



# The Yukon Legislative Assembly

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Number 15

2nd Session

26th Legislature

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## **HANSARD**

**Monday, October 28, 1985 — 1:30 p.m.**

Speaker: The Honourable Sam Johnston

# Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

## CABINET MINISTERS

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

## GOVERNMENT PRIVATE MEMBERS

### New Democratic Party

|              |          |
|--------------|----------|
| Sam Johnston | Campbell |
| Norma Kassl  | Old Crow |
| Art Webster  | Klondike |

## OPPOSITION MEMBERS

### Progressive Conservative

|                |  |
|----------------|--|
| Willard Phelps | Leader of the Official Opposition<br>Hootalinqua |
| Bill Brewster  | Kluane   |
| Bea Firth      | Whitehorse Riverdale South                       |
| Dan Lang       | Whitehorse Porter Creek East                     |
| Doug Phillips  | Whitehorse Riverdale North                       |

### Liberal

|                 |                           |
|-----------------|---------------------------|
| Roger Coles     | Liberal Leader<br>Tatchun |
| James McLachlan | Faro                      |

## LEGISLATIVE STAFF

|                                  |                    |
|----------------------------------|--------------------|
| Clerk of the Assembly            | Patrick L. Michael |
| Clerk Assistant (Legislative)    | Missy Follwell     |
| Clerk Assistant (Administrative) | Jane Steele        |
| Sergeant-at-Arms                 | G.I. Cameron       |
| Deputy Sergeant-at-Arms          | Frank Ursich       |
| Hansard Administrator            | Dave Robertson     |

## 01 Whitehorse, Yukon

Monday, October 28, 1985 — 1:30 p.m.

**Speaker:** I will now call the House to order. At this time we will begin with Prayers.

## Prayers

## Point of Personal Privilege

**Ms Kassi:** I rise today to pay a special tribute to an elder from my community who passed on yesterday. Charlie Abel Chitze was the chief of the Vuntat Gwitchan of Old Crow for 18 years. He died last night of cancer at the age of 69. He is survived by five children: Johnny, Marion, Alice, Karen and Derek, who are all grown now. He was predeceased by his wife, Ellen, last year. Charlie Abel Chitze was one of 17 children, five of whom are alive today: Dolly Josie, Liza Martin, Mary Nukon, Albert Abel and Annie Lord. His mother was Sarah Abel Chitze. In addition to being Chief, Charlie Abel was the Justice of the Peace for five years. Most of all, he was a good man and a good community leader in many ways.

His trapline was on the Dempster Highway and, even though it was far away from Old Crow, he still trapped there every year. He was a good strong advisor to everyone in the Old Crow Indian Band and a very respected elder. He was a good advisor, also, to me as an individual. Charlie Abel was a good role model for so many of our young people. He was a good provider for his family and good father. We will all miss him.

**Mr. Lang:** The news that the Member for Old Crow has brought to these Chambers has saddened each and every Member here, as far as the death of a very good friend of the Yukon is concerned, Chief Charlie Abel. I had the opportunity of serving in the government for a great many years and any dealings with the Chief were done in an upfront and honourable manner and done in the best interests of his people in the territory. I want to send my regrets on behalf of the Conservative caucus to Charlie Abel's family, and I would also like to say the same to the MLA for Old Crow.

02 **Mr. Coles:** I too, as my colleague for Porter Creek East has said, would like to send our regrets and sympathies to the family of Mr. Abel. I have had the pleasure of knowing him for only two years, but as the Member for Old Crow said, he was a good man and a good advisor to any person. To his son, Johnny, the former Chief, and the rest of his family, we send our deepest sympathies.

**Speaker:** We will proceed with the Order Paper. Are there any Returns or Documents for Tabling?

## TABLING RETURNS AND DOCUMENTS

**Hon. Mr. Penikett:** I have five returns for tabling, which are answers to questions asked by the Member for Porter Creek East, the Member for Faro, the Member for Riverdale South and the Member for Tatchun. I also have for tabling a document entitled *A Report on the Frenchman/Tatchun Lakes Recreation Road Issue*, including an appendix entitled *Proposed Contracts Directives*. I also have for tabling, a letter dated October 24, 1985 from A.J. Toews of the RCMP concerning some supposed leaks.

**Speaker:** Are there any reports of committees? Petitions?

## PETITIONS

**Hon. Mr. Kimmerly:** I have for tabling a petition signed by 49 people who are largely the victims of tire slashing incidents in Riverdale. The government will respond to the requests of these individuals as soon as is reasonably possible.

**Speaker:** Are there any Introduction of Bills?

## INTRODUCTION OF BILLS

## Bill No. 76: First Reading

**Hon. Mr. Penikett:** I move that Bill No. 76, entitled *Loan Guarantee Act, 1985*, be now introduced and read a first time.

**Speaker:** It has been moved by the hon. Government Leader that Bill No. 76, entitled *Loan Guarantee Act, 1985*, be now introduced and read a first time.

*Motion agreed to*

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

## NOTICES OF MOTION FOR THE PRODUCTION OF PAPERS

**Mr. Phelps:** I give notice of motion THAT an order of this Assembly do issue for a copy of the opinion prepared by the Government of Yukon regarding the issuance of contracts to third parties in the construction of the Frenchman/Tatchun Lakes Road.

I also give notice of motion THAT an order of the Assembly do issue for a copy of the legal opinion from the Land Claims Secretariat of the Department of Renewable Resources regarding the relocation of the Frenchman/Tatchun Lakes Road.

I also give notice of motion THAT an order of the Assembly do issue for a copy of "An Agreement-in-Principle with respect to the Selection of Settlement Lands in the Carmacks area".

**Mr. Lang:** I give notice of motion THAT an order of the Assembly do issue for a copy of any government correspondence advising the Minister of Renewable Resources or his officials about third party equipment rentals for the construction of the Frenchman/Tatchun Lakes Road.

I also give notice of motion THAT an order of the Assembly do issue for a copy of any documentation from the Department of Renewable Resources regarding contacting the lowest bidders in relation to third party equipment rentals for the construction of the Frenchman/Tatchun Lakes Road.

**Mr. Brewster:** I give notice THAT an order of the Assembly do issue for a copy of all third party contracts in relation to the construction of the Frenchman/Tatchun Lakes Road.

**Speaker:** Are there any Notices of Motion? Statements by Ministers?

## STATEMENTS BY MINISTERS

## Reopening of Anvil Mine

**Hon. Mr. Penikett:** I take tremendous pleasure in announcing that arrangements have been made by Curragh Resources, with government assistance, towards completing a deal for the reopening of the former Cyprus Anvil Mine at Faro.

These arrangements are a major step forward toward restoring employment opportunities for Yukoners and improving the economic climate for all Yukoners.

In 1980, the value of mineral output in the Yukon was \$360 million, or \$14,900 per capita. In 1984, the value of mineral output in the Yukon had dropped to \$56 million, an 84 percent drop.

Today I am announcing that an agreement has been reached between Curragh Resources, its banks, the Government of Canada and the Government of Yukon, which is central in the plans to reopen the mine. The principle element of the agreement that has been reached consists of a \$15 million line of credit with the banks. The Government of Yukon will guarantee 85 percent of the line of credit for a period of 18 months. The Government of Canada will, in turn, re-guarantee the Yukon for 90 percent of our obligations once acceptable bank financing arrangements are closed, subject to federal Parliamentary approval.

04 Curragh Resources will be eligible for a \$3 million incentive contribution under a Yukon Mineral Recovery Program. This is a new program, under the Economic Development Agreement, that provides incentives for the creation of jobs in the mining industry. It is available to mining companies that can create at least 100 new

jobs and sustain them for at least five years.

The Government of Yukon has agreed to purchase 122 real estate properties in Faro from Curragh for a price of \$1.6 million. In addition, this government will give Curragh a second mortgage of \$3.4 million on 162 additional Faro properties. The intent behind this commitment is that by refinancing the residential properties in Faro we provide the basis for reasonable terms for local prospective buyers on rental-purchase agreements.

In order to enable the company to bring the mine to optimum production levels, we have agreed to an outright holiday on second mortgage interest payments for two years and a two-year moratorium on repayment of principal. Thereafter, principal will be repayable in full and interest payments calculated at ten percent will be payable in relation to the cash flows generated by the sale and rental of dwelling units.

One of the major barriers to the reopening of the mine has always been transportation costs. The White Pass & Yukon Railway has been the historic carrier of lead and zinc concentrate from Whitehorse to Skagway. This method of transport had become too expensive. The State of Alaska and the Government of Yukon have agreed to the year-round operation of the road between Carcross and Skagway, with the Government of Yukon maintaining the road several kilometres beyond the international border. Year-round opening of the Skagway-Whitehorse road will reduce transportation costs for all Yukoners, both on inbound supplies and on exports.

If I may, I would like to turn now to the obligations which Curragh Resources has undertaken. Curragh have estimated the life of the current deposit to be seven years. However, the prospects for profitable exploitation of other deposits on the Van Gorder plateau are excellent and it is possible that the mine will be in operation for a significantly longer period. Curragh has agreed to undertake a thorough examination of the other ore bodies and prepare a mining plan for these deposits on the Van Gorder plateau by December 31, 1988. Curragh estimates it will spend at least \$5 million annually to purchase goods and services needed for the operation of the mine and mill. It is committed to maximizing the Yukon content of these purchases. This is very important to Yukoners and we intend to ensure they live up to it.

At full production, Curragh will export \$125 million of concentrates annually, a figure which represents a small but important benefit to Canada's balance of payments.

Curragh has also agreed to establish administrative and executive offices in Faro and Whitehorse. The reopening of the mine will save the town of Faro and make it once again a viable community.

It is my view and the view of this government that the above arrangements are unequivocally beneficial for the Yukon. The largest and most visible benefit from these arrangements will be the jobs. When the mine is fully operational, over 1,000 jobs, including 450 at the minesite, will be created in the Yukon. This figure represents an eleven percent increase in the total number of full-time jobs in the Yukon. Curragh Resources has committed itself to maximizing the benefits for Yukon and has agreed to a local-hire program. Curragh has also agreed to a positive action plan for Native people, for women and for youths, and will work with the Yukon Government to develop and implement related training programs.

Total incremental wages, more significantly, from all jobs created by the mine's reopening, will average \$67 million annually in the first five years of the operation.

There is no single project that I can think of that can do for our economy, for our people, what this project is capable of accomplishing. With these arrangements and the economic recovery it will produce, there will also be a notable shift towards financial independence for the Yukon Government.

As I would like, as the Leader of this government, and as a Yukoner, to express my gratitude to the dozens of people who have devoted months of hard work to bring this Agreement towards fruition. Let me single out, and mention, some of the public servants, particularly Moe Lindsay, Frank Fingland, Kurt Koken, Robert Grant, Charles Sanderson, Florian Lemphers, Terry Sewell, Eric Woodhouse. I am sure that I am overlooking somebody and some other people in this government who have contributed enormously

to this arrangement. It is a real achievement.

The federal government and its officials have worked with us to facilitate this major initiative for Yukoners. This achievement has been made possible by the excellent cooperation we have received from federal Ministers, especially the hon. David Crombie and our own MP, the hon. Erik Nielsen, whose concerns for the people of Yukon and the town of Faro, enabled us to overcome many of the obstacles we encountered. We look forward to a continuation of the positive working relationship we have established with the federal government. We both share the same concern for creating jobs for Canadians and diversifying the Yukon economic base.

The past three years have been a long and difficult period of austerity for the people of the Yukon. The town of Faro has been decimated by the shut-down of the mine. Other communities, cut off from indirect benefits the mine produced, have been hard pressed. It is with a sense of relief and hope that we can now look forward once again, with some degree of optimism, to improvements in our economic future.

Thank you.

*Applause*

**Mr. Phelps:** I would like at this time, in my response, to thank those people in the bureaucracy of our government who contributed so much over the past year or so towards seeking and finding this solution. The Government Leader has mentioned most of them. I think that it is a tribute to the dedication of those who worked for this government that we have this happy announcement today.

I think that it is fitting that I single out two people who really started off the process of examination and of trying to find a private enterprise solution to this problem faced by all of us. The philosophy of Mr. Crombie was to look at the operation and see whether or not it could be made viable by cutting costs so that the operation could be sold to a private syndicate. That appears to almost be accomplished now — I do not want to pre-judge that issue, there are contracts to be signed yet. Pierre Lassande deserves an awful lot of credit for the work he did, commencing last fall, almost a year ago. Peter Steen, a person who is well known in Yukon, who spent a good many years in association with the mining industry in Yukon — at Whitehorse Copper and later with Cassiar — deserves a great deal of credit, too, for looking at methods by which the mining operation could be made more efficient. Those two people, I think, more than any other, blazed the trail that has been followed by this government and people in the federal bureaucracy.

One must say that we are very fortunate to have the entrepreneurial spirit alive in Canada as embodied in the people behind Curragh Resources.

As I think that group of people have done an awful lot of work. They have struggled, they know the industry, and I would like to thank, not only Mr. Clifford Frame, but those in association with him, such as Mr. Jurtronich, who also has a lot of history of association with the mining industry here. I am very pleased to see that this project that has taken so long is finally coming to fruition for the benefit of many Yukoners.

**Mr. McLachlan:** I rise today in response to the Government Leader's Ministerial Statement to express my interest, and our party's interest, in the announcements today, which will provide an economic revitalization to the Town of Faro.

It is an announcement that the people of Faro have been waiting for for some time. It is one year today that the wheels of production stopped in the mine. It is some three years and four months since the wheels of production ceased in the mill.

I feel that this is a fortunate day for those people still remaining in Faro to know that their faith and belief in the town, and the town's future, has been realized.

I would like to pay particular tribute to the former Member for Faro, Mr. Byblow, whose foot-slogging in this effort started some three years ago, and also to Pierre Lassande who said, when Mr. Frame's interests were first announced, "I feel like a parent who has just delivered the infant. I am indeed happy today."

In closing, I would like to express our community's sincere

appreciation to Mr. Clifford Frame of Toronto, whose vision and determination stood fast through the past four months to see this deal through to fruition today.

#### Porcupine Caribou Herd Agreement

**Hon. Mr. Porter:** It gives me great pleasure to inform the House that the long-awaited Porcupine Caribou Agreement was signed by all the parties in Old Crow on Saturday, October 26, 1985.

More than 40 visitors attended the historic signing ceremonies, including representatives from the federal Department of Environment and Indian and Northern Affairs, the Government of the Northwest Territories, the Inuvialuit Game Council, the Council for Yukon Indians, the Dene Nation, the Metis Association of the Northwest Territories, the International Caribou Commission of Alaska, and also the Government of the Yukon.

The agreement enables the coordinated management of the Porcupine Caribou Herd and its habitat in Canada by the wildlife management agencies of its two territorial governments and the federal departments having responsibilities for land habitat, and strong public involvement, most particularly of the aboriginal user communities in the management and use of this resource.

The Agreement will be cited by the various aboriginal Land Claims as they develop, and will also be used as a basis for the Canadian position leading to an eventual Canada-US agreement to ensure the coordinated international management of this important shared resource.

The Yukon can be proud of its role in providing ongoing leadership and recent initiatives in getting this agreement over hurdles which have cropped up in the latter stages of the negotiations.

In resolving these final points, several important principles were recognized. Number one, earlier drafts of the Agreement provided a guaranteed 75 caribou for the outfitting industry, with no direct references to access to harvest by non-aboriginal Yukoners. The Agreement now clearly guarantees a minimum of 250 caribou to be allocated by the two territorial governments with non-aboriginal people primarily in mind.

<sup>07</sup> We have an agreement with the Minister of Renewable Resources of the Northwest Territories that at least 80 percent of the 250 minimum will be allocated to Yukoners. The aboriginal preferential rights to the herd are subject to the provisions of the agreement. For the first time, guaranteed use of caribou by non-aboriginal people is recognized and provided for in the agreement.

Number two, the agreement provides the government with legislation tools to control aboriginal harvest of caribou, if required, by a provision which states that in time of need, the Yukon territorial government can request a federal Order-in-Council to declare the herd endangered.

Number three, ministerial accountability is maintained in the agreement through provisions which allow territorial Ministers to legislate in respect of conservation and public safety. As well, the Management Board remains advisory to the Ministers.

The fourth and final point is that the agreement also provides that a Yukoner will be the first chairperson of the Porcupine Caribou Management Board. That term shall be for five years.

Finally, in this agreement, a fundamental and important principle has been recognized. The aboriginal people of the two territories will, from this day on, have a major responsibility in managing the Porcupine caribou herd, a resource upon which the people of the land have depended for many thousands of years. The particular interest of the people of Old Crow is also recognized and I wish to say to the House that, during the signing ceremonies in Old Crow on Saturday, there was a unanimous decision by the signatories to dedicate this very important agreement to the memory of Peter Lord and Peter Benjamin, who worked so hard to see the agreement come to fruition. It is also our intention that the name of Charlie Abel be included as well.

In conclusion, I wish to take this opportunity to publicly thank all those people here in the territory and elsewhere whose tremendous efforts over the years helped to achieve this agreement which will ensure that the Porcupine caribou herd will survive for many

generations to come.

**Mr. Phelps:** I rise to say how pleased I am to see this agreement finally executed and part of the law of our country actually forms part of the *Constitution* of Canada as it is incorporated referentially into the COPE final agreement, and the COPE Bill that passed that agreement in Parliament.

At this time, I would like to pay tribute to all those who worked so hard on the agreement. The negotiations started some 10 years ago. I was very pleased to attend the signing ceremonies at Old Crow and to visit with many of the people who have done so much over the years to finally get this agreement to a stage where it could be signed and, therefore, become law in Yukon.

When we had completed our negotiations — at least, when I had finished negotiating on behalf of the Yukon government — there were three outstanding points. I think that we must give credit to the people in this government who got those three outstanding issues resolved. One of those points is dealt with fairly clearly in the statement by the Minister: the amount of the allocation that would go to non-native harvesters in Yukon. That was a bone of contention with us and I am pleased to see the guarantee of the minimum of 250 caribou rather than the 75 that we were fighting against over the past number of years.

I am also very pleased that the parties saw fit to dedicate this important agreement to three elders, all now deceased, of Old Crow; three people who were visionary in terms of the needs of their people in their community.

They were people who were highly respected as teachers and people who gave advice to young men and women in that community, and I am speaking, of course, of Peter Lord and Peter Benjamin and, more recently, of Charlie Abel. Members in this House have already spoken in tribute of Charlie Abel. I certainly add my tribute to him. I had known him for many, many years, back when I was practising in the Court circuit and attending at Old Crow. Mr. Abel was a JP and he attended many meetings here. He was a good friend not only of myself but of many individuals here today in the Legislative Assembly, and so I am very pleased that his name has been added to those of Peter Lord and Peter Benjamin.

**Hon. Mr. Porter:** In conclusion, I would like to take the opportunity of tabling the document known as the Porcupine Caribou Herd Management Agreement.

**Speaker:** This, then, brings us to the Question Period. Are there any questions?

#### QUESTION PERIOD

##### Question re: Cyprus Anvil reopening

**Mr. Phelps:** I have a question of the Government Leader with regard to information that was provided just recently at the lock-up and it is to do with Cyprus Anvil. Could the Minister advise this House, on the basis of the worst possible scenario, what the opening of the mine could cost this government?

**Hon. Mr. Penikett:** Of course, the worst case scenario is not the opening of the mine but, it is if the mine opened and then closed. The worst case scenario is that we would be out \$1.275 million with respect to the loan guarantee. If we had reached the point where we had offered the second mortgage of \$3.4 million and purchased the properties, there is a potential for another \$5 million exposure there, although I would take it from the Member's question that if the mine was not actually reopened and working I doubt we would have all of that exposure.

Of course, in respect of the other significant cost for us, the Skagway Road, if the mine does not open properly next spring, given that we are not opening this winter, or if it closes, since that deal is contingent upon the mine reopening and staying open, I think our exposure would be pretty limited there.

