



The Yukon Legislative Assembly

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Debates and Proceedings

Wednesday, April 19, 1978

Speaker: The Honourable Donald Taylor

Whitehorse, Yukon Territory
Wednesday, April 19, 1978

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

ROUTINE PROCEEDINGS

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

Are there any Documents for Tabling?

TABLING OF DOCUMENTS

Hon. Mr. Hibberd: Mr. Speaker, I have for tabling the Yukon Spatial Price Survey, February, 1978.

Mr. Speaker: Are there any further Documents for Tabling?

Reports of Committees? Petitions? Introduction of Bills?

BILLS: INTRODUCTION AND FIRST READING

Mr. McCall: Thank you, Mr. Speaker.

Mr. Speaker, I would move, seconded by the Honourable Member from Klondike, that a Private Member's Public Bill entitled *An Ordinance to Amend the Mining Safety Ordinance*, be now introduced and read the first time.

Mr. Speaker: It has been moved by the Honourable Member from Pelly River, seconded by the Honourable Member from Klondike, that Private Member's Public Bill entitled *An Ordinance to Amend the Mining Safety Ordinance*, be now introduced and read a first time.

Motion agreed to

Mr. Speaker: When shall the Bill be read for the second time?

Mr. McCall: At the next sitting day, Mr. Speaker.

Mr. Speaker: So ordered.

Are there any further Introduction of Bills?

Notices of Motion for the Production of Papers? Notices of Motion or Resolution?

NOTICE OF MOTION

Ms Millard: Mr. Speaker, I give Notice of Motion, moved by myself, seconded by the Honourable Member from Mayo, that the White Paper on the Pioneer Grant Program be referred to Committee of the Whole for consideration. **Mr. Speaker:** Are there any further Notices of Motion or Resolution?

Are there any Statements by Ministers?

This then brings us to the Question Period.

QUESTION PERIOD

Mr. Speaker: Have you any questions?

Question re: Haines Junction/Additional Nurse

Mrs. Watson: Mr. Speaker, my question is for the Minister of Health. Yesterday there was an announcement made by the Regional Director or the Government of Yukon, I do not know who made the announcement, but that Dawson City would be getting an extra nurse to help alleviate the heavy load that is being carried by the medical staff in that community and also to maintain a level of service that the community should have.

I noticed that there was no announcement regarding the ability of also relieving the situation of Health Services in the Haines Junction area. I wonder if the Minister of Health has anything else to report on the Haines Junction needs?

Hon. Mrs. Whyard: Mr. Speaker, in answer to the Honourable Member, my information from the Regional Director of Medical Services is that Haines Junction is an area of concern to his Department, and they have had a preliminary look at the workload there, but require more time to assess the situation, and expect that a decision will be made within a month. They have already decided, Mr. Speaker, to provide some additional help to the nurse at Haines Junction for the peak load periods of this coming summer.

While I am on my feet, Mr. Speaker, I would like to say that we are all very pleased to see that the required staffing is being added to the Father Judge Hospital in Dawson and we hope that this change of attitude will continue in the Medical Services Branch. Thank you, Mr. Speaker.

Mr. Speaker: Are there any further questions?

Question re: Whitehorse/Taxation Deadline for 1978

Mrs. Watson: Mr. Speaker, I have a question for the Minister of Local Government. What is the deadline date that the City of Whitehorse has to strike a mill rate for the taxation year 1978?

Hon. Mr. McKinnon: Mr. Speaker, it is a six month extension from the normal time that they had under the Ordinance which was passed at the last session of this House.

Mrs. Watson: Mr. Speaker, I wonder if the Minister of Local Government could then give us the specific date? What is the six month period; to what date would it take us?

Hon. Mr. McKinnon: Mr. Speaker, I have a schedule which I would be happy to give to all Honourable Members.

Mrs. Watson: Mr. Speaker, is the schedule part of the legislation or has the schedule been adopted by Commissioner's Order?

Hon. Mr. McKinnon: Mr. Speaker, this is just a schedule that can be worked within the extension of the time limits, which was granted by the passage of the Ordinance in the last session of this House.

Mr. Speaker: Are there any further questions?

Question re: Women Employed in YTG

Ms Millard: Mr. Speaker, a question to the only woman on the Executive Committee, the Minister of Health, about the question which I asked on March 6th, concerning many women's problems in our Government.

I am wondering if she is up on what is happening with the answer to that question, or if any action is being taken at all?

Hon. Mrs. Whyard: Mr. Speaker, I was not present at the time the Honourable Member asked the question, therefore another department undertook to reply, but I have seen some of the material being gathered. It was quite an extensive question, regarding practically every department of Government and its approach to women's problems.

I assure the Honourable Member, Mr. Speaker, that an answer is forthcoming.

Question re: Stratton Inquiry Report

Mrs. Watson: Yes, Mr. Speaker, I have a question for the Commissioner this morning.

Mr. Speaker, I wonder if the Commissioner has received a report from the Chairman of the Stratton Inquiry, regarding the results of the Stratton Inquiry?

Mr. Commissioner: Mr. Speaker, no, I have not.

Mr. Speaker: Supplementary from the Honourable Member from Klwane.

Mrs. Watson: A supplementary question, Mr. Speaker: could the Commissioner indicate whether he has had any indication of when he can, in fact, expect the report.

Mr. Commissioner: Mr. Speaker, no, I have not.

Mr. Speaker: Are there any further questions?

Question re: Stratton Inquiry Report/Tabling of

Mrs. Watson: Mr. Speaker, I wonder whether the Commissioner could indicate whether he is prepared to table the report immediately, when he receives a report?

Mr. Commissioner: Mr. Speaker, if the Legislature is in Session, I will be pleased to table it after I have reviewed it and Executive Committee has seen it, yes.

Question re: Taxation/Variable Mill Rate System

Mr. Berger: Yes, Mr. Speaker, a question for the Minister of Local Government regarding taxation. I was wondering if the Minister could tell me if the municipalities have the right to come up with a variable mill rate system, say like in the City of Whitehorse, to impose a mill rate in the downtown area differently from the one in Porter Creek or Hillcrest?

Hon. Mr. McKinnon: Mr. Chairman, I have asked the various municipalities and the Association of Yukon Municipalities whether they would want the right to set the variable mill rate under the terms of the *Municipal Ordinance* and *Taxation Ordinance* and to this point in time, have received no request or no indication that they want such powers under either the *Municipal Ordinance* or the *Taxation Ordinance*.

Mr. Speaker: Are there any further questions?

Question re: Capital Assistance Program

Mr. Berger: Mr. Speaker, another question to the Minister of Local Government. About a month ago, I asked the Minister a question: what safeguards are there for small municipalities and small communities for spending the money for Capital Assistance Program? Like Dawson is spending roughly about \$26,000 on a program which is now invalid and they actually wasted \$26,000. The Minister told me he is going to come back with an answer, and I wonder if he has an answer for that?

Hon. Mr. McKinnon: Mr. Speaker, I do not remember the specific question and stating that I would come up with a specific answer. My answer is always the same in this regard, that the eventual protection is by the electorate when they exercise their franchise at the ballot box.

Mr. Speaker: There being no further questions, we will proceed to Orders of the Day under Motions and Resolutions.

ORDERS OF THE DAY

MOTIONS

Madam Clerk: Item Number 1, standing in the name of the Honourable Member, Mr. Fleming.

Mr. Speaker: Is the Honourable Member prepared to discuss Item 1?

Mr. Fleming: Next sitting day, Mr. Speaker.

Mr. Speaker: So ordered.

Madam Clerk: Item Number 2, standing in the name of the Honourable Member, Mr. McIntyre.

Mr. Speaker: Is the Honourable Member prepared to deal with Item 2?

Mr. McIntyre: Yes, Mr. Speaker.

Mr. Speaker: It has been moved by the Honourable Member from Mayo, seconded by the Honourable Member from Whitehorse Riverdale, THAT pursuant to the Sixth Report, dated December 14, 1977 of the Standing Committee on Rules, Elections and Privileges, a Members' Services Board be struck consisting of the Speaker, Mr. Taylor, Ms Millard, the Member from Ogilvie, and Mr. Hibberd, the Minister of Consumer and Corporate Affairs.

THAT the Speaker be chairman of the said Board, and THAT the said board would assist the Speaker on matters of Assembly organization including:

1. Initial selection of Clerk of Assembly
2. Recommending appropriate salaries for the Clerk, Clerk Assistant and Law Clerk in accordance with the salaries of House Officers in other jurisdictions
3. Approval of estimates of Legislative Assembly vote
4. Consideration of policy questions concerning matters of Assembly organization such as:
 - (a) Legislative Library
 - (b) Space allocation
 - (c) Expansion of staffing
 - (d) Caucus funding
 - (e) Press Gallery House rules
 - (f) Seating in the Assembly
 - (g) Hansard
5. An annual report of the Legislative Assembly Office be tabled in the Yukon Legislative Assembly.

Mr. McIntyre: Mr. Speaker, since the resolution arises pursuant to the Sixth Report of the Standing Committee on Rules, Elections and Privileges, which was adopted unanimously by the House, I have really nothing further to add to that Report and suggest that question might well be called.

Mr. Speaker: Is there any further debate?

Motion agreed to

Madam Clerk: Item Number 3, standing in the name of the Honourable Member, Mr. McCall.

Mr. Speaker: Is the Honourable Member prepared to discuss item 3?

Mr. McCall: Yes, Mr. Speaker.

Mr. Speaker: It has been moved by the Honourable Member from Pelly River, seconded by the Honourable Member from Klondike THAT IT IS THE OPINION OF THIS HOUSE THAT the Economic Research and Planning Unit in co-operation with Territorial Agencies, commence an indepth study and a detailed cost analysis as soon as possible for the purpose of establishing a new vocational apprenticeship training centre in the township of Faro; and FURTHER that such study form and integral part of the Economic Research and Planning Unit's report on Yukon Economic and Social Future.

Mr. McCall: This is a pretty straight forward resolution, Mr. Speaker, and I would call question at this time.

Hon. Mr. Lang: Mr. Speaker, I do not think it is as straight forward as the Honourable Member has stated in speaking to the Resolution. I think that there has to be a fair amount of discussion in this particular area and as you know, we have a paper in the Committee of the Whole discussing the concept of decentralization.

You will recall, during the debates on the question of a vocational school being built, if it is built, that I, as a member responsible, have no objections to looking very seriously at putting it in one of the outlying communities other than the municipality of Whitehorse.

I do find it rather strange that the Resolution states very specifically the township of Faro. I would suggest that possibly the communities of Haines Junction, Watson Lake, Dawson City and Mayo should be taken into consideration as well so I do not think that any study of this nature should be confined to one particular area of Yukon.

With those remarks, I would like to hear further discussion on this because I think it is fairly important. I would make a resolution, Mr. Speaker, and move Resolution Number 14 into Committee for further discussion.

Mr. Speaker: It had been moved by the Honourable Minister of Education that Resolution Number 14 be referred to Committee of the Whole.

Motion Agreed to

Mr. Speaker: We will now proceed to Public Bills.

PUBLIC BILLS

Madam Clerk: Second Reading, Bill 15, Dr. Hibberd.

Bill Number 15: Second Reading

Hon. Mr. Hibberd: Mr. Speaker, I move that Bill Number 15, entitled *An Ordinance to Amend the Stabilization Fund Loan Ordinance* be now read a second time.

Mr. Speaker: It has been moved by the Honourable Minister of Consumer and Corporate Affairs that Bill Number 15 be now read a second time.

Hon. Mr. Hibberd: Mr. Speaker, a new *Credit Union Ordinance* and *Stabilization Fund Loan Ordinance* were passed by this House last year. Those Ordinances were presented in order that the operations of the Credit Unions in Yukon could be properly conducted and the Yukon Government could adequately monitor the operations.

A Mutual Aid Board was established under authority of the new *Credit Union Ordinance*. The first report of this Board has been tabled for your consideration.

The *Stabilization Fund Loan Ordinance* was enacted to provide a means by which the Mutual Aid Board could borrow monies from the Yukon Government. The Board, through the provisions of the *Credit Union Ordinance*, would then be in a position to grant financial assistance from the Fund to assist or enable the Credit Union to meet maturing deposits, debt obligations, or repayment application for money invested in shares of the Credit Union.

It should be noted that the *Stabilization Fund Loan Ordinance* requires that the Mutual Aid Board borrow funds from this Government, who will in turn review and approve the proposals submitted by the Board for the assistance to be granted to the Credit Union.

At the time the *Stabilization Fund Loan Ordinance* was passed, within a limit of \$400,000, the deficit of the only operating Credit Union in the Yukon was approximately \$390,000. The December 31 deficit of the Credit Union is shown at approximately \$518,000. The Mutual Aid Board has stated that in view of this operating deficit, the *Stabilization Fund* is now considered inadequate and should be increased to an amount at least equal to the current deficit.

As the auditor for the Credit Union has stated in his report on its 1977 activities, the Credit Union has suffered losses due to inadequate lending procedures since 1975 and is currently being supported by a demand loan from the British Columbia Central Credit Union.

The Registrar caused an inspection to be made of the Whitehorse Credit Union in November, 1977. Subsequent directives were issued to the Credit Union respecting corrective measures required on inadequacies in their management procedures. These directives have now been complied with by the Board of Directors.

It is my intention to implement a schedule program whereby this Government, in direct consultation with the Credit Union's principal banker, BC Central, will monitor the operation of the Credit Union on a regular basis throughout the forthcoming year. I feel that it is, however, necessary to increase the *Stabilization Fund Loan Ordinance* capacity to \$600,000 to provide security at the time this Credit Union has worked to establishing a viable and secure operation.

Mr. Speaker: Any further debate?

Motion agreed to

Mr. Speaker: Shall this Bill be referred to Committee of the Whole?

Some Members: Agreed.

Mr. Speaker: So ordered.

Mrs. Watson: Mr. Speaker, on a Point of Order, the Resolution that the Honourable Member from Porter Creek passed into Committee, putting Resolution Number 14 in Committee did not have a seconder, with respect. I am prepared to second that motion.

Mr. Speaker: I am afraid the rules proclaim that a Minister need not have a seconder in proposing a Motion or Resolution. For the interest of Members who have not found it in their rules, you will find it on page 68 of your Rules. It states: "Ministers, when making a motion on a bill at any of its particular stages or when introducing an amendment, do not need a seconder to the motion. All other members require seconds to such motions."

Mrs. Watson: Mr. Speaker, on a Point of Order, and with respect, it was not a bill he was making a motion on, it was a resolution.

Mr. Speaker: It would be the interpretation of the Chair this would apply to resolutions as well.

Order please, we are now dealing with Public Bills.

Madam Clerk: Second Reading, Bill 16, Dr. Hibberd.

Bill Number 16: Second Reading

Hon. Mr. Hibberd: Mr. Speaker, I move that Bill Number 16 entitled *Special Rural Development Agreement (Special 4RDA) Ordinance* be now read a second time.

