



The Yukon Legislative Assembly

Number 6

3rd Session

26th Legislature

HANSARD

Monday, March 24, 1986 — 1:30 p.m.

Speaker: The Honourable Sam Johnston

Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassl	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

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

Liberal

Roger Coles	Liberal Leader Tatchun
James McLachlan	Faro

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Clerk Assistant (Legislative)	Missy Follwell
Clerk Assistant (Administrative)	Jane Steele
Sergeant-at-Arms	G.I. Cameron
Hansard Administrator	Dave Robertson

⁰¹ **Whitehorse, Yukon**
Monday, March 24, 1986 — 1:30 p.m.

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

Prayers

DAILY ROUTINE

Speaker: We will now proceed to the Order Paper.
 Introduction of Visitors?

TABLING RETURNS AND DOCUMENTS

Speaker: Under Tabling Returns and Documents, I have for tabling a report from the Chief Electoral Officer on the Whitehorse Porter Creek West By-election, held February 10, 1986.

Are there any further Returns or Documents for Tabling?

Hon. Mr. Penikett: I am sure it will bring delight to all Members of the House to know that I have for tabling today a report on regulations.

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

Bill No. 32: First Reading

Hon. M. Kimmerly: I move that Bill No. 32, entitled *Foreign Arbitral Awards Act*, be now introduced and read a first time.

Speaker: It has been moved by the Hon. Minister of Justice that Bill No. 32, entitled *Foreign Arbitral Awards Act*, be now introduced and read a first time.

Motion agreed to

⁰² Bill No. 61: First Reading

Hon. Mr. Kimmerly: I move that Bill No. 61, entitled *Maintenance and Custody Orders Enforcement Act*, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Justice that Bill No. 61, entitled *Maintenance and Custody Orders Enforcement Act*, be now introduced and read a first time. Are you prepared for the question?

Motion agreed to

Bill No. 10: First Reading

Hon. Mr. Penikett: I move that Bill No. 10, entitled *An Act to Amend the Liquor Tax Act and the Tobacco Tax Act*, be now introduced and read a first time.

Speaker: It has been moved by the Government Leader that Bill No. 10, entitled *An Act to Amend the Liquor Tax Act the Tobacco Tax Act*, be introduced and read a first time. Are you agreed?

Motion agreed to

Bill No. 34: First Reading

Hon. Mr. Kimmerly: I move that Bill No. 34, entitled *An Act to Amend the Fuel Oil Tax Act*, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Justice that Bill No. 34, entitled *An Act to Amend the Fuel Oil Tax Act*, be now introduced and read a first time. Are you prepared for the question?

Motion agreed to

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

Are there any Notices of Motion?
 Are there any Statements by Ministers?

MINISTERIAL STATEMENTS

Coolican Report on a Comprehensive Claims Policy

Hon. Mr. Kimmerly: The report of the federal Task Force on Comprehensive Claims Policy, released March 19th, is welcomed by the Government of Yukon as a positive step towards removing many of the substantial obstacles to resolving land claims. The report provides a foundation on which aboriginal peoples and the federal, provincial and territorial governments together can build equitable and practical settlements.

The federal government, which is charged with the primary constitutional responsibility for aboriginal people, must promptly consider the recommendations and give the utmost priority to establishing a revised federal land claims policy. Our government has already begun to review, in detail, the report's numerous recommendations and will submit any changes in our policies prompted by the report to the federal government.

Based on our initial reading of the report, we are pleased that the Yukon policies, set out in our submission to the Task Force and expressed in the Yukon Memorandum of Understanding, have been embraced. We concur with the reports' recommendations that a blanket extinguishment of aboriginal rights should no longer be a precondition for settlement.

⁰³ Land claim negotiations must produce certainty about rights and responsibilities to allow all Yukon people to harmoniously pursue and benefit from social, political, cultural and economic development.

Equally, we concur with the report's recognition of the need to implement agreements as they are reached. This will allow benefits to flow from settlement agreements to all Yukon people as soon as possible. The phasing-in of agreements also affords many administrative advantages and ensures an effective implementation of agreements.

Many of the report's recommendations have already been anticipated in the Yukon Memorandum of Understanding. The report calls for a flexible approach to land claims to accommodate the dramatic differences among aboriginal peoples in lifestyles and aspirations. Our structure of negotiations in the Yukon reflects this call for flexibility. Our negotiations presently allow each band and each region to specifically address their particular interests. The Council for Yukon Indians' new regional negotiating structure allows specific agreements with individual bands and regions to address particular local needs. Meanwhile, agreements on general matters with the CYI will expedite the overall settlement.

Similarly a framework agreement for negotiations, recommended by the report, has already been established among the three parties in the Yukon Memorandum of Understanding.