**Mr. Phelps:** I have a supplementary for the same Minister. He spoke in his statement about the desire of the new company, Curragh Resources, to maximize the local purchase of goods required at the mine site. Can he tell us whether or not there is any

written agreement in place with regard to that, or whether it is a commitment that we could only certainly expect from that company?

**Hon. Mr. Penikett:** From the beginning, Mr. Frame and I have exchanged letters on exactly that point. I hasten to add to the Member that the language in which this is expressed is a very simple declarative statement. We have not delved into specifics such as the percentage of the \$5 million local purchase we actually hope to spend, because neither of us thought that it was a practical possibility to conclude such an agreement at this point.

**Mr. Phelps:** There is also a statement about preference being given for local Yukon hiring. Does that understanding extend to the contractor who is going to be employing most of the people in the initial start-up days of the operation?

**Hon. Mr. Penikett:** I would take it that for any skills that are present and available in the Yukon territory, it absolutely would, and I want to emphasize that in every communication between Curragh Resources and this government, that has been the single most important point that we have emphasized and reemphasized.

**Speaker:** New question.

**Mr. Phelps:** My question is to the same Minister. I, as well as all Members in the House, certainly appreciate, and would expect, that you would emphasize local hire. That is understandable and not a point of contention. Can you tell us whether or not there is any written agreement with regard to how preferential local hire is to be achieved?

**Hon. Mr. Penikett:** Other than the bold declaration and affirmations and re-affirmations that we have exchanged between ourselves, there is nothing more specific in the documents that we have exchanged with each other, other than that the company will develop a positive action program to ensure that it makes efforts to hire Native people and women and youth who are unemployed. We particularly have in mind, with respect to the Native hire, the people in the community of Ross River, near the mine site, and Mr. Sultan, the vice-president of the corporation has had an early discussion with that particular Band on this subject. We have not got in any document precise numbers about percentages or quotas, because we did not think that was efficacious. I want to assure the Member opposite that we have every intention of pursuing and seeking enforcement of Curragh's commitment on this score, because it is a most important particular for us.

**Mr. Phelps:** He has just referred to a positive action program, and the Government Leader has used the same descriptive word in his statement earlier today. Is that really an affirmative action program, and if so why is he trying to disguise it by using the word positive?

**Hon. Mr. Penikett:** I am not trying to disguise it at all. My word is "affirmative" action program, but lest there be no misunderstanding, Mr. Frame's, Mr. Sultan's and Curragh's word has been, throughout, "positive" action. If they choose to prefer that word, and in their exchanges with us they have used that word, I am quite happy to reiterate his word and take him at his word on that subject.

**Mr. Phelps:** Can the Government Leader tell us anything about the situation with regard to cost of power to the mine and, at least, can he assure consumers in this territory that they will not be burdened with any of the cost with subsidizing power to Cyprus Anvil?

**Hon. Mr. Penikett:** As the Leader of the Official Opposition will know, this is a subject of some delicate and continuing discussions between Curragh and the federal government, not directly involving this administration, save and except until we take over NCPC.

I take the concern about the consumers of the Yukon Territory very seriously, and I have made continuing representations, as has this government, that our consumers will want satisfaction on exactly that score.

#### Question re: Cyprus Anvil reopening

**Mr. McLachlan:** Can the Government Leader tell the House if, to the best of his knowledge, there has been any discussion between

Curragh Resources and the Government of the Yukon Territory for the development of the Van Gorder Plateau through a vehicle such as the Yukon Development Corporation?

**Hon. Mr. Penikett:** We have discussed the development of the Van Gorder Plateau. We have obtained a commitment from Curragh, which was outlined in my statement today, that they will prepare a mine development plan by a date in 1988 so that if it proves viable from their point of view, we can do the mutually necessary planning to see the life of that mine and that town extended from seven years to 25.

At no stage in our discussions had we contemplated the involvement of the Yukon Development Corporation in the development of the Van Gorder ore body.

**Mr. McLachlan:** Can the Government Leader tell the House the identity of the \$20 million US equity partner in the project?

**Hon. Mr. Penikett:** I must tell the Member I do know, but I am under an obligation to Curragh Resources not to disclose that information.

**Mr. McLachlan:** On the 122 real estate properties in Faro, to be purchased from Curragh by the government for a price of \$1.6 million, can the Government Leader tell the House if those are all developed properties — that is, with housing on them — or are any of those raw land? How many lots would be raw land?

**Hon. Mr. Penikett:** The kind of detail asked in the question I will get to the Member. I will get the information later today. I believe some of it is raw land, but I cannot classify the numbers at all in Question Period.

#### Question re: Skagway Road

**Mr. Lang:** I would ask the Government Leader, in view of the seriousness of the situation and the financial commitments that the various levels of government are taking on, if he could table the agreement reached with the State of Alaska as far as the opening of the Skagway Road and the various commitments made by the government for the purposes of seeing this particular agreement come into fruition?

**Hon. Mr. Penikett:** Yes, I will undertake to have that done before the close of today's session.

**Mr. Lang:** Could I have the undertaking that we could have those documents while we are discussing the issue with the proponent of the mine, so that if there are any questions they can be raised then? They are not much good after everybody has left.

**Hon. Mr. Penikett:** If the Member opposite is agreeing to do second reading of the Loan Guarantee Bill so that we can go straight into Committee with it, I will give an undertaking that I will do whatever is necessary to get a copy of that agreement to the floor of the House for that discussion.

#### Question re: Cyprus Anvil reopening

**Mr. Phelps:** First of all, with regard to passage of the Bill, we are certainly prepared to give unanimous consent so that can be done as quickly as possible in the interest of all Yukoners.

Would the Government Leader advise whether he will be able to table today any estimates with regard to capital costs associated with the improvements to the road from Carcross to Skagway in conjunction with the Cyprus Anvil Mine opening?

**Hon. Mr. Penikett:** I may have some crude estimates, but while I am on the floor in respect to that item, I will ask the Minister of Community and Transportation Services to bring to the Committee, in that event, whatever latest estimates we have.

I can tell the Member opposite, in general terms, Mr. Moe Lindsay, who led our work group and is here with us today, will be able to provide some general answers on that score. I hope the Member will understand that we cannot get terribly specific — it is not that we cannot get terribly specific, we just do not know the answers. I will get the Minister of Community and Transportation Services to bring to Committee whatever latest estimates we have.

**Mr. Phelps:** It is not my intention to prolong things with detailed questions and answers in Question Period with regard to this. We will be getting into that later on this afternoon in Committee of the Whole.

I have another question regarding the \$1.6 million worth of assets

that are being purchased by the Government of Yukon. Some of those assets, I understand from information provided at the lock-up, include such things as bunkhouse buildings and so on. I would like to know what, if any, plans you have, particularly if you have them in writing, with regard to the disposal of any of those assets in subsequent years.

**Hon. Mr. Penikett:** I am not sure that we have any plan in writing that is contingent on the sale. Clearly, in the short run, as the contractors move in to reopen the mine, we are already contemplating leasing the bunkhouses back to Curragh Resources. I hope our witnesses may be able to speculate about what will happen to them in the long run, but there are a number of possibilities. For example, if there are — and we do not know this yet — a number of single people seeking accommodation there, there is a possibility that we might have a role to play there. We might be able to sell them to either someone who wants to be in the business of rental accommodation there, or there might be a role for Yukon Housing. I will make sure that the witnesses cover that point when we get to it this afternoon.

**Mr. Phelps:** You do not know whether the Minister of Government Services considered using one or more of those buildings as a liquor warehouse?

**Hon. Mr. Penikett:** Since I am very sensitive to the views of the people of Faro on the subject of liquor facilities. I think I pound gross vehicle weight. In their view, that is needed to make the Government Services without having consulted with, at least, the Member for Faro.

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#### Question re: Skagway Road

**Mr. Lang:** I have a question for the Minister of Highways as it relates to the opening of the Carcross-Skagway road for year-round traffic.

Has there been any change so far as the load lengths are concerned, as far as the utilization of vehicles for the purpose of transporting ore is concerned? That was under active consideration and I know there were pros and cons. I would like to know if this is part of the arrangement as far as the financial significant contributions by this government.

**Hon. Mr. Penikett:** If I may, as it relates to the Curragh deal, it is the wish of the company to use 85-foot trucks with 160,000 gross vehicle weight. It is their view that that is needed to make the transportation situation more competitive and to allow Yukon to benefit from recent technological improvements in road transportation. It is also their view that it would allow an improved utilization of Yukon's highway infrastructure. However, it is the view of this government that we will conclude agreements on that subject so long as we make no compromise on the question of safety or damage to the highways on extensive testing, nor are we prepared to allow any negative impact on the tourism industry because of the use of these large vehicles on that road.

What we are looking at is concluding an agreement with Curragh that allows for a bulk shipping arrangement where there will be a special regime. Final approval of what Curragh wants to propose awaits completion of a safety testing program that is now being undertaken.

**Mr. Lang:** I express my reservations as far as the load lengths are concerned. I am pleased to see the government is viewing it very jaundicely.

As it relates to the arrangement again, what arrangements were made as far as the dock facilities are concerned at Skagway?

**Hon. Mr. Penikett:** Curragh has concluded an agreement with White Pass, which is not quite a dry lease but something close to it where, essentially, Curragh will operate the facilities themselves on a lease from White Pass. White Pass will, I think, have a continuing relationship with the company, because I believe they have contracted to do the marine haul.

**Mr. Lang:** What effect will this have on the marine haul that is presently in place on a year-to-year with the Government of Canada? Does that mean it will be terminated at the end of the year?

**Hon. Mr. Penikett:** I do not know if that is the case at all.

#### Question re: Trade skill development at Faro

**Mr. McLachlan:** My question is for the Minister of Education.

I hear a great deal of emphasis is being placed on the development in today's announcement with regard to the development of particular trade disciplines which may be in short supply in the Yukon — or non-existent. Is any thought being given to having those trade facilities located at Faro, at least in regard to those particular skills which relate to an open pit mine?

**Hon. Mr. Penikett:** Since I have been the principal involved in most of the discussions with Curragh, I would like to answer.

We agreed earlier on that while we had a mutual interest in seeing such training facilities developed in Faro, we were not ready yet, either for the company to define its training needs, nor for us to begin to respond to those needs.

What we are prepared to contemplate is a facility in Faro, down the road, for training in mine skills if Curragh ever gets to the point where it develops an underground ore body on the Van Gorder Plateau. That clearly presents new opportunities there for training. These, however, will all be the responsibility of the Minister of Education. I have to emphasize that we are not yet in a position to begin to make detailed plans about that.

Clearly, one of the things we are quite happy to speculate about is the possibility of a facility located in Faro that might help diversify the economic base of that community. We are a long way from practical discussions on that point yet.

**Mr. McLachlan:** It would seem to me that two communities in Yukon, Whitehorse and Faro, have direct benefits from today's announcement. A third would be Skagway. I see, of course, very little that they have been able to put into the agreement. I wonder why the government found it necessary to feel it had to maintain several kilometres of highway on the American side. My question is: for what they will get back out of this, what have they put into the agreement? It appears to be very little. I find us maintaining their road.

**Hon. Mr. Penikett:** From the beginning, the Alaskans had wanted to negotiate with us on the basis of us picking up a share of the costs. I believe that they were interested in us picking up 50 percent of their O&M costs of winter maintenance on their section of the road. In the end, we negotiated a position where we actually looked after a certain number of kilometres for them. It was cheaper for us than simply having them doing the work and then send us a bill for 50 percent.

#### Question re: Frenchman/Tatchun Lakes Road

**Mr. Lang:** Since more information is going to be provided on the subject of Cyprus Anvil later on this afternoon, I would like to go to another issue that has been outstanding in this House. That has to do with Frenchman/Tatchun Lake issue. Documents were filed by the Government Leader as it pertains to the subject at hand. I find the information, quite frankly, incomplete. I would ask the Minister of Renewable Resources a further question, and I want to refer back to the *Hansard* where I asked him the direct question, whether the Minister of Renewable Resources would provide this House had any written correspondence between his office and/or officials that indicated and dealt with the implications of going into the agreement with the Carmacks Indian Band, and also the effects on third party rentals.

I would ask the Minister of Renewable Resources if such a memo exists, and secondly, is he prepared to table it in this House?

**Hon. Mr. Porter:** According to my recollection, there was no memo written to me with respect to the legal implications of the Frenchman/Tatchun decision by the officials of the department.

**Mr. Lang:** I am not talking about a legal opinion, I am talking about any correspondence between himself or his officials, from any lower level in the Highways Department or Renewable Resources, indicating to him and/or his officials the implications of going into such an Agreement and the implications as far as contracting was concerned. Did he check the file for that, and if he has not, I would like to know why not?

**Hon. Mr. Porter:** We have not found any memorandum or any letters to that effect.

**Mr. Lang:** I asked him at least four times in this House whether or not he would check the correspondence between his office and

his officials and the two departments that could be involved: Renewable Resources and the Department of Highways and Public Works. I believe that you are not presenting us with all the information. I would like to know if he is prepared to go and check those files and see if such a memo exists?

**Hon. Mr. Porter:** I have answered him. I have said that we have not found any information of the nature of the question that he is asking in the House. Should we find any information that has relevance to the question that is asked by the Member opposite, then we will certainly table those documents.

**Speaker:** New question.

**Mr. Lang:** I have a question to the Minister of Renewable Resources: is he prepared to go and look for those documents? I know that we are playing with words and semantics. I am asking for an undertaking from the Minister similar to the undertaking that he committed himself to four days ago. Will he now go and review, himself personally, those particular file — it is not as if it is a monstrous amount of work — and see if such a written memo exists?

**Hon. Mr. Porter:** The department has had individuals in the department reviewing the files all weekend, researching all of the questions with respect to this particular issue. It is not a common practice for the Minister of the department to go rooting through the files of the department. That is why we have individuals employed within the department to do that work. I will ask them, again, to double check, to ensure that there is no such memorandum of the kind that the Member asks of in his question. I will then ask for a review of the files that they have been able to obtain and personally review those files and respond to the Member.

**Mr. Lang:** I have a further supplementary to the Government Leader. In view of the information that has been tabled, and I appreciate the work that has been done but I can also see that a lot of the information is incomplete, I would ask if the Minister would be prepared to refer these documents that he has tabled to the Committee of the Whole so that we could have further discussions on the matter to clarify the issue as it stands to date. I believe that it is very important as far as the public is concerned, especially contractors of the territory, to find out exactly what the facts are. Would the Government Leader be prepared to do that?

**Hon. Mr. Penikett:** I do not understand at all what the Member is asking for. He is asking for documents to be referred to Committee of the Whole. They have already been referred and presented before the House.

In respect to the contract documents, as we made quite clear in the return today, though the contract procedures directive is going to be the subject of discussions with the contractors, Cabinet has decided it will be taking a decision on these new contract directives early in the new year. We have set ourselves a date, a decision point for doing that. We have committed ourselves. The Minister for Government Services is arranging meetings with the contractors that will be completed by the end of November, so that the necessary departmental work that has to be done inside of the government can be done during December and January so that the new contract directives, applying to the entire government, system-wide, will be in place in the new year and no one will have any doubt as to what they are.

**Mr. Lang:** In fairness, I do not think there is any doubt of the present regulations in effect. I would ask the Minister of Renewable Resources about the legal opinion he sought. Did he review the contract regulations, or did he strictly deal with the policy directive that he refers to in the documents that were tabled?

**Hon. Mr. Porter:** My understanding, and it is subject to the greater knowledge of the Minister of Justice with respect to this particular issue that is before us, is that the opinion did take into consideration the contract regulations.

#### Question re: School recreation funding

**Mr. McLachlan:** It has come to my attention that a very large number of rural schools outside of Whitehorse are in an insufficient position with funding to enable them to travel to Whitehorse for sporting events, cultural activities, et cetera. During debate in this

House, we approved measures as large as \$1 million to supply transportation within the City of Whitehorse.

Is the department prepared, or has the department looked at, the possibility of increasing rural funding to schools to allow them to come into Whitehorse for these events?

**Hon. Mr. McDonald:** First of all, I have a point of clarification with respect to the \$1 million busing contract. It is quite true that the largest amount is for Whitehorse buses, but the \$1 million contract is for buses around the territory to fulfill our obligations with Diversified Transport.

The Member may remember, during O&M Estimates, a provision for travel in the territory for extracurricular activities for school children. If I did not mention it then, I will mention now that the funding was increased. How much, I cannot remember, but I do recall last year and previous years, when traveling around the territory, that the request for greater funding for extracurricular activities was made. That was one of the minor adjustments that we were able to make to the Department of Education's Main Estimates for the current year.

We intend to review that again, because quite conceivably it will not be enough for the future. We will certainly review the question that the Member is asking.

**Mr. McLachlan:** My question relates to an event like the Arctic Winter Games. Will the department fund the student participation to the Arctic Winter Games, or give them increased funding to take care of this, or will you simply back out and say the AGW has already been provided significant money by this government, and it is therefore their responsibility to see that students get into the Games?

**Hon. Mr. McDonald:** To my knowledge, no specific request by any school for an educational trip associated with the Arctic Winter Games has been made to this government. I am not sure whether the funding of travel from rural communities to Whitehorse would be covered under existing program guidelines for extracurricular travel. I will review the question that the Member asks to determine whether or not it is the case.

**Mr. McLachlan:** I would be interested, then, if the Minister could table for the House some sort of guideline figure that is used within the department to allow for the type of sporting event we are talking about. Is it so much per student per mile? Is it so much per field trip? Can the Minister advise us as to what those guidelines might be, within the department?

**Hon. Mr. McDonald:** I will table documentation, if it will help, that exists with respect to what the program guidelines actually are as regards both extra-curricular trips serving an educational function and for trips using Diversified Transport busing to provide travel to sporting events for the benefit of rural communities in general.

#### Question re: Frenchman/Tatchun Lakes Road

**Mr. Phelps:** I have a question for the Minister of Renewable Resources with regard to the Frenchman/Tatchun situation. From a cursory review of the documents provided and materials tabled today, it would appear that, rather than \$600 and \$300 being the differential between the costs of the equipment utilized, the difference in cost to the taxpayer of Yukon was something in the order of \$10,000 plus, and there were nine pieces of equipment and some five contractors bypassed who had genuine lower bids pursuant to the third party agreement.

Could I ask the Minister of Renewable of Resources if it is their intention to change policy in January so that this kind of practice can be legitimized in the future?

**Hon. Mr. Porter:** In answer to that question, we have stated that there has been unclear policy with respect to the issue of contracts in terms of its application to all departments of government. To that end, we have acted responsibly and we have put forward a proposed contract directive. It has been before the Cabinet of this government. It has received the endorsement of the Cabinet to be utilized as a discussion item. Then there is the process of finalization and implementation — the implementation date is, I believe, January 31st — and the government has given an undertaking with respect to this document being discussed with all



of the parties affected, including the Yukon Contractors Association.

As regards the Member's question, my understanding is that this document has been provided for the Members opposite and I believe that, in reading this document, they would be able to answer the questions they have with respect to this government's intentions on a question of what would be the contract directives.

**Mr. Phelps:** My concern is that someone prepared a document for the Minister to table in this House that indicated a difference of some \$600 in one contract, \$300 in another, and now what we have is an obvious situation where some officials apparently either negligently or deliberately are trying to cover up the situation. I am wondering whether or not the Minister of Renewable Resources has looked into the reason for this vast discrepancy in position papers that have been tabled before this House?

**Hon. Mr. Porter:** Obviously, I share the Member opposite's concern because, the moment that I found out that the information that was tabled was incorrect, I made a statement to the House to that effect. I gave an undertaking to the House that we would get all of the relevant information, with respect to the issue of contracts, and bring all of that information before the House.

There are a couple of responses to why the incorrect information was tabled. We have been in a situation where the contract administrator for the department has not been present in the department during the discussion of this issue. That particular individual is the most knowledgeable about all contracts with respect to the administration of Renewable Resources. That person has returned today, so we have the benefit of the expertise of that individual.