Mr. Speaker: It has been moved by the Honourable Minister of Consumer and Corporate Affairs, that Bill Number 16 be now read a second time.

Hon. Mr. Hibberd: Mr. Speaker, I would like to begin by giving the background events leading up to the introduction of this particular Ordinance.

Across the country, in all of the provinces, DREE has been active through its programs in providing incentive grants to help businesses establish in rural and remote areas, outside the large metropolitan areas such as Vancouver and Toronto.

Since the development of DREE programs is in the South, it is felt by some, both within the Yukon Territorial Government—

Mrs. Watson: Point of order. A point of order, Mr. Speaker, I cannot see where an outline of the activities of the DREE program in the past, and possibly the future in Yukon, has anything to do with the principle of the Bill that is before us.

Mr. Speaker: I am afraid I cannot find a point of order there. The Honourable Minister is attempting to explain the principle of the Bill and has not gone beyond the limits allowed the Minister in this regard and I would ask the Minister to continue.

Hon. Mr. Hibberd: Mr. Speaker, I do think that this particular legislation does have some ramifications that are indeed complicated and I think the Members of the House would indeed appreciate having some knowledge of what they are dealing with if they are to vote on it at this time.

Mrs. Watson: In Committee.

Hon. Mr. Hibberd: We are voting now.

Mr. Speaker: Order please.

Hon. Mr. Hibberd: Mr. Speaker, the Yukon economy is once again on the brink of a very exciting time in its history. I am sure, Mr. Speaker, that you and my colleagues are aware of the increased economic activity in almost every region of Yukon. There is a reason for that and of course it is because of the pipeline.

A lot of Yukoners, however, view the pipeline with some scepticism because they have seen the Yukon economy boom before and they know that such a large upswing in activity is usually followed by a long, prolonged period of inactivity. People are concerned, and perhaps rightly so, that this may happen again.

At the time, the economic activity seems at a very high level, there are also indicators that the basic economic fabric of the Yukon economy may be suffering. All of us know the Clinton Creek Mine will be closing sometime this summer and the problems that White Pass and Yukon Route are in. We also know that Whitehorse Copper has only four or five years of reserve left, and predominantly low prices of lead and zinc have apparently shelved one major mining prospect already and there is no way of knowing whether this situation will improve or not in the foreseeable future.

The Yukon economy, Mr. Speaker, is consequently in a difficult position. On the one hand, business seems to be at a high because of the added interest in Yukon due to the pipeline, but on the other hand, there are indicators which suggest that, without some efforts to strengthen and broaden Yukon's economic base, the bust this time around could be very severe.

For these reasons, the Yukon Territorial Government decided to review the need for DREE-type of programs in Yukon. The problems we face, that is the need to diversify our economic base, provide more incentives to business, establish economic opportunity throughout Yukon, and establish stimuli for our native citizens to participate in the future economic development of Yukon are problems upon which DREE programs will focus.

For the information of you, Mr. Speaker, and my colleagues, the Department of Regional Economic Expansion has been providing financial assistance to businesses in all regions of Canada but Yukon.

So far, DREE has committed over \$2 billion towards regional economic development in Canada. It seems only logical, Mr. Speaker, that Yukon should be included in their programs.

In summary, therefore, Mr. Speaker, the Yukon economy does have a great future ahead. But if we are going to make the most of it, I feel we must start towards diversifying our economy now. DREE programs offer ways to do some of this. Our businesses in Yukon also should be entitled to some of the same incentives as businesses take for granted in all other regions of Canada. DREE programs will provide some of this.

Yukon businesses want to be able to reap the benefits of pipeline construction, but some are frustrated by a lack of capital to expand. DREE programs will provide some of this.

In addition, Mr. Speaker, Yukon's native population wants to be an active participant in the economic future of Yukon. DREE programs will also do some of this.

For these reasons, Mr. Speaker, I have prepared an Ordinance which will allow the DREE programs, RDIA and Special ARDA to be introduced into Yukon. The program, as it is proposed for Yukon, is based on the principles of DREE programs in southern provinces, but with some changes to adapt the programs to the special circumstances of Yukon. DREE's approach to promoting regional economic expansion is based on three principles. Incentive grants, to begin or expand commercial or manufacturing businesses. Secondly, special business training, management assistance, and infrastructure support especially to encourage the native economic development. Thirdly, planning and co-ordination of federal and provincial economic development efforts and programs especially to support large development projects.

The General Development Agreement signed between DREE and each of the provinces provide that the federal and provincial governments will co-operate in planning and implementing programs to promote regional economic expansion and outline in very broad terms, the general objectives of these joint efforts. The General Development Agreements provide for co-operation of programs of any and all federal departments that might be involved in special development projects in any area in the provinces.

In Yukon this co-ordination of federal departments is the responsibility of the Minister of Indian and Northern Affairs under the *Yukon Act*. Thus, a General Development Agreement or overall plan, was signed by the Commissioner for Yukon and by the Minister of Indian and Northern Affairs for the Federal Government, unlike the provinces in which the Minister of DREE signs for the Federal Government.

As Members are aware, a *General Development Agreement Ordinance* was assented to on April 28th, 1977. On August 17th, 1977, a General Development Agreement was signed by the Commissioner and the Minister of DIAND. This GDA provides for the planning, development, and implementation of subsidiary agreements to pursue economic opportunities. Yukon staff have initiated discussions on proposed subsidiary agreements, and it is hoped that agreement on resource inventory and planning will soon be consummated with DIAND under this GDA.

On February 24, 1978, the Executive Committee agreed in principle to initiate discussions with officials of the Federal Department of Regional and Economic Expansion to seek designation of the Yukon Territory under RDIA and to enter discussions on the appropriateness of the Special ARDA program for application in Yukon. The Ministers of both DREE and DIAND have responded to letters from the Commissioner welcoming the Yukon initiative in seeking RDIA designation, and indicating a desire for introducing the Special ARDA program at the same time as the RDIA.

These two programs are considered to be complementary and provide for assistance to balanced economic development.

At this time, Mr. Speaker, I would like to provide Members with a rather brief description of the two DREE programs currently being considered for introduction into Yukon.

First of all, the industrial incentives: nine years after DREE's creation in 1969, assistance to industry under the Regional Development Incentives Act remains one of the Federal Government's most effective means of creating jobs in processing and manufacturing, thereby affecting a diversification of economic stimulus in regions where growth is inhibited.

Although it accounts for less than 20 per cent of DREE expenditures, the incentive programs is the best known of DREE's activities. In fact, the public tends to associate the Department with grants to industry.

The RDIA was passed by Parliament in 1969, at the time of the legislation which established the Department. Since that time, incentives to industry under RDIA have involved some 4,000 projects, expected to create some 125,000 direct new jobs and generate nearly \$2.7 billion in eligible capital investment.

While there has been much debate about the degree of effectiveness of such assistance to industry as an instrument of regional development, even the program's harshest critics agree that RDIA has been a plus in those areas in which it has been applied over its history.

The RDIA program aims at encouraging entrepreneurs through financial incentives to locate or expand their operations in areas designated under the Act, those parts of Canada deemed to require special measures to encourage industrial growth.

Current designated areas include all of the Atlantic Provinces, all of Manitoba and Saskatchewan, northern Alberta, northern B.C. and all of the Northwest Territories. Northern Ontario is designated, as is all of Quebec, except the Montreal-Hull corridor.

Incentives under RDIA may take the form of outright grants, repayable development incentives or loan guarantees. To be eligible for an incentive grant, a project must involve manufacturing or processing and be located in a designated region. Exceptions are petroleum refining, segments of the

pulp and paper industry, mining and a growing, harvesting or extracting of natural products.

Loan guarantees are available for new commercial projects such as business offices, warehousing and freight handling facilities, shopping centres, hotels, convention, recreation and research facilities.

A minimum capital cost of \$25,000 may qualify a project for a grant. If a new facility or a new product expansion that would create at least five direct jobs is involved, an even lower capital cost may qualify, as low as \$5,000. The minimum capital cost to qualify for a loan guarantee is \$100,000.

For projects expected to create fewer than 100 new jobs and involving less than \$1.5 million capital costs, the standard formula is used to determine the amount of incentive offered by DREE.

For new facilities or new product expansions, the standard formula grant is based on 25 per cent of eligible costs, plus 15 per cent of one years' wage and salary bill.

Application for incentive assistance are evaluated by DREE and, if successful, an incentive offer is made by the Department. The offer must be accepted within 90 days. Accepted offers are closely monitored and when a project is in commercial production, inspections made.

Approval of the inspection report results in a first payment by DREE, usually 80 per cent of the approved grant.

Under RDIA designation, there is investment tax credit available. The value and effectiveness of the incentive program were enhanced by the 1977 Federal Spring Budget which included tax credit measures to encourage development in RDIA designated areas. Whereas an investment tax credit of 5 per cent has been available to businesses in Canada generally, a credit of 7.5 per cent is now available to businesses in RDIA designated areas.

The investment tax credit is calculated as a percentage of new investment in billings and equipment and is claimed as a direct reduction of Federal income taxes otherwise payable. If in the year the investment is made there is insufficient tax against which to claim a full credit, any unclaimed balance can be carried forward for up to five years.

Special ARDA:

Special agreements under the provisions of the *Agricultural Rural Development Act* were entered into with each of the western provincial governments during 1971-72. In Alberta, where provincial officials after signing the agreement did not implement its program, but chose instead to tackle native economic development with their own resources, Special ARDA has proven to be a good mechanism for providing assistance to encourage the establishment of commercial ventures, which will promote income and employment opportunities. Briefly the Special ARDA program is designated to provide assistance towards three major types of projects.

1. Projects involving the establishment, acquisition, expansion and modernization of any business which stimulates participation in the work force by people of native ancestry, businesses of all types are eligible including manufacturing, processing, and service industries. For these commercial projects, Special ARDA can provide financial contributions of up to 50 per cent of the total cost. If loans are also needed, they must be obtained separately from commercial sources or government loan programs.

2. Projects started by groups or associations which will improve the incomes of people engaged in hunting, fishing and forestry, trapping, agricultural activities.

3. Projects that provide counselling, training and special social services not available under other federal or territorial programs which are needed to help people take advantage of job opportunities.

Assistance not only takes the form of a cash grant to the individual, group, or community starting a project. Businesses, for example, can attain incentive grants which may provide up to 50 per cent of the capital required for the project. The grant can also include funds for training in other services. Projects are considered individually and therefore grants can differ in amounts of assistance.

There are certain criteria which an applicant should meet before his project can be processed for assistance. Applicants should have detailed information about the project. More than half the people who work in the project should be of native ancestry. Good training should be available for these people: the costs of this training may be paid through this Special ARDA program or other federal or territorial programs.

Applicants are expected to put something of their own equity into the project. For businesses, this equity must be at least 10 per cent of the cost of the buildings, machinery and equipment. This equity can be either the owner's money or can take—

Mr. Berger: A point of order, Mr. Speaker.

Mr. Speaker: Order please.

Mr. Berger: On a point of order, Mr. Speaker. Mr. Speaker said before there is a principle of the Bill. We are no longer in the principle of the Bill, we are in the detailed discussion of the Bill.

Mr. Speaker: Order, please. I believe the Honourable Member has forty minutes in which he may speak to the principle of his Bill.

However, would the Honourable Minister continue.

Hon. Mr. Hibberd: Mr. Speaker, it must be stressed that these grants are not to be considered Government handouts. The projects considered for assistance must be shown to be viable and must be considered in the context of impact on the present economic infrastructure of the community or region.

The advice of the management committee, in evaluating project proposals, cannot be over emphasized.

A serious concern to myself and, I am sure, to Members in general, are the financial implications to Yukon Territorial Government of entering into an agreement with the federal Department of Regional Economic Expansion to provide Special ARDA programming in Yukon.

As in the case of assistance provided to commercial ventures under the terms of RDIA, all the grant monies paid out to such commercial undertakings, under special ARDA are provided for in total by DREE, although YTG would have administrative involvement in reviewing and approving any project. It would not require substantial financial outlays.

In closing, I would like to impress on Members the significance of obtaining DREE programming in Yukon. This Territory is the only area of the country which has not been eligible for DREE programming in the past. The introduction of RDIA and Special ARDA and the establishment of DREE in the Territory puts us on a more equal basis with our neighbours in southern provinces and it is with pleasure and optimism that I urge the approval of the Ordinance related to the introduction of DREE into Yukon.

Mr. Speaker: Any further debate.

Mrs. Watson: Yes, Mr. Speaker, I would like to speak on the principle of the Bill and I hope I will be accorded the same latitude.

Mr. Speaker: I am rather surprised to see the Honourable Member bring the Bill forward, because the actual basic principle of the Bill and programs of this sort, DREE and ARDA, are the involvement of government in private enterprise. This is certainly contrary to the political philosophy which is followed by the Honourable Member who is introducing this Bill.

Mr. Speaker: these types of programs are supposed to stimu-

late the economy. They are supposed to provide jobs and they are supposed to provide opportunities for development. On paper and in discussion, they well sound that way and in many instances, maybe they do turn out that way, but the history of some of these government-involved-with-industry programs have not been that successful.

Mr. Speaker, had they been successful, particularly in the Maritime provinces where the Government of Canada is involved to the extent of millions and millions and millions of dollars, they still have a severe, extremely severe unemployment situation and in order to keep what is going there now, the Federal Government is continuing to pour in more money and the province finds, themselves, that they must pour money, in order to keep the thing alive.

While the basic concept sounds good when you speak about it, in actual practice is this the type of direction we should be taking in Yukon? I think we have been very fortunate. We have not had that much of an artificial stimulus in the Yukon and we have been able to develop very slowly, but very soundly, not too many businesses or industries go belly-up in Yukon, or need an injection of capital from our Government or from the Government of Canada. What we are doing is embarking upon a program that could well see us sucked in to providing dollars and dollars and dollars to keep people working.

I believe people should have an opportunity to employment. Everyone should have an opportunity to employment, but it should not be an artificial type of employment. I often look at some of these programs as a different form of the make-work programs we have in the winter and for some of the students. I think every one of us here realizes that they are a necessity in some instances, but would it not be better to have our economy rolling so that jobs would be there that do not have to be made up.

Mr. Speaker, I find myself in, I think it is rather a comical position of expounding some of these principles to those people across the aisle.

Mr. Speaker, I would have hoped that our Government would have delayed another year before we went into this. I think there will be many, many opportunities for development in Yukon, natural development. Natural growth is the best growth, not an artificial growth. We would have then not ever needed, I do not think, the DREE or the ARDA programs. Government involvement in the marketplace, and that is what this is, really has been quite disastrous for our country, or so we are told. I think we have been most fortunate that we have not been part of it, and I think the struggle now is to push ourselves away from this and give people opportunities. One way of giving people an opportunity rather than through an artificial stimulus of funding, is to cut down on the government requirements and regulations that are being forced upon people before they can go into some type of endeavor, some type of development. It is government who is making the costs so high, that you have to have government give you money so that you can go into business.