Fundamental to the report's recommendations and to the scope of our negotiations, is the need to ensure the ultimate settlement will enrich Canada by allowing the aboriginal people to realize their full potential in contributing to Canadian life.

There are, however, aspects of the report which at first glance, cause us some concerns: notably the overlap and devolution sections. These we will be studying with particular care.

The financial and administrative ramifications of the report's recommendations were not considered by the Task Force. In evaluating the recommendations, this task now falls to the federal, provincial, and territorial governments. Financial and administrative considerations and the desire not to perpetuate costly, protracted negotiations must guide all parties' evaluations of this timely report on land claims policies.

Our government welcomes and seeks the views of all Yukon people in responding to the federal government's Task Force Report.

The spirit and character of the community we will bequeath to future Yukon generations will be significantly shaped by the Yukon Land Claim Settlement. We hope that Yukon people will work together in the spirit of cooperation and trust to find a settlement that enriches the quality of life for all of us.

Mr. Phelps: I would like to say, on behalf of this side of the House, that we certainly share Mr. Penikett's hope that the Task Force Report will be positive and will help move the settlement of

land claims in Yukon and in the rest of Canada along the road.

We also share his hope that the federal government will deal with these recommendations as soon as possible so that all parties will know where they stand with regard to federal policies as quickly as possible.

I would also like to say that we share the Government Leader's optimism with regard to those aspects of the report which are positive and deal with the certain fundamental aspects of land claim policy with which we have absolutely no quarrel. Again, we are pleased to see that these issues, such as the issue of replacing extinguishment with exchange, or some other concept be dealt with by the federal government so the people know where they stand. I must say that I am a little surprised about the aspects of the report, such as those aspects dealing with overlapping claims and devolution to the territories. I am a little concerned that those very fundamental concerns would only occupy one sentence — one small paragraph, rather — in a ministerial statement such as this, and we would have hoped that this government, having had time to study those two issues, would have had a little more to say. However, we wish this government and the Yukon Indian people every success and God's speed in moving ahead and settling this land claims in a manner which can only enhance the lives of all Yukoners. Thank you.

Hon. Mr. Penikett: If I may add a sentence or two to the two sentences I have already spoken on the issue that the Leader of the Official Opposition did not feel that I spoke enough about — and I hope he will take seriously that we are studying those particular sections with great care — on the question of devolution. I hope it is understood by all Members of the House that the recommendation on Coolican on this respect violates very fundamentally the agreement that we have made with respect to negotiations here — I think, among all three parties in respect to devolution.

We will shortly be having a meeting with all interested parties in the Yukon Territory on the question of overlap. We do regard it as an issue that the federal government has primary responsibility to solve. However, I must say that if the Leader of the Official Opposition reads that section carefully, what bothers me most is the final sentence in that section, which seems to make a logical leap from what has gone before to say something which I think we would find very unacceptable, if we understand what is meant by it. I think defining exactly what Mr. Coolican meant by, particularly, that final sentence is, I think, what we are most concerned to explore.

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

QUESTION PERIOD

Question re: Trimac/Curragh trucking agreement

Mr. Phelps: Given the headlines in the news on Friday with regard to the end of the agreement between Trimac and Curragh resources about the hauling of ore on the Carcross-Skagway Road, indeed from the minesite at Faro to Skagway, I would like to know whether the Government Leader or any of his Ministers have had any conversations with Trimac with a view to finding out why that contract has been terminated.

Hon. Mr. Penikett: I may be able to be helpful on this point. The Minister of Community and Transportation Services can elaborate further. At the point when there were beginning to be difficulties of a commercial nature between Curragh and Trimac, Mr. Frame alerted me to the possibility that some of these difficulties might become public. He assured me that this was no reflection on any arrangements that we were making, just that there were some difficulties in the particulars of the contractual agreement between that company and his.

This morning Mr. Frame called me again to advise me that, as a result of negotiations all this weekend, he believes that he may be in a position, in a day or to, to announce a new agreement with another trucker.

Mr. Phelps: I thank the Government Leader for his response.

Has he or any of his Ministers had any conversations, by way of follow-up, with Trimac to determine what their cause for concern has been?

Hon. Mr. McDonald: Trimac has contacted the Department of Community and Transportation Services to inform them of their impending breakdown and, then, of their final breakdown in their relations with Curragh Resources. They wished us well in our endeavour to open the road and get the mine rolling. But, they suggested that the commercial package to be established between Trimac did not include the kind of compensation that they wished, and they did not wish to operate under those circumstances. Apart from that, we expressed to them our best wishes and parted company.

Mr. Phelps: The news report that we have been reading over the weekend seemed to point to the issue of certainty of Curragh's wish to nail down exactly what the cost would be and Trimac's reluctance to do that until they had had some experience of operating under their belts. Was that one of the concerns conveyed to the Minister?