From the beginning of the initiation of the project, to this day, there has been tremendous confusion with respect to this issue of a park, Frenchman/Tatchun Road and all of the ancillary questions to it. Given the atmosphere that has plagued this particular question since its date of inception, it is understandable as to how there has been confusion. That is no excuse for tabling incorrect information. I recognize that, and I have corrected the situation and made sure that the Member's opposite, and all Members of the House, have the relevant and correct information with respect to this question.

**Mr. Phelps:** Will the Minister convey the strong disapproval of this Member, and our caucus, to the officials responsible for what appears to be, on the face of it, through negligence or otherwise, a tremendous cover-up?

**Hon. Mr. Porter:** The charge of cover-up is a political charge in all of its meanings. I can state, categorically, with respect to this issue, I have been given no evidence that there has been an attempt to cover up the question. We have stated before the House that there was a mistake made in the tabling of the original information; we have corrected that situation. With respect to the internal disciplinary measures, on this or any other questions, that is a matter for myself and the Deputy Minister to discuss and take to the concerned individuals in the bureaucracy.

**Hon. Mr. Penikett:** I have for tabling, as it was just signed today, a document from the Auditor General entitled "The Auditor's Report, 1984-85", which forms part of the territorial accounts for 1984-85.

#### Question re: Frenchman/Tatchun Lakes Road

**Mr. Lang:** I have a question for the Minister of Government Services with this contract document that has been referred to. Will this particular document permit this type of thing to happen, as happened at Frenchman/Tatchun Lakes, where you had 14 contractors, who had bid on various pieces of equipment and you had at least nine go to a second lower bidder? With the \$25,000 provision here, will that permit that to still happen, contrary to the present policy where it should not happen?

**Hon. Mr. Kimmerly:** It is a matter of legal interpretation about what is permitted under the old guidelines and under the new. I will discuss exactly that question with the contractors involved.

**Mr. Lang:** It is a question, in my view, of what is right or what is wrong. I take exception to the comment that the Member opposite is going to discuss it with someone outside this House, when

somebody is duly elected to ask him a question. You wrote the contract regulations; you are responsible for them. The Minister of Renewable Resources has put a number of contractors in a situation of not getting thousands of dollars of work. Will that happen under these contract regulations? They should not have happened under the present policy.

**Hon. Mr. Kimmerly:** That sound and fury will not help. The Member asked a question about the interpretation of what will become a legal document. He is capable of interpreting it. The contractors are; the general public are. The wording of that directive is the subject of consultations. Those consultations will occur. The interpretation of it is a matter of legal opinion.

**Mr. Lang:** Boy, Mr. Speaker, I must say to this House that I am very very disappointed that every time I look at the Minister of Government Services, I have to go for a legal opinion.

I will ask the Minister of Renewable Resources: what correspondence, or what are his intentions in informing his constituent from Watson Lake? What reason is he going to give him for the fact that he did not get the work he was eligible for and should have gotten?

**Hon. Mr. Porter:** The constituent, who the Member refers to, has not asked any questions of me with respect to this matter. If and when that particular constituent does ask me a question, what I would say to the individual would best be left to the moment that discussion took place, if it does.

**Speaker:** Time for Question Period has now elapsed. We will now proceed with Orders of the Day and Government Bills.

#### GOVERNMENT BILLS

**Hon. Mr. Porter:** I would request unanimous consent of the House, pursuant to Standing Order 55(2), to proceed with second reading of Bill No. 76 at this time.

**Speaker:** Is unanimous consent granted?

**All Members:** Agreed.

**Speaker:** Unanimous consent has been granted. Proceed.

#### Bill No. 76: Second Reading

**Clerk:** Second Reading, Bill No. 76, standing in the name of the hon. Mr. Penikett.

**Hon. Mr. Penikett:** I thank Members for the unanimous consent. I shall be extremely brief, since I think they will be more interested in putting questions to our witnesses than hearing me speak *ad nauseum*.

I move that Bill No. 76, *Loan Guarantee Act, 1985*, be read a second time.

**Speaker:** It has been moved by the hon. Government Leader that Bill No. 76, entitled *Loan Guarantee Act, 1985* be now read a second time.

**Hon. Mr. Penikett:** I will be very brief. As the explanatory note says, this Bill is to enable the Government of Yukon to guarantee a \$15 million line of credit, which Curragh has approved with the banks. Eighty-five percent of this line of credit would be guaranteed for 18 months by the Government of Yukon, with the Government of Canada re-guaranteeing 90 percent of Yukon's guarantee, after the bank has approved the financial arrangements in the next few days. Then there would be federal Parliamentary approval. We understand a similar kind of Bill will have to go to the federal House.

This morning I received a message from Mr. Crombie about his intentions to introduce same as soon as we complete our work.

*Motion agreed to*

#### Bill No. 19: Second Reading

**Clerk:** Second reading, Bill No. 19, standing in the name of the hon. Mr. Kimmerly.

**Hon. Mr. Kimmerly:** I move that Bill No. 19, entitled *An Act to Amend the Elections Act*, be now read a second time.

**Speaker:** It has been moved by the hon. Minister of Justice that Bill No. 19, entitled *An Act to Amend the Elections Act*, be now read a second time.

**Hon. Mr. Kimmerly:** In July, I made a Ministerial Statement announcing the intention of the government to follow a course of action because of the situation we find ourself in around residency in our election law.

As the Members know, the residency provision was challenged in the Supreme Court. The decision of the Supreme Court, just before the last general election, was to the effect that the one year residency requirement was unconstitutional.

On that specific case, the applicant before the Court had been in the jurisdiction for approximately nine months. It is worthy of note that the Province of Ontario has changed their election residency requirement, specifically as a consequence of the *Charter*, from one year to six months.

As I announced in July, it is the policy of the government to follow the policy of the previous government in the Courts. This only makes commonsense, because in the Supreme Court, the government argued in favour of the one year residency requirement. It will be consistent of us, and it will help our case, if we maintain the same argument in the Court of Appeal as we maintained in the lower Court. We are going to do that. We have also passed an Order-in-Council asking the Court of Appeal the constitutional question about the kinds of residency requirements which are possible. This is for the specific purpose of ensuring that we will know where we stand at the conclusion of this lawsuit.

The lawsuit will almost certainly go to the Supreme Court of Canada, because we are expecting the loser to appeal again.

I had hoped that we could get a decision of the Court of Appeal before the upcoming by-election. As all Members know, there is a vacancy in Porter Creek West at the moment and a by-election is required. It appears that that will not be possible. As a consequence, we are left in the position of having a by-election where the Supreme Court has struck down the residency requirement. That means that it would be lawful, persons would be permitted to move into that jurisdiction after the writ is issued and vote. There would be no residency requirement, aside from being on the list the last day of the court of revision.

I am confident that it is the view of all Members in this Assembly that that situation is intolerable, is unacceptable and is fraught with the possibility of abuse. We are consequently moving to change the law so that that abuse cannot occur. We have specifically put in a sunset clause, as it is called in this law. That is the law, if it is passed by this House, which will come into effect on the day of assent and will cease to be the law in April, 1986. We have done that in order not to prejudice the position of the government in the court because the policy of the government concerning the length of residency is the same now as it was before the election.

**Mr. Phelps:** We support the Bill. I want to go on record as stating that I have had consultations with the Government Leader, and more recently with the Minister of Justice with regard to this important issue. The sunset clause was really our idea, because we felt it very important to make it clear to the public and to the court that we were only passing this Bill because of the necessity of having a by-election as soon as possible in Porter Creek that would be fair to Yukoners pending the outcome of the court case.

I want to go on record as saying that our party and our caucus stands united behind the one-year residency requirement. We are very unhappy with the concept of having to shorten that requirement, and we are only going along with this Bill because of the present legal mess that Yukoners find themselves in today.

I conclude by saying, let us get the Bill passed and let us get a by-election for Porter Creek West right away.

**Mr. Coles:** Just a couple of words: our party also stands behind at least a minimum of one year residency requirement, and we will support this today because of this sunset clause.

*Motion agreed to*

**Hon. Mr. Porter:** I move that the Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

**Speaker:** It has been moved by the hon. Government House Leader that the Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

*Motion agreed to*

*Speaker leaves the Chair*

## COMMITTEE OF THE WHOLE

**Mr. Chairman:** I now call Committee of the Whole to order. We will now recess for fifteen minutes.

*Recess*

**Chairman:** I will now call Committee of the Whole to order.

### Bill No. 76 — *Loan Guarantee Act, 1985*

**Chairman:** We will proceed with Bill No. 76, *Loan Guarantee Act, 1985*.

A certificate has been filed for witnesses to appear before the Committee. Mr. Clifford Frame of Curragh Resources, and Mr. Moe Lindsay, former Deputy Minister of Economic Development. Does this meet with the agreement of Committee members?

**Some Members:** Agreed.

**Chairman:** I would like to welcome the witnesses.

*On Clause 1*

**Hon. Mr. Penikett:** I said at the outset earlier today in Question Period that I would table an Agreement concerning the Skagway Road, and I have an Agreement which is entitled *Agreement Between the State of Alaska and the Government of Yukon Concerning the Year-Round Maintenance and Operation of the Klondike Highway*. I would like to table that now.

I also indicated to Members opposite that I had a communication from Mr. Crombie in the form of a telex, which just confirms what I told the House.

"The purpose of this telex is to inform you that the federal government is prepared to re-guarantee a line of credit for Curragh with the Toronto Dominion Bank subject to the completion of an acceptable formal loan agreement and Parliamentary approval. To this end I can tell you that I have received approval from the Treasury Board to include this item in our Supplementary Estimates, which will be tabled in the House of Commons on November 5.

"I understand that you may table an Ordinance seeking authority for your guarantee in your Legislature on October 28. This will represent a major step which will, I understand, be accompanied by explanatory media briefings and communiques...". That is basically the pertinent statement there.

I want to welcome before the Committee, Mr. Clifford Frame. It is not often that we have private citizens or people from outside the government appearing before Committee of the Whole.

The Bill itself is self-explanatory, but I thought that this would be an appropriate occasion for all Members of the House, through the Chair and perhaps through me, to direct question to Mr. Moe Lindsay, who headed the working group on behalf of this government towards the closing of this deal, and Mr. Clifford Frame, who heads Curragh Resources, the new owner of the mine. With that, my inclination is to sit down and let the Members have at the witnesses.

**Mr. Phelps:** On general debate, we cannot let the Government Leader off quite that easily.

First of all, through the Chair, I would like to extend my personal congratulations to both of those witnesses. I am glad to see you here, and I am glad to see that the Yukon can look forward to some prosperity in the months and years ahead. I think that you are both to be commended for your efforts. I am very happy to see that the issue has come to a successful conclusion, hopefully.

I would ask the Government Leader if he or his witness could provide for us a worse case scenario? Since we are dealing with public funds, I would like to know, if things went wrong, could he briefly summarize the cost to Yukoners for the road, the second mortgage, the housing, the loan guarantee with interest and anything else he might know about?

**Hon. Mr. Penikett:** I am going to ask Moe Lindsay to

elaborate on my answer. Let me explain to the Leader of the Official Opposition that our maximum exposure is something in the neighbourhood of \$7 million. I am trying hard to imagine a circumstance where all the coincidence of events would be such that we would be out all that money.

As I mentioned in Question Period, on the loan guarantee our exposure is 10 percent of 85 percent of \$15 million. That is the worst case. There is \$1.6 million for purchase of assets in Faro. If the mine failed a year or two down the road, we would be out that money. The \$3.4 million second mortgage is also an area of exposure, but if the mine opens and operates for some period of time, I am assuming that by the time we get into that, we may well be free of the loan guarantee, and we might be having some return on the mortgage.

On the highway, again, we will not begin to have the major costs of winter maintenance until next winter. Hopefully, by that point the mine will be fully operational and things will be moving along correctly. If, however, the mine were to open and then shut down, I would assume we would be able to cut our losses fairly quickly on the road portion.

Let me, having responded generally that way, refer it to Moe Lindsay to talk a little bit further on my answer.

**Mr. Lang:** Prior to getting to the witnesses, I would make a couple of points to the Government Leader. First of all, information was provided to the Leader of the Liberal Party, as well as our Leader. There has been no information provided to all Members of Caucus as far as the information that was provided to the media and various other people who attended the lockup. I will make comments about the lockup at a later time, not right now.

I would ask the Government Leader if he would make an undertaking, because he does have an extensive staff, that at any time in the future when this information is provided, please have it down on our desks as opposed to having to stand up in this kind of a forum and ask for it. It puts us very much at a disadvantage as Members, and, third, knowledge on various elements of arrangements in the past.

I want to make that representation if that could be done.

The other point I would ask is: is the document that you tabled for the purposes of the Skagway-Carcross Road being run off so that all Members are going to get a copy?

**Hon. Mr. Penikett:** Yes, and if I have erred again, I try my best to get information to the Members. I will try and make sure this afternoon that we get copies of all the information to all the other Members. I really do try. I am sorry we did not get it to everybody. That is an error. I will try to get it to the Member in minutes.

**Mr. Lang:** I hope it is being done in the manner that I hope he intends it to be taken to us. I want to make it very clear that I am saying to the Member opposite that you are asking us to vote a \$15 million guarantee. We have witnesses here, granted, and I appreciate that.

What I am saying to you is that I would like that information. I am saying it, not to you, but perhaps your staff, that if, once they read *Hansard*, could they please ensure it does not happen again. That is all I am asking. I am not asking in a flippant manner, nor to attempt to put the Government Leader on the spot.

**Hon. Mr. Penikett:** I will convey that message.

**Mrs. Firth:** I have noticed some sighs of frustration or whatever they may be, on the other side of the House. I want to reinforce what the Member from Porter Creek East has said, because all through the Minister's ministerial statement I had to sit and share with one of my colleagues who was in the lock-up the information that was provided in the lock-up. After the lock-up, no information was forthcoming to our caucus. I mean, they could have given the Members who were there a handful of the brochures and packets that were distributed to the media. It would have made the conversation in the Legislature this afternoon during Committee of the Whole much easier on our behalf.

**Hon. Mr. Penikett:** I am sorry that did not happen. I will try and correct it immediately.

Could I refer the detail of the question that was asked of me previously to Mr. Moe Lindsay?

**Mr. Lindsay:** In terms of the worst case scenario of the \$7.9 million Mr. Penikett referred to, it is indeed a worst case because, of those monies, some \$900,000 of it was for capital maintenance equipment for highway maintenance, and, of course, once the road is operational, that equipment is usable elsewhere or salvageable. As the Minister pointed out, \$700,000 of it is for O&M which, of course, can be halted at any point in time; it is towards the snow removal costs on the Skagway portion of the road.

With respect to the loan guarantee, the government is, indeed, at risk for \$1.275 million, and also, as part of the agreement, an additional \$68,000 in interest charges. That is the total worst case scenario; it is part of the \$7.9 million.

With respect to housing, there is a commitment for a total of \$5 million. \$1.6 million of it is for purchase of assets, of which there will of course be some salvage value — perhaps not a great deal, but some, nevertheless. The other \$3.4 million is for second mortgage money which, in the worst case scenario, would be fully at risk as the only security on the second mortgage is, in fact, the housing units themselves.

**Mrs. Firth:** I just wanted to ask a question about the upgrading costs. I understand there was some talk about building turn-offs and upgrading the road somewhat. What is that going to cost and who is going to be paying for it?

**Hon. Mr. Penikett:** Let me refer that to Mr. Lindsay.

**Mr. Lindsay:** I trust the question refers to the portion of the Alaska Highway, or does it refer to the upgrading of the Klondike Highway?

**Mrs. Firth:** It is in regard to the portion of the road to Skagway, the short piece from Carcross to Skagway. I understand there is going to have to be some upgrading done to that portion of the road for the heavy truck traffic which, the Government Leader has reassured us, would not be in conflict with the tourism industry and the tourism traffic. I would like to know the cost of the upgrading and which government, or who, is responsible for the cost?

**Chairman:** So therefore it is for both sides?

**Mrs. Firth:** Correct.

**Mr. Lindsay:** The section of the Skagway-Carcross Highway is in the federal inventory, and it is a federal responsibility. Because we know that there will be some reconstruction costs involved with that portion of the road, we have sought from the federal government, and received, a commitment to reschedule funding for the reconstruction of that highway. The reconstruction is anticipated to take place over the next two to three years.

**Mrs. Firth:** Has there been any estimation of that cost? If not, when are we anticipating that a commitment for some amount of money, that we do not yet know, is to be made?

**Mr. Lindsay:** We do not have a number at this point in time. There has not been any engineering work done on it to determine the amount of money by the federal government at this point in time.

**Mrs. Firth:** So I understand correctly, then, that the federal government has agreed to assume the financial responsibility to reschedule the funding through YTG, but as of yet it is undetermined as to exactly what that amount of money is going to be. I am just looking for verification if that statement is accurate.

**Mr. Lindsay:** Yes, that is correct. The federal government is currently working on those estimates.

**Mr. Lang:** While we are on the question of the road, it is unfortunate that we just got this document. I have not gone through this Carcross-Skagway Road paper.

I would ask Mr. Lindsay, in deference to his longevity with the situation, what are the differences between this agreement and the understanding that was met with the State of Alaska some time in early May. I will just refresh your memory. I recall that we had an understanding that it would be open, and we were down to the point where we were discussing the details. This is a little bit more involved, and, by looking at the document, more specific. I understand that it was so technical that people had to meet further to discuss it.

I was just curious as to where it has deviated from where it was before. I understood at the end, just to conclude here, we were just

at the stage of approaching them to see whether or not we could maintain the portion of the road for a period of time, and then see what the costs were. I gather that this is the ultimate end culminated in this agreement, is that correct, where we do the actual work, initially, at any rate?

**Mr. Lindsay:** Yes, we had, as the Member indicated, reached an agreement-in-principle, basically, under the previous government. There were five key elements to that Agreement-in-Principle. Those same five key elements appear in the new agreement. The five of them in general cover operating costs, capital costs, load limits, equal employment opportunity and reciprocity of general commerce between Alaska and Canada.

In the instance of operating costs, the previous Agreement-in-Principle indicated that there would be a 50-50 cost split on those operating costs for that incremental portion of the road that would have to be kept open on the Alaska side for year round operation.

The current agreement achieves the same objective by the YTG maintaining the first six kilometres in Alaska, or roughly 50 percent of that incremental portion.

**Mr. Lang:** Just so that I have it clear, there is really no substantial change as far as the Agreement is concerned from what it was, except for pro-rating the cost, which is the same effectively to the government. Is that correct?

**Hon. Mr. McDonald:** Besides the fact that the Member will appreciate that more than technical people have their hand in the agreement — and I am sure that the previous Minister had his hand in the agreement and certainly the present Minister had his hand in the agreement — one of the major changes is that the period of the agreement is for the life of the mine and not for a fixed five-year period.

**Mr. Phelps:** I have a question of the Government Leader. We have had a lot of concerns raised by citizens about the trucking and who the contractor would be and what safety features would be provided for the travelling public. I was in lock-up today, and the question was asked of somebody by somebody — I cannot say who because we are not allowed to attribute comments to anyone, that being the rules that have been initiated by this new government for the sake of openness. However, somebody did mention a contractor. Somebody did mention that a contract had been signed, and something about radar on the back of trucks, so I ask him to direct this question to a witness.

**Hon. Mr. Penikett:** I do not know anything about radar and I will refer the question to our kind guests, if there is anybody among the witnesses who does know. Let me explain what I did not get a chance to in Question Period. What we are looking for, beyond the Skagway Road agreement with Curragh Resources, is a bulk commodity transportation agreement that will cover the route, truck design, scheduling of traffic, spring break-up, load restrictions, monitoring, a fee which we would charge to the bulk commodity shipper, in this case Curragh, and other requirements that we regard as necessary to protect public safety. Radar may enter that dimension, but I will direct a question to Mr. Frame, if the Chairman will permit me, and let him respond.