Government got out of business and took these regulations and requirements away and let the marketplace and competition, then I think we would have a much healthier situation.

One basic principle that I am opposed to very much is the fact that we will have businesses, commercial enterprises, industrial enterprises competing unfairly with people who have had to go it on their own. Now, if you have businesses or commercial enterprises, industrial enterprises established and carrying on in communities in the Yukon Territory and you have a business or an enterprise that starts in opposition to them, with artificial money, taxpayers' money, that is unfair competition to the guy who has done it on his own who is a taxpayer and who is contributing to the subsidization, actually, of his competitor.

So, Mr. Speaker, I think that we are going to have to tread very cautiously and I am looking forward the further debates in Committee, Mr. Speaker.

Mr. Speaker: Any further debate?

Ms Millard: Well, Mr. Speaker, far be it from me to say that government involvement in industry has been disastrous. I feel it is quite the opposite and would like to compliment the Executive Committee for bringing this forward. These programs have been pursued by the native organizations for quite some time and they will be welcomed indeed in Yukon by natives and people involved in the tourism industry and other small businesses.

Mr. Fleming: We will be going broke for the next 20 years.

Hon. Mr. McKinnon: Mr. Speaker, I think we are going to have some very interesting debate in Committee, following the principle of the Bill, when we get down to the nitty gritty.

I must say that I agree with some of the remarks that the Honourable Member from Kluane has forwarded before the House today.

It is so difficult, there was one other hold-up amongst all of the provincial or territorial governments against the special ARDA, or ARDIA and one could go to that jurisdiction and say, look it, what were the arguments and what were your reasons for not becoming involved in these jurisdictions.

I think you would have some arguments for the pressure that is being put very strongly upon this Government to get into the ARDIA and the ARDA agreements. Of course, we thought that we would simplify it and have much greater control in getting this plethora of agreements with the different government agencies by signing one general development agreement, under which subsidiary arrangements would be made between this government and DIANA, who we knew the principles and the actors involved and had long tradition of meeting with and having discussions regarding financial matters.

That, unfortunately, Mr. Speaker, seemed to be a political camouflage where one of the federal Ministers, some three times removed, decided to make the big political ploy of going to our sister Territory in Yellowknife and making the big scene that there had been a great break through by the signing of a General Development Agreement between the Yukon and the Northwest Territories, to Yukon's credit. They went immediately into finding out where they could get the bucks under a subsidiary agreement and, of course, as soon as we started talking subsidiary agreements, we were told that there was no money under this program, that you would have to go to ARDIA and Special ARDA to be able to get some bucks in the Yukon economy.

I have have a lot of problem when industry now knows that we have the capabilities of signing agreements that would declare the Yukon a region under the RDIA program. The monies are substantial when you are talking about tax credits from 5 to 7.5 per cent. Unfortunately, those people who are bidding and competing in the Yukon market are bidding and competing against other markets that have been declared as RDIA areas, so hold it out to this Government that we are making them compete unadvantageously and unfairly against areas that have been declared as RDIA and in major industries are benefiting to several hundreds of thousands of dollars a year under the tax credit program from 5 to 7.5 per cent.

One of the real bastions of private entrepreneurship which I have always considered to be the Yukon Visitors' Association, are also aware of the special programs that are available under ARDA, and of course, have been lobbying for this government once again saying that their new plans and their availability and upgrading of facilities, that they are unfairly taking advantage because they are competing against other areas that have the ability of receiving grants under the Special ARDA programs.

With people knowing that we could go into RDIA and groups

and organizations and the tax credit availability under RDIA and the availability of new funding to the Yukon in Special ARDA programs, I do not think the Government had any choice in bringing these arrangements and agreements before the House for debate. While the principle is, and I still believe it, that the government, the less it is in the marketplace and the less it does get involved with private entrepreneurship the better off everybody is. I also have no argument for those people in principle that say all right, if all the rest of Canada can take advantage of these agreements and these arrangements, why should you put me, as a Yukon businessman and a Yukon entrepreneur, in an unfair position and competing against those areas which have Special ARDA agreements and have been declared an area where RDIA is applied.

So it does present an interesting mix and match of two pretty competitive and diametrically opposed philosophies. As I say, Mr. Speaker, I imagine we will have very interesting discussions on the Ordinance and the agreements when they come before Committee.

Hon. Mr. Lang: Mr. Speaker, I would like to make a few comments in respect to the package that all Members have before them. I think it is very important that Members realize that with the declaring of Yukon an RDIA area of Canada, with the tax credit increase from 5 per cent to 7.5 per cent, it can make the difference between a mine going into production and not going into production.

A major capital investment coming into Yukon and providing the productivity and the work that is going to be viable for Yukon is what the Honourable Member from Kluane alluded to earlier. I think one has to refer to the remarks made by the Minister responsible for the Bill, who stated very specifically that the package is complementary. In other words, in order to be declared an RDIA area, the Federal Government is taking the position that we must complement that with the package of Special ARDA.

At the same time, Mr. Speaker, and we do have great concerns with the Special ARDA program possibly going into competition with other businesses. This is where the committee that will be struck to review all possible business opportunities will be invaluable. The appointments to those committees are going to have to be taken very seriously because they will have to recommend to the Territorial Government and the Federal Government whether these businesses that could go into operation will be going in unfair competition with other businesses that have already started.

So, I am looking forward to the debate, Mr. Speaker.

Hon. Mrs. Whyard: Mr. Speaker, there is an old saying "If you cannot lick 'em, join 'em". This Government has been fighting for the years I have been around in these portfolios for funds to support and enlarge the tourism industry in Yukon. My department has been searching desperately for funds to establish wilderness camps for inmates in the Corrections Institute. The Rehabilitation Centre is desperate for funds to establish new programs and enlarge their facilities.

Nowhere have we been able to find government dollars to assist us through the normal channels.

This program, which is now being placed before us, we are assured, Mr. Speaker, that there is another source which we have not yet tapped from another federal department of the same Government, which always seems very strange to me. There are no dollars here, but there may be dollars there, but the Government is broke. It is an interesting equation.

If there are dollars available to my departments through these agencies, I want them and I want to have these bucks available to agencies in Yukon who need to expand their programs for the people of Yukon. I want to be able to see private entrepreneurs get those bucks to set up programs that we can use.

Mr. Speaker, it is simple as that as far as I am concerned.

Mr. Speaker: Is there any further debate?

Mr. Lengerke: Yes, Mr. Speaker, I think the comments are very, very interesting indeed and I look forward to the debate in Committee.

As a person that, ever since being in Yukon, I have said that we should have the program, the DREE program in Yukon. I do stress, through, that there should be some caution with it, however. I will recognize the concerns of the Member from Kluane, indeed, and certainly of the Minister of Local Government.

There have been many, many failures within the DREE program inherent in it, and especially in the eastern part of Canada. I think the success rate is certainly a lot different in the West and I think that speaks for the philosophy of the people in the west and the way that they go about doing business, that they just do not always take everything as being that big, carried out there, and that the program is full of all goodies.

But it does offer us, I think, some opportunities and I am really pleased to see the Minister bring it forward. As I say, I think we have to look at it very carefully, examine it and make sure that we know where we are going with it. I think it is a matter of educating our people in Yukon, too, who are going to take part in the program, and I think you will probably find that participation in it might be somewhat limited, because I think the terms of the program with the assistance that is available does curtail some of the involvement by applying people.

However, I think it is a positive step. I like the idea, as I said many, many times, that this is about the first time in Yukon that we see another department entering into the affairs of Yukon, rather than just the Department of Indian Affairs. I like that competition.

I think that it is a closed shop situation with the Department of Indian Affairs and Northern Development, we have nobody to play one against the other kind of thing and I think this enters into that.

As I said, I caution it. I am wondering if in fact by virtue of doing this that the Department of Indian Affairs will withdraw some of their help and assistance to Yukon, however we will get into some further debate on it.

Mr. Speaker: Is there any further debate?

Mr. Fleming: I have been listening with interest. I guess I am going to have to join the Member from Kluane again on this one, there is no question. I think the Minister of Human Resources said it when she said if you cannot beat them, join them, however, I agree with that in the sense that I guess we have to. I am also going to say that as far as I am concerned, it may be my own opinion and nobody else's, but Canada has gone down the drain completely in the last seven or eight years due to such types of programming.

Any time this money is coming in free and going, the principle of this Bill is to wipe out small business and get government control completely across Canada. I still say that is what is going to happen. Any time you dump money into large businesses and a big establishment from the government, especially those establishments which the Minister spoke of, you are creating more government. You are getting money to do things you want to do, but you are creating more government, and of course you are going to create some employment which is what the government wants to do. But in the long run, you are going to take the initiative away from the people, you are going to kill small business completely.

Mr. Speaker: Is there any further debate?

Motion agreed to

Mr. Speaker: Shall the Bill be referred to Committee of the Whole?

Some Members: Agreed.

Mr. Speaker: So ordered.

Madam Clerk: Third reading, Bill 9, Mr. McKinnon.

Bill Number 9: Third Reading

Hon. Mr. McKinnon: Mr. Speaker, I move that Bill Number 9, *An Ordinance to Amend the Community Assistance Ordinance* be now read a third time.

Mr. Speaker: It has been moved by the Honourable Minister of Highways and Public Works that Bill Number 9 be now read a third time.

Motion agreed to

Mr. Speaker: Are you prepared to adopt the title to the Bill?

Hon. Mr. McKinnon: Mr. Speaker, I move that Bill Number 9 do now pass and that the title be as on the Order Paper.

Mr. Speaker: It has been moved by the Honourable Minister of Highways and Public Works, that Bill Number 9 do now pass and that the title be as on the Order Paper.

Motion agreed to

Mr. Speaker: Bill Number 9 has passed this House.

Madam Clerk: Third reading, Bill 10, Mr. McKinnon.

Bill Number 10: Third Reading

Hon. Mr. McKinnon: Mr. Speaker, I move that Bill Number 10, *An Ordinance to Open a Certain Portion of Land in the City of Whitehorse* be now read a third time.

Mr. Speaker: It has been moved by the Honourable Minister of Highways and Public Works, that Bill Number 10 be now read a third time.

Motion agreed to

Mr. Speaker: Are you prepared to adopt the title to the Bill?

Hon. Mr. McKinnon: Mr. Speaker, I move that Bill Number 10 do now pass and that the title be as on the Order Paper.

Mr. Speaker: It has been moved by the Honourable Minister of Highways and Public Works, that Bill Number 10 do now pass and that the title be as on the Order Paper.

Motion agreed to

Mr. Speaker: Bill Number 10 has passed this House.

Madam Clerk: Third reading, Bill 14, Mrs. Whyard.

Bill Number 14: Third Reading

Hon. Mrs. Whyard: Mr. Speaker, I move that Bill 14, *An Ordinance to Amend the Tobacco Tax Ordinance* be now read a third time.

Mr. Speaker: It has been moved by the Honourable Minister of Human Resources that Bill Number 14 be now read a third time.

Motion agreed to

Mr. Speaker: Are you prepared to adopt the title to the Bill?

Hon. Mrs. Whyard: Mr. Speaker, I move that Bill Number 14 do now pass and that the title be as on the Order Paper.

Mr. Speaker: It has been moved by the Honourable Minister of Human Resources that Bill Number 14 do now pass and that the title be as on the Order Paper.

Motion agreed to

Mr. Speaker: Bill Number 14 has passed this House.

Mr. McCall: Yes, Mr. Speaker, I would move Mr. Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

Mr. Fleming: I second that.

Mr. Speaker: It has been moved by the Honourable Member from Pelly River, seconded by the Honourable

Member from Hootalinqua, that Mr. Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

Motion agreed to

Mr. Speaker leaves Chair

COMMITTEE OF THE WHOLE

Mr. Deputy Chairman: I call this Committee to order.

Yesterday in Committee of the Whole, the Minister of Highways and Public Works proposed an amendment to Bill Number 11, *An Ordinance to Amend the Highways Ordinance*. The Chair stood over a decision on whether the amendment was in order at that time. Having studied the parliamentary authorities, the Chair has found that this amendment will have to be ruled out of order.

There are two reasons for this ruling. First, an amendment may not be introduced which goes beyond the principle of the Bill. The principle of Bill Number 11 is that it should be possible for both the driver and the owner of a vehicle to be charged under the *Highways Ordinance*, in cases where the driver is operating the vehicle under the direction of the owner. The proposed amendment obviously does not relate to this principle as it deals with responsibility for weighing and issuing overload and overweight.

The second reason for the ruling deals with the nature of *Amendment Ordinance*. Beauchesne says in Annotation 361 that "no other section of (an ordinance) can be amended than those mentioned in the Bill unless modifications have become necessary in consequence of amendments made by the committee to the clauses of this amending Bill." In Bill Number 11, only Section 32 has been opened and no amendments have been made by Committee of the Whole which would necessitate further consequential amendments to the *Highways Ordinance*. Members of the Committee should recognize the problems which would arise if an entire Ordinance was made open to amendment merely because a bill has been introduced to amend one section of the Ordinance.

In this case, if the Minister wishes to amend Section 22 of the *Highways Ordinance* as he proposes, it would be necessary for him to introduce a new bill. In order to avoid the stricture against having two bills of the same title introduced at the same Session, this could be called *An Ordinance to Amend the Highways Ordinance, Number 2*.

I declare a brief recess.

Recess

Mr. Deputy Chairman: I call this Committee to order. We will now proceed back to Bill 13, *An Ordinance to Amend the Students' Financial Assistance Ordinance*. I believe the Minister has provided us with some amendments to the Sections that were stood over in the first clause by clause reading.

Mrs. Watson: We had amendments to it?

Mr. Deputy Chairman: Yes, they are being issued now.

Mrs. Watson: Thank you.

Mr. Deputy Chairman: It has been moved by Mr. Lang that Bill Number 13 entitled *An Ordinance to Amend the Students' Financial Assistance Ordinance* be amended as follows:

By deleting subsection 5.(2) of Clause 3 at page 3 and substituting therefor the following:

(2) The Superintendent of Education, or in his absence the Students' Financial Assistance Officer, shall be *ex officio* chairman of the Committee, but shall not vote on any matter considered by the Committee.

Hon. Mr. Lang: Mr. Chairman, this was in the request of Members to ensure that the Superintendent of Education is involved in some aspect with the Students' Financial Assistance Committee, and I believe this answers the questions that were posed by Members.

Amendment agreed to
 Clause 3 agreed to

Hon. Mr. Lang: Mr. Chairman, at the same time we were requested by Committee to look at Section 5.(4) where it was recommended that possibly we change from "not less" to "no fewer" and I have been informed by the legal draftsman that grammatically the English is correct in that particular subject. Furthermore, if we were to change it, he feels that minor change may cause us having to go through the Ordinance and changing other areas as well. It is his opinion that it says the same thing and we would be in a better position to leave it the way it is rather than having to make minor amendments later on in the Ordinance. I am referring to Section 5.(4).