Hon. Mr. McDonald: Neither Trimac nor Curragh have given me any detailed indication of what caused the two companies to part company. All that we were told, essentially, was that there was a disagreement about whether or not Trimac would accept an incentive versus a flat rate compensation package for the trucking of ore. That is the extent of their explanation.

Question re: Trimac/Curragh trucking agreement

Mr. Phelps: Again, with regard to the same news story. On Friday in the local media, Mr. Frame was quoted as making the statement that there was no doubt in his mind that there would be no problem vis-a-vis the opening of the road on a 24-hour-per-day basis for the hauling of ore by the trucks, be they Trimac's trucks, Curragh's trucks, or whomever's trucks. Could the Minister of Transportation or the Government Leader tell me whether anybody from this government has given Mr. Frame any cause to believe that there would definitely be a 24-hour opening of the road for ore haulage?

Hon. Mr. McDonald: No.

Mr. Phelps: Has the Minister, or any of his officials, or any officials from the government, discussed with Mr. Frame or Curragh Resources the possibility of restricting the hours of operation during which ore would be allowed to be hauled over that road to Skagway?

Hon. Mr. McDonald: I believe I mentioned last week that we did send a letter to Curragh Resources last August stating that we might find it desirable to restrict hours of trucking on the road during the times the tourists and tourist buses would be operating on the road. We have not come to a final decision as to whether or not we will, or to what extent we will, restrict hours of operation on the road. In any case, I met with a local representative of Curragh Resources last week and reiterated our position. He understood and accepted our position with respect to possibly looking at restricting hours of operation on the road this summer.

Mr. Phelps: In view of the fact that officials from Curragh have acknowledged the government position with regard to the 24-hour transportation of ore, can the Minister advise this House as to why Curragh would seem to be making official statements that they do not expect any problem with having the road open 24 hours a day?

Hon. Mr. Penikett: I may be able to be helpful here. Curragh insists in believing, until it is proven otherwise, that they can safely operate with the equipment that they propose to use. Until we have tested it and been assured on the same score, that question is not settled in our mind. This is something that we will still have to work out. To that end, as part of a conversation with Mr. Frame this morning, he advised me that he would be travelling soon to Whitehorse to have discussion about these and other matters.

Question re: Tobacco tax

Mr. McLachlan: Last week during Budget Addresses, we heard a diatribe on the evils of tobacco and alcohol abuses. I want to ask the Minister of Finance if he can assure this House that there

no intent on the part of the government to introduce a tax on tobacco literally at the manufactured level — that is, we heard only about cigarettes and cigars — I want to know if there is no intent to introduce a tax on the canned product, or the product that goes into making those cigarettes?

Hon. Mr. Penikett: The question is about rollies. It may be out of order, since the Bill to give effect to the measure talked about was introduced today, and any particulars about that measure will be outlined in that Bill.

Mr. McLachlan: The Bill introduced respects tobacco. It does not respect cigarettes or cigars. I thought it was in order.

I have a similar question about the liquor tax increases, which has been brought to me also by constituents who have some concern that the government may introduce a tax on the raw products that go into the making wine and beer. Does that also fall into a similar category? Is it the intent of the government to introduce a tax on the raw product items?

Hon. Mr. Penikett: I apologize to the Member for Faro. I am a little confused by the question. Is he asking about a tax on home brew or is he asking about a tax on hops or grapes or rye, or those things?

Mr. McLachlan: The products that go into the making of wine and beer.

Hon. Mr. Penikett: We are not planning to tax grapes or sugar or rye or hops or potatoes.

Question re: Director of Mines and Energy

Mr. McLachlan: My final supplementary to the Minister of Economic Development relates to that particular portfolio. The position of the Director of Mines in the Energy Branch has been vacant since the end of 1985. We are approaching April 1 soon, and there is a fairly large mandate within that department and budget respecting that position. When does the Government plan to fill the position of Director of Mines and Energy?

Hon. Mr. Penikett: It requires a certain kind of agility to see how that is logically linked to the previous question but we are, I think, in the final stages of the hiring process. Candidates have been interviewed. I cannot tell you as of this point if an offer has been made to a candidate.

Question re: Carcross-Skagway Road

Mr. Phelps: With regard to the year round opening of the Carcross-Skagway Road, my question arises from an answer given to my last supplementary, namely that Mr. Frame was coming north fairly soon to discuss issues to do with the actual trucking of ore to Skagway. Does that last answer imply that this government has given an indication to Curragh that it will not be imposing a safety plan prior to the testing of the road by opening it to these ore trucks on the 24-hour-per-day basis?