**Mr. Frame:** I may be responding a little prematurely, because I was not in Toronto yesterday and I believe the contract was signed yesterday. The contract, if it is signed, is with Trimac, and as you know Trimac is one of the largest of Canadian truckers and some people think, probably the best of the Canadian truckers. I think that we are very fortunate in having drawn them to this situation, and in open competition they were the successful bidder.

Our arrangement with the Yukon government is to work on the safety features. One of the things that the president of Trimac told me was that in the event of inclement weather or snow-blowing, et cetera, they felt they might put radar on the front and back of their trucks so that they could detect vehicles coming towards them or even from behind, and that this was a good feature. I thought that that sounded pretty good. I am not a trucker myself, but I thought that was a positive indicator that they knew their business and that they were concerned with safety on the highway. You may be aware that Trimac has been running up and down that road for over a month now. They have been time studying and accessing speeds and computerizing, et cetera, and they have a pretty good idea of what

is required to do the job safely. I feel that they are extremely responsible people and that is one of the principle reasons that we fostered their bid as much as we were able, and I think that they will do the necessary things to make it safe.

I cite the case of Saskatchewan, when they went through the same sort of initial concern, and even trauma, in introducing big trucks on the highways. Of course, you have had the big trucks between Faro and Whitehorse, but not in the area where the tourists come from Skagway. In the case of Saskatchewan, now they move millions of tons every year with trucks on their highway, and I think that they are just as concerned with safety and tourism in that province as they are in any province.

<sup>27</sup> We brought people from Saskatchewan to talk to officials in the Yukon Government and, of course, we brought truckers from there too. They are available for discussion by anybody. They have offered any and all help that we might ask in order to, at least from the experience standpoint, pass on what they know. Of course, we are not trucking until six or seven or eight months from now, so I guess we have enough time to put safety conditions together for the trucking.

**Mr. Lang:** To the witness again: we have talked about the costs of trucking. I have a question: is it going to be Curragh that is paying to the Government of the Yukon Territory and the State of Alaska the costs that are directly incurred for the purposes of the winter opening of the road, as per the commitments that had been made in previous years by Cyprus Anvil?

**Hon. Mr. Penikett:** I will let Mr. Frame answer, but what we are proposing in terms of the bulk commodity transportation agreement we have come to with Curragh, and which I just talked about a few minutes ago, is a one dollar per ton fee for stuff going over that road as revenue back to this government to help offset the costs.

**Mr. Lang:** What are those estimates, and is that same principle going to apply to all other trucks that are trucking commodities across that road? In other words, do we have a toll road? And what are your estimates of the costs? My understanding of the arrangement before was that this was a commitment that was made by Cyprus Anvil: if the road was open year-round, they would pay the bill. In fact, they went specifically, if I recall correctly, to the State of Alaska to tell them that and they told the government of the day here as well. So things have changed dramatically in that particular area. What are the estimates and what are our recoveries?

**Hon. Mr. Penikett:** Give me a minute. I may be able to find the numbers, and Mr. Lindsay may have them. If Mr. Lindsay has them, I would ask him to reply.

**Mr. Lindsay:** The one dollar fee that has been referred to here is to offset the cost of a design vehicle that has been given approval-in-principle by the government. That design vehicle is a 160,000 pound GVW and 85-foot total length vehicle. That fee would then be applied against those costs associated with the designed vehicle.

**Mr. Lang:** I do not think I am getting an answer to my question. That is very interesting, incidentally. I will have to ask further questions on that. But I want to know this: if the tonnage is the same as the last year of operation or the average of the last three years of operation, what money does the Government of Yukon accrue for the purposes of making that road available to Curragh Resources now, which used to be Cyprus Anvil?

**Mr. Lindsay:** The estimate is 450,000 metric tonnes of concentrate per annum, which, at one dollar per ton, is \$450,000.

<sup>28</sup> **Mr. Lang:** Two hundred and fifty thousand dollars more is needed if the estimate of \$750,000 is correct. An extra \$250,000 is needed. Is that money coming from the federal government, or is that coming from Curragh Resources?

**Hon. Mr. Penikett:** It is coming from the Yukon government.

**Mr. Lang:** I have a further question on the GVW. Do I take it from the witness that part of the arrangement is the common acceptance of the extension of length for the purpose of hauling ore? Can we take that as part of the agreement? Is that understood?

**Hon. Mr. Penikett:** As I emphasized earlier, we had an Agreement-in-Principle subject to the concerns of us being satisfied about the concerns in terms of tourism and safety. We have an

agreement to develop a highway safety program, including necessary controls in the trucks, but we do not have it in place yet.

**Mr. Lang:** I understand that, but I think maybe I should direct this to the Minister of Highways, who is directly involved in it. Has your department accepted the principle of, I believe it is, a 15-foot extension, or 10-foot extension, to what the present situation is? Has the Department of Highways accepted that as a general principle to go ahead with trucking, as far as the territory is concerned? If it has not accepted it, then I would ask the witnesses what the financial implications are on the arrangements with Curragh Resources if they have to use the now present regulations as far as GVW is concerned, and weight. What are the implications?

**Hon. Mr. McDonald:** We have accepted, in principle, the extension of the lengths subject to our being satisfied that the new vehicle length will be safe on the highway, given the configuration of the truck. We have yet to do computer runs with the new truck. We have been promised the first truck off the assembly line to satisfy ourselves that the safety requirements will be met.

We have discussed with Curragh the dedication of the Skagway Road to ensure that we do not conflict with innocent tourist traffic on that road, given the current state of repair on the road. There are various factors which will have to come into play to allow us to be satisfied that the safety requirements will be met. For example, dedicated use of the road may be necessary initially, until such time as we have brought it up to capital standards, which would satisfy that particular size of truck and that particular weight of truck. There will be a variety of factors which will be taken into account to determine whether or not we consider the road safe.

**Mr. Phelps:** I would like to ask whether or not the dollar charge per ton of concentrate is contingent upon the modified truck being used, or whether it is a charge in any event, so long as the road is being used to haul concentrate?

**Hon. Mr. Penikett:** Let me explain this again. I was not clear. What we are proposing with this company, and it could apply to other similar companies in similar circumstances, is a bulk commodity transportation agreement that would cover the points I talked about earlier, about route, truck design, scheduling traffic, spring break-up, load conditions, and so forth. Part of that agreement would be the one dollar per ton fee.

**Mr. Phelps:** My question is: in that agreement, is it contingent upon the modified truck being used?

**Mr. Lindsay:** Yes.

**Mr. Lang:** What are the implications to this agreement if we find that, subject to the necessary research, this particular configuration is not safe on our highways. What financial implications would this have on the viability of the mine opening? I guess I would direct this question to Mr. Frame. What are the financial implications — the difference between our present configuration and the new configuration as far as costs are concerned?

**Mr. Frame:** I think it is a bigger question than that. I think you are faced with whether you want to open the mine or not and whether you can give the best conditions, albeit safe conditions.

I think Saskatchewan went through the same thing. They move, maybe, four, five, six million tonnes of potash down their main highways now, and they move them with these size of trucks, and they move them safely. I would have to think that, coming from the US side, there is probably more traffic than there would be on this — maybe the conditions are not totally comparable, but it is something that, to make the mining operations here competitive and viable, we are talking about putting forward the best conditions we can, and the best condition is 85-foot trucks.

I would not like to think that that condition would be altered. Whether it would destroy the viability of the mine — probably not, but it may destroy in part or nibble at the price competitiveness of the operation and, frankly speaking, this mine should never have been shut down three or four years ago, if it had been managed tightly and if the conditions are right. That railroad has been a thorn around the neck of bulk commodity mine operators ever since you got quantity. There is a real necessity to rationalize a good transportation network to tidewater for the industry here, not just for Curragh. I think we will be able to demonstrate to you properly

that, through expertise and actual demonstration, the 85-foot truck can and should be used.

**Mr. Phelps:** I have a question for the Government Leader: I certainly hope everything goes ahead and that the 85-foot trucks will prove to be sufficiently safe for the purpose, but what is of concern to me here is that, this spring when we were discussing and negotiating in principle with Mr. Lassande, the opening of the road, which we achieved in April this year, it was made very clear that whatever the final truck weight and everything else turned out to be, he felt, and he assured me as Leader of the Government at the time, that there would be no problem in the mine, whoever bought it, paying \$500 to \$1,000 a year towards the road's maintenance. That was one of the things that spurred us on in our negotiations with Governor Sheffield.

<sup>30</sup> I am not here to be critical of any private company that makes a good deal and comes out ahead. I am really concerned, and I want assurances, that if this goes ahead and we are paying for the O&M costs of that road, that we do have in the neighbourhood of \$500,000 being paid for by the mine operator, because that is certainly how we started off on these negotiations back before there was a definite buyer.

**Mr. Frame:** I would just like to correct the figure from Moe Lindsay, my associate here. In fact, the mine should operate at 550,000 tonnes a year which is \$550,000.

Moe mentioned 450,000 tonnes, but it should operate at 500,000 or 550,000 tonnes a year.

**Mr. Phelps:** I appreciate that from the witness. The point is, I just want some assurance that in the event that there is a change to the vehicle configuration that we do not lose that contribution towards road maintenance.

**Hon. Mr. Penikett:** I have been trying to find the figure. Unfortunately, my notes are so appallingly put together, I cannot find anything in them. It is my fault, I guess.

There is also a fuel tax consideration. We will have revenue from the fuel tax from the ore trucks travelling on the road, which, of course, is a traditional contribution of revenue to the government.

**Mr. Phelps:** Surely that does not result in a net to us. That is deducted in our grants from the federal government under formula financing. It is not an increase in tax rate.

**Mr. Lang:** Perhaps if you could answer that question, if Mr. Lindsay has any comments on that. The understanding was that the increase in taxation was over and above the \$500,000 commitment that was made to the then government. Obviously, things have changed to some degree, but we could be in a situation where there is only 250,000 tonnes of ore shipped, and there would still be a \$700,000 bill outstanding that the Government of Yukon is going to have to pick up, quite obviously. Am I correct — if there is a major disruption at the mine, for technical reasons, or whatever?

**Mr. Lindsay:** The dollar per tonne that we used is a conservative number, Mr. Frame. Irrespective of what your numbers indicated, we were a little bit on the conservative side. In our estimates, we did come up with \$450,000 as it relates to the usage fee. In addition to that, there is an estimated \$500,000 that would flow back to us through fuel tax revenues.

As the Member points out, quite correctly, if that is an incremental revenue, it simply reduces the federal grant through the financial agreement by that amount. We do know that our O&M costs will be going up, as you point out, by a net \$250,000, because we have an increase in costs and an increase in revenues, it offsets. The net amount flowing back to the federal government would be something like \$450,000 with those calculations — \$200,000.

<sup>31</sup> **Mr. Lang:** The point that I am trying to make is that if only 100,000 tons are shipped under the agreement that you recommending here, we get \$100,000 from Curragh. We still have an outstanding bill of \$600,000 to make a total of \$700,000 to maintain the road for winter. Is that not correct? Therefore, as opposed to what was there before, we are in a situation where we were very much subject to the ups and downs or the consistency of the mine to be able to operate in a subsistent manner to be able to provide that tonnage. Is that a correct observation in view of what we have been told here today?

**Hon. Mr. Penikett:** I am assuming that if the mine is only

shipping 100,000 tons, the mine is not viable, but I will refer the question to Mr. Lindsay and Mr. Frame.

**Mr. Lindsay:** I have the same comment as the Minister.

**Mr. Lang:** Then, I am correct that if it is open year-round, that \$700,000 cost is there, and if we only ship 250,000 tons because of technical changes or work stoppages, whatever the case may be, then we are going to pick up those costs, as opposed to what it was in the past where we had a commitment of \$500,000.

I would ask if Mr. Lindsay has the figures on the difference in the cost of shipping 550,000 tons of ore with the present configuration that the government now allows under regulation as opposed to the proposed regulations that you would like to see, an 85-foot unit. What is the difference in costs to your overall transportation costs?

**Mr. Frame:** I think that I would have to go by memory, but I do not think that I am too far off. It would probably cost approximately \$2 million extra a year, at least, or \$14 to \$15 million over the life of the Faro pit. It is important that we are able to use 85-ton trucks; it is very important. It is very important that, in every bit of this project, we get the best techniques and the best efficiencies and the lowest cost methodologies. That is what will keep this project alive, not only for the Faro pit, but for the other pits as well.

**Mr. Lang:** There was another principle being discussed, because of the weight restrictions on the Alaskan side, I am assuming that their position has not changed, that their weight restrictions will stay the same. Is it the intention of Trimac, who you have indicated is the successful bidder, to switch at Fraser as far as the weight loads and the commodities are concerned in order to meet the American weight restrictions?

**Mr. Frame:** Trimac is time-studying and programming and I do not think that at this point in time they can say precisely where they will make the switch. There will be switch, unless we can talk the authorities in Alaska out of it. After all, there will be twice the trucks going down through the town. That is a very solid road. As you know it is mostly rock, and there have been conversations with the Department of Highways there, trying to convince them that half the number of trips through the town, especially during the evening, makes a hell of a lot more sense than trying to split the loads. So far there is no give and take on that, but it is something that we would work on. At this point in time there is a split. Trimac has not determined the optimum point for the split.

**Mr. Lang:** I recognize that about the Alaska side. All I want to do is get these things out on the record so that we understand what we are discussing here.

I would ask a question about local hire, which is of major consequence to Yukon and the people of the territory, and primarily in the area of trucking. Is it the intention, and is it the understanding, of the agreement that you have with Trimac that the truckers will be living in Whitehorse? Is that the understanding? And will they be Canadian truckers?

**Mr. Frame:** I am sure that the hon. Member knows that that is a very delicate question to answer. Let me answer it indirectly. I think the choice of Trimac rather assures that that will be the case, as the choice of one of the American bidders might not have been quite the same answer.

**Mr. Lang:** My understanding of the logistics of the arrangements is: does it not make logistical sense to have your headquarters for your trucking purposes in Whitehorse because of your switch situation, the possibilities and probabilities of that, as well as your distances to Faro, that Whitehorse would remain the central focus for your transportation, because of the distances, and homes, and the social side of it, as well? Is that not a safe statement to say? Perhaps that should be directed to Mr. Lindsay, who has been involved with the situation.

**Mr. Lindsay:** I would say, seriously, it is a logical thing to say. It is a sensible thing to say. It is something that, on the other hand, we do not have much control over. It is pretty much up to the company and their dealings with the contractor as to how they see fit to negotiate in their final arrangements. It would seem the logical and sensible thing to say and to do.

**Mr. Lang:** I guess my question is: when will we know about the final arrangements that are negotiated, because it is of interest

to everybody here, including the witnesses? When will we know what the logistics of the trucking are going to be, and the ramifications of it as far as the trucking industry is concerned, and the general public?

**Mr. Frame:** With all due respect, I think I have answered that, although indirectly.

**Mrs. Firth:** I would like to ask the Minister of Community and Transportation Services, after I have gone through the agreement between the State of Alaska and the Government of Yukon concerning the year round maintenance and operation of the Klondike Highway, about the financial implication of this agreement. Has that been included in the \$700,000? Is that the total cost? Or are they two different things?

**Hon. Mr. McDonald:** There are two costs associated with the opening of the Skagway Road. One is the capital cost, and one is the operation and maintenance cost. I believe we were discussing, to the extent possible so far, the operation and maintenance cost. There is a direct cost associated with the opening, and with the use of the heavy trucks, that is considered a capital cost. We have identified some funds, both from the Canadian side and on the Alaska side, with respect to the capital cost.

The agreement you see before you talks about 50 percent of the Alaska costs associated with the opening of the Skagway Road. That is a principle that was accepted by the previous government and it was accepted by this government. We have tied down the capital costs in the technical addendum, as you might see when you go through it, and that includes snow blower, snow poles and other miscellaneous items for a total of \$150,000. That would be our share.

Rather than trying to qualify all the capital costs associated with the American segment, we specifically identified certain things that we would pay for, and that we assumed would be in the neighbourhood of fifty percent. As I say, snow poles, a snowplow and a portable weigh scale make up that \$150,000 cost. We have some costs associated with the Canadian side start-up costs and ongoing capital costs, or the longer term capital costs, which are not mentioned in this agreement, because this is the agreement between Yukon and Alaska.

**Mrs. Firth:** I am trying to get a clearer picture of exactly what the capital costs are going to be and what the O&M costs are going to be. A figure of \$700,000 has been given for O&M costs for snow removal. In this agreement between the Yukon government and the Alaskan government, there were also mentions of weight enforcement personnel, public safety patrols, public liability — I could imagine, insurance costs for this government could escalate considerably if we are covering the American portion of the road. I appreciate the 50-50 sharing of the capital costs, just to get the road open, that we have agreed to with the Alaskan government. Are we assuming those capital costs as a Yukon government? Because for the other capital costs that I questioned earlier — and the question was answered by the witnesses — the federal government was going to pay, so it seems to be broken into many categories.

Which government is paying for the capital costs to get the road open, and what are the financial implications on the territorial government of this total agreement?

**Hon. Mr. McDonald:** I will try to give a little bit more of the financial implications of this agreement. I repeat, this agreement is strictly for the Alaskan portion of the road. That is all. Quite clearly, one way or another, we will have to pay for 100 percent of the Canadian side.

With respect to the O&M costs, the figure you have heard is our estimated O&M cost for the road, including everything. The additional capital costs for start-up are the \$150,000 that I mentioned with respect to the snow poles, et cetera. The long term capital costs on the American side must be those costs which are directly attributable to the increased truck traffic on the road. So, for example, if, over the course of three, four or five years, the chains put on trucks to allow them to go up the hill at Skagway with ease damage the pavement, then pavement treatment will have to be done on that particular stretch of road. To the extent that that treatment would be directly attributable to heavy trucks, it would be considered a long term capital cost.



The capital costs are broken down in the following way: on the Canadian side, we are negotiating with the federal government for as full a recovery of those costs as possible, and we have been given an indication that that will be forthcoming. With respect to the American side, the capital costs will be borne by the Yukon, not shared.

**Mr. Lang:** A major concern that we have on our side is there appears to be no conclusion of the question of cost of hydro in any documents I have seen. Is it your intention to go ahead with the present situation, as far as it exists, and the rates that are presently being charged to your organization for the purposes of production?

**Mr. Frame:** I think you have put me in the rather embarrassing position of answering that. I believe the question will be resolved within the week. I have evidence to say that by reason of the master agreement, which specifically states — and by reason of certain other information that has passed into our hands — primarily by Mr. Crombie, no, we will not proceed without alteration of the power rates. We have every assurance in the world that the alteration of the power rates will be achieved within the timeframe we require.

**Mr. Lang:** I have a question as far as markets are concerned. When are you going to be in a position to make arrangements for selling lead zinc, which is the prime purpose of the whole operation? Have you got buyers? If so, when do you expect to conclude a deal so that this particular mine can get underway?

**Mr. Frame:** We have been talking to smelters since June. We have not been able to mate up, as they say, because you cannot sign a contract until you have the go-ahead to proceed. We have settled pretty well on who the marketers will be. In the European sector and in the Eastern Block countries, it will be Buleeden. Buleeden are taking considerable quantities within their own family of smelters. These include the Scandinavian smelters and ties into the Belgian and German smelters.

They are committed, under agreement, to take those quantities, subject to terms. In Japan and Korea, we have been working with Placer and with Mitsui. We will probably continue with Mitsui. I am not sure about Placer — well, I am sure about Placer — let me restate that. We may bring Buleeden in on that as part of the deal there, too. Again, we want to get the market back from the Australians in Japan. We have certain letters expressing minimal quantities that we can expect to get next year. We want more, and I think we can get it. We can get it when the go-ahead is a reality. The Japanese are skeptical that this is a reality.