Mr. Deputy Chairman: We go to the next amendment. It is moved by Mr. Lang that Bill Number 13 entitled *An Ordinance to Amend the Students' Financial Assistance Ordinance* be amended as follows:

In Subsection 8.(3) of Clause 3, by deleting the words "taken in any academic year, semester or quarter" where they occur in lines four and five of page 5, and substituting therefore the following:

"taken in the second or subsequent academic year, third or subsequent semester of fourth or subsequent quarter".

I would like to read the whole clause as it would read now.

"In receipt of financial assistance under this Ordinance who does not attain a 65 per centum average or its equivalent in his program of studies taken in the second or subsequent academic year, third or subsequent semester, or fourth or subsequent quarter, shall receive not more than 65 per centum of the aggregate amount determined pursuant to subsection 2."

That is how it would read with the amendment.

Hon. Mr. Lang: Mr. Chairman, this is the point raised by the Honourable Member from Kluane in the initial drafting of the Legislation. It is the intent of this Government to maintain the principle that a student who has graduated from our system and accepted in an accredited approved institution, that he or she should have that opportunity of proving themselves, regardless of exactly what their academic standing was.

But, it is also the position of this Government that once the second year comes into play, that they must get a certain average, 65 per cent or better, in order to qualify for the full amount of monies eligible under this Ordinance.

Mr. Deputy Chairman: Shall the amendment carry?

Some Members: Agreed.

Amendment agreed to
 Clause 3.8 (3) agreed to

Mr. Deputy Chairman: It has been moved by Mr. Lang, that Bill Number 13, entitled *An Ordinance to Amend the Students' Financial Assistance Ordinance*, be amended as follows: in subsection 9(2) of Clause 3, by adding the words "or loans" immediately after the words "special scholarship awards" where they occur in line 19 and 20 of page 6.

I would like, again, to read out the Clause, as amended. Subsection 2: "No student is eligible to receive financial assistance under this Ordinance where that student receiving any territorial or federal government financial assistance for post-secondary education other than special scholarships, awards or loans".

Hon. Mr. Lang: Mr. Chairman, this is the question raised by the Honourable Member from Ogilvie. In order to clarify that section, we have inserted the amendment to the Section.

Amendment agreed to
 Clause 3.9 (2) agreed to

Mr. Deputy Chairman: It has been moved by Mr. Lang, that Bill Number 13, entitled *An Ordinance to Amend the*

Students' Financial Assistance Ordinance be amended as follows:

In subsection 10.(1) of Clause 3, by deleting the words "within six weeks subsequent to" where they occur in lines 23 and 24 of page 6, and substituting therefor the following words: "no later than six weeks after".

So the Clause would read: "Every student applying for financial assistance under this Ordinance shall make such application on the prescribed form no later than six weeks after the date of commencement of classes in this program of studies at an approved institution."

I take it that would be "forms" now, would it Mr. Lang, or are you dealing with the singular?

Hon. Mr. Lang: We are dealing with the singular, Mr. Chairman, it is a prescribed form that they have to fill out in order to make application.

Amendment agreed to

Mr. Deputy Chairman: Moved by Mr. Lang that Bill Number 13 entitled *An Ordinance to Amend the Students' Financial Assistance Ordinance* be amended as follows:

In Clause 3 at page 6, by deleting subsection 10.(3) thereof, and substituting therefor the following subsection: (3) Where any student proves to the satisfaction of the Students' Financial Assistance Officer that, as a result of unforeseen or unfortunate circumstance, he is eligible for financial assistance under this Ordinance, that student may make application to the Committee for such assistance notwithstanding the fact that the time prescribed under subsection (1) for making application for assistance has expired.

That replaces the existing subsection (3).

Hon. Mr. Lang: Mr. Chairman, that was to clarify that subsection of the Clause, on the matters raised by the Honourable Member from Kluane in discussion of the Bill yesterday. I believe it reads better the way it is, in the form that it is being presented this morning. It clarifies that it is strictly within the context of this Ordinance and there is no thought of discretion in respect to the financial obligations of this Government.

Amendment agreed to

Clause 3.10 agreed to

Mr. Deputy Chairman: We have a Clause here that has been stood over for further consideration, which is the remaining item in this particular Bill, that is Clause 11. Mr. Lang, do you wish to make a comment?

Hon. Mr. Lang: Mr. Chairman, it was my understanding that Clause had been carried. I do not recall the discussion on it.

Mr. Deputy Chairman: No, Mr. Lang, it was not carried.

Hon. Mr. Lang: If one would go through the questions that were asked in that particular area and possibly refresh my memory.

Mr. Chairman, I think it had to do with the questions raised by the Honourable Member from Kluane in respect to an individual or organization presenting a scholarship and then subsequently leaving Yukon and the monies that have been allocated have exhausted themselves. In discussion with the Department, they do not carry on scholarships that have expired or lapsed. If the money has lapsed, there is a student financial assistant scholarship booklet that goes out and all that is inserted in the booklet is withdrawn. Therefore, we are under no obligation to carry on a scholarship once it has been put into effect by a private organization and the Department feels that the wording of the present section is sufficient.

Mr. Deputy Chairman: Does that satisfy your concern, Mrs. Watson?

Mrs. Watson: Yes, Mr. Chairman, that is fine. I did have that concern, but maybe as we have a Students' Financial

Assistance Officer now, they will be making sure that these booklets which list the bursaries and scholarships that are available will be kept up to date.

I think this is one of the keys for it because, in the past, sometimes this booklet was not kept up to date and people would apply for a certain scholarship and, when the Committee or the Government looked at it, they could not find any money for it.

That is fine.

Hon. Mrs. Whyard: If I could just say a word on that point. I am very pleased to see that there is a specific person who is going to have that responsibility because, as all Members know, two organizations have, from time to time, taken on the task of updating the scholarship award booklet. The University Women's Club did this chore for several years when I was an active member and then, when they were no longer active, the task was taken on by the Business and Professional Women's Club.

It is a certain amount of correspondence to the donors of these scholarships to make sure that they are going to repeat the offer and so forth, but it was a labour of love because this information is so valuable to students throughout Yukon and at that time, there was no pair of hands in the Department of Education available to undertake it.

So, I am happy to hear that it is going to be an official task from now on.

Hon. Mr. Lang: Mr. Chairman, perhaps I am misleading the Committee. I do believe, and I will have to check this out, but I do believe that the responsibility still lies with an organization outside the Government for issuing the booklet.

But, with the Students' Financial Assistance Officer, who will be monitoring these various scholarships, they will have up-to-date information, as much as is humanly possible, so that the students can be informed and know just exactly what is available and, hopefully, no mistakes will be made.

But, I believe that somebody, a private organization still have that responsibility rather than the Government, of issuing the booklet itself.

Clause 3.11 agreed to

Mr. Deputy Chairman: The Commissioner of the Yukon Territory, by and with the advice and consent of Council of the said Territory, enacts as follows: *An Ordinance to Amend the Students' Financial Assistance Ordinance.*

Mr. Deputy Chairman: Shall the title carry 0

Some Members: Agreed.

Mr. Deputy Chairman: Shall I report the Bill out of Committee as amended?

Some Members: Agreed.

Mr. Deputy Chairman: Very well.

This afternoon we will be proceeding with the clause by clause reading of the *Credit Union Ordinance*, for those who wish to do some homework over the lunch period.

Committee will recess until 1:30.

Recess

Mr. Chairman: Would Committee please come to order. We will go ahead with Bill Number 15, *An Ordinance to Amend the Stabilization Fund Loan Ordinance*. There is just one Clause to it, I will read that and we can go into discussion as soon as the Minister arrives. He has just gone to get some material.

On Clause 1

Hon. Mr. Hibberd: Mr. Chairman, I think the comments that I offered this morning were background material for bringing the amendment to the Ordinance, and perhaps we could have comments from other Members at this time.

Mrs. Watson: Mr. Chairman, I wonder if the Minister responsible for this Bill could have copies run off of his comments that he made this morning, because there was quite a bit of detailed information in it? I think it would help in our discussions.

Ms Millard: Mr. Chairman, what assurances can the Minister offer us that this will not continue, that we will not be continuously asked to increase this?

Hon. Mr. Hibberd: Mr. Chairman, the control measures that have been instituted have not been there before in the manner in which we are instituting them now. Not only has the BC Central instituted their own manager with their own controls to ensure that it does become a financially viable operation, or will continue as such, but also this Government itself will be instituting a program which I am having drawn up right now so that we will be able to inspect it on a regular basis, much more so than has been done in the past and specifically for the purpose of what is before us now.

The indebtedness of the Credit Union has shown considerable improvement in recent months and their projected losses for the year are indeed minimal and we are looking at, at this point in time, a turn around position, if they are able to acquire the Stabilization Fund behind them.

Mrs. Watson: Well, Mr. Chairman, I have great, great concern with this Bill. I am sure that everyone in this House has.

I think they were concerned when we brought the Stabilization Fund in originally, at the beginning of the year or at the end of last year. I find very little information in the Report, in the Annual Report of the Mutual Aid Board and we are committing taxpayers' dollars to, now, even more than a half a million dollars.

I am extremely concerned and I would certainly want quite a bit more information than what was given in the Mutual Aid Board's Annual Report and I am hopeful that, I think, some of the information was available this morning in the comments that the Honourable Member made.

The Minister, just at the present time, said that there has been quite an improvement in the indebtedness situation of the credit union this past year, and yet we are being asked to vote an additional \$200,000, as part of this stabilization fund.

Once you get into these things, they sort of keep on growing and we have one Credit Union that we are dealing with at the present time that we are guaranteeing, and with the existing legislation as it is, the Credit Union Legislation makes it possible for any credit union to establish in the Yukon Territory and once you set the precedent with one, you could well be expected to provide the same type of guarantee to any other that should try out a credit union concept and find themselves in some financial problems.

So, Mr. Chairman, now that we have the information, some of it, maybe we will be able to do a little bit more knowledgeably discussion on the subject.

Hon. Mr. Hibberd: Mr. Chairman, the document that was circulated does indeed contain some information, but I would like to point out that the Annual Report of the Credit Union and the auditor's report were published a month ago and were available to the public at that time, and they were available to the public before their annual general meeting, which occurred at the end of March.

I would also like to mention, Mr. Chairman, that as far as the situation with regard to a possible on-coming credit union is concerned, in view of our experience here, we would be very, very cautious in not putting very stringent controls on another credit union if it were to surface particularly with reference to financial backing and the terms that are outlined by the Mutual Aid Board are indeed stringent and if they had that kind of

backing, I do not think they would require our backing of the same nature that we have found ourselves in in this situation.

Mr. Lengerke: Mr. Chairman, I am sorry I am late getting in on this discussion. Possibly what I have to ask has already been asked or mentioned. The first thing is, is there an auditor's report and is it available. I would like to be able to see a copy of that.

We were told when we went to approve the \$400,000 Stabilization Fund situation that there would be some very stringent controls put on, and I am wondering, here we see again that the debt has increased considerably, and I do not know if this any alarming nature that it is increasing in the eyes of the people that are looking at it or not but certainly what assurance do we have that we are going to have stringent controls, if in fact we approve further stabilization funding for the Credit Union?

Hon. Mr. Hibberd: Mr. Chairman, I just mentioned that the auditor's report was published and circulated to all members of the Credit Union a month ago and was available for public consumption, it is a public document.

Mr. Lengerke: I am sorry, I did not realize that.

Hon. Mr. Hibberd: The Annual Report included the auditor's report in it. As far as the stringent controls that were to be in place when this Ordinance was first drawn up a year ago, all I can say, Mr. Chairman, is that the stringent controls were indeed not in place. But at this point in time, the controls, to a majority extent, are already in place. I intend to see that more are put in place on behalf of this Government, but a vast majority of recommendations that went forward from their last sections, have now been acted upon.

Mr. Watson: Mr. Chairman, this is what we were told when we approved the Stabilization Fund of \$400,000 about six months ago. Here we are again for another \$200,000. I would appreciate if the Minister could see that we do get a copy of the auditor's report. I do not think any of us here have had a copy, even though it is available to the public. I was rather surprised when we were being faced with another *Stabilization Fund Loan Ordinance*.

Mr. Chairman, in the submission the Honourable Minister made this morning, paragraph three, I have a question to ask. The Board, through the provisions of the *Credit Union Ordinance* would then be in a position to grant financial assistance from a fund to assist or enable the Credit Union to meet on three things: maturing deposits, debt obligations, or repayment applications for money invested in shares of the Credit Union.

In what area are the greater funds required, in the maturing of deposits and the debt obligations, or in the repayment applications for money invested in shares?

Hon. Mr. Hibberd: Mr. Chairman, I do not have the answer to that and if Committee so desires, if they are going to go along with this kind of questioning, I could ask Mr. Spray to appear as a witness, who might be able to offer us more information. I am not sure he can answer that particular question. Would that be the desire of Committee?

Some Members: Agreed.

Mr. Chairman: Yes.

Mr. Spray is in the gallery and I notice that he is promptly descending to the bowels of the House.

Mr. Spray: ??I apologise, Mr. Chairman, I did not have an Ordinance.

Mr. Watson: Mr. Chairman, if Mr. Spray is ready.

Mr. Spray: I believe the question was where the request for financial assistance would come, whether it would be on maturing deposits, debt obligations or applications of repayment invested in shares.

At this point, there is no way to answer that question defini-

tively, but we would expect that it would be on maturing deposits, first; debt obligations and shares lastly.

Hon. Mr. Lang: Mr. Chairman, the concept of the *Stabilization Fund Loan Ordinance*, with the Mutual Aid Board, is that not similar, and I direct my question to the witness, is that not similar to what occurs with the chartered banks with the Government of Canada, where the securities one puts in the banks are guaranteed by the Government of Canada? Is this not similar to what we are doing here?

I think that some people are under the impression that this is monies allocated directly out of the funds of the Government of Yukon, and I think it has got to be made clear that this is simply a security that we are allocating at the present time.

I would just like to hear his comments. Is this not similar to what the chartered banks have from the Government of Canada?

Mr. Spray: Mr. Chairman, the chartered banks are covered under the Canadian Deposit Insurance Corporation, as are some credit union organizations in one or two of the provinces.

The Stabilization Funds in the provinces for credit union organizations are built up mainly from assessments made against member credit unions, a situation which is not possible here and that is why this Government has had to establish the *Stabilization Fund Loan Ordinance*, in order that the Mutual Aid Board could borrow funds in order to assist the credit union.

It could be expected that these funds that were borrowed by the Mutual Aid Board, in turn loaned to the credit unions, would be repaid back to the Government. There is also the possibility, of course, that it would not be repayable.

Mr. Fleming: Yes, Mr. Chairman, in the event that they do borrow this money from the Government to cover the debts that they have now and to bring them into a financial position to go ahead, then it is not necessarily paid back, I take it.

Now, if it is paid back, is it paid back with any interest to the Government, or is it just paid back?