Hon. Mr. Penikett: No it does not. The undertakings that we have made, or the commitments that Curragh and the Government of Yukon have made to each other, are, as I described the other day, laid out in the master agreement. We have agreed to certain kinds of specifications, subject to safety. As I thought I said, Mr. Frame is coming here to discuss this, among other matters, not only to do with transportation, but to do with the operation of the mine and a whole lot of questions. This is but one of the questions I assume he wants to talk to us about.

Mr. Phelps: Will the Government Leader tell us whether or not the government will be invoking a plan about safety requirements and the actual hours of use of the Carcross-Skagway Road for hauling ore prior to the road opening and the road being used by trucks for the transportation of such ore?

Hon. Mr. McDonald: As was intimated and explicitly said last week, the answer is yes.

Mr. Phelps: In the news release issued October 28th, 1985 entitled "Faro Mine To Be Opened", at page 5 it is stated, "Curragh Resources and the Government of Yukon will cooperate in the development of a traffic safety program to minimize the negative effect on tourism for the highway routes between Faro and Skagway. Details of this traffic safety program are being developed and will be released when they are finalized." Have there been

discussions and any kind of conclusions with regard to the hours of the day during which ore trucks will be allowed to travel on the road between Carcross and Skagway?

Hon. Mr. McDonald: When that safety plan, which the Member is very interested in, as we are, is finalized and when it is typed, the plan will be made known to the public and the Member expressing interest in the matter.

Question re: Carcross-Skagway Road

Mr. Lang: There has been a fair amount of debate in this House about the year-round opening of the Skagway Road and the financial implications thereof and statements made about whether the Alaskans changed the rules of the agreement in midstream because nobody had signed the agreement. Since we had a press release on March 12, 1986 headlined, "Agreement Reached on Skagway Road", yet we still do not have an agreement as outlined by the Government Leader — quite emotionally if I recall correctly — about what steps had to be taken. Has the Government Leader been in touch with Mr. Sheffield to arrange a firm time and place for the signing of the agreement that he is going to take credit for?

Hon. Mr. Penikett: The Executive Council Office have been in touch with the Governor's office to try and establish a mutually-agreeable time. The Governor, as you know, is campaigning for re-election and is fairly busy. The House is sitting over there. We hope to make an announcement about a mutually-agreeable time very soon.

On the same subject, Members may be pleased to know I received a letter from the Governor this morning confirming, in essence, the telex that had previously been communicated to us about his acceptance of the deal.

Mr. Lang: Would the Minister be prepared to table that letter? Also could he please define it soon for us, because five-and-a-half months ago there was to be an agreement signed and it was never signed.

Hon. Mr. Penikett: "Soon" is a relative term, of course. I remember last spring, or recently, the Member opposite telling us he had a deal last spring when obviously he did not. Almost a year has gone by since then. I hope it will be a matter of days.

Mr. Lang: I should point out to the Member opposite that he has been the government for ten months and the days of casting aspersions to Members of this side about the running of the government are coming fast to an end.

I would like to ask the Minister if he is prepared to table in this House the letter that he received from Mr. Sheffield, so that we are aware exactly of what took place? I recall the telex that was not tabled that did not give us the full story.

Hon. Mr. Penikett: Once again, the Member is trying to sneak accusations into his observations which are unfounded. At this point, I have no problem, in principle, with tabling the letter. It may not add much to the Member's knowledge, but I think it will be a useful contribution on that score; sure, I will do it.

Question re: Housing in Faro

Mrs. Firth: I have a question for the Government Leader regarding the housing in Faro. In a press release of October 28, 1985, the Government Leader announced that the Government of Yukon would purchase 122 properties in the Town of Faro for \$1.6 million, and would provide a second mortgage to Curragh of \$3.4 million on 162 additional properties in the town. The Curragh properties have recently been purchased by a local realtor. Is the government restricted from selling their housing properties prior to the housing properties now held by the realtor?

Hon. Mr. Penikett: I am not sure I understand the question. If the Member is asking whether we plan to sell the housing units that we have acquired in Faro, with respect to the trailer units there, no we do not. We plan to sell them, but for removal.

Mrs. Firth: I wanted to know if there were any conditions attached to the second mortgage? Could we have a copy of the second mortgage tabled in the Legislature, please?

Hon. Mr. Penikett: I cannot say for certain whether we can table a copy of the second mortgage in the Legislature, because there may be some commercial involvement with some other parties

from whom we would have to get consent before we did. I will certainly take the question under advisement.

Mrs. Firth: My final question is to the Minister of Health and Human Resources about the same subject matter. About the \$1.2 million that was identified in the capital budget for the staff housing in Faro, for health staff, is that project proceeding?

Hon. Mrs. Joe: As far as I know, it has not started. I think, as we mentioned last fall during the budget debate, that it would be built if there was a need for it. I do not know if there is a need for it yet or not. I doubt it.