Korea is an expanding market situation. Their smelters are increasing in capacity. We have been promised most of that expansion. We may even trigger the building of a lead smelter in Korea, where they now produce their batteries from bullion bought elsewhere. There is a strong indication that they will put a small lead smelter in there.

I would say that we are late in terms of mating up. I would like to have been mating up by the first of October, and we are late. It is going to be more difficult for us. We will obtain the market.

We have one big plus over most other producers, and that is that we produce a considerable amount of lead. Lead is in desperate shortage. We can trade off lead against getting a portion of the zinc. For example, we can go to the smelter and say, look, we will give you a ton of lead if you give us two tons of zinc. There are a considerable number of smelters around the world that we will use that technique on, including the Eastern Bloc countries.

<sup>33</sup> I think that we will sell our material. It is more of a case of getting the best terms we can, the best price, in other words, and the lowest cost for smelter charges.

**Mr. Lang:** One of the requirements of the Cyprus Anvil initial agreement back in 1969-70 was that every five years an analysis of the marketplace had to be done and a report brought forward to the Government of Canada, and then in turn the Government of Yukon, to look at the viability of a smelter. Is that going to continue to be one of the conditions of the mine opening, as per the 1970 agreement. I do not know who could answer that question, perhaps the Government Leader, or perhaps Mr. Lindsay.

**Mr. Frame:** No, that is not a condition. Except for lead properties and lead smelter increases in Korea, there is no reason in

the world for additional smelters right now. I think that the conditions will have to change materially. Perhaps in the 90's you might see an opportunity for a smelter, but it is simply day-dreaming to think in terms of a smelter right now.

**Mr. Lang:** That is one of the requirements that has been dropped, I guess. I would ask further about the maintenance of the road from the highway to the mine. I forget the amount of money that was involved, but it was fairly substantial. Will the mine continue to be responsible for the maintenance as well as the capital cost of the road that goes from the townsite to the mine site?

**Mr. Lindsay:** The YTG has offered to maintain that section of road on a cost recovery basis.

**Mr. Lang:** Is that the same cost recovery basis that was offered, of 106 percent, six months ago?

**Mr. Lindsay:** Yes it is.

**Mr. McLachlan:** I would like to ask the witness, through the Chair, if any part of the negotiations with the Toronto Dominion Bank related to re-opening of their branch in Faro, which we sorely miss.

**Mr. Frame:** No, there was not any discussion, though I did ask them the question, and with a community there I think that they would be delighted to open it again. They have made no commitment, nor have we asked for one.

**Mr. McLachlan:** I have been asked by some residents of Faro, in respect to the purchase of the houses, if one must be an employee of Curragh Resources to enter into a purchase agreement, or are they available for sale to anyone. In other words, I am getting at the question as to whether there is a certain limit that is on hold-back to make sure that there is adequate housing for the Cyprus Anvil employees, and then the rest of it is free for the private enterprise market.

**Mr. Frame:** As you know, there were 750 employees there and I think that we can do the same job with about 450, so there should be residences available for others. Certainly, as a company we would foster others there as well. For example, I mentioned that if we could induce some suppliers from Whitehorse with warehousing, and the odd individual to Faro, I think that it would be a good thing. It is something, in any operation that I have been at, that we have tried to foster.

**Mr. McLachlan:** I have one last question for now. The Minister of Community and Transportation Services may have some thoughts on this, but I would like to ask Mr. Frame first: the adverse grade against the load is with us, going Whitehorse to Skagway, but there are some sections between Carmacks and Faro that are very steep. If we increase from 122,000 or 134,000 up to 160,000 pounds, has the Minister had any thoughts or can Mr. Frame tell the House, if there is a special consideration in the trucking contract with Trimac which requires a specially built tractor with sufficient horsepower so that they will not get into a problem. We have seen it with the current trucking size. We are going to increase by 10 to 12 tons, and I can still see some problems on the hills at Eagles Nest. Are we talking about a specially built tractor for this run?

<sup>36</sup> **Hon. Mr. McDonald:** Yes, as I mentioned to the Member for Porter Creek East, we have been promised the first truck off the assembly line, I believe, to test such things as the braking ability of the tractor, given the loads. I would agree that there are many steep hills en route. Even the Faro access road might, in some circumstances, be considered a difficult road to navigate. Initially, in any event, we will attempt to ensure that the truck will be able to meet the conditions of the existing road and it is critical for us, for safety reasons, that it do. That is the reason for the tests and for our request for assurances that the truck will be safe.

**Mr. McLachlan:** When will the prototype be off the assembly line and available for testing?

**Hon. Mr. McDonald:** I am not sure exactly when. We have some time to play with, given that the trucks will not start hauling for some time to come.

**Mrs. Firth:** I wanted to ask some questions about jobs and employment. I attended the public meeting that Curragh Resources had in Whitehorse; they were talking about when the stripping operations were going to start up and so on. I wonder if the

witnesses could answer for us: how many jobs are they anticipating will go to Yukoners this winter, other than the people identified in the positive employment program — the Indian people, women or youth. How many ex-Faroites or how many men who are presently looking for jobs in the mining industry will be employed this winter?

**Mr. Frame:** The longer it takes us to get this thing going, the longer it is going to take to start hiring the people. I would think we would get stripping underway in earnest by January 1. We need 450 people so, let us say that we have to be in full production by June or July, then we have to build 450 people by then. You can plot your own curve. It will be kind of an S-curve, with the lowest number probably in January, February, March and then building rapidly towards the spring and early summer.

As to the number who might be available from the Yukon, we have not done surveys; we will do that. I am not sure how many of the old Cyprus people have stayed. I am not sure precisely how many of the trades are left, the specialists — the diesel mechanics and people like that — but I guess, as soon as we announce the go-ahead, the applications are going to start coming in and we are going to find out very quickly just what is available.

**Mr. Phelps:** Just to follow up on that question, in view of the positive action or affirmative action program, I am wondering if the Government Leader could advise whether or not ex-employees of the mine will be treated at least on a par with the underprivileged groups he has identified in his statement?

**Hon. Mr. Penikett:** I have heard a couple of Members opposite suggest some cavil at what we are proposing there. Let me suggest that the first principle that we are looking at is local hire, without regard to who the people are. If there are ex-Faroites still in the territory, I would think they would be uniquely well-qualified applicants to work at the mine, particularly if they are, as Mr. Frame indicated, skilled tradespeople. As Members will know, that employer was, in its heyday, a leader in terms of bringing women into an industrial plant. They really were doing things that no other mining company had previously done in the territory.

We also are quite properly concerned, particularly about the people in Ross River, that we make some special effort to enhance their employment opportunities.

The former Faro employees, and there are a great number in the territory, — not ones who were just let go the last time, but people who have been there on and off over the years — I am sure they would recommend the jobs to Mr. Frame and his company.

**Mr. Lang:** Getting back to the financial implications of the arrangement, if I recall correctly, \$200,000 a year was committed to the municipality for the purposes of taking over the recreation facilities in conjunction with the Town of Faro. Is that still part of the arrangement, and, if so, is that outlined in the \$8 million cost that the Government of Yukon would incur? I would direct that question to Mr. Lindsay.

**Mr. Lindsay:** No, it is not part of the cost. The company has made the offer to sell that recreation complex to the community of Faro. With respect to the sum that was mentioned previously towards the operating cost of the recreation centre, no, it is not part of the package as it exists.

**Mr. Lang:** So do I take it then that YTG and the Town of Faro are not obliged to take over the recreation facility as per the initial offer that was made approximately two and a half years ago when some negotiations were underway. Perhaps I could put that to the Government Leader, because that is another hidden cost of \$200,000 that somebody has to pay.

**Hon. Mr. Penikett:** No, we not proposing to take it over.

**Mr. Lang:** Is it in the interests of the government to take it over?

**Hon. Mr. McDonald:** It is not part of this deal at all. A number of factors will determine whether or not the Town of Faro assumes that particular facility. One will be affordability of running the facility. That will be critical to any discussions of that sort.

**Mrs. Firth:** I would like to go back to employment. At the public meeting, we were told that Curragh Resources wanted their employees to have long probationary periods and that they were going to have a good screening process and a commitment to the

town. That is all good; I have no difficulty with that.

A question was raised by some concerned workers from Faro who had moved to Whitehorse and who were considering commuting. Will the company be allowing that kind of employment structure, and will accommodations be made available in Faro for that?

**Mr. Frame:** We have not given too much thought to that aspect. I suppose, if we adopt some of the practices of British Columbia, for example, where they work four and four, or six and four, or whatever, that commuting is quite possible and feasible. The question then is that the Yukon government now owns the single man's residence, so how long should that be kept open, and what preference should we give to people who will bring their families and live in Faro itself.

It is quite feasible that commuting could work. We have not tried to do away with the Town of Faro, per se. Some operations have a very high component of commuting. We have not really tried to do that.

**Mr. Lang:** At one time there were discussions about the prospects of bringing the mine site under the taxation structure of the municipality of Faro. Is it the position of the company that the mine come under the auspices of the property taxation system of the Town of Faro, or stay within the responsibilities of the Government of Yukon Territory?

**Mr. Lindsay:** I am answering on behalf of Mr. Frame, because I was involved with his associate with respect to this particular aspect, more so than he. The company did examine the petition that was made some time ago, and because of their intention to provide the housing on an ownership basis to the employees, it no longer is as attractive to them as it was previously. They have, essentially, abandoned that petition.

**Mr. Lang:** In view of the fact that YTG is becoming a very major factor in the housing in Faro, according to the documents we have, how many houses will you own, Mr. Frame, if this thing goes through?

**Mr. Frame:** If I had a choice, we would own none. Zero. After having lived in these kind of one mining towns since I was two years old, I would prefer a free town. I guess we will probably keep about ten for the most senior. That is because the stays of the most senior, from time to time, are not necessary as long as the others. The managers shuffle; they may look for other management jobs to expand their experience, and so on. We will keep about ten, I guess.

**Mr. Lang:** I do not quite understand this housing arrangement, but Dome, one of our more favourite corporate individuals here in Yukon, owned 'X' amount of units. What is the final selling price of those units to the Government of the Yukon Territory, who obviously is purchasing them? Is it a total of \$4 million? Is that what we paid for them? Are we going to pay \$20 million? What is the cost?

**Hon. Mr. Penikett:** I will let Mr. Lindsay explain what assets we are picking up for the \$1.6 million. The other \$3.4 of the total housing package of \$3.5 million is a second mortgage that we will have on a certain number of houses. The second mortgage will allow Curragh — Dome sold the houses to Curragh — in the end, through rental purchase agreements, to sell the houses to the employees. The objective is for Curragh, at a very attractive price — I guess, as Mr. Frame mentioned earlier, about a third of the cost to build the houses — to sell the houses to the employees, on a rental purchase arrangement, over time to the people who are working there and to other people who may be in business or have employees of businesses there. So that Curragh, over time, will be out of the housing business; Dome will be out of the housing business; we will not be in the housing business any more except that we will be carrying this second mortgage.

**Mr. Phelps:** I would like to ask the Government Leader just how this second mortgage works. In effect, what you are saying, as I understand it, is that the Government of Yukon is going to kick in with \$3.4 million. I also gather that money is going to be paid to Curragh. When is the money going to be paid, and on what conditions is it going to be paid?

**Hon. Mr. Penikett:** Perhaps Mr. Phelps will not be surprised to know that the final details on this have not been determined. What



the \$3.4 million represents is an absolute cap on what we will go into, but I will let Mr. Lindsay explain how it will probably work. You will understand that there may be someone else down the road who may buy the houses from Curragh and then manage the properties in terms of selling them to employees. CMHC may yet become involved in some way, and I think Toronto-Dominion still has part of the paper on these houses so they are involved as well. I will let Mr. Lindsay elaborate as best he can on the details as far as we know them.

**Mr. Lindsay:** Yes, the Curragh corporation will be acquiring the housing assets in Faro from Cyprus Anvil, to which there is already a first mortgage attached, and the Yukon government will be applying \$3.4 million as a second mortgage against those same assets. The principal and interest will be recovered over an amortization period of seven years.

The mortgage will be a block mortgage against a total of 162 single unit and family unit dwellings and, I think, a couple of apartment blocks. Because the YTG is not particularly interested in dealing with 162 different individuals, the deal is to provide a block mortgage against 162 properties. If there was an individual who wanted to buy an individual dwelling outright for cash, that one dwelling would simply be sliced off, the mortgages paid out, and there would then be 161 in the block mortgage for the total sum.

**Mr. Phelps:** I want to get this clear in my mind. The houses are being purchased by Curragh, and the money is paid by YTG at what point? Is it paid to Curragh so that they can complete that transaction to acquire the units, in other words up-front, prior to an individual buying a unit?

**Mr. Lindsay:** The closing date that we have in our agreement is April 30 of next year.

**Mr. Phelps:** Second mortgage and all this stuff is legal mumbo-jumbo to many of us. The commitment of the Government of Yukon is to pay out a maximum of \$3.4 million on closing date, which is April 30 of next year. Is that correct?

**Mr. Lindsay:** That is correct.

**Mr. Phelps:** This question is directed to the Government Leader. When we say "a cap", that is not really correct; there are also financing charges because we are postponing two years of interest payments, and there is a fairly substantial cost in all of that to this government. Is that not correct?

**Hon. Mr. Penikett:** I misspoke myself in some sense there. The Leader of the Official Opposition is quite correct. What I meant by "cap" is that I am going back to earlier discussions where we were talking about the Yukon government acquiring \$5,000,000 worth of housing, which would have involved cash for assets transactions. Unfortunately, there was still \$3.6 million of mortgage against those properties held by Toronto Dominion. In fact, there is \$8.6 million worth of property there, not \$5,000,000. That is why, as the thing evolved, we reverted back to the original notion of \$1.6 million, which was the previous government's idea of purchasing certain assets, and then we looked for something that was simple and clean, which was a block mortgage of \$3.4 million.

The Leader of the Official Opposition is quite correct, because of the holiday, which was something that was negotiated in the last stages, there are implied costs to us.

**Mr. Phelps:** As I understand it then, the money gets paid on closing day, which is April 30, next year, and then there is a two-year moratorium where no interest payments or principal payments are made, and then payments are made to this government on the block mortgage, whether or not houses are sold to individuals.

**Mr. Lindsay:** There is, in the material that you have, a forgiveness of interest for two years. The principal would be that we pay it in its entirety, but on the final payment of the seventh year. With respect to the cost of that investment, while it is the responsibility of this government to invest capital in a most judicious way, any interest that is generated falls within the Financial Agreement, as you are aware, and accrues to the federal government, but, in this case, we have the assurances of the federal government that we would be fail-safe on these interest earnings on this particular investment. The net gain to the YTG is any interest payments that will accrue over the final five years of the agreement.

**Mr. Phelps:** First of all, did you say forgiveness for the first two years, that there is no interest paid for the first two years? Or is that postponed?

You used the word "forgiveness" for the first two years' interest. Is that intended? Forgiveness rather than postponement?

**Mr. Lindsay:** Forgiveness of interest and deferral of principal.

**Mr. Phelps:** There is mention in the documentation of some benefit that YTG gets by virtue of a finder's fee for the mortgage? Can you explain that?

**Hon. Mr. Penikett:** What Mr. Phelps may be referring to is the one percent that we get on the fee in the loan guarantee, which, as you will figure out, is not a very large sum of money. It is something like \$12,000.

**Mr. Lang:** Just to finish off the housing, what I do not understand is we are acquiring the mortgages of all the housing, except for ten. We have a townsite that at one time, I gather, housed as high as 1,200 people. We are going to have a workforce of 450 now, because of the change in operation and management styles. Or is it 650 that we are looking at, as far as a workforce is concerned?

All I am saying is there is a substantial difference of the numbers of people who were required to run that mine site as opposed to what is being proposed now. Are all those houses still going to be utilized, as they were in the past, because of the numbers of people who are going to be involved now, which is lower?

**Mr. Lindsay:** The bunkhouse units are part of the assets that are being purchased by the YTG and, in essence, will be removed from the market.

**Mr. Lang:** Could you explain that, please?

**Mr. Lindsay:** There is a difference in the numbers of people you are talking about. We are removing from the market by the purchase of assets both the Jomney and Cedar Village complexes. In addition to that, we are purchasing 45 trailer homes that are not part of the dwelling units that I talked about earlier.

**Mr. Lang:** Who is going to live in them? One of the requirements of the earlier arrangement was that we had a need for 10 or 12 units because of the Housing Corporation not being able to supply adequate housing for our staff. Are we seeing a great influx of government workers into the community to take up these particular areas of housing?

**Hon. Mr. Penikett:** I should make it clear. We are going to sell off the trailers.

**Mrs. Firth:** The \$1.2 million identified in the Health and Human Resources O&M Budget for staff residence or staff housing for health people, is that in addition to the purchases of houses that we are talking about today?

**Hon. Mr. Penikett:** As I believe I explained in the Legislative Return today, that has absolutely nothing to do with this deal whatsoever.

**Mrs. Firth:** Therefore, that project is going to go ahead, and we are going to build another facility in the Town of Faro to house government health staff?

**Mrs. Firth:** I read the legislative return that was tabled today but I did not get a clear indication whether this was now an addition to this package or whether it is part of the package.

**Hon. Mr. Penikett:** As I understand it, if we can in fact obtain the housing talked about and voted the money for and can purchase it from existing housing stock rather than building it, that is what we will do.

**Mrs. Firth:** As a result of the houses that are going to be purchased, they may not need the \$1.2 million for the new residence in Health and Human Resources. Could I ask when you are anticipating having a decision on that matter?

**Hon. Mr. Penikett:** December.

**Mr. Lang:** To the witness again, on the question of the trustee environmental fund, 25 cents per ton. Does that figure out to \$125,000 a year, if you do 500,000 tons? Is that your intention?

**Mr. Frame:** Yes.

**Mr. Lang:** That principle, I gather, has been approved by the Water Board, the 25 cents per ton for the purpose of meeting your environmental responsibilities.

**Mr. Frame:** That is included in the master agreement.

**Mr. Lang:** When you say "establish and maintain executive and administrative offices in Whitehorse and Faro", does that mean you will be moving into Whitehorse? Secondly, what are all the financial implications of investing with your executive and your administrative bodies moving to Whitehorse?

**Mr. Frame:** It will take a little while to build up the executive group here. We first have to go after the mine. As I mentioned today in the closed session, we have 15 years of material to sort out. I am going to bring some of the people who will do that sorting into one place. It might be here, it might be Toronto; I have not decided yet. Ultimately, probably the president would be here; probably another person, a senior vice-president in charge of transportation and communication with the marketers; probably the planning section — that is the long term planning section, especially as it pertains to development of the Van Gorder plateau — probably a computer facility; probably a personnel presence; probably an environmental/community relations type presence; probably a regional geologist and his staff and, hopefully, eventually, we should be drilling the other deposits and sinking shafts and so on and so forth and will have some of the people related to that.

As just how fast we can build those services up, it will probably take about a year to do that. In terms of numbers, I have not added them up. It could be 20 or 25 people.

**Mr. Phelps:** I am wondering how long we have with the witnesses in view of the plane they have to catch?

**Hon. Mr. Penikett:** We have eight minutes left before Mr. Frame has to catch a plane, or both Mr. Frame and Mr. Lindsay. If there are any questions for Ministers, perhaps we could hold off.

**Mrs. Firth:** At the public meeting that Curragh Resources had, they explained to the group that there were two outstanding issues. One was the Skagway port and the other was the water licence. Both those issues have been resolved temporarily. Could Mr. Frame tell us when he is anticipating that we will have a final resolution to those two outstanding issues?

**Mr. Frame:** I assume yesterday the port agreement was signed. On the Water Board issue, you know about that yourself. We are to submit a plan for dry abandonment. We have to work on that in the next few months for early spring. Once a decision has been made for dry abandonment, which I think is a sensible and the only decision to make, it should not take too long to put a long term plan together. I think it is a very good disposal area there at Cyprus, in spite of what a few may have said. I understand there was one escape of material at one point. I think we have done quite a commendable job of it, especially the new plan with the new dikes and dams, and so on.