Mr. Spray: Mr. Chairman, it would depend on the terms of the loan. If the monies were loaned to the Credit Union or advanced to the Credit Union through the Mutual Aid Board, with a view to allowing them to use the funds for investment purposes in order to build up the stability of the Credit Union, it may very well be made at no interest or at low interest rate. That money would be expected to be repaid.

Mr. Fleming: Mr. Chairman, I have a problem with money being loaned to an operation which is already loaning money out, if they have to pay interest on it when they borrowed it. What they are doing now is loaning money and getting interest on that money and if they are going to pay interest on this money, I would just say one is going to just offset the other and they are not going to be in any better position than they were. I am just wondering, just what we are doing in this case.

Myself, I am not in favour of it at all, I was not in favour of it before, and I am not in favour of it now. The Bank of Canada is run by Canada itself, I am not really interested in private organizations which actually this is, regardless of whether people believe it is or not. It is a group of people that get together and wish to start credit unions, the same as co-op stores or anything else. When they are in that position, I think it is their lookout to look after themselves, as far as I am concerned, and I am not too interested at all in backing any monies towards it.

Mrs. Watson: Mr. Chairman, another question for Mr. Spray. The money will be lent by the Territorial Government to the Mutual Aid Board, who will determine how much will go to the Credit Union. Of course that money will be given interest free, will it not, by the Territorial Government?

Hon. Mr. Hibberd: Mr. Chairman, I think that that would have to be a decision made at the time when there was a

decision made for some money to pass from this Government to the Credit Union, but that would be part of the decision, whether it would be an interest free loan, low interest loan or whatever, depending on the circumstances. There has been no submission by the Mutual Aid Board for monies for the Credit Union and as yet we are staying with just the Stabilization Fund, that is what was requested and that is what we are responding to.

Mrs. Watson: Does it not say in the original legislation for the Stabilization Fund that it is this \$400,000 with no interest, in the original Bill? It does mention interest.

Mr. Spray: Mr. Chairman, the original Bill is an enabling Bill to allow the Commissioner to make agreements with the Mutual Aid Board and loan money or guarantee payments of sums not exceeding \$400,000. But every loan made by this Government to the Mutual Aid Board is to be secured by a debenture and to date the Mutual Aid Board has not approached the Government for a loan and the Mutual Aid Board has not been approached in turn by the Credit Union for an advance of any monies.

The monies will not be borrowed by the Mutual Aid Board from this Government until such time as there is a requirement for them and then they will be secured by a debenture between the Mutual Aid Board and the Government of Yukon. This is a line of credit available to the Mutual Aid Board.

Mrs. Watson: Mr. Chairman, the obvious question, and maybe I am ignorant, then why do we have to increase it another \$200,000, if there has not even been a request on the \$400,000? How do we know that the \$400,000 is not sufficient?

Hon. Mr. Hibberd: Mr. Chairman, the representation has been made to us via Mutual Aid Board because it has been indicated that in order for B.C. Central to carry on in their role as monitoring it and supplying a manager and keeping the controls on it, they feel it would be in a more secure position if it had a larger fund backing it up in view of its present financial picture.

They can offer that kind of backing if we increase the amount of the stabilization fund.

Hon. Mr. Lang: As a guarantee.

Hon. Mr. Hibberd: Otherwise, Mr. Chairman, they might not be willing to continue in that role and I would suggest that that is essential to the function of the Credit Union.

Mrs. Watson: Mr. Chairman, is this an ultimatum from the BC Central to Yukon that unless we are prepared to cough up, they will withdraw their expertise?

Hon. Mr. Hibberd: Mr. Chairman, I asked the same question. The answer was no.

Mrs. Watson: Why is it in here?

Hon. Mr. Hibberd: Mr. Chairman, I think it is apparent that the present situation of the Credit Union and their position of indebtedness does require a larger fund than is available to them now.

We are not covering their present loss position and we are undertaking to do so by this legislation.

Mr. Fleming: Yes, possibly you cannot even answer this but I would like to know, does the Credit Union charge as much interest for monies as the Bank of Canada or as any one of the banks?

Hon. Mr. Hibberd: Perhaps Mr. Spray could answer that more adequately, Mr. Chairman.

Mr. Spray: Mr. Chairman, I do not have their rates in front of me right now, but they are in competition with the banks.

Mr. Fleming: They are in competition with the banks or are they equal with the banks?

Mr. Spray: Mr. Chairman, I would not say here that they are equal to the banks because I do not have all of the figures in

front of me. However, I do know that the interest rates that they pay on deposits are competitive with the banks in order to attract depositors and it is my understanding and my recollection that their lending rates are comparable to what the banks charge.

Mr. Lengerke: Mr. Chairman, a question for Mr. Spray: what controls does the YTG exercise over the credit union now? In other words, does your shop provide some kind of a watchdog situation? Have you got the time, in fact, to do that, in the manner that what I feel should be done?

I would think that if we were to advance further monies for this or further security, that we would probably want to exercise better controls over the Credit Union. Are you confident that you can provide that?

Mr. Chairman: That is a question for the Minister, Mr. Lengerke.

Mr. Lengerke: I am sorry, Mr. Chairman, yes, I will direct that to the Minister.

Hon. Mr. Hibberd: I am sorry, Mr. Chairman, I was distracted with the receipt of these reports that are to be distributed.

Mr. Chairman: Mr. Lengerke asked a question that has already been answered. Are you prepared to monitor efficiently, the operations of the Credit Union in the future?

Hon. Mr. Hibberd: Mr. Chairman, as far as this House is concerned, I do not think anything is more important than getting adequate monitoring involved. I think that is absolutely essential, particularly in terms of what has happened in the past. That was an undertaking I gave that not only would BC Central have their monitoring services involved, but we would also involve ourselves in a major way and on a day by day basis, and a very close at hand basis to make sure that we were watching them very carefully.

Mr. Lengerke: Mr. Chairman, that is fine, I am glad those assurances are made, but is it physically possible that Mr. Spray's department can do this, or should we be hiring a third party I think is what I am getting at? Should we be looking for a firm of auditors to do this, or what?

Hon. Mr. Hibberd: Mr. Chairman, these are somewhat technical things and that is a consideration, but it is one that we are, at the present time, considering, whether we will be able to conduct it within our present staff, which does not appear likely because we want such a good monitoring service, it will require some time; whether we require someone to be hired to help us in it or whether we go to contract. That is what we are indeed considering, but no, I do not have the conclusions to that yet. But I am giving you the undertaking that we will be going that direction.

Mrs. Watson: Mr. Chairman, this becomes a little more alarming all the time. I agree with Mr. Fleming, the Credit Union originally was a private organization that wanted to set up a type of banking situation, a private one. They have run into financial problems. I do not think the financial problems are necessarily the fault of the Territorial Government or the people of the Territory.

We have to accept some responsibility because they established their Credit Union under legislation of the Territorial Government which gave them the authority to establish it but they have got into trouble. Some of that trouble is the responsibility of their Board of Directors and their members. Now that we have guaranteed the Stabilization Fund to \$400,000, we are assuming the worries for the Board of Directors and the membership of the Credit Union. Really we are.

When I hear the Minister say that he is going to monitor it, and that the Government is going to monitor it, yes, we have got ourselves into a position now we have got to. When I think that we may even have to hire extra staff, the responsibility of some of this also rests with the people who have an awful lot to

lose in the Credit Union and that is the members and the Board of Directors.

Now we are completely assuming the responsibility to make sure that this thing becomes solvent and stays solvent. That really does concern me. I do not think that that originally was the intent of the Government of the Territory, I am sure it was not the intent of the Members here. I do not think we want to continue this type of thing if this is what is going to go on when we have this happening that we will assume the worries, and they are worries. I am worried for every member and everybody who has money in that Credit Union, as everyone else does here.

I am concerned when the Minister said that the reason the Bill is here because we are not covering the present loss position with the \$400,000 in the Stabilization Fund. But when we passed that legislation about six months ago, we were assured then that we would be covering the loss position. What has changed between then and now?

Hon. Mr. Hibberd: Mr. Chairman, I think I have already covered the question. I have gone over it several times. The lack of controls that were there before, even though we thought they were going in were simply not there.

I am suggesting to you now that we have the mechanism controls, most of them are in. There have been a lot of changes made and there will be further controls put in.

BC Central has instituted several controls of which we are cognizant and informed, but as an independent audit of a kind, we would be doing the same thing, independent of BC Central. So, we are assured of two independent sources of information and indeed, our purpose is to monitor the Credit Union to see what it is assuming a financially viable position and if this is the case then, indeed, we will not be spending any \$600,000 or any money.

Ms Millard: Mr. Chairman, is there a time in the near distant foreseeable future when this fund will not be used? Is there a schedule now that is predictable that we can say, for instance, in five years that this credit union will be viable?

Can that be foreseen at this point?

Hon. Mr. Hibberd: Mr. Chairman, the turnaround point, as far as the Credit Union is concerned, is in two or three years. It is difficult to predict how rapidly they are going to recover. It depends entirely on economic circumstance. Certainly the pipeline is a major factor and one of the reasons why BC Central has confidence in this Credit Union to make a go of it. But who can predict whether we are going to have another mine or mines or whether there will be strikes involved or whatever might be other variable factors.

But, indeed, in the overall economic climate, it would appear that the projection would be that in a couple of years we will have it in a black ink position and from there on it should be a question of recovering their losses.

Ms Millard: At that point, will we be withdrawing from this whole thing or will that fund continue?

Hon. Mr. Hibberd: Mr. Chairman, if I am around at that time, that decision will be made at that time, but I am not in a position to now.

Mr. Lengerke: Mr. Chairman, again my comments are with respect to the inspection. I know the Minister has given me the undertaking that he would do certain things to monitor this and I know you have only been in your position not that long, but that is bothering me and my question is going to be to Mr. Spray, originally I think the Stabilization Fund Bill was assented to in April of 1977. That is seven months and it took until November to do an inspection and I am wondering why? What was the big delay?

Mr. Spray: Mr. Chairman, the delay in doing the inspection, and we did not really feel that it was a delay because at that

point, the Bill was put through in April, we anticipated that we probably would not do the initial inspection until the end of that year, which was December 31st, of the Credit Union.

However, we contracted with the Credit Union Reserve Board of British Columbia to do the inspection on our behalf. We do not have the qualified staff in this Government. We do not have the qualified staff in Yukon to do a major inspection, particularly one that, at that point we felt needed to be done in a great deal of depth.

The Credit Union Reserve Board inspects some 400 credit unions in British Columbia. It was necessary to fit our requests into their overall schedule and November was the earliest time that the could send up their top team of inspectors, who were here for some two weeks, including the supervisor of the inspection section.

We thought at that point that it was well worth waiting to have the inspection done. Until we had that inspection done, we could not put the specific controls on this Credit Union or make the specific request through them to straighten up some of their managerial inadequacies. That was done immediately after the inspection was completed. BC Central Credit Union, who took over as principal banker of this Credit Union when they started having difficulties as a consortium with Alberta and Saskatchewan Central Credit Unions, has now paid off the other provincial credit unions and it is the sole principal banker and they now have a management contract to provide a manager to this Credit Union, which is not an unusual situation, because they can provide continuity of managers from a large labour force in British Columbia.

They require very specific reports from this manager every month, which their executive officers in British Columbia are monitoring. This is in addition to the monitoring program that we will be implementing ourselves as a result of the inspection in November.

I might point out that the Mutual Aid Board is not involved in this monitoring aspect. It is solely the responsibility of the Registrar of Credit Unions, as it is in the provinces. The provincial credit union registrars do an annual inspection, they do not do the monitoring, the Credit Union Reserve Board would do the monitoring in the provinces. However our Mutual Aid Board is not set up with the same structure.

Mr. Lengerke: Mr. Chairman, then would Mr. Spray envision that YTG, his shop would be doing the monitoring that he envisions on some kind of monthly basis or whatever, and this is in liaison with BC Central, as you say. Would it be on a monthly basis?

Mr. Spray: The program has not been firmly established, Mr. Chairman. I would expect that it would probably be at least on a monthly basis or as frequently as is considered necessary, considering the managerial capabilities of the Credit Union. We will be working in close consultation with BC Central as we do now.

Mr. Lengerke: Thank you.

Mr. Fleming: I can see the monitoring situation fine. Does the BC Central and does the Yukon Territorial Government have any actual control over their interest rates that they collect and the interest rates that are paid out? You say you can monitor them, that is fine, and you find out things are not going right so you either produce this fund or put them out of business or whatever but have you any control whatsoever in their business actually?

Mr. Spray: Yes, Mr. Chairman. At the present time the Credit Union may not change their lending policies without the approval of the Registrar. The Credit Union may not increase their interest rates without the approval of the Registrar, however, the Board of Directors is extremely active and is paying very close attention to the operations of the Credit Union.

They are working in close consultation with the technical staff from BC Central.

So, although we do have controls, the decisions are made by the Board of Directors.

Mr. Chairman: Anything further?

Mrs. Watson: Mr. Chairman, the report of the Mutual Aid Board makes three recommendations. The third one says satisfactory proof of CDIC coverage before incorporation. What does the CDIC stand for?

Mr. Spray: Mr. Chairman, it is the Canadian Deposit Insurance Corporation.

Mrs. Watson: Well, Mr. Chairman, Mr. Spray, does the Credit Union, at the present time, have deposit insurance coverage on behalf of their depositors?

Mr. Spray: No, Mr. Chairman, not through CDIC. They do not have deposit insurance. All that the Credit Union has at the present time is a performance bond. Their employees, specifically their manager, is bonded, but they do not have CDIC coverage.

Mr. Lengerke: Could they acquire that insurance, at this point in time?

Mr. Spray: Quite honestly, Mr. Chairman, I would doubt it very much, given their current financial position, but the Mutual Aid Board has recommended that before any new credit union is established, that they apply for and obtain CDIC coverage.

Mrs. Watson: Is it a requirement in B.C. that all credit unions have the CDIC coverage?

Mr. Spray: No, Mr. Chairman, not to the best of my knowledge. I believe there is only about two provinces that have made arrangements or that have credit unions with CDIC coverage.

The Credit Union Reserve Board, in British Columbia, because there are so many credit unions, has built up quite a substantial stabilization fund.

I might also point out that in British Columbia, should credit unions be finding themselves in a weakening position, again because of the number of credit unions, there is always the possibility of amalgamation with stronger credit unions. This is something we do not have here because we only have the one credit union.

Mrs. Watson: Mr. Chairman, a natural question, would a strong BC credit union amalgamate with our Whitehorse credit union?

Mr. Spray: Unfortunately, Mr. Chairman, it is not possible because we are under different jurisdictions.

Mr. Chairman: Any further questions?

Hon. Mr. McKinnon: Or the Northwest Territories.

Mr. Berger: Yes, Mr. Chairman, I am kind of alarmed at the statements that are being made here about credit unions and the way they operate. I do not think it is fair to credit union shareholders and the directors, because I think the blame should be put directly on this government when they initially came up with the legislation approving the establishment of a credit union in this Territory, they took on the obligation of safeguarding the depositors and looking at the credit union's operation on a yearly basis by auditing the books.

This Government failed to do those things in the past. As far as I am concerned, labour people running a banking business, and this is exactly what those people are, it is a club, if they think that we are doing the right job by the Government not speaking up and saying, no, you people have to change your methods of lending money or anything that has gone wrong in the operation, but for years, this Government has not said anything to those people, to my knowledge and they are assuming that they are doing the right thing.

I do not think it is fair to put the whole blame on the directorship of the Credit Union. I think most of the blame should be falling right here on this Government.

Mrs. Watson: Mr. Chairman, the Honourable Member had some good points that he is bringing forward and it is most unfortunate that it has taken so long for the Territorial Government to really get involved in the controls of the Credit Union but I really cannot agree with his concept that the responsibility lies solely and completely with the Territorial Government.

I very strongly feel that if lay people get into the banking business, they know they are in the banking business and surely, they have their auditor's reports, they are going to make sure they have a Board of Directors and some managerial people that keep them out of trouble financially.

They have an obligation, it is just like having children and not disciplining them at all, and blame the police because they have not picked them up. I just cannot agree with it at all. Also, the Honourable Member almost implied that we were almost under-writing the deposits and this is why you can get your coverage under CDIC.

Anybody in any area I think that goes into a Credit Union feels they can sit back and rest comfortably because the Government is going to look after it is entering into something very, very incorrectly. I repeat my statements, there was a negligence on the part or some, maybe not just negligence, but the fact that they were not familiar enough with it and did not really accept the obligation and responsibility which is a part of being a member of a Credit Union.

Mr. Berger: Mr. Chairman, I wish to correct a couple of statements the Honourable Member made. I did not say that all the blame has to be put on this Government, I said a large part of the blame has to be put on this Government by falling down on the obligation, which they made by coming up with the legislation approving the Credit Union. That is right, it was about 1958, that is twenty years ago. But I think by having the legislation you are obliged to do something. It is right in the legislation, which this Government did not do. This is why I will say, yes, this Government has an obligation right now to look after the depositors to see that they get the full value of the dollar they deposited in the Credit Union.

Mr. Chairman: Anything further?

Mrs. Watson: Mr. Chairman, we have a *Marriage Ordinance*, but that does not say the Government has an obligation to ensure that people stay married once they are married.

Mr. Berger: Mr. Chairman, this Ordinance does not say either that the Government is going to inspect your marriage. But in the legislation covering the Credit Union, it says right in there that this Government will audit the books and inspect the books.

Mr. Chairman: Anything further?

Mrs. Watson: Some of our welfare people would not agree.

Mr. Berger: In case the Honourable Member just said, in case he had to be on welfare, the worker will visit your home to see that your home is run properly. Then in this particular case, the Government is under that obligation also.

Mr. Chairman: Any further discussion?

Clause 1 agreed to

Mr. Chairman: The Commissioner of the Yukon Territory, by and with the advice and consent of the Council of the said Territory, enacts as follows: *An Ordinance to Amend the Stabilization Fund Loan Ordinance*. Shall the preamble and title carry?

Some Members: Agreed.

Mr. Chairman: Shall the Ordinance pass without amendment?

Some Members: Agreed.

Mr. Chairman: I declare that *An Ordinance to Amend the Stabilization Fund Loan Ordinance* has passed this Committee without amendments.

We will now go on to the *Special Rural Development Agreement*.

Hon. Mr. Hibberd: Mr. Chairman, in view of the complicated nature of this subject, I had requested persons of DREE to be here today and with Committee's permission, I would like them to join us if they may now.

Mr. Chairman: Does Committee agree?

Some Members: Agreed.

Mrs. Watson: Mr. Chairman, what Bill is that?

Mr. Chairman: The *Special Rural Development Agreement Ordinance*.

I believe you all have copies of the *Special Rural Development Agreement Ordinance*.

Hon. Mr. Hibberd: Perhaps we could have a brief recess while we summon the witnesses.

Mr. Chairman: Yes, I will declare a brief recess, say for fifteen minutes.

Recess

Mr. Chairman: Would Committee please come to order. We are going to look at the *Special Rural Development Agreement Ordinance*, and we have with us Mr. Al Stubbs, Manager of Northern Programs, and Mr. Doug Piddock, Senior Incentives Officer from the Program.

Hon. Mr. Hibberd: Mr. Chairman, I think I outlined fairly well in some detail this morning, regarding the background for bringing DREE into the Yukon. I am wondering if Committee Members might wish to consider the text of the Agreement that might flow from this Ordinance between this Government and DREE in the context of considering this Ordinance at the present time?

Mr. Chairman: Is that agreeable to the Committee?

Some Members: Agreed.

Hon. Mr. Hibberd: Perhaps, Mr. Chairman, we could call on our witnesses to give a brief description, in their terms, of what the programs embody.

Mr. Chairman: Who wants to go first?

Mr. Stubbs: To understand why we have the Special ARDA agreement, I think you have to go back to about 1971 when in 1969 the Department had created the *Regional Development Incentives Act* which was incentives to business. It was generally accepted that the program got off to a pretty good start. Then in about 1970 there was a fair amount of lobbying to our Minister from native associations that the program that was available to white businessmen did not apply to native people, and they wanted a mini-incentive program that applied to them.

The program itself was developed in conjunction with major native leaders in western Canada and we put together an agreement and a set of guidelines that were signed in 1971. The success of this early agreement was very limited. It was an educational process from both sides, but we finally evolved an agreement two years ago that seems to be working much better.

It is still a program to provide native people with employment. It does not limit the ownership to native people. The ownership can be white, it can be joint, it can be totally native but it is a program aimed at native employment. I think that is all I need say right at this point.

Mr. Piddock: With regard to the Regional Development Incentives Program, this is a follow-on from earlier programs administered by the federal government to create employment opportunities in the slower growth regions of Canada.

In the mid-sixties, there was a program of tax deferrals, followed by the Area Development Incentives Program, which expired in 1969. The RDIA, the current program, has been in

operation since 1969.

As I mentioned, this relates directly to the creation of employment opportunities in the slow growth regions by stimulating expansion, modernization and new facilities in the area of secondary manufacturing. The program operates mainly by the provision of incentive grants for these capital projects.

There is also a loan guarantee program, which relates to the secondary manufacturing and also to other types of commercial projects.

The regions eligible for participation in this program are selected through joint federal-provincial negotiation and the areas were chosen relating to the unemployment levels and the general opportunities for economic development which are thought to exist in those areas at the time.

Until 1974, the program was administered largely from Ottawa and now, with the decentralization of the administration, the program is administered from regional offices and provincial offices spread right across the country. This is a nationwide program and with the exception of the Yukon Territory, at least part of every other territory in Canada has this program available to it.

I think that is all I need to lead off with at the moment.

Mr. Chairman: I will just read the first clause of the Ordinance and then we can get into general questions and discussion by the Members.

On Clause 1

Hon. Mr. Lang: With respect to the comments made about the RDIA, it is my understanding that if we are to be declared an RDIA area, I believe they refer to as "tax creditation", goes from five per cent to seven and a half per cent on capital investment, is that not correct?

Mr. Piddock: That is correct, yes. This is a provision of the *Income Tax Act* and they have tied in their levels of investment tax credit with the areas that are designated under the RDIA, just coincidentally.

Hon. Mr. Hibberd: Mr. Chairman, I wonder if the witnesses could give us instances of how that would help businesses in Yukon?

Mr. Piddock: With regard to the investment tax credits?

Mr. Chairman: Yes, Mr. Chairman.

Mr. Piddock: The way the investment tax credit works, for every dollar of investment in new buildings or equipment, a five per cent credit would be available.

If the area were designed under the RDIA, that 5 per cent would be increased to 7.5 per cent. This investment tax credit serves to directly reduce the Federal Income Tax that would be otherwise payable by the company. Normally that credit would be claimed in the year that the investment was made, however, if the situation arises where the company does not have sufficient income tax liability, the credit can be carried forward for up to five years and can serve to reduce the Federal income tax liability of the company in any one of those future five years.

As I say, it is 5 per cent now; if the area were designated, it would be increased to 7.5 per cent, an extra 2.5 per cent.

Ms Millard: Mr. Chairman, on that income tax reduction, is there a limit on the amount of capital that the company can have, or is it available to any company?

Mr. Piddock: Well, the amount of credit relates to the amount of investment that the company makes itself so if you invest a million dollars in new buildings and equipment, you can claim a potential \$50,000 reduction of your Federal income tax.

Ms Millard: So that, for instance, a large mine could actually apply for this?

Mr. Piddock: Very definitely, yes.

Mr. Fleming: Could the small business apply for loans

under this agreement if they were private, or do they have to be a limited company?

Mr. Piddock: Are you talking of the RDIA Grant, sir? There are no loans available. It is a program of grants or loan guarantees. This is the nature of the RDIA program. To get on to your question, yes, small business can apply. Most of the organizations we deal with are incorporated, but there is provision in our program to make loans to sole proprietorships and to partnerships as well.

Ms Millard: Mr. Chairman, back to the large mine getting income tax reductions, which I think they already have too many of, there must be some criteria that DREE has. Are you just going to give it to everybody—they must be starting a new business, or is there some limit on the capitalization, or is it just available to anyone who applies once this agreement is—?

Mr. Piddock: As a point of clarification, are you talking investment tax credit now, or the grant program?

Ms Millard: Yes, the investment.

Mr. Piddock: The investment tax credit is not administered by DREE. I think that point needs to be clarified. It is administered under the *Income Tax Act*. To my knowledge there are no restraints or restrictions placed on larger corporations limiting, except that they can only claim the tax credit as a reduction of taxes that they would be paying.

If they do not pay any taxes, they cannot claim the credit.

Ms Millard: But, that is available to companies within a declared area under DREE, is that correct?

Mr. Piddock: Yes, the investment tax credit is available anywhere in Canada, at 5 per cent but if the area is designated by DREE for RDIA purposes, that credit increases to 7.5 per cent.

Mr. Lengerke: Under RDIA you guarantee loans, is that correct?

Mr. Piddock: Yes.

Mr. Lengerke: What is the minimum amount of money a person has to invest in order to be able to be eligible? Is it still somewhere in the neighbourhood of \$500,000, or is that quite a bit less now?

Mr. Piddock: \$100,000.

Mr. Lengerke: That is in areas like Yukon it would be \$100,000.

Mr. Piddock: Yes.

Mr. Lengerke: Minimal.

Mr. Piddock: Yes, for loan guarantee purposes.

Mr. Lengerke: Yes.

Mr. Piddock: For grant purposes, our minimums are smaller.

Mrs. Watson: One more question regarding the investment tax credit under the *Income Tax Act*, and it is now 5 per cent and if this legislation passes, the Yukon will be a designated area and it will become 7.5 per cent, is that correct?

Mr. Piddock: Correct.

Mrs. Watson: Will that tax credit then be available to all businesses who invest capital in a certain taxation year in Yukon, or only the people who invest under the Special ARDA program?

Mr. Piddock: With certain specific exclusions, it would be available to anyone making a new investment. There are a couple of specific exclusions under the section of the *Income Tax Act*. One of them is for construction, for instance. People making new investment in construction equipment do not have the investment tax credit available to them.

Mrs. Watson: Mr. Chairman, I think that is very, very interesting and I am glad that you mentioned the fact that there are exceptions because, with the Yukon area and with the

development going on, the potential development that will be coming to Yukon, the new construction equipment is one area that many people might be looking at and would be hopeful that they would have the 7.5 under the investment tax credit.

What is the other area? Is it as significant?

Mr. Piddock: Mr. Chairman, with your permission I could just quickly go through the way the thing is structured.

The investment tax credit applies generally to manufacturing and processing operations, with the exception of construction, production of electrical energy or steam for sale, and there is an exclusion relating to the processing of gas.

Other areas that are eligible include the operating of an oil or gas well, extraction of minerals from a mineral resource, processing of ore to the prime metal stage, exploring or drilling for petroleum or natural gas, prospecting, logging, farming or fishing, or storage of grain. Those areas are all eligible.

Mrs. Watson: But then, Mr. Chairman, they would not, even if this is declared an ARDA area, if someone in Yukon wanted to enlarge a tourist facility or a retail outlet of any sort, the 7.5 per cent would not apply then to their investment. They would have to still stay with the 5 per cent under the *Income Tax Act*.

Mr. Piddock: They would not be eligible for the 5 per cent under this particular section of the *Income Tax Act*.

Mrs. Watson: So, Mr. Chairman, I think this is extremely important because I would hope that people are not being misled in thinking that the investment credit would automatically go to 7.5 percent for all businesses in the Territory. I think that is a big danger, especially listening to the comments that the Honourable Member made this morning, that there are benefits to Yukoners just by declaring it and there are very, very few processing, manufacturing plants in Yukon.

We have the processing and again, we have the larger industries who would then be benefiting from, such as our mines. The small businessman who would be looking for some benefit in this area still would not be getting the benefits and it is very misleading.

Hon. Mrs. Whyard: Mr. Chairman, for the purposes of these taxation sections, the word manufacturing is used in weird and mysterious ways, and I know of several small industries in Yukon which would qualify. If you are a job printer, you pay a manufacturing tax and a sales tax on everything you print. You are classed as a manufacturer. If you are making cement block tiles, you are a manufacturer. We have jewelry manufacturers in Yukon who are actually processing and manufacturing. There are a number of small businesses which would benefit.

Ms Millard: That was my question coming up, under the RDIA, it is only including secondary manufacturing and I really would like a clearer definition of that. For instance, does our tourism industry actually benefit, except for jewelry manufacturers under Special ARDA? How can they benefit?

Mr. Stubbs: If I might take this question, Mr. Chairman, the tourism industry is not likely to gain much benefit from RDIA, however, Special ARDA, if the employment is related to native people, there is no reason why the tourist industry cannot take advantage of the program.

Mrs. Watson: Mr. Chairman, this is the one part that I found really quite disturbing, that the agreement that would be entering into, under the legislation that is before us now, is really an employment program for native people. Primarily, that is why this program is before us today. That is why this agreement is here today?

Mr. Stubbs: For Special ARDA, yes. The Regional Development Incentives Program, which will probably be much the larger of the two programs, is a job creating program as well, but it is for everybody in the manufacturing areas.

Mrs. Watson: Mr. Chairman, the comments of the Honourable Member this morning, your comments were directed and the Bill at the present time, only deals with the Special Rural Development Agreement, the ARDA, which really is a program for employment for Indian people. We have no provision at the present time for an agreement for regional development that would be much broader and would provide incentives for business, would provide some grants for business opportunities in Yukon other than as a vehicle to provide employment for native people.

Mr. Stubbs: If I could answer that, Mr. Chairman. The ARDIA legislation and the designation is, except for an Order-in-Council number, all prepared and it is federal in its application.

The Yukon Territorial Government will be consulted on all applications and in effect, would have a veto if they wished, but everything is in place for the RDIA legislation.

However, the only way we could put the two programs forward together was to have this Council consider an Ordinance for Special ARDA or for the Special Rural Development Program.

Mr. Lengerke: Mr. Chairman, I just want to get a little clarification on the RDIA program again. Am I correct, during the early part of that program, or maybe it still exists, that there were loan guarantees available for such things as convention centres and major hotel accommodations and this kind of thing. That was certainly available to the larger centres. Is that not still available.

Mr. Piddock: Yes, loan guarantees are still available.

Mr. Lengerke: Yes, okay, I wanted to make sure that those were available.

Mr. Stubbs: Excuse me, if I may just add a little bit more, Mr. Chairman. There are two separate chunks to this: where the RDIA is a grant, the loan guarantee is a guarantee of financing.

Mr. Lengerke: What are the advantages of using the loan guarantee by your program versus other institutions?

Mr. Piddock: Sorry, I did not quite hear you.

Mr. Lengerke: What would be the advantages of using the RDIA program for loan guarantees versus some of the other institutions that we can get?

Mr. Piddock: Well, the loan guarantee program that we operate is normally considered to be an instrument of last resort for people who cannot get sufficient financing without a guarantee to float their project.

Mr. Lengerke: Okay.

Mrs. Watson: Mr. Chairman, I must be very thick-headed but I cannot really quite understand some of this and I would like it clarified for me.

Right now, we have a Bill before us *Special Rural Development Agreement (Special ARDA) Ordinance*, which would give the authority to the Commissioner to enter into an agreement with Canada for this program, these Special ARDA, Rural Development Agreement, and that is a program primarily to provide employment opportunities for native people where native people have priorities for employment for projects, under that program.

Under that program, there are grants and guaranteed loans available. Am I correct.

Mr. Stubbs: If I may answer this, Mr. Chairman, there are grants available under the Special ARDA program and no guaranteed loans. The guaranteed loans are under the Regional Development Incentives Act, as are grants to industry, under the *Regional Development Incentives Act*.

Anything to add, Doug?

Mrs. Watson: But, Mr. Chairman, we are not dealing with the Regional Development Incentives Act right now, are we?

Hon. Mr. Hibberd: Mr. Chairman, it was considered I think by DREE that these are programs of balanced economic development and, in order to get RDIA involvement as a designated area, we do require an ARDA agreement as well, but we do not require an agreement for RDIA to become a designated area. No ordinance is required, no agreement is required but we do require it for Special ARDA.

So that aspect of it has to come before you, but I am trying to present the full package to you to see what we are considering. But legislatively, it is only the one portion that has to come before Council.

Mr. Lengerke: Mr. Chairman, I am going to throw another hooker in here, but I am going to ask Mr. Stubbs, what would be the advantage, if any, of having Yukon declared a special area under DREE?

Mr. Stubbs: Mr. Chairman, I would rather not answer this, but I will. A special area is another designation beyond the Special ARDA, beyond the RDIA agreement, where in fact you deal with the municipalities through the province, to do all sorts of things like sewer, like water. There are an awful lot of things that can be done under a special area agreement. We have not, and probably will not, consider them for Yukon, not because we would not like to, but because this is the purview of Northern and Indian Affairs.

Mr. Lengerke: Mr. Chairman, my concern is that I feel that the greatest advantage would be if Yukon were declared a special area, because then we could do certain things infrastructure-wise that maybe we are looking for. On the other hand I see the Ministers shaking their heads and saying no. I would like to then hear their comments why they do not think it would be an advantage.

Hon. Mr. McKinnon: Mr. Chairman, I think the AYM would most vociferously oppose any such Special ARDA arrangement because that would probably cut off the most generous capital assistance funding program of anywhere in Canada, which is the 90-10 split with the Territorial jurisdictions. So I think if you are mentioning Special ARDA as far as the municipalities are concerned that they would be the last people who would want to see us under such an agreement.

Mr. Berger: Mr. Chairman, I would like to go to the agreement between Canada and Yukon Territory on the Special Rural Development Agreement, page 10. It says this agreement is to develop income and employment opportunities, as well as the standards of living for those residents who are of native ancestry. I gather from the information received that is one of the main stipulations. In Section 9(b) it says in the employment of persons on a project, there shall be no discrimination by reason of race, sex, age, marital status, national origin, colour, religion or political affiliation. I find this ridiculous and contradictory.

On one hand we say you can have this program if you specifically put it as native employment or native development. I have no disagreement with this altogether. But just two paragraphs below that we say there can be no racial discrimination. Where do we draw the line?

We are already discriminating, because we are already saying you cannot have this program because if you do not apply it directly to one direction we tell you to do so, we are not going to give any funding whatsoever. On the other hand, we have the DREE program who does not discriminate at all. They hand out millions of dollars all through Canada and Nova Scotia is a good example, there are millions of dollars worth of factories standing empty down there and please correct me if I am wrong, the mining companies are just closing down mines all through Canada moving down to Guatemala, using part of the funding through DREE also.

Mr. Chairman: Mr. Hibberd, that was a political question, if there was one. Would you care to answer it?

Hon. Mr. Hibberd: At the end there, Mr. Chairman, I think he is quite right. I think that there is an inconsistency in what could be called discrimination. I have no other comment. We tried to get the agreement changed and at this stage we have not been successful in doing so, with reference to this particular clause. We have consulted DREE's lawyers directly, and they tell us that if we make representation it would be possible to change it, but require a cabinet submission. We have not yet got to that level.

Ms Millard: Mr. Chairman, is there anything in this agreement that applies particularly to Yukon that is different from the other areas? Is there something specifically that should be pointed out?

Mr. Stubbs: Mr. Chairman, if I may take that? A definite decision was made by DREE Western Regional Office, to treat both Territories as provinces and for the Special Rural Development Agreement that the Ordinance is prepared for, in fact the Territorial Government have received the application, have a major say in how the program operates.

We have a very small staff only. We are only in the financial decision-making field. We would not be pushing the direction of the program. That would be YTG.

That is significantly different than our approach to the Territories before and, in fact, approach to the provinces because, in the provinces, we manage it more on a joint manner, but, in the Territories, we decided that there is no way we could enough staff in to cover the whole of the Territory.

In fact, you probably have, in place, people who know the system better than we do. So, that was why our choice of operation and that is why it is somewhat different.

Ms Millard: So in fact, Mr. Chairman, I understand that we actually have more control than the provinces. That is a change for the better, if nothing else.

I have another question. In DREE's relationship to the Department of Indian Affairs and Northern Development, status Indians are able to have a program of economic development, especially for business development and things. What is the relationship there? Does one supersede the other or can an Indian person have a joint funding from both?

Mr. Stubbs: There is potential for joint funding, but we were very conscious and very careful that it is not a stacking, that in fact there are only so many federal dollars, no matter if they are from our department or Indian Affairs.

But, a general scenario, we will take \$100,000 that goes to build a drive-in restaurant could look this way: the owner would participate first with a 20 per cent equity, which would be \$20,000. DREE could participate with a \$30,000 grant and Indian Affairs, under their development loan fund, could have a 50 per cent mortgage on it. But there would be no stacking of grants or we would not be in it. They would supersede us.

Mrs. Watson: Mr. Chairman, I am still concerned. We did have the legislation approximately a year ago where the Government of the Territory entered into an agreement with Canada for the Regional Economic Expansion. It was a general agreement. We have had no specific sub-agreements from it. I do not know what they are called, subsidiary agreements, which would provide a vehicle whereby funding would be available for business investment.

The first one now that we have before us is an ARDA, which is specifically there to provide employment opportunities for Indian people and yet, Indian Affairs and the Honourable Member from Ogilvie touched upon it, Indian Affairs has a special branch for economic development, for funding and loans and grants, guaranteed loans and some grants and loans with interest are available to Indian people if they want to go into business.

Yet, we are almost duplicating what Indian Affairs is doing from Ottawa. Now, as I spoke this morning, I do not agree with

the concept of Government being involved, but if you were going to provide some type of incentive, why not make it wide open for the business community, for the development in the Territory and not have this rider that it has to have. It is primarily for the employment of Indian people because we only have a limited number of Indian people in the Territory.

Where are we going to find all of them? The Shikwak Project is to give them priority to employment of Indian people, the pipeline is supposed to give priority to the employment of Indian people, National Parks are supposed to give priority to the employment of Indian people, every Federal Government is supposed to give priority to the employment of Indian people, where are you going to find them?

What we are encouraging is for some entrepreneur to come in and come up with a big scheme and get the funding and pick up a few Indian people to front for them. That is the type of thing that has happened. Keep them on the payroll because we have got to have them on the payroll.

This is the type of thing that I am objecting to.

Ms Millard: Yes, I think the Member from Kluane is over-emphasizing the fact that Indian Affairs have grants, because they are available only to status Indians through band councils and with many, many regulations which reduces the number greatly. In fact, it has been the Yukon Association of Non-Status Indians that has been pressing for ARDA because they are of native ancestry. Without having to be registered Indians, they can gain this funding.

I am just wondering what the definition of native ancestry is, since we have had a difficult time in land claims negotiations definition exactly who would be eligible for land claims. Is there a definition of someone of native ancestry?

Mr. Stubbs: The definition is that the person will declare that he is of native ancestry. We do not ask for any blood sample.

Mrs. Watson: Mr. Chairman, on page 11, section 10, cost-sharing, "pursuant to the terms of this agreement, the cost of any project shall be shared equally by Canada and the Territory, provided that in those cases where projects will be of primary benefit to residents who are Indians within the meaning of that expression as it is used in the *Indian Act* or Inuit, Canada will pay 100 per cent of the costs." So that in itself gives you an indication where Canada will take 100 per cent of the cost for status Indian people project. What a temptation for an entrepreneur to use people.

Mr. Berger: Mr. Chairman, in answer to the Member from Kluane, on page 10, section 9(a) it says "the recruiting of labour shall, where practical, be conducted through Canada", through the Canada employment centres. In other words you can import people of native ancestry. But I do have a serious question which the Honourable Member from Kluane touched on. When a person happens to be a white person and starts a project with a front saying I am going to employ so many native people and he has no intention of employing them forever or for any length of time, and he gets a grant through this program, and then he switches over to white people working in there. Would this grant be continued or the funding be continued?

On the other hand, if a person starts out with all good intention of creating job opportunities for native people and because of circumstances beyond his control he loses the labour force, will he still be eligible for this funding also, or will he be cut off?

Mr. Stubbs: There is no blanket rule on this, but you hit on a very sensitive point and a point that has given us a lot of trouble in other areas. We have come down with the rule, the in-house rule that if the guy made a real attempt and was not trying to fraud anybody, we will go along with him and just let the grant stay in place.

But, if there was a deliberate attempt to defraud public money, then we will make every effort possible to get it back.

Mr. Berger: The reason I am asking the question, somewhere along the line there has to be a guideline. Like I say, the fellow, for reasons beyond his control, he loses the labour force and the fellow has intended all along to just use the labour force as a come-on to get the fundings. Where is the cut-off point? How do you find out? Are you going to interview the labour force he let go or the other person lost? Are you going to take those people's word for it or what? Are there any rules at all?

Mr. Stubbs: There is nothing in the rules because we really have not written the rules yet. The guidelines will be developed between YTG and ourselves later on, but I doubt if we will ever develop the kind of guideline that says there is a certain line that you go one way or the other. It is going to be in the judgment of what we hope will be a very competent staff.

Mr. Berger: Is there any length, a time requirement a person has to employ native people? Is it a month, a year, two years or anything like this?

Mr. Stubbs: We will monitor the project from three years to forty-two months. After that, we will not monitor it.

Hon. Mr. Taylor: Yes, Mr. Chairman. I have listened with some interest to the debate thus far and it occurs to me that when you talk about this agreement, and I note on page 5 where it states that one of the undertakings is expressly organized so that a majority of those employed are residents of native ancestry who have previously had little or no access to regular earning and employment opportunities", Mr. Chairman, I am wondering if the Committee itself is aware that this is in direct conflict with the *Fair Practices Ordinance* of this Territory.

We state in our *Fair Practices Ordinances*, which we state on Section 3: "No employer shall refuse to employ or continue to employ a person or adversely discriminate in any term or condition of employment of such person because of the race, religion, religious creed, colour, ancestry, sex, marital status or ethnic or national origin of such person".

I consider this a very, very serious matter, Mr. Chairman. If anyone expects me to lend a hand to an agreement between the Government of Canada and the Government of the Yukon Territory which goes in direct opposition to the stated views and policies of this Legislature as expressed in the *Fair Practices Ordinance*, well, they certainly do not have my vote and I do not think that they should have the vote of anyone in this Assembly, Mr. Chairman.

Hon. Mr. Lang: Mr. Chairman, I would like to direct a question to the representative from the RDIA area of DREE. If the Ordinance before us were not assented to by this House, would the DREE still consider designating the Yukon as a jurisdiction that would be eligible under RDIA?

Mr. Stubbs: Our Minister considers that one program is complementary to the other. I would not care to speak for him at this point, but I would doubt that he would designate the Yukon for regional development incentives without the Special ARDA program.

Mrs. Watson: Mr. Chairman, in the agreement, section 4, subsection (a)(ii) the cost incurred under (2) where it would be the responsibility of the Territorial Government, I believe, in the agreement, the counselling, training and other adjustment measures for the employees would be the responsibility of the Territorial Government in any project. Would there be any monies forthcoming as part of the total project that would accrue to the Territorial Government to pay for the costs of these services, or is this something that we would in fact have to provide without any recovery of costs?

Mr. Stubbs: I will answer that Mr. Chairman. The clauses you are referring to is a 50-50 cost-shared clause. We would be putting up half the cash under the Special ARDA program. Normally we do not really get involved in this because Canada Manpower generally provides that portion of it anyway. We

keep it in there as a hammer in case we do need it, in case Manpower refuses it, it is still there and available for use.

There is one more point that you might be interested in. If the counselling and training is towards management and there is need of training for the manager and consulting services to this manager, that could be considered as a project cost and paid 100 per cent by DREE.

In fact the experience in other places, the provinces and in the other territory, was that the Territorial Government put very little actual money into any portion of the agreement, none at all into RDIA, and some staff costs into Special ARDA and a small amount of money.

Mr. Fleming: Mr. Chairman, are there any agreements or dealings right at the present time or any projects at the present time under any of these programs with say the Department of Indian Affairs here in the Government, which is the Government, of course, the Native Brotherhood or so forth in the Yukon Territory at this time?

Mr. Stubbs: Mr. Chairman, I would answer it this way: we have no projects on the horizon under the Special ARDA agreement. We have not been contacted with any specific projects so we will push that one aside. There have, however, been several RDIA clients who have phoned us and said when does the Yukon get designation? If I may, I will use an example. There was a group in British Columbia who offered a grant under RDIA and because they could not acquire the land, their next best location was in southern Yukon and so they wished to have the same grant as they would have received in British Columbia in Yukon. The program was not available. They are in fact in contact with the Government but I do not know how far it has gone there.

Mrs. Watson: Mr. Chairman, and that was another question that came to my mind when I was going over this last night and it is very interesting to see that it is in the establishment, acquisition, expansion, or modernization of any commercial undertaking and so on.

Most of the people that want to go into any type of business at the present time, outside of the City of Whitehorse, are having a very difficult time acquiring land. Would the availability of land be much easier for people under this agreement than it would if they were trying to do it like everyone else?

Hon. Mr. McKinnon: Sorry, Mr. Chairman, I did not hear the question.

Mr. Chairman: The question was: if the Territory entered into this agreement, would the availability of land be improved to people who were applying for funds under this agreement?

Hon. Mr. McKinnon: I have no idea, Mr. Chairman.

Mr. Chairman: He has no idea.

Mrs. Watson: Mr. Chairman, I just thought the witnesses would have some idea.

Mr. Chairman: This department has nothing to do with land.

Hon. Mrs. Whyard: Mr. Chairman, I think the unspoken wish there was that if one federal department said to another, look, there are people up there who want to develop industry and hire and add to the employment situation and we are going to sponsor them and give them a grant, so how about loosening up on the land. That is the question that is being asked, I think, here and I do not know that the witnesses are in a position to answer it.

But I wanted to get back to something that I believe Mr. Stubbs said earlier, Mr. Chairman, if I could just clarify this for my own understanding. That is that we have been told here today that we have one agreement before us for Special Rural Development, because that is part of a package which your Minister must have, hand in hand with another.

We have been told that the other agreement is not before us because it is not necessary to have it before us and I think, Mr. Chairman, what the witness said was that there is an Order-in-Council waiting to be signed to make this effective.

But I would feel that most Members of this Committee would want something a little more concrete than the fact that there is going to be something some day to cover the other half of a package, when we have one half before us.

Is it possible to give us something a little more concrete at this time? Why is it not possible to have both at once?

Hon. Mr. Hibberd: Mr. Chairman, I indicated earlier that it was legislatively necessary to bring forth this Ordinance so that we could develop Special ARDA programs in Yukon and it was legislatively not necessary to bring forth an Ordinance to cover RDIA.

I am sure that we could do so, but I do not see what purpose it would obtain.

Mr. Berger: Mr. Chairman, I do not know if this is a fair question to ask of the witness or not, you may rule me out of order.

Under this special agreement, this is strictly for the employment of native people, giving employment opportunities to native people, how many people are employed by the Federal Government to administer this program and how many of those people are of native ancestry in their employment by the Federal Government to administer this program?

Mr. Stubbs: The program from our point of view does not have many people in it so you start off with a pretty small base. I will guess at 25 across western Canada. Now, to get a head count on the native people involved, there would probably be six that I can count off hand and I probably missed a couple because they go by unnoticed. There are some native people. We have not made any particular effort to have the program administered by native people. We have it administered by people who can administer a program.

Hon. Mr. Hibberd: Mr. Chairman, perhaps I could have an opportunity to comment on the remarks made with respect to Fair Standards legislation. It has been brought to my attention that this Special ARDA has been declared a positive action program by a Canadian Court, actually Manitoba, so that such a program permits positive discrimination in favour of a disadvantaged people. It is a positive discrimination, it is allowable. That is a judgment that has been made by the Courts of Canada, and that is the precedent we are following.

Mr. Chairman: Anyone else?

Hon. Mr. Taylor: Mr. Chairman, I still cannot see how the Government of the Territory could enter into any agreement with Canada as long as on our Statutes, under the *Fair Practices Ordinance* that we recognize certain rights. As long as this exists, how can we enter into such an agreement in the first place? It is contrary to law, it makes this whole thing *ultra vires*. That is the point I am getting at, at the very outset.

If section 4 of this agreement, which would be signed under this Bill, is ever implemented, then it is contrary to law. I do not think this Government should have the right to go against the laws of this Territory, and I do not think this Legislative Assembly should vote for this Bill as long as that possibility exists.

The Commissioner signs the agreement with the Minister. Now we have no control over the Commissioner in this Territory, we have four elected Members, we have two appointed Members, and if the Commissioner wishes to sign an agreement he simply goes out and signs an agreement and there is not a darn thing that anybody else in the Executive Committee could do about it except howl.

As far as I am concerned, I am absolutely, unalterably opposed to the passage of this Bill as long as this possibility exists.

Hon. Mr. Hibberd: Mr. Chairman, what I am trying to point out is the exactly analogous situation occurred in Manitoba. I am sure they had a *Fair Practice Ordinance* there as well. It was contested in court and this was the decision of the court, that Special ARDA, it is such a program, permits positive discrimination to disadvantaged people.

Now, that was a decision that was faced, precisely the same thing that we are facing here today was faced in the court in Manitoba and this is the verdict. Hence, we have that guideline before us. The *Fair Practice Statutes* have been challenged on this basis before, this is the verdict.

Hon. Mr. Taylor: Mr. Chairman, in response to the Honourable Minister, I can only say what they do in Manitoba does not make it right here. It is what we do here and what we consider to be fair and equitable for the people of the Territory: equal opportunity for all people. That is why we wrote this law and if we are not prepared to maintain the laws that we write in this Territory, then we have got no business being here, Mr. Chairman.

Mr. McCall: Yes, Mr. Chairman, I tend to agree with Mr. Taylor. The Minister pointed out a certain item that happened in Manitoba, but I think, if he checks the record, he will find it was prior even to the *Human Rights Bill* that was passed by the House of Commons recently and, along with the *Fair Practices Ordinance*, which supports the same concept in principle. I find it rather disturbing that we should be ignoring the fact that we do have a *Fair Practices Ordinance* in effect for everybody in Yukon, not just a segment of society which is being suggested in this particular type of agreement that is being proposed between the two governments.

If you check the *Human Rights Act*, you will also find that does not allow discrimination, as to what has been suggested in Manitoba, which I believe was prior to the *Human Rights Act* being enacted by the House of Commons.

Mrs. Watson: Mr. Chairman, I tend to agree with the two previous speakers and I have spoken about our *Fair Practices Ordinance* quite often before in this House and the fact that some of the things that have been proposed have certainly been contrary to our *Fair Practices Ordinance*. I cannot see why a law should apply to one group of people and not to another and I do not see why the Government does not have to abide by the laws just as well as anyone else.

The Member from Watson Lake also made a good point when he said that the agreement is signed by the Commissioner and the Federal Minister and the appointees to the Committee could well be by the Executive Committee. I am very concerned by 2.(4) "The Committee shall carry out its duties within the framework of guidelines provided to it from time to time by the Federal Minister and the Commissioner". Those guidelines can be established again.

6. "Subject to the terms of this Agreement, the Committee shall recommend for approval by the Federal Minister and the Commissioner those projects which it considers ought to be undertaken pursuant to this agreement".

The thing I think that really bothers me is the fact that we have an agreement and I think that it is discriminatory legislation, a discriminatory agreement where, when we are told that on the Committee there have to be two native people, I would hope that in Yukon today, and I know we all are, when we have a Committee such as this, you would automatically ensure that native people had representation. Surely to goodness, we do not constantly have to have it written in agreements and in legislation.

The very fact that the one agreement that could help all people of the Territory, DREE and some of the subsidiaries, are not available to us until we agree to this one. I find it as a type of blackmail. You go along with discriminatory programs

and then we will let the rest of the programs come into effect and roll.

Unless you are prepared to go in with discriminatory programs, forget about any assistance. My decision is I do not want that kind of assistance then, Mr. Chairman, until they can come forward under regional expansion with some realistic proposition for all people of the Territory to benefit, native and non-native, and that non-native people are not used. You are putting them into a position where they can be used as a name on a payroll so that they can qualify for a grant from the Federal Government.

Mr. Chairman, I have no intention of supporting this legislation or this agreement.

Ms Millard: Mr. Chairman, I find the debate on reverse discrimination, as it is known, to be really interesting. I am particularly interested to hear the case from Manitoba, because I have been following cases of this type in the United States, and they have actually been challenged in the States. People who have accused programs and universities, et cetera, of reverse discrimination have actually won some cases. But they are always based on the fact that that program or university or whatever it is that is operating under reverse discrimination, is actually taking a right away from the majority group.

In this case nothing is being taken away from any majority group. The rights and privileges and obligations of the general society in Yukon are not being offended at all and in fact this is really progressive and much more civilized than a lot of the legislation we have in front of us.

I find that we are being really archaic to be discussing this on this level. I would like to discuss more about the actual set up of the committee, just how influential is it going to be in the operation? It seems very general here and I presume what is happening is that it will depend on the applications, whether or not this committee becomes more active, the number of applications, or is there ss a limit to the operations of the committee itself? Does it ever become an administrative committee within Yukon?

Mr. Stubbs: The committee is an advisory committee so it never will become an administrative committee. The cases are prepared and taken to the committee and the committee makes a recommendation. The committee, although, is absolutely essential to this program operating, because it is the conscience.

Mr. Fleming: Yes, Mr. Chairman, I will have to disagree with the Member on my left again. There is absolutely no way in this world that we should borrow monies or anything else or have any grants given to us where we have to hire or have certain people working for us. If that is the case then if the native organization will get the grant on the other hand, well then let us put something in there so they must hire also white people to work for them. If we are going to do that, it is just as stupid. I will not be in agreement with it.

As far as I am concerned, the program, Mr. Chairman, itself is just another program so that Canada does not have to straighten out the Indian Land Claims. As long as they can have one of these going on in the Territory and in every province, they can hire a few natives and keep them on the hook for the next hundred years. That is one of the reasons I would not even look at it. I am not even interested in reading it any further.

Mr. Chairman: Anything further? We will declare a brief recess and excuse the witnesses and resume the reading of clauses after a recess.

Recess

Mr. Chairman: Would Committee please come to order.

Hon. Mr. Hibberd: Mr. Chairman, sometimes these recesses do have their usefulness. I acquired a little bit of information regarding the positive discrimination that I indicated earlier. It all arose several years ago. The International Labour

Union went to the United Nations countries and requested that they have such clauses in their legislation regarding positive discrimination in favour of disadvantaged people. All the countries so responded, including this one, and the Human Rights legislation that the Member from Pelly referred to was indeed considered in the Manitoba judgment that I referred to. It was in the context of that Canadian Human Rights legislation that the decision was made, Mr. Chairman.

In other words, Special ARDA has been declared a positive action program by a Canadian court. Such a program does permit positive discrimination in favour of our disadvantaged people. That is the decision of the court judgment using that Human Rights legislation as its base.

As I have said previously, Mr. Chairman, this was instigated by the International Labour Organization.

Hon. Mr. Taylor: Mr. Chairman, as we proceed through the reading of the Bill, I would ask concurrence of Committee an opportunity to propose an amendment. I do not, of course, believe in midnight amendments any more than anyone else does. Perhaps over the course of the afternoon or tomorrow morning, I could have an amendment prepared which would, in effect, add to the Bill under 2.(1), say a new 2.(2), which would simply state that any agreement entered into under the terms of this Ordinance shall be consistent with the laws and Ordinances of the Yukon Territory.

Mr. Chairman: In view of the fact that there is an amendment coming up to this, I think we will stand this Bill over until tomorrow and that will give time for the preparation of the amendment. There is not much use in going on to Clause 2 if it is going to be amended and we have not got the amendment before us. I think the Honourable Member should be given adequate opportunity to have the amendment properly prepared.

The *Highways Ordinance*, the clauses have been carried and all we have to do is to clear the title.

The Commissioner of the Yukon Territory, by and with the advice and consent of the Council of the said Territory, enacts as follows: *An Ordinance to Amend the Highways Ordinance*. Shall the title and preamble carry?

Some Members: Agreed.

Mr. Chairman: Shall the Ordinance be reported without amendment?

Some Members: Agreed.

Inasmuch as that is all we have lined up for this afternoon, if there are any papers that we could discuss or resolutions, except one of them. If Mr. Berger is ready to go with the Decentralization?

Mr. Berger: Not quite, maybe tomorrow. While I am on my feet, Mr. Chairman, I think we can strike off the Order Paper the letter to Dr. McCall and other doctors around the Territory, since the demand of a fourth nurse in Dawson City was resolved.

Mr. Chairman: Number 9?

Mr. Berger: Yes.

Mr. Chairman: Number 8, Ms Millard, do you still want to discuss it?

Ms Millard: Sorry, I do not have my Order Paper.

Mr. Chairman: It is that the Federal Pipeline Bill be referred to the Committee of the Whole for discussion.

Ms Millard: Mr. Chairman, the purpose of my putting this in and the purpose in our last session with the Heritage Fund was to have a general discussion on the pipeline and to allow the Minister to speak to us and the public of Yukon on the pipeline. I do not think we have time for that left between now and 5 o'clock to do an adequate job. I would feel that we should really have a pipeline debate if that is possible.

The Pipeline Bill itself I know, yes, but as I said to my

neighbour on the right, the longer it sits there, the longer its beard gets, but I think that maybe the people of Yukon deserve to know how we feel about certain elements of the Pipeline Bill and I am certainly prepared to go ahead when we have time to do the thing adequately. I would certainly like to know that the Minister is prepared for several concept's questions.

Mr. Chairman: I will entertain a motion from you, Ms Millard.

Ms Millard: I move that Mr. Speaker do now resume the Chair.

Mr. Fleming: I second that.

Mr. Chairman: It has been moved by Ms Millard, seconded by Mr. Fleming that Mr. Speaker do now resume the Chair.

Motion agreed to

Mr. Speaker resumes the Chair

Mr. Speaker: I now call the House to order.

May we have a report from the Chairman of Committees?

Mr. Chairman: Yes, Mr. Speaker, the Committee of the Whole has considered Bill Number 13, *An Ordinance to Amend the Students' Financial Assistance Ordinance* and directed me to report the same, with amendment.

The Committee has also considered Bill Number 15, *An Ordinance to Amend the Stabilization Fund Loan Ordinance* and directed me to report the same, without amendment.

The Committee has also considered Bill Number 16, *Special Rural Development Agreement (Special ARDA) Ordinance* and directed me to report progress on same.

The Committee has also considered Bill Number 11, *An Ordinance to Amend the Highways Ordinance*, and directed me to report same without amendment.

The Committee asks leave to sit again.

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

Some Members: Agreed.

Mr. Speaker: Leave is so granted.

May I have your further pleasure?

Hon. Mr. Lang: Mr. Speaker, I move that we call it five o'clock.

Mr. Speaker: It has been moved by the Honourable Minister of Education that we do now call it five o'clock.

Motion agreed to

Mr. Speaker: This House now stands adjourned until 10 a.m. tomorrow.

Adjourned

The following Sessional Paper was Tabled April 19, 1978

78-1-26

Yukon Spatial Price Survey - February, 1978