the diesels on for a certain period of time. Same with Whitehorse; same with Aishihik — well, Aishihik in the summer, we just do our maintenance and we don't need diesel there.

We also budget a little bit — but it's a tiny little bit — in case of outages. But what we try to do is err the other way; we try to err on the side of not budgeting much diesel.

Mr. McRobb: With respect to net metering, does the corporation have any plans to introduce this for Yukon consumers?

Mr. Morrison: It's not in our plans, Mr. Chair.

Mr. McRobb: Are officials aware the Province of Manitoba recently reintroduced a net metering program with the latest technological innovations, and it's working quite well there?

Mr. Morrison: I'm aware there are other provinces looking at it. We've not looked at it. Firstly, we have very few retail customers and, secondly, the cost of the equipment needed to do this is very significant. We have not looked at it, based just on that alone. There are also not a lot of people here with the ability to provide that additional capacity into the grid. It's very small, so we just haven't looked at it.

Mr. McRobb: But that doesn't exclude the possibility of people upgrading their current residences, businesses or farms, and also allowing for new construction to take it into consideration.

Yukon Electrical, in its application, came under fire from the Energy Corporation with respect to its smart meters. Were those meters capable of handling net metering?

Mr. Morrison: I don't know.

Mr. McRobb: On the Marsh Lake flooding, there was supposed to be a report. Has that been done and has it been made public?

Mr. Morrison: Not a report that had anything to do with us. We didn't do anything about the flooding. It wasn't our problem.

Mr. McRobb: Okay, thank you, Mr. Chair, but I was referring to the transcripts from last year's appearance. There was reference to such a study.

Let's go to the Minto power purchase agreement. When is this agreement up and when will it be renegotiated?

Mr. Morrison: The power purchase agreement covers the short period prior to the start of the Minto mine consuming power and it goes until — it depends on whether or not, within the agreed upon time frames, the mine provides us with basically a certification that they have more ore — it's seven years or nine years, depending on which time frame.

Mr. McRobb: I understand the agreement provides for a take-or-pay contract for the power that is sold, which means they have to pay for it, even though they don't take it.

If the officials feel otherwise, they're open to comment on that. But I want to move to the possibility — because it has been raised recently — of a closure at that mine. After all, it has forward-sold commodities, and it would currently be economical for it to just buy on the open market to meet those terms and still make a profit and avoid the higher cost of winter operations, for example.

So I would imagine that officials have done a paper exercise on this, especially with respect to the large investments it has made in order to connect this industrial customer. My first question: what is the likelihood of this happening? Secondly, what would the bill impact be if it did happen?

Mr. Morrison: The member is correct. As part of the power purchase agreement with Minto, we have a four-year, take-or-pay contract. So, for four years they have to take a minimum — a certain amount of power — or they have to pay. It works out to about \$3 million a year for each of those four years.

I'm not aware of any of the other points of information the member made regarding the possibility of the mine closing or anything like that. We look at the current operations. We talk to them on a very regular basis. We look at our exposure. We have what we believe is a very significant amount of security, if in fact the mine were to close. We don't see that. As the member said, they have forward-sold a very substantial amount of production. We're not hearing from them at all that there are any issues around them continuing to operate, so I'm not going to speculate.

Mr. McRobb: But surely the corporation must have done a bill impact analysis. It would save a lot of speculation in this House if we heard from them just approximately what the bill impact would be, because the Yukon ratepayer and taxpayer have considerable investments in this and one could argue that they have a right to know.

Hon. Mr. Kenyon: At the risk of disappointing everyone who's having so much fun, seeing the time, on behalf of the Committee of the Whole, I would like to thank Willard Phelps, chair of the Yukon Development Corporation Board of Directors and Yukon Energy Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, for appearing as witnesses today, and with apologies to the Member for Kluane.

Chair: I'd like to thank you, Mr. Kenyon, and the witnesses are now excused.

Witnesses excused

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

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

Motion agreed to

Speaker resumes the Chair

Speaker: Order please.

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

Chair's report

Mr. Nordick: Committee of the Whole has considered Bill No. 12 entitled *Second Appropriation Act, 2008-09*, and directed me to report progress on it.

Also pursuant to Committee of the Whole Motion No. 15, Willard Phelps, chair of the Yukon Development Corporation Board of Directors and Yukon Energy Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, appeared as witnesses before the Committee of the Whole, from 3:30 p.m. to 5:30 p.m.

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

Some Hon. Members: Agreed.

Speaker: I declare the report carried.

The time being 5:30 p.m., this House now stands adjourned until 1:00 p.m. tomorrow.

The House adjourned at 5:31 p.m.

The following documents were filed December 8, 2008:

08-1-77

Fleet Vehicle Agency 2007-2008 Annual Report (Lang)

08-1-78

Queen's Printer Agency 2007-2008 Annual Report (Lang)