**Mr. Lang:** Perhaps we could just have a brief outline of exactly the intentions for a mining plan for the Van Gorder Plateau. It is one of the conditions of the agreement, as I understand it.

**Mr. Frame:** I think I am supposed to produce that in the next two or three years, so if you want my personal thoughts, I am very interested in the Dye deposit, which is an underground deposit. I do not think the Cyprus people were underground miners, which I am. It reminds me a lot of the Terra deposit, which I opened up in Ireland. It has 50 metre intersections of twelve-and-a-half percent zinc, and four times the gold and twice the silver. That is in the Faro pit.

It has a particular appeal to me. It is not something that can be developed soon, or easily. In the interim, I suppose, we probably would take tonnage from Van Gorder and from the eye of the Grum, pit tonnage, and then gradually bring Dye in, assuming the metal prices are right and that we can afford to develop the deposits. Judging by the grades, they are good enough by international standards to assume that they can be developed. That is my plan in its entirety. Now we have to prove that that is the right choice to make, and the right sequence to choose.

**Hon. Mr. Penikett:** If I might, and if there are no further questions, I will express the thanks of all Members of the House to Mr. Frame for having come all this way to spend the time and submit himself to the dubious pleasure of being questioned by Members of the House, as well as our former colleague, Mr. Moe Lindsay, who has returned to us just for the purposes of today's

experience from the Province of Saskatchewan, where he has decided to take employment with a Crown corporation. He is, in that capacity, shortly going to be opening a mine himself, a new gold mine.

I think all Members would also like to wish him well. We will be seeing a lot more of Mr. Frame, and we will have other occasions, no doubt, to talk to him on the floor of this House, and elsewhere.

**Mr. Phelps:** I would briefly wish both of these gentlemen luck. There is one point that the Government Leader made that I thought I should speak to. He mentioned that Cyprus Anvil was a leader in hiring women in the mine and the mill. The real leader was Whitehorse Copper when Vic Jurtronic was managing that mine. He is also closely associated with Mr. Frame, so we look forward to some good results in that regard as well. Thank you.

**Mr. McLachlan:** I would like to agree with the previous two speakers and thank Mr. Frame and Mr. Lindsay for the messages that they have brought today and the breathing of life back into Faro. In conclusion, when you get back to Toronto I would appreciate it if you could phone the manager of the Pacific Division there and tell him very much that we would like to have the branch opened again. Thank you.

**Chairman:** The witnesses may be excused.

*Witnesses leave*

**Chairman:** Is there any further debate on Clause 1?

**Mr. Lang:** I have some further questions on the housing and the ramifications of the agreement and I should direct them to the Government Leader. The work force is considerably less than what it was previously as far as the running of the mine was concerned. Obviously changes have taken place. As far as the housing is concerned, specifically the bunkhouses, is it not the intention of the government to be renting or selling that space? Are we purchasing a building and leaving it empty?

**Hon. Mr. Penikett:** No we are not purchasing and leaving it empty. The thought is that in the early stages when we will have a lot of single, fairly transient workers coming in, we will be leasing back the space either en bloc to the company or on an individual basis. We will be getting rid of the trailer units. We will be selling the ones we are buying. There are a number of houses there, because of the permafrost problems, which are well known in Faro, which are not useable — not the ones we are buying but the ones that Curragh will assume — which cannot be resold for a number of reasons. Mr. McLachlan will have a better idea of the numbers. The numbers are significant. They have permafrost problems and are probably unuseable. The housing stock will be shrunk but it is the hope that the plan in the long run for the company is that the company will have permanent residents, will have a stable town and will be trying to attract the kind of workers who are willing under a rental-purchase agreement that is talked about by the company to encourage the employees to buy and settle and make a commitment to the place. Hopefully, we will get, not just a seven-year mine, but a 25-year mine and we will have a very permanent community. We are also going to be looking at ways to help the business sector in the diversification of that community, which will also help use up the housing stock that is there.

**Mr. Lang:** My question is, if I were an employee I would be very hesitant about buying a house seeing as there is to be a seven-year mine life. Is it the intention — and I suppose that I should have asked the witnesses and this is the problem with being rushed in a situation like this — to put in a buy-back program similar to the one that we have for territorial employees throughout the territory?

**Hon. Mr. Penikett:** When it gets down to the short strokes, this is something that they will have to negotiate with their Union of Steelworkers, who have succession rights there. They have contemplated buy-back, but the latest thinking of Mr. Frame is that they go to a rental-purchase agreement. In other words, there will be a rental fee for the houses that they will have pay and if they stay a certain number of years, they will own it.

**Mr. Lang:** Am I reading this properly? We have a \$15 million line of credit which is guaranteed by the governments; or whatever, then on top of that we have a \$3 million incentive program under the Yukon Mineral Recovery Program? I understand, from reading

this, it is under the Economic Development Agreement? If it is, could you give me the terms and conditions of how I would direct a constituent to apply for this?

**Hon. Mr. Penikett:** There have been discussions for some time, I gather, by the previous government about having such a program. Of course, we are stimulated to conclude some kind of agreements with the federal government by the particular situation we are in.

It is aimed at major projects. We talked about the \$1 million exploration program but that is for small companies. A company that can start or restart or expand the operations within the life of the program to provide at least 100 new jobs over a five-year period is eligible to apply. The program clearly will benefit, as it is conceived, Curragh Resources. We have agreement to create the program with Canada and we will be working out in the next little while the actual delivery of it. As the Member opposite knows, there are at least two possible management arrangements, one where we manage it inside our shop here, and the other one with the federal mineral people having a management role. The money is committed. The program is announced as part of the package today but, yes, it is part of the overall package to reopen the mine.

**Mr. Lang:** What is the complete cost to government? This is getting quite complicated when we talk about territorial and federal, and then we talk about municipal, and we are not too sure on the recreation facilities or various other things. What is the total cost in dollars? I want to include in that question the fact that in the past three years, under the Government of Canada, we had a \$50 million stripping project, and all these costs that you and I, the taxpayer, are going to incur. Of those costs, what are we going to recover?

**Hon. Mr. Penikett:** I cannot, of course, do an accounting of all the costs up to now because there are costs going back to the creation of the town. Right now, in terms of trying to reopen the mine, we are talking about a \$15 million loan guarantee. There is, if the mine is successful, no cost involved to us unless things go bad. The potential worst case cost is that we are in for \$1.275 million. The Mineral Recovery Program we are talking about is a \$3 million cost, which we believe is fully recoverable from the federal government. Our cost will involve the \$1.6 million and \$3.4 million as part of the housing package, plus the consequences of the interest holiday on the mortgage there, plus our costs on the road.

The total recovery to government, taxed revenue recovery, over seven years of the mine, at this point, is estimated at \$202 million.

**Mr. Lang:** I do not want to give the impression that I am negative on this. I would like to get a full accounting of where we are at. That is all I am looking at. I recognize there are some risks, but I guess what I am saying here is that I have a bill outstanding here of roughly \$20 million, apparently. That is including a line of credit. I do not think that the \$50 million that was previously committed is being paid back as the terms of the agreement with Curragh to purchase the mine.

I would like an idea of what we are dealing with here financially. The other thing, while the Government Leader is on his feet, could he give me the estimates of what it is going to cost to fix up the Skagway-Carcross Road to be satisfactory for the transportation of ore? Is that money going to be totally recoverable from the federal government?

**Hon. Mr. Penikett:** As Mr. Lindsay said earlier, we do not know, because they have not done the engineering work yet, what the capital costs will be to improve the Skagway Road. We hope to know that soon.

The costs for us are quite clear. We should not look at the \$15 million guarantee of the line of credit as a cost to us. That is not a \$15 million cost to us. If we are talking about 10 percent of 85 percent of \$15 million, our exposure, potential loss to us if the loan guarantee was given and then the mine collapsed, is \$1,275,000. Okay?

The cost that we are talking about is \$1.6 million in the purchase of assets, \$3.4 million in terms of the second mortgage as the basic cost, plus the costs we have talked about previously on the road.

**Mr. Lang:** Is it going to be the policy of the government that, where a mine comes into production, that they will be recommending to the Water Board that the principle of a trustee environmental

fund apply to the mining industry?

**Hon. Mr. Penikett:** I am quick to emphasize that we made no recommendation to the Water Board on this particular one. At the point when Curragh was dealing with the Water Board, we were heavily involved in other dimensions of this issue and made no recommendation. Nor, given that this mine is unique in terms of its relative size, do we think that it would be prudent to adopt a general rule about what the Water Board should do in every case. I do not think that would be wise at all.

**Mr. Lang:** So then I take it that it is not general policy, as far as the Government of the Yukon Territory is concerned.

I have a further question on the purchase of goods and services. I want to make it clear in my mind. There is just an understanding between yourself and Curragh Resources? There is nothing in writing, as far as that type of a commitment is concerned?

**Hon. Mr. Penikett:** It is written in letters of commitment from Curragh to us, and it is restated today in the presence of Mr. Frame and myself for the whole world to see. That is part of our expectations of the company as a corporate citizen in the territory, as a major employer, as someone that we are helping to get started, if you like.

**Mrs. Firth:** Does the Minister of Advanced Education have an inventory of individuals in Yukon who have skills that Curragh Resources will be requiring? Has Curragh Resources communicated to him what kind of skilled labour they will be looking for immediately?

**Hon. Mr. McDonald:** Curragh Resources has not communicated a listing of skills they require. Many of the skills they do require, though, are, to my understanding, traditional apprenticeship occupations, and there are a number of mining apprentices in the territory who qualify; but they have not indicated to us any specific list of persons they would like to see hired.

As previous answers to questions have indicated, we have discussed their needs with them; they are pretty secure in the belief that the necessary trades, occupations, labourers, et cetera are available in the territory. A training establishment on the property of Curragh Resources will be certainly a subject for discussion between the Department of Education and Curragh.

**Mrs. Firth:** Is the Minister going to be entering, or is he considering entering, into any agreements for apprenticeship training with Curragh Resources, then?

**Hon. Mr. McDonald:** We will entertain the notion if they indicate to us that they have discovered a shortage of trades in the territory. Our indications, right now, are that there is a surplus of people available with traditional trade qualifications.

**Mrs. Firth:** So, we should be able to reassure individuals who worked at Faro that the chances of them getting employed there again would be very good, if that is the case. They are obviously the individuals we are talking about, who have the required skills and are presently unemployed and would be looking to be hired by Cyprus Anvil?

**Hon. Mr. McDonald:** Yes, they would have a very good chance, given that they have the obvious qualifications and the on-site knowledge of the mine operation in Faro. Their chances would be extremely good, I would suspect.

**Mrs. Firth:** Should the government decide to enter into an apprenticeship program with Curragh Resources, that would be funds identified on top of what we have already been talking about today, and the Member would be bringing that to the Legislature for approval?

**Hon. Mr. McDonald:** Absolutely.

**Mr. Phillips:** I would like to follow up a little bit on the line of questioning of the Member for Riverdale South. I believe she was talking about the mine when it is in operation. I am concerned about the contracting firm from Saskatchewan that is going to be doing the refurbishing and the start-up from roughly January to June. A lot of the people in Faro, or who were from Faro and are now living in Whitehorse, would probably very much like to get involved in that. Will they be making representations to this company — I believe it was Alto Construction that they mentioned today, I did not catch the name very clearly — and encourage that company, in the strongest terms, to hire locally?

**Hon. Mr. Penikett:** Yes.

**Mr. Lang:** I want to go back to the Canadian Mining Recovery Program — the \$3 million. If I recall correctly — and I leave it to the Minister who is dealing with it on a daily basis — I believe we had \$6 million directed from the Economic Development Agreement for the mining industry. Does this now mean that all the money committed under the Economic Development Agreement, as we know it today, for this five-year program we have gone into has been committed as far as the mining industry is concerned?

**Hon. Mr. Penikett:** No, but this money is on top of that.

**Mr. Lang:** Over and above the \$18 million agreement, so that we are at \$21 million?

**Hon. Mr. Penikett:** Yes.

**Mr. Lang:** When will that particular agreement be signed? Is this the agreement that you were talking about on the industrial side, earlier in the session? Is this the area that we were looking at?

**Hon. Mr. Penikett:** This is an agreement between Mr. Crombie and myself. The DRIE agreement which we are talking about, which is the Industrial Regional Development Plan, is an entirely separate negotiation, I think \$4.7 million, which is still going on.

**Mr. Lang:** On this Yukon Mining Recovery program, we get a total amount of the agreement, \$3 million, or is there \$10 million in the agreement, or what is the situation?

**Hon. Mr. Penikett:** It is \$3 million now. If we have another situation, a mine or a potential new mine occurring, the program will continue to carry on our books in the next budget year. We will go looking for new money if we have a new project to warrant it.

**Mr. Lang:** Is this \$3 million right up front, or is it going to be prorated over the five years?

**Hon. Mr. Penikett:** I believe it will be right up front.

**Mr. Lang:** Is the only obligation in this particular case that Curragh Resources takes is that they will have 100 or more employees? Is that basically the commitment they make?

**Hon. Mr. Penikett:** Yes. There may be other particulars, but the basic commitment is 100 new jobs in five years.

**Mr. Lang:** I want to just switch gears here for a minute and talk about the commitment on the recreation facilities. I think that the response we got was pretty nebulous. I want to get a clear understanding here. Is the government committed to taking over the recreation facilities as per the arrangements that were agreed to, at one time, between Cyprus Anvil and the Government of the Yukon Territory, which in effect meant that the building would be transferred for one dollar with some capital monies in the neighbourhood of \$100,000 for the purpose of retrofitting. The particular facility would become the responsibility of the municipality and the cost of \$200,000 to operate that would be a cost directly on the territorial government, as far as the transfer of payments to the Town of Faro was concerned.

**Hon. Mr. Penikett:** We have not discussed taking over the recreation facility.

**Mr. Lang:** I want to know what we are doing, in totality, for the mine site, for the mine and everything else. Therefore, I take it, in view of the agreements that have been struck, which I have to give the government its due, has been substantial, then that does not enter into the picture and subsequently it is a separate decision, distinct and apart from the agreement with the Town of Faro?

**Hon. Mr. Penikett:** That is correct.

**Mrs. Firth:** Is the Minister of Tourism's department doing an analysis, or an impact study, of the truck traffic that is going to be on the road now, and what the potential dangers are to the tourism industry? Are they looking at it thoroughly, and have they come up with any recommendations yet that he has shared with his colleagues in Cabinet?

**Hon. Mr. Porter:** We have been told in Committee today that that is an unresolved issue and it is being handled through the Government Leader's office with the proponent.

**Mrs. Firth:** Could the Government Leader elaborate on how it is being handled. What is being done to see exactly what the conflicts could be?

**Hon. Mr. Penikett:** The issues of safety and tourism impact, which we talked about earlier, are being discussed. We will be looking for an agreement that would involve Community and

Transportation Services extensively, which will include the negative impact on tourism. One of the possible ways we are looking at is dedicating the road for a certain number of hours so that the heavy truck traffic from the mine would not be using the road in conflict or in competition with the peak periods so that tourist traffic would not be on it.

**Mrs. Firth:** Is that being done in consultation with the Yukon Visitors Association?

**Hon. Mr. Penikett:** We have not as yet involved the Yukon Visitors Association in this. The reason is that we were under an embargo that most of these particulars were to be kept confidential until now.

**Mrs. Firth:** Where is the Government Leader getting the information regarding peak hours that the tourists are on the road as opposed to truck traffic and so on?

**Hon. Mr. Penikett:** From the responsible departments who have information with regard to the traffic loads on those roads.

**Mr. Lang:** I want to go back to the road, and I guess this question is directed to the Minister of Highways. At the time we came to the understanding that the road would be open, it was thought that it would be a five-year agreement. I would like to know why you have gone to the point where it is the "life of the mine". The reason that I am asking that is that the reasoning behind the five-year agreement was for both sides to sit back and analyze where they were at and perhaps then Alaska would pick up their costs on the Alaskan side. Now we are committed to the ongoing costs for 25 years, the way I read this agreement. Is that not correct? Could you explain the reasoning for the change, because I do not see a real reason to go to that extent?

**Hon. Mr. Penikett:** If we had had a five year agreement, and the mine did not stay open, we would be maintaining the road with other than the offsetting revenue. We have tied it to the life of the mine because the main revenue reason for us to open the road is the mine.

**Mr. Lang:** One could argue that. It is like the Dempster Highway; you can say that we should close it because there is not that much traffic there in winter. I do not totally share that philosophy.

In our negotiations, we wanted to have a five-year agreement, so that it had some certainty as far as the life of the mine was concerned with a requirement on both sides to re-evaluate. Now we are in a situation where we could be incurring substantial costs on the American side for 25 years. In my view, the Americans should be incurring, especially if you have a switch at Fraser and it turns out to be American truckers. There are certain opportunities that will accrue to them. I would like further explanation of why we went to the 25 years. Why do we deviate from the five years? Did the State of Alaska say that they did not want five years?

**Hon. Mr. Penikett:** At this point we are only talking about a seven-year mine and all our operating financial assumptions are based on a seven-year mine. We hope that it will turn into a 25-year mine as a result of the development of the Van Gorder Plateau, but basically our assumptions are that we are talking about a seven-year mine.

**Mr. Lang:** Why is it not included in the agreement that after seven years, that it will be evaluated as opposed to the life of Cyprus Anvil? In my view, we have put ourselves into a situation where the people of the territory are going to be paying for the direct and costs and burden of this particular transportation quarter forever and a day, which I really have to question. Why did we not say seven years, and then evaluate as opposed to the five-year that the past government was negotiating?

**Hon. Mr. McDonald:** There were discussions with the State of Alaska on this particular point. The State of Alaska wanted a fixed term, which was the term of the previous agreement in principle which the previous government had discussed with Alaska.

In our estimation, the risks were such that we wanted to reduce our exposure to it, should the mine deal not proceed as initially planned. We undertook to ensure that the term of the agreement was for the life of the mine in the sense that we would insist that should the deal fall through, our exposure would be limited in accordance with this agreement, our exposure meaning the length of the time

that the agreement would be in effect.

Clearly, we were working under operating services with respect to the mine. The current and the long term capital costs of developing the Alaska side of the road will be fixed in the sense that we will know and understand what they are in the initial stages of this agreement.

The term of the agreement will be for the life of the mine. We are talking about the transportation of our resources, we are talking about transportation for all of Yukon's resources. The shippers in the territory will get used to the idea that the road is open. We want to encourage them to think that the road is open over a long period of time.

If we have Cyprus Anvil operating, we will be fulfilling our mandate to ensure that the road is open. The Alaskans gave us indications that should Cyprus Anvil not be upgrading, and should there not be any direct impact for us, that they would like to limit their 50 percent of the cost on their side of the road. We took all those factors into account and came up with this solution.

**Mr. Lang:** It was not the State of Alaska that asked for the commitment for the longevity as far as the agreement was concerned. Am I led to believe that it is the government across the way that said that they would commit themselves for the 25 years, if necessary, as opposed to going to a five or seven year fixed commitment? That was the point of view of the Government of Yukon that prevailed?

**Hon. Mr. Penikett:** I have to say this again, we are not talking about 25 years. We are talking about seven years. The down side risk for us was that if we agreed to a fixed term, we would be stuck maintaining the road even if we did not have a mine. In evaluating those risks, we decided that we would be smarter to tie into the life of the mine. If the mine, through no fault of our own, for some reason closed, we could cut our losses, or expenditures, with the closing of the mine.

**Mr. Lang:** Was the effort not made, as part of the five year agreement or the seven year agreement, that part of the understanding was that Cyprus Anvil would be operating over the period of time? That is where the money was going to accrue from for you to be able to maintain the road. Why was it not done in seven years? I am really concerned about the principle and the precedent we are setting for forever and a day. I, unlike the Government Leader, have a little bit more competence in the area we are talking about, as far as the mining potential is concerned. We could well be talking 20 years.

If you were convinced that we were going for seven years, why did we not have an agreement for seven years and subject to the mine operating, so that we would not incur those costs?

**Hon. Mr. Penikett:** I hope we do have a 20-year mine, but right now our assumptions are based on a seven-year mine. We have an agreement by which we will be able, once we get established, to have some kind of idea what our costs are. If we had agreed, as the Member opposite suggests, to five years and then the mine shut down after one, we would have been stuck with four years' costs of operating that thing without any offsetting revenue.

**Mr. Lang:** I am saying to you: was not the option put forward that the road was not going to be open unless Cyprus Anvil was operating? Was that not part of the principle that was put forward? It definitely was put forward from our side and I am sure it was put forward from yours. Is that not correct?

**Hon. Mr. Penikett:** It was put forward from ours, but the Alaskans, as we know from recent representations we have had from them, would like us to open it anyway, without a mine.

**Mr. Lang:** For the record, there was some discussion of the possibility of whether the Alaskans would be prepared to consider it, depending on what happened with Cyprus Anvil. The agreement that was being brought into effect and for consideration was for the purpose that Cyprus Anvil, through the emissary, Mr. Lassande, who had made the commitment of half a million dollars, could make that commitment. I am just questioning the propriety of us going into such a term, so open-ended, depending on Cyprus Anvil, and then paying those costs. It was my thought and my hope that, down the road here, the Alaskans would assume their responsibilities, because there are going to be direct spin-offs as far as this

agreement is concerned. If you read it, and I think the Minister of Highways will agree with me, it is the section which talks about equal access as far as employment is concerned.

I would like to know, out of this agreement with Cyprus Anvil and the highway and the road and all the benefits we are talking about, do you have any ideas of what is going to accrue on the American side? You have the ore shipping area. We have, I understand, some highways people working on the American side — is that not correct — Customs and various others?

Could you give me an idea what we are talking about?

**Hon. Mr. McDonald:** I think I will end this little filibuster now by giving a few notes to the background during negotiations. There was a concern we had that, if we chose a fixed term — five years, 10 years, 15 years — should we desire to have the road open for the purposes of maintaining for Cyprus Anvil, then, say five years from now, given the value of Cyprus Anvil to the territory, our negotiating position with the Alaskans would not be good, to say the least. We felt it was absolutely necessary that we had a fixed term for the life of this mine because we are talking about the transportation of our resources, and we were talking about the life and health of our economy, the territorial economy. We felt that the costs would be more than borne by the offsetting revenues of this particular mine. We are talking about strictly the resources of this particular mine. The transportation network for this particular mine for the purposes of the health of our economy would necessitate an opening of the road that would last for a specific period of time, that is, the life of the mine.

**Chairman:** Order, please. The time now being five-thirty, we will recess to seven-thirty.

#### Recess

**Chairman:** I will call Committee of the Whole to order.

We are going to continue with Bill No. 76, *Loan Guarantee Act*, 1985.

**Mrs. Firth:** Has the Government Leader checked with Mr. Frame to see how long it is going to take to mine the ore that has already been stripped?

**Hon. Mr. Penikett:** I did have a discussion with Mr. Frame and a large group of other people some months ago about that. I am sorry that I cannot remember the details. There is some ore that is fairly well exposed now as a result of the stripping program, but I am not sure if his mine plan involves going directly to that, or working some other part of the pit.

The plan that is being pursued by Mr. Frame is not one developed by the previous owner, Dome, but one developed by the Kilborn Engineering out of Vancouver, who have had access to some of the people who have know the property and the ore body going back to the original days of the mine.

**Mrs. Firth:** If the Government Leader could recall the discussion at some time later perhaps he could inform us what the answer was. I wish I had had time this afternoon to ask him myself. I think at some time in the future that may be a critical date for us, or a critical time period as to the length of time it is actually going to take to mine what has been stripped.

The other question I had for the Government Leader: should the unfortunate happening be that the Yukon Territorial Government is left with having to pay a considerable amount of money, several millions of dollars — and I have heard the Government Leader say that \$8 million is the worst scenario, and I am maybe a bit more pessimistic, I can see it being more than that in certain circumstances; I can see it even being as much as \$20 million — would that money that we had to pay be deducted from our formula financing, or would that be in addition to formula financing?

**Hon. Mr. Penikett:** Let me respond to the first part. If the Member is interested in some details of the mine plan, I am prepared to communicate with Mr. Frame and get a statement from him about the mine plan, which I will convey to the Member.

The situation with the formula financing is that there is a possibility of reopening formula financing for either revenues that were not anticipated, or to recover costs for some project which is not built into

the base. We will certainly be having a discussion with the federal government about that.

I do not see that there is any way that we can talk about the \$20 million that the Member mentioned, unless we start to do some true cost accounting of all the money that has historically gone into the town and into the property at Faro, in which there is considerable investment. Of course, if we lose the mine, that investment by the federal Crown and the territorial Crown will be lost anyway.

**Mrs. Firth:** I appreciate what the Government Leader is saying; however, my concern is that one day in the event that we do have to become accountable for this, I want to be able to say that I raised concerns and asked questions responsibly. I only have another point to raise and it is in regards to the immediacy of this whole thing. It leads me to question the style or business kind of relationship that Mr. Frame has, and I find that it was a big rush for the Water Board to get their license or something dreadful was going to happen.

I just feel that I am being rushed, and rushed without being able to do the proper consultation, which causes me to be somewhat suspicious and nervous. Is there any way that the Government Leader can give me some reassurance, because I raise these concerns legitimately on behalf of the constituents that I represent, and all Yukoners?

**Hon. Mr. Penikett:** Believe me, I understand. I hope that the Member understands me, and I am not dissembling when I say that there is still a matter of urgency in terms of getting this mine and this mine owner into the metal markets this fall. Part of the reason that I had hoped to have the Legislature sit a month earlier than usual was, at the time that we were making those plans, I seriously believed that we would have before us the proposal that we now have, or some version of it, depending on what the negotiations were, at the beginning of the session, and we would have been able to make it all public.

I have been under restrictions imposed not by myself but by the other parties to not discuss these details until this moment. Believe me, I hope that I am not telling tales out of school, but I had to exert considerable pressure to have it done today.

**Mrs. Firth:** I think that in my final comments on general debate, and I will not be making any comments on the Clause by Clause debate, that this is probably going to be one of the major decisions that this government is going to be faced with making, or that any government is going to be faced with making in the Yukon in a long time. The reason that I say that is because of the urgency that is presented, because of the improbability of politicians being able to disagree with the concept of the mine opening again, because we all know that in the best interest of Yukoners it should open again, however, the costs and the principles and precedent that could be set here, and the unanswered questions rise again — concerns and suspicions within my mind and my judgment — it is very dangerous if this mine opens now, goes ahead, and in one year or even less time closes down. I think that the impact for the Yukon in the future would be that the mine would never open again. That is my feelings and a concern has been expressed to me by others.

It is dangerous for the mining industry, because if something like that should happen, it would destroy the confidence of the mining industry in the Yukon Territory, much as the Exco situation did with the oil industry. I raise these concerns on behalf of Riverdale South constituents and Yukoners because, down the road, I want to be able to say, should something happen, that I made representations on their behalf, honestly, and with reservation.

**Hon. Mr. Penikett:** I appreciate the Member wanting to protect herself in the eventuality that something goes wrong. I do not have that luxury, myself. I do not believe that the principals of Curragh Resources are some fly-by-night outfit that is here today and gone tomorrow. I did my own checking, my own investigating, my own assessment, as did my Cabinet colleagues, about the proposals and the proponents. I believe the proposal is sound. I was also persuaded by Pierre Lassonde and Dome many months ago, even when I was in opposition, that this was the last year we had to save this mine.

Acting with that proper sense of urgency, and with, I think, proper prudence, and hopefully expeditiously, this Cabinet, under my leadership, has had to take the tough and necessary decisions I

believe were required to open this mine. I understand full well my responsibilities if things do not go well, but I believe that this is an appropriate chance, a reasonable measure of risk, a symbol of good investment for us to create, hopefully for seven years, and hopefully for many more years beyond that, the thousands of jobs we are talking about as a consequence of these spendings.

**Mrs. Firth:** I recognize the Member's intentions, however, it is not my intention to protect myself in this matter. It is my intention to protect Yukon and Yukoners, and particularly Yukon's future. I do that responsibly.

**Mr. McLachlan:** I just want to point out for the Legislature and for the Member for Riverdale South that the indications that I am getting from the Dome Petroleum people are — and I hate to be so brutal about it, in the event that the deal does not go through, the indications that I am receiving, and that in my worst fears are — that Dome Petroleum could walk out on its debts in Faro and the Yukon.

That will precipitate another Exco Energy problem, just as the one we have dealt with in the last month. By walk, I mean that Dome Petroleum may just bankrupt the whole facility that is left remaining in Faro. There is not much left for them if the deal does not go through. They are behind the eight ball so much, and there is so little value left, that if someone does not come forward with a constructive plan to operate it — they have indicated they will not operate it, they have indicated they do not want to own it — they may just leave it. That can have only a bad effect on Faro and the Yukon. I just wanted to point that out to the Legislature.

**Mr. Phelps:** I think that we all understand the urgency of the matter before us, on the one hand. On the other hand, I think that it is appropriate that we, particularly, as the opposition, point out our concerns about the manner in which public monies are being expended by this government.

I think it is useful to summarize the concerns. After having done that, I can say that we will be prepared to go rapidly through the Bill and see it passed. I think, for the record, that it is important that there be a place where we have collected together the concerns that arise from all the questions that have been directed at the Ministers and at the witnesses today. I will proceed to do that.

The first is the capital cost sharing on the Alaska side. That is to be borne by Yukon taxpayers. There is a very real issue as to the open endedness of what is envisaged here, and what the actual cost may prove to be to Yukoners for capital repairs to improvements on the Alaskan side.

That is to be shared on a 50/50 basis. The questions have been asked about that. It is vague; there is no idea of what the actual cost will be, so we see that as dangerous.

Secondly, there is a very deep concern on the part of many people in the tourism industry and among many residents of Carcross and that area as to the safety of the road. There are questions that remain to be answered, and we understand that some of this is necessarily so, but we would urge the government to take whatever steps it can to ensure the people who will be travelling on the road as to the relative safety of the vehicles and the plan that is eventually put in place. We would urge the government, as soon as it is appropriate to do so, to convey this message in such a way that they will lessen any negative impact on tourism, particularly the portion from Skagway into Carcross and into Whitehorse. The impact on tourism is the third thing.

Fourthly, we have reservations, and there are no clear answers, for whatever reason, about the number of jobs for Canadians, as opposed to Alaskans. Again, that becomes clear in the questions that have been asked. There is a concern, too, about jobs for people from Faro who have lost their employment there and want to return and whether they are going to be afforded the chance to return and work in jobs that they have left and utilize the expertise that they have developed over the years.

Sixth, we are concerned about the fact that there is no resolution yet on the cost of power. We are given assurances, and we thank you for that, that you will take steps, as a government, to protect the interests of Yukon consumers of power, because we certainly feel very strongly that the burden of providing less costly power to the mine ought not to be borne by consumers resident in Yukon



who would stress that most of the benefits, in terms of accrued income for royalties, for taxes, even from fuel tax, ends up in the pockets of the federal government, not vested with this government. That is simply a fact because of the way in which our financial agreements with Ottawa operate. We express that reservation and that concern.

Number seven: we are concerned with regard to the final resolution about the water licence. There are questions that yet remain unanswered. We attach no blame to this government for that fact, but we are concerned with the way in which that issue is proceeding. That is enough about that.

The commitment to local hire — it is nice for people to say that they believe in hiring locally, but we do not see anything hard and fast in terms of a written agreement, or anything really enforceable in that regard. We would expect any company that is going to be relying fairly heavily on government bail-outs to get going to say the right words, but we are concerned with the fact that we do not have hard and fast rules or agreements on that score.

Again, it is an important issue, an important point. We do have some concern that there is nothing in writing that can reassure the business community, other than the good will. When people are looking again for government hand-outs, you can expect good will gestures and words to be said that would initially give everyone a good feeling in their tum-tum.

Finally, on the issue about the government bail-out itself, many of the things that we have here today, we were prepared to go with. We certainly want to make it very clear that we are a little concerned about the open endedness of the specific issues that I have just addressed and we would like the assurance of this government that they will not become a well to which this new group returns, again and again, and that the argument that you have already put in this so a little more will not hurt you — in for a penny in for a pound, they say in Britain. My friend, the Government Leader, can correct me on that. That is an issue that is of concern.

Having said that, and saying that we are supporting the speedy passage of the Bill before us, and we are on record as being very pleased that the mine will reopen and with the accompanying benefits for Yukon, I still think that it does serve some purpose to outline our concerns and draw together the results of the questions and answers that we went through this afternoon. With that, I will end my part of the general debate.

**Hon. Mr. Penikett:** I appreciate the statement of the Leader of the Official Opposition. I want him to know that I have taken note of his concerns. I respect those concerns and in the coming days and weeks as I develop information on the particulars about which there are concerns of the Members of this House, I will give this undertaking to communicate back to Members, particularly on those matters about which improved information should put some of those concerns to rest, I hope, matters such as power rates and some of the cost questions. I hope that the Members will take that undertaking seriously.

*On Clause 2*  
*Clause 2 agreed to*  
*On Clause 3*  
*Clause 3 agreed to*  
*On Clause 4*  
*Clause 4 agreed to*  
*On Clause 5*  
*Clause 5 agreed to*  
*On Clause 1*  
*Clause 1 agreed to*  
*On Title*  
*Title agreed to*

**Hon. Mr. Penikett:** I move that Bill No. 76, entitled *Loan Guarantee Act, 1985* be reported without amendment.

*Motion agreed to*

**Bill No. 14 - An Act to Amend the Chiropractic Act**  
*On Clause 1*

**Hon. Mr. Kimmerly:** I propose that we go through the Bill clause by clause. There are three clauses. The first two simply

provide for modern qualifications and recognize the Canadian Chiropractic Examining Board. Clause 3 is controversial, and I would announce that it is the intention to defeat the clause. We will not be voting for Clause 3. The Medical Association has convinced us that it would occasion unwarranted public confusion.

**Mrs. Firth:** I have just heard the Minister say that the clause was going to be removed. Is that correct? I am very pleased to hear that, because I, too, have been in contact with the Medical Association. As my past profession was associated with the Medical Association I, too, had many concerns about the confusion that it could cause within the public, particularly in light of the practices of some of the individuals in the past who would have been involved with this.

We will be in agreement with the Bill as it stands with that clause removed.

I would move that *An Act to Amend the Chiropractic Act* be deemed to be read with that clause removed.

**Hon. Mr. Kimmerly:** As a matter of practice, as it is a three clause Bill, I would suggest we clear clauses 1 and 2 and defeat clause 3.

**Some Members:** Agreed.

*On Clause 2*

*Clause 2 agreed to*

*On Clause 3*

*Clause 3 defeated*

*Clause 1 agreed to*

*On Title*

*Title agreed to*

**Hon. Mr. Kimmerly:** I move that you report Bill No. 14, *An Act to Amend the Chiropractic Act*, as amended.

*Motion agreed to*

**Bill No. 28 - Yukon Development Corporation Act — continued**

**Chairman:** We will continue with the *Yukon Development Corporation Act*, Clause 1, general debate.

**Hon. Mr. Penikett:** I wonder if I could arrange, just before we begin, for a seat for the Deputy Minister to sit with me during the discussion of this Bill. No doubt the Members will ask questions that I may be unable to answer.

I took as notice a couple of questions asked by the Leader of the Official Opposition and others when we were discussing the measure last week. I would like to, now, if I could, just answer those questions, and then proceed with the discussion.

The question was asked about the decisions relating to the NCPC: would we come back to the House for consideration in this Act? As I said to the House at the time, quite clearly we would be coming back to the House to get approval to spend a penny to do with anything. So, for any specific spending approval, we will have to come back to the House.

The question was asked about potential subsidiary corporations, and of course, the same answer applies there. The House would be involved if any subsidiaries are established. The capital and operational plans, the Budget initiatives and the expression of any plans in that area would be subject to the approval of the House.

Mr. Phelps asked: was proper legal consideration given to corporate aspects since the private sector lawyer on the committee was replaced after the government assumed office? In my understanding, the individual appointed by Mr. Phelps attended only one committee meeting, so that was the total extent of his involvement. However, I should advise Mr. Phelps that there have been two lawyers, basically, locally involved in the crafting of this proposal from the beginning. One, of course, is the solicitor from the Department of Justice, who has been a full member of the committee since we reconstituted it. The second is Mr. Almstrom, who has been involved in the drafting of this legislation. Moreover, Cabinet has issued instructions to retain the services of a lawyer experienced in corporate negotiations and corporate takeovers to help us conduct the NCPC negotiations when we get into the short strokes.

Another question asked by the Leader of the Official Opposition was: did the government have a legal opinion on whether it was

preferable to incorporate under the *Business Development Corporation Act* in Yukon, or under the federal act. What we are proposing is that the Yukon Development Corporation be a creature of a statute. However, to ensure it is going to operate on the same basis as other companies, its powers are stated in this Act to be the same as those under the *Business Corporations Act* of the Yukon. Incorporation under the federal or Yukon legislation would have meant we could have done it with no need for us to come to the House. Also, such a corporation, if we did that, would not be an agent of the Crown, to which the principles and ministerial responsibility would apply. That is why we want to do it by statute, and make it clear about the Minister responsible. In this case, the Minister of Economic Development would be the accountable Minister in the House for the policies of the corporation.

As I said in my Second Reading speech, it has been our view all along that YDC would be a development tool for the government or an instrument of government policy, even though it would be managed and administered as a private sector operation, and hopefully with whatever efficiencies that would entail.

Another question asked by the Leader of the Official Opposition was: did the government obtain legal or professional opinion on the taxation consequences of this proposal as opposed to an alternative plan? In this respect, Inter-Group Consultants were the people who addressed the issue of taxation as it related to the various models that were examined of Crown owned, or Crown and investor owned or of the different kinds of Crown corporations. In addition, the taxation aspects were considered and dealt with by the lawyers who prepared the Legislation. Our lawyers have advised us that this corporation will fall under exactly the same tax regime as the Liquor Corporation or the Housing Corporation, which are two Crown corporations that exist in this government — I guess, in the case of the Housing Corporation, I should say, at least, on paper, because it is virtually a shell at the moment.

The question about taxes is, of course, difficult to be perfectly clear about, as the Leader of the Official Opposition will know. The federal *Income Tax Act* may change from year to year and that can change the level and rates of taxation for different kinds of corporations. We cannot anticipate perfectly what will happen.

Finally, the Leader of the Official Opposition asked: did the government consider the tax implications for private companies if they enter into deals with the Crown corporations? I confess that this question was not specifically addressed by the Committee, however, we think that it is fairly safe to say that these aspects are being closely examined by the lawyers on behalf of, for example, Yukon Electrical, in developing their negotiating position with us. As I indicated on October 24, those negotiations are still at a very early and sensitive stage, and until they are more concrete, I think that it would be premature for me to get into much speculative detail about what the consequences are.

**Mr. Phelps:** You may just follow up on that. The concern I have is simply that the government knows the consequences of having assets transferred to it, and whatever dealings may be contemplated with a private business — whether it be Yukon Electrical, or any other — before it actually does something that brings a tax consequence. I think that can be extremely important, particularly if the government determines that it wants to rationalize the electrical system so that retail is privately owned and managed, and wholesale is public, or whatever. My understanding of it, and I will be the first to admit that it is not that I am an expert, is that those are very serious considerations. I raise it not really because of the structure or the exact issue before us, but I think that it is very important that these things be looked at so that a move by this government to have something done, or the transfer made, is like the housing situation in Faro, the arms length aspect of a second mortgage concept and so on. I raise it for that reason.

**Hon. Mr. Penikett:** I take the Member's intervention on this point seriously. I will make sure that in our discussions and negotiations that that issue is carefully addressed.

**Mr. Phelps:** I thank the Leader for answering my previous questions. Perhaps he could advise us just generally why this model was adopted by Cabinet, why the membership was deemed to be most appropriate and so on.

**Hon. Mr. Penikett:** We thought that, in essence, there was a kind of a simplicity about this model. We are talking about a corporation that can have the powers of a corporation under the Act governing corporations in Yukon. We talked about a board of directors of five or more having in mind that the present NCPC Board of Directors is five, I think. We thought that might be an appropriate point to start, though there might be some expertise or wisdom that we would want to pick up so we did not want to be limited to the five, and we might want to add a sixth or seventh person at the appropriate time.

What we think we particularly want in the board and the executive director is something that can initially operate with the simplest possible model and then evolve, as the House consents, and is required over the years.

**Mr. Phelps:** I would like to the Government Leader to address the issue of the independence of the board as one that has to be balanced against the policies of the government of the day. It is always an area that is somewhat gray, but how does he see the influence of government as it pertains to decisions made by the board?

**Hon. Mr. Penikett:** My view is that the government has to set some broad policy for the corporation. We will, of course, be accountable for the budgets, but the actual administration and day to day operation of the corporation, the administrative policy of the corporation and all of those things, I think, should be entirely determined by the Board of Directors.

**Mr. Phelps:** I take it that the board will be responsible for hiring personnel and that will not be interfered with by any of the Members of the Cabinet.

**Hon. Mr. Penikett:** We have talked about people being hired within the *Public Service Act*. In other words, those rules would apply. They would be certifiable and eligible and on the merit principle and so forth.

**Mr. Phelps:** Those are all the questions I had in general debate.

*On Clause 2*

*Clause 2 agreed to*

*On Clause 3*

**Mr. Phelps:** Can I ask what Clause 3 really means? Is the corporation just the board?

**Hon. Mr. Penikett:** It is simply a clause stating that the corporation is known as the Development Corporation. As it is established, it may initially have no more entity than the Board and the purposes which the Act gives to it here.

I am assuming that a lawyer wrote these specific words so I cannot defend the particular language. I am told in my notes here that it is a standard clause.

**Hon. Mr. Kimmerly:** It simply establishes that there will be a corporation and technically the corporation consists of the Board of Directors. This is a standard clause in the documents that form all private corporations. There is absolutely no trick in it at all.

**Mr. Phelps:** Perhaps I have been away too long from general practice. That is fine. We will clear it.

*Clause 3 agreed to*

*On Clause 4*

**Hon. Mr. Penikett:** I am told this is a necessary section to establish the Development Corporation as a publicly owned entity and for the public, through their elected representative, to direct and finance and be accountable for the affairs of the corporation. This section also limits the powers of the corporation to those established for it by the Territory.

*Clause 4 agreed to*

*On Clause 5*

**Hon. Mr. Penikett:** I do not want to bore the lawyers, but the objects of the Act here are a political statement of the legislation. The different clauses here simply provide for, as I mentioned in my Second Reading speech, the possibility of, as the Leader of the Official Opposition indicated earlier, private sector management of the YDC-owned assets, when and if mutually agreed upon agreements could be reached. He suggested, for example, one possibility was the wholesale ownership by the Development Corporation, and then some kind of agreement by a private company in terms of retail. Those kinds of possibilities are allowed



for in these objectives.

**Mr. Phelps:** There is also another question about 5(c), about whether that ought to be something more broad.

On that very point, about acquiring all or some of the assets and undertakings of NCPC in Yukon, it seems here that you are bound to acquire all. Again, getting back to the intention for not acquiring all, but working a deal without assuming all the assets should be stated.

**Hon. Mr. Kimmerly:** This does not require the corporation to acquire all of the assets; it simply establishes it as an object that the acquire of assets and undertakings is an object. It could read "all or part", but that would not add anything at all. It means that now.

**Mr. Lang:** I am a little concerned that the principles we are dealing with here are so broad. I know, to some extent, it is subject to the Legislature because of financial consequences. That is where it would probably come up in debate at some given time once the corporation is formed.

I have a question regarding the fifth political statement that is made, "to carry out development policy directives issued to it by the Commissioner in Executive Council", and it would seem to me that we are getting a little closer than an arms-length situation; we are getting to the point where we have two Boards of Directors, one being Cabinet, the next being the Corporate Board. I would like to ask of the Government Leader: how does he foresee this particular area working?

**Hon. Mr. Penikett:** Actually I explained that before the Member came in. The strict division would be the broad policies of the government; the Minister of Economic Development is responsible to this House for the actions of the corporation. Cabinet would give broad policy objectives to the corporation. The corporation though, in terms of its administrative policy, the way in which it manages the operation of the corporation, those would be determined by the Board of Directors.

**Mr. Lang:** For the record, so that the Member being a good parliamentarian, I will correct him, I was outside having a discussion with the House Leader so that we could determine what the course of business would be as opposed to making it appear as though I was not here.

I would like to ask the Government Leader, in these broad policy statements, would he make an undertaking, as the Minister of Economic Development, or anybody in that position, whilst he is the Government Leader that those statements that emanate from the Cabinet to the corporation will be tabled in the House so that the general public is aware of the statements of the government?

**Hon. Mr. Penikett:** I would certainly want to report to the House any kind of policy given to the corporation. The one exception that I might give, and I hope the Member will understand this, if we were going into negotiations and were giving a negotiating mandate to the corporation I would not want to make that public until we concluded the negotiations.

**Mr. Lang:** No, I would take that as a given, I have been in government long enough to know that. In fact, I think that is evident in our discussion of the Cyprus Anvil arrangement. We see that there are a number of things that are under discussion which if asked could be very embarrassing for the side opposite and that is one of the reasons that they were not asked — if I could go on the record in that respect. I think that it is important that that undertaking be given, as the Government Leader has outlined, and I want to underline that I will be following it closely.

*Clause 5 agreed to*

*On Clause 6*

*Clause 6 agreed to*

*On Clause 7*

*Clause 7 agreed to*

*On Clause 8*

*Clause 8 agreed to*

*On Clause 9*

*Clause 9 agreed to*

*On Clause 10*

*Clause 10 agreed to*

*On Clause 11*

*Clause 11 agreed to*

*On Clause 12*

*Clause 12 agreed to*

*On Clause 13*

*Clause 13 agreed to*

*On Clause 14*

**Mr. Phelps:** I have a question on Clause 14(1). I am just wondering why it is a special account in the Yukon Consolidated Revenue Fund, as opposed to a separate entity account.

**Hon. Mr. Penikett:** We deem it to be a requirement of the *Financial Administration Act* that there be a separate account of the Consolidated Revenue Fund to keep the accounts clear for this corporation.

**Mr. Phelps:** I guess the concern I have is that it seems to assume something. It seems to assume that the money received will be, not a joint venture, or anything of that sort, but simply received by this corporation of itself. Is that the underlying principle?

**Hon. Mr. Penikett:** If the corporation has a relationship with some private company, which involves a joint holding of some funds, presumably that is still possible. Later on, as we get into this Act, though, Members may know that there is a big debate in some parts of the country about whether Crown corporations should be subject to the Auditor General's review or audit. We clearly and expressly are making that clear here. When we are doing a financial accounting of this corporation, and accounting to the House for it, we want to have a fund that is separate, but part of the Yukon Consolidated Revenue Fund, so we can do a proper accounting of the Territorial Accounts. It is the same as the Housing Corporation. It has a separate bank account.

*Clause 14 agreed to*

*On Clause 15*

*Clause 15 agreed to*

*On Clause 16*

*Clause 16 agreed to*

*On Clause 17*

*Clause 17 agreed to*

*On Clause 18*

*Clause 18 agreed to*

*On Clause 19*

**Mr. Lang:** Why does this clause refer to the *Municipal Finance Act*?

**Hon. Mr. Penikett:** Normally, as the Member knows better than anybody else in the House, the grants in lieu of municipal taxes are paid out of government general revenues. In this case, the corporation will pay them directly, like any other private corporation, so that we will not be hiding the true costs of the corporate activities and the true costs of the corporate operations.

*Clause 19 agreed to*

*On Clause 20*

*Clause 20 agreed to*

*On Clause 21*

*Clause 21 agreed to*

*On Clause 22*

*Clause 22 agreed to*

*On Clause 23*

*Clause 23 agreed to*

*Clause 1 agreed to*

*On Title*

*Title agreed to*

**Hon. Mr. Penikett:** I move that you report Bill No. 28, entitled *Yukon Development Corporation Act*, without amendment.

*Motion agreed to*

#### **Bill No. 19 - An Act to Amend the Elections Act**

*On Clause 1*

*On Clause 2*

*Clause 2 agreed to*

*On Clause 3*

*Clause 3 agreed to*

*Clause 1 agreed to*

*On Title*

*Title agreed to*

**Hon. Mr. Kimmerly:** I move that you report Bill No. 19,

entitled *An Act to Amend the Elections Act*, without amendment.  
*Motion agreed to*

**Hon. Mr. Porter:** I would suggest at this point that we have a brief recess in anticipation of the possible assent to Bills. We will have to contact the Administrator to ensure that this can be done.

**Chairman:** We will recess for ten minutes.

*Recess*

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

*Motion agreed to*

*Speaker resumes the Chair*

**Speaker:** I will now call the House to order. May we have a report from the Chairman of the Committee of the Whole?

**Chairman:** The Committee of the Whole has considered Bill No. 76, *Loan Guarantee Act, 1985*; Bill No. 28, *Yukon Development Corporation Act*; and Bill No. 19, *An Act to Amend the Elections Act*, and directed me to report the same without amendment.

Further, the Committee has considered Bill No. 14, *An Act to Amend the Chiropractic Act*, and directed me to report the same as amended by the defeat of Clause 3.

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

**Some Members:** Agreed.

**Hon. Mr. Porter:** I would ask the consent of the House to waive Standing Order 55(2), in order to proceed with third reading of Bill No. 19 and Bill No. 76. I would also ask unanimous consent to waive Standing Order 59(3), in order to proceed with third reading of the Bill which has been amended in the Committee of the Whole. Finally, I would ask unanimous consent to waive Standing Order 27(1) in order to proceed with the debate on the Motions No. 24 and No. 26 standing on today's Order Paper.

**Speaker:** Is unanimous consent granted?

**Some Members:** Agreed.

**Speaker:** Unanimous consent has been granted. Proceed.

## GOVERNMENT BILLS

### Bill No. 19: Third Reading

**Clerk:** Third reading, Bill No. 19, standing in the name of the hon. Mr. Kimmerly.

**Hon. Mr. Kimmerly:** I move that Bill No. 19, entitled *An Act to Amend the Elections Act* be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Justice that Bill No. 19, entitled *An Act to Amend the Elections Act* be now read a third time and do pass.

*Motion agreed to*

### Bill No. 12: Third Reading

**Clerk:** Third reading, Bill No. 12, standing in the name of the hon. Mr. Kimmerly.

**Hon. Mr. Kimmerly:** I move that Bill No. 12, entitled *Raven Act* be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Justice that Bill No. 12, entitled *Raven Act*, be now read a third time and do pass.

*Motion agreed*

### Bill No. 60: Third Reading

**Clerk:** Third reading, Bill No. 60, standing in the name of the hon. Mr. McDonald.

**Hon. Mr. McDonald:** I move that Bill No. 60, entitled *Dangerous Goods Transportation Act*, be now read third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Community and Transportation Services that Bill No. 60, entitled *Dangerous*

*Goods Transportation Act*, be now read a third time and do pass.  
*Motion agreed to*

### Bill No. 66: Third Reading

**Clerk:** Third reading, Bill No. 66, standing in the name of the hon. Mr. McDonald.

**Hon. Mr. McDonald:** I move that Bill No. 66, entitled *An Act to Amend the Motor Vehicles Act*, be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Community and Transportation Services that Bill No. 66, entitled *An Act to Amend the Motor Vehicles Act*, be now read a third time and do pass.

*Motion agreed to*

### Bill No. 68: Third Reading

**Clerk:** Third reading, Bill No. 68, standing in the name of the hon. Mr. Kimmerly.

**Hon. Mr. Kimmerly:** I move that Bill No. 68, entitled *Canadian Charter of Rights and Freedoms Consequential Amendments Act, 1985*, be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Justice that Bill No. 68, entitled *Canadian Charter of Rights and Freedoms Consequential Amendments Act, 1985*, be now read a third time and do pass.

*Motion agreed to*

### Bill No. 76: Third Reading

**Clerk:** Third reading, Bill No. 76, standing in the name of the hon. Mr. Penikett.

**Hon. Mr. Penikett:** I move that Bill No. 76, entitled *Loan Guarantee Act, 1985*, be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Government Leader that Bill No. 76, entitled *Loan Guarantee Act, 1985*, be now read a third time and do pass.

*Motion agreed to*

### Bill No. 14: Third Reading

**Clerk:** Third reading, Bill No. 14, standing in the name of the hon. Mr. Kimmerly.

**Hon. Mr. Kimmerly:** I move that Bill No. 14, entitled *An Act to Amend the Chiropractic Act*, be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Minister of Justice that Bill No. 14, entitled *An Act to Amend the Chiropractic Act*, be now read a third time and do pass.

*Motion agreed to*

### Bill No. 28: Third Reading

**Clerk:** Third reading, Bill No. 28, standing in the name of the hon. Mr. Penikett.

**Hon. Mr. Penikett:** I move that Bill No. 28, entitled *Yukon Development Corporation Act*, be now read a third time and do pass.

**Speaker:** It has been moved by the hon. Government Leader that Bill No. 28, entitled *Yukon Development Corporation Act*, be now read a third time and do pass.

*Motion agreed to*

## GOVERNMENT MOTIONS

### Motion No. 24

**Clerk:** Item no. 1, standing in the name of the hon. Mr. Porter.

**Speaker:** It has been moved by the hon. Minister of Renewable Resources:

THAT a Select Committee on Renewable Resources be established;

THAT the Honourable Members Mr. Webster, Mr. Brewster, and Mr. Coles be appointed to the Committee;

THAT during a period when the Legislative Assembly is in adjournment, a Green Paper on Yukon's Renewable Resources shall be transmitted to the Committee by the Minister of Renewable

Resources;

THAT the Committee hold public hearings on the Green Paper in Whitehorse and in at least one community in each of the electoral districts outside Whitehorse;

THAT the Committee report to the Legislative Assembly its findings and recommendations on the Green Paper during the Third Session of the 26th Legislature;

THAT the Committee be empowered to call upon the Department of Renewable Resources for technical advice during its review and the public hearings on the Green Paper; and

THAT the Clerk of the Legislative Assembly be responsible for providing the necessary support services to the Committee.

**Hon. Mr. Porter:** This Motion before the House at this point is very clear and self explanatory. I might add that I have spoken to the Members opposite and have reached their concurrence with respect to their participation on the Committee.

**Mr. Lang:** I have an observation. It would appear to me that on our Select Committees we have always had the Minister responsible. I would ask in closing of the debate by the Minister if he could explain why he has not put himself on the Committee for the purpose of going through the public consultation that is required for looking at the department he is responsible for. It is a departure from practice, and perhaps he could explain it to the House.

**Hon. Mr. Porter:** The Committee is designed in this fashion primarily for the reason of attempting to achieve a report that is as unbiased as possible. That is why we have gone to simply asking for three Members to participate, cutting the numbers down to one from each party as represented in this House. As well, this Committee is going to be asked, as resolved in this Motion, to travel throughout the Yukon. The question of cost has to be a factor in terms of dealing with the responsibilities of the Committee.

I think the most important factor that should be considered is that the Committee should also have the ability to call myself, as Minister, before the Committee to speak to it on the department's plans, and to have input into the Committee as a department with the responsibility, as opposed to my being present on the Committee and thereby possibly giving rise to the accusation that, by my presence on the Committee, the report in some fashion or another is biased.

That is my explanation.

<sup>17</sup> Motion No. 24 agreed to

#### Motion No. 26

**Clerk:** Item No. 3, standing the name of the hon. Mr. Penikett.

**Speaker:** Order. It has been moved by the hon. Government Leader:

THAT, pursuant to Subsection 12(1) of the *Yukon Act*, it is the recommendation of this Assembly that the hon. Margaret Joe and the hon. Piers MacDonald be appointed as alternate members of the Advisory Committee on Finance.

**Hon. Mr. Penikett:** I explained the need for this Motion at the time we were debating the amendments to the *Financial Administration Act*, and the desire to have two other members of Cabinet named officially as alternates to Management Board so that we would not want for a quorum. Since we have wanted to have the Management Board and the Advisory Committee on Finance to be coterminus bodies, that is the reason for this Motion.

Motion No. 26 agreed to

**Speaker:** I wish to inform the Assembly that we will now receive the Administrator to grant assent to the Bills which have passed this House.

<sup>18</sup> Administrator of Yukon enters the Chamber announced by the Sergeant-at-Arms

**Speaker:** Mr. Administrator, the Assembly, at its present session, passed a number of Bills, which, in the name and on behalf of the Assembly, I respectfully request your Assent.

**Clerk:** *Raven Act; Dangerous Goods Transportation Act; An*

*Act to Amend the Motor Vehicles Act; Canadian Charter of Rights and Freedoms Consequential Amendments Act, 1985; An Act to Amend the Chiropractic Act; Loan Guarantee Act, 1985; An Act to Amend the Elections Act; Yukon Development Corporation Act.*

**Administrator:** I hereby Assent to the Bills as enumerated by the Clerk.

Administrator leaves the Chamber

**Speaker:** I will call the House to order.

May I have your further pleasure?

**Hon. Mr. Porter:** I move THAT the House, at its rising, do stand adjourned until it appears to the satisfaction of the Speaker, after consultation with the Government Leader, that the public interest requires that the House shall meet;

THAT the Speaker give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice and shall transact its business as if it had been duly adjourned to that time; and

THAT, if the Speaker is unable to act owing to illness or other causes, the Deputy Speaker shall act in his stead for the purpose of this order.

**Speaker:** It has been moved by the hon. Government House Leader THAT the House, at its rising, do stand adjourned until it appears to the satisfaction of the Speaker, after consultation with the Government Leader, that the public interest requires that the House shall meet;

THAT the Speaker give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice and shall transact its business as if it had been duly adjourned to that time; and

THAT, if the Speaker is unable to act owing to illness or other causes, the Deputy Speaker shall act in his stead for the purpose of this order.

Motion agreed to

**Speaker:** May I have your further pleasure?

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

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

Motion agreed to

**Speaker:** This House now stands adjourned.

The House adjourned at 8:55 p.m.

<sup>19</sup> The following Legislative Returns were tabled October 28, 1985:

85-2-12

Frenchman/Tatchun Lakes Road  
Oral, Hansard p. 182 (Penikett)

85-2-13

YTG public servants - pay or leave while travelling on YTG or federally-appointed boards  
Oral, Hansard p. 181 (Penikett)

85-2-14

Human Resources budget and staff housing in Faro  
Oral, Hansard p.p. 200, 201 (Penikett)

85-2-15

Cost of office space in Ottawa  
Oral, Hansard p. 156 (Penikett)

85-2-16

Contract award to other than low bidder  
Oral, Hansard p. 241 (Penikett)

The following Sessional Papers were tabled October 28, 1985:

85-2-12

Alleged Leak of Government Documents-Breach of Trust - letter

from RCMP to Government Leader dated Oct. 24, 1985 (Penikett)

85-2-13

Report on Frenchman/Tatchun Lakes Recreation Road Issues,  
October 28, 1985 (Penikett)

85-2-14

Porcupine Caribou Managment Agreement (Porter)

85-2-15

Territorial Accounts 1984/85 (Penikett)