Question re: Opening of Mount Nansen Road

Mr. Coles: I have a question for the Minister of Community and Transportation Affairs. Can the Minister tell us if the opening of the Mount Nansen Road this spring was put out to tender for private contractors?

Hon. Mr. McDonald: That is a detail that I do not have at my fingertips, but I will undertake to get it back to the Member as soon as I can.

Mr. Coles: The answer is no, and I would like to know if the Minister could tell us why government equipment was hauled from Whitehorse or, perhaps, even further than from Whitehorse, into the area to do the work?

Hon. Mr. McDonald: It is hardly likely that if I did not have the answer to whether or not it was put out to private contractors to do the work, that I would have at my fingertips any detail with respect to the hauling of equipment to the site. I will have to take that question under advisement, as well, and get back to the Member on it.

Mr. Coles: Is it a policy of the Minister's department to use government equipment when there is private equipment and private contractors' vehicles to do the work?

Hon. Mr. McDonald: The policy of whether or not the government actually performs basic maintenance work of that sort is a complicated one. Generally speaking, if it is a job that is required every year, in the past the government has done that service itself with existing forces. The reason for that is that it is necessary to have those forces on hand every year in the eventuality that they are required, because there are years when there are not sufficient numbers and forces in the private sector to perform the work. That is my understanding of why the government has kept itself stocked with public forces to do certain basic jobs of that sort.

Question re: Group Home

Mr. Phillips: I have a question for the Minister of Health and Human Resources regarding the group home at 501 Taylor Street. Is the Minister aware that an appeal has been filed with the Board of Variance with respect to the use of this home? If so, why did the government proceed with the purchase of the house knowing full well that there could be problems with its intended use as a young offenders facility?

Hon. Mrs. Joe: I am aware that there is an appeal in regard to that. I understand that the appeal was submitted by a person who lived outside the boundary of the area that we had to go into to get approval for the purchase of the home for young offenders. We had consulted with our legal people and they assured us that we could go ahead and purchase the building.

Mr. Phillips: I am a little concerned that the Minister is bothered about someone who does not live in the immediate area who raised the concerns. I would remind the Minister that there is a petition that has gone around that has named some people in the immediate area that removes the two-thirds majority. For the record, I would also like to make it clear that the government has been aware of the zoning problems as early as January 17 this year, when I sent a letter to the Minister of Justice and the Minister of Health. In fact, they both replied to my letter on January 27 and 29, respectively. They admitted that there were some concerns in the area.

Why, then, would they commit \$187,000 of the taxpayers' money to purchase a building for a specific use — in this case a home for young offenders — when they know full well that there is a possibility that they may not be able to put young offenders in that

facility, and why did they not tell the homeowners the truth in the first place?

Hon. Mrs. Joe: There appears to be an awful lot of questions that one supplementary. We understand that there is an appeal from some of the residents in that area. My understanding is that we still have two-thirds of the people who have approved it.

Mr. Phillips: Can the Minister tell me why the first petition that was taken around by the Minister of Justice did not spell out clearly that it was a group home for young offenders, but just said it was a group home.

Hon. Mr. Kimmerly: The question is factually inaccurate. I did spell out absolutely clearly the intended purpose. I have contacted people who signed a petition that was read in the Legislature last week, and the people I contacted assured me that they remembered distinctly the way I characterized the group home as a group home for young offenders in open custody, but not closed custody. Those people confirmed that to me personally. I will be signing a Statutory Declaration to that effect for the variance appeal.

Mr. Phillips: I have a great deal of concern about the statement that was just made by the Minister because I have in my hand a petition that was taken around to several people in that area who removed the two-thirds majority. I do not know who he talked to at that time but I have a little bit of concern that there is some misrepresentation being made here somewhere.

The Minister of Justice is a lawyer and he is a former judge and he is now the Minister of Justice and he understands what is right or wrong. Why did this Minister mislead people in his own riding by not informing them fully of the intended use of the Group Home at 501 Taylor Street when he took around the petition?

Hon. Mr. Kimmerly: The premise in the question is absolutely false. Even if those people were not considered, the two-thirds is still maintained by a wide margin.

Mr. Phillips: Since the second petition was circulated on January 23, 1985, has the Minister of Justice contacted any of the signatories to that petition; why did he call the people and what did he say to them?

Hon. Mr. Kimmerly: I contacted persons who signed the second petition. One of them informed me that they had simply changed their minds. The other complained vociferously of the harassment that they went through concerning the campaign against that facility and told me that they signed the second petition simply to get rid of that harassment. They confirmed with me that they remembered specifically the way I explained the original petition, the wording of which was written on the recommendation of the municipality.

Mr. Phillips: It seems to me that we have a very clear case of intimidation. Every person in the territory has the right to change their minds on something as important as this, especially when they are not told the truth in the first place. It has been rather scary and intimidating....

Point of Order

Hon. Mr. Penikett: On a point of order, the Member for Riverdale North is a new Member but he ought to know that an accusation of speaking an untruth in this House is an extremely serious charge. Consequences of failing to prove the charge must be the loss of the Member's seat. I would ask him to withdraw that accusation now until such time, if ever, he can substantiate such a charge.

Speaker: There is a point of order.

Mr. Phillips: I may be new in the House and I may not be that familiar with all the rules in the House, but I have a petition in my hand here from the people who say that they were misled. They were misled by the Minister of Justice, who took the petition around. I am not telling any kind of a lie. I am telling the truth. Here are the facts. I will not withdraw the remark.

12 Question re: Group Home

Mr. Lang: I have a question for the Minister of Justice. Is the government going to abide by the decision of the Board of Appeal, once that decision is brought down, regarding the use of that house

is an open-custody facility for young offenders?

Hon. Mr. Kimmerly: That is a question involving the consideration of the legal position we would be in at that time, if it were to occur. It would involve the consideration of the legal opinion we would obtain given that hypothetical condition and the position of the sponsoring department.

Mr. Lang: I did not want to ask about a legal opinion or anything else. I want to know the political position of the government. The appeal procedure can come down either for the government or against the government. What I want to ask is a very specific question: is it the intention of the government to abide by the decision rendered by that particular appeal board?

Hon. Mr. Kimmerly: It is not a simple situation. It is not an appeal board. It is a different body. It is a board of variance and the legalities are somewhat complex. If the Member's question is "will we obey any legally binding order", the answer is obviously yes.

Mr. Lang: We know that this is a senior level of government, and a senior level of government is not bound by the rules of junior level of government, in this case the municipality. It is at the political will of the government. So my question once again to the Minister, very clearly: are you prepared to abide by the decision that is rendered by the Board of Variance?

Hon. Mr. Kimmerly: I have answered that question as best I am able and I will answer it again this way: the Member is aware, because he has expressed it in his question, that we are a senior government. We could ignore the whole zoning question, and we have not. It is our intention to follow the procedures that the City of Whitehorse has established pursuant to the *Municipal Act* and any action that we have now taken has followed those procedures thoroughly as is the practice of the government, as has always been the practice of the previous government. We have no intention of changing that practice.

Question re: Interest on overdue accounts

Mr. McLachlan: Last week during introductory debate on the budget in this House, the government announced a new policy, and attached a price tag to go with that, of beginning to pay interest on accounts that the government had not paid after 30 days. My question to the Minister of Finance is, would it not be a more reasonable policy for the government to adopt to clean the system up in such a way that the accounts could be settled long before the 30 days, instead of spending more taxpayers' money in the admission of defeat or inefficiency?

Hon. Mr. Penikett: That is our intention. There are, from time to time, directed to me, as Minister of Finance, complaints from various businesses about the slow payment of accounts. In many cases, I come to the conclusion after investigation of the matter that it is not the fault of the Department of Finance. There are bills received by this government from all over the territory for many, many different kinds of services. By taking the step of paying interest on late bills, we hope to, one, not penalize the business that is involved or suffering, but, two, provide me with a very effective hammer against any department or agency which is late in processing its charges. If that department incurs costs for this government — for the Department of Finance and for this government — they will be hearing about it. We will use that trigger, if you like, to find corrective remedies for whatever processes may be inadequate in whatever branch of government that may be particularly at fault.

Mr. McLachlan: I would agree that it should not be a penalty upon small business to have to bear that increased cost which may be perceived to be due to government. As we find out, even large businesses, such as Curragh Resources, must pay in 30 days or lose their power. Is the Government Leader telling us that this system is such that the invoicing cannot be paid within 30 days of receipt?

Hon. Mr. Penikett: The system is such that all invoices should be paid within 30 days of receipt, but there are cases where that does not happen. I want to make sure that business does not suffer unduly because of it. I also want to make sure that where those cases arise, we shall find out about it because of this penalty charge. That will allow us to take corrective action.

If I may talk about one well-publicized case recently, where

within 24 hours of it being brought to my attention, I was able to get the cheque to the person. The problem did not lie in the Department of Finance, which was receiving the blame. The problem lay with the line department, but in one case, the supplier. They believed they had put in an invoice, which they had not done. That can cause problems.

Question re: Major tax increases

Mr. Lang: The other day I asked a question of the Minister of Community and Transportation Services about what steps were going to be taken to correct the situation in Watson Lake, Dawson City and Mayo, that are facing major deficits or major tax increases. He indicated at that time that remedial action was going to take place that would rectify that situation. Could he please inform the House what steps are going to be taken?

Hon. Mr. McDonald: I mentioned last week, perhaps when the Member was out for a smoke break or something . . .

Mr. Lang: On a Point of Order, the Member opposite is not supposed to refer to where a Member is at any given time, and for the record, I do not smoke. Perhaps he could talk to his colleagues about that.

Speaker: There is no point of order. Would the Member please continue.

Hon. Mr. McDonald: Perhaps the Member missed my answer to the question. I did give an answer to that particular question, perhaps in a Budget Speech or in a Reply to the Speech from the Throne. I am certain that I did. In any case, as I recall it, we were going to tackle the problem from a number of angles. Firstly, we were going to review the methodology by which we assess properties in the territory, so that there are not major lapses in times between the times that the general property assessments take place in communities. When the assessments rise dramatically over a four year period, the ability of a community to tax rises dramatically. Therefore, the deficit grant goes down dramatically and we would hope, by reviewing the basis on which we assess properties, that we would be able to alleviate those major jumps, either up or down. The other method I proposed to the House last week fell within the realm of the new act, which I intend to table soon, with respect to capital block funding. That particular act would allow municipalities to fund through their capital works program, and not use their O&M funds. That was another major component of our desire to provide remedial action.

I mentioned to the Member last week, I believe, that I had approached the Association of Yukon Communities to ask it to provide some assistance and some guidance here, because it is its membership, after all, plus Mayo, and some of the members had suggested there were some problems. They held a vote on it in January and turned down any desire to change.

Mr. Lang: The Member opposite still has not answered my question.

Speaker: Order. Time for the Question Period has now elapsed. We will proceed with the Orders of the Day.

Mr. Lang: Well, give him 15 minutes to reply to me why do you not, Mr. Speaker?

Speaker: No, sir. Government Bills.

ORDERS OF THE DAY

GOVERNMENT BILLS

Bill No. 29: Second Reading

Clerk: Second reading, Bill No. 29, standing in the name of the Hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 29, entitled *Interim Supply Appropriation Act, 1986-87*, be now read a second time.

Speaker: It has been moved by the Government Leader that Bill No. 29, entitled *Interim Supply Appropriation Act, 1986-87*, be now read a second time.

Hon. Mr. Penikett: The purpose of this bill is to vote the estimated Operation and Maintenance funds that are required by the government for the month of April, 1986. This bill is necessary because debate and passage of the 1986-87 O&M

main estimates will not be completed by March 31 of the current year.

Passage of the 1986-87 Operation and Maintenance Mains means that this bill will be subsumed in the sums voted in the mains. The sums to be voted will not equal one-twelfth of the total of the 1986-87 O&M Mains because departmental expenditures do not occur in an even pattern over the course of the year. The best example for the reason for this is in the area of grants and contributions where many are paid out in whole or quarterly advances in the month of April. The result of this uneven pattern is that most departments will require more than one-twelfth of their annual expenditures in April.

I feel bound to say that should the estimates' debate continue into May, as has been promised by the Leader of the Official Opposition, or even June or even July, further supplementary estimates will, of course, of necessity, be presented to the House.

Motion agreed to

Bill No. 17: Second Reading

Clerk: Second reading, Bill No. 17, standing in the name of the Hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 17, entitled *Fourth Appropriation Act, 1985-86*, be now read a second time.

Speaker: It has been moved by the Hon. Government Leader that Bill No. 17, entitled *Fourth Appropriation Act, 1985-86*, be now read a second time.

Hon. Mr. Penikett: The purpose of this bill — which is a customary measure that comes before the House every year at this time — is to vote anticipated operational and maintenance and capital expenditure requirements for the 1985-86 year, which are different from those, or in excess of those, previously voted. The net additional funding requirement, excluding loan capital and loan amortization, is \$4,224,000. This is made up of an increased O&M requirement of \$10,214,000 and a reduced capital requirement in capital of \$5,990,000. The anticipated net budgetary result being forecast for 1985-86 is, as I previously told the House, a surplus of \$63,000. Included in the O&M request of \$10,214,000 is a \$10,000,000 one-time, non-cash extraordinary item in the Public Service Commission to accrue the accumulated liability of the Yukon government for employee termination and leave benefits.

This liability is being set up in accordance with new accounting disclosure requirements and at the request of the Auditor General. As has been the practice in the past, also included in the O&M request are contingencies in the amount of \$960,000.

¹⁵ Were it not for these two items, we would be asking for \$746,000 less than had been voted in the 1985-86 O&M Main Estimates by this House last fall. This is despite the fact that the main estimates did not include a provision for the salary increase granted the public service in the fall, or the cost of the job evaluation system, which was implemented on January 1st, 1985. The costs of both of these items are included in the current supplementary.

The current projection is that our capital spending will be \$5,990,000 less than that projected last fall in the 1985-86 Supplementary No. 1. This reduction is largely due to the difficulties involved in completing capital work over the winter months and many of these funds will have to be revoted in 1986-87. In this regard, we will be tabling a 1986-87 capital supplementary later in this sitting. Included in the projected 1985-86 capital expenditures are \$100,000 in contingencies. The particulars and the detailed discussion of this bill will proceed in Committee, as is the custom. Thank you.

Mr. Phelps: We look forward with interest to debate on this supplementary during Committee of the Whole, and we also look forward with great interest to remarks from the Liberal Caucus at that time.

Motion agreed to

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

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

question? Are you agreed?

Some Members: Agreed.

Motion agreed to

COMMITTEE OF THE WHOLE

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

Before we proceed with Bill 29, *Interim Supply Appropriation Act 1986-87*, we will recess for ten minutes.

Recess

¹⁶ **Chairman:** I will now call Committee of the Whole to order. Bill No. 29, entitled *Interim Supply Appropriation Act, 1986-87*.

On Bill No. 29 — Interim Supply Appropriation Act, 1986-87 On Clause 1

Mr. McLachlan: I thought the Minister would ask permission to introduce the witness.

Hon. Mr. Penikett: On a point of order. The witness is not at the bar, and therefore will not be speaking today in the House. The witness is simply here as has been occasionally done to advise the Minister.

Mr. Lang: We have indicated to the House Leader that we do not have any problem with the principle of Interim Supply, recognizing how government works. We are assuming the money will spent in the manner that is outlined in the proposed Operation and Maintenance Budget. I am sure Mr. Fingland will see to that to the best of his ability. So, therefore, we have no questions.

Chairman: Just for clarification, no question on Clause 1 for the general debate, or the whole schedule?

On Clauses 1 & 2

Hon. Mr. Penikett: I would move then that Bill No. 29 be deemed to have been given clause-by-clause reading.

*Clauses 1 & 2 deemed to have been read and agreed to
On Title*

Title agreed to

Hon. Mr. Penikett: I would like to report Bill No. 29 without amendment.

Motion agreed to

Chairman: Bill No. 5, entitled *Second Appropriation Act, 1986-87*.

Bill No. 5 — Second Appropriation Act, 1986-87 On Clause 1

Hon. Mr. Penikett: If I may, I would like to say a couple of things that cover ground that was not covered during the discussion at second reading, and to confess to a typo in this document, which I would like to have corrected now. Under the person-years identified in the Bureau of Statistics in the Executive Council Office, the Bureau of Statistics is identified as having 8.5 person-years. That number should be 5.5 person-years. Three person-years too many have been included in the estimates of the Executive Council Office. Specifically, these are three northern oil and gas program personnel working for the Bureau of Statistics, and they were included in this year's estimates. These positions are not part of the O&M budget, and as such will be identified in the capital budget. As all Members know, the NOGAP project is a three-year project, ending in March 1988, with the federal government to undertake a series of research activities oriented toward the potential development of the Beaufort Sea. All expenses under this activity, in any case, are 100 percent recoverable under the NOGAP agreement. The consequence of the change, though, is that the Executive Council person-years, on page 8 in the summary, should be adjusted downwards by three person-years, as should the person-years total at the bottom of that page.

¹⁷ **Mr. Lang:** On a point of order, I thought you had called Supplementary No. 2 for the purposes of what we are dealing with and perhaps I could direct my question to the Chair as far as an order of business is concerned.

Chairman: We are now on Bill No. 5, as announced.

Mr. Lang: There seems to be an area of, perhaps, disagreement, or misunderstanding between the two sides here. The understanding I had as House Leader is that we were going to deal with Supplementary No. 2, as opposed to going into the O&M mains, because Supplementary No. 2 is money that has already been expended. It concerns me that we are going into the O&M and the consequences of the expenditures, or underexpenditures, depending on the line item, in the present budget we are under until April 1 will not really be discussed at any great length. I would like to ask why we could not deal with Supplementary No. 2, as opposed to the main budget?

Hon. Mr. Penikett: We intend to deal with that in Committee tomorrow if it is agreeable to the Member. It had been my plan, which is consistent with previous years, to begin discussion on the O&M mains today. I do not expect we will make monumental progress on that score and if the Member will not mind, I will be prepared to discuss that supplementary tomorrow as the first item in Committee.

Mr. Lang: It just seems to me to be logical, and I checked the record as well, and I know at least one occasion where, perhaps, we went ahead with the supplements, and I did not, at that time, remember any discussion or discourse between the two sides as far as that was concerned and I asked as House Leader to proceed with Supplementary No. 2. Why is it necessary for us to wait until tomorrow as opposed to today, because we are dealing with two separate issues here. We are dealing with the 1986-87 main estimates, proposed expenditures, and in Supplementary No. 2, Bill No. 17, we are dealing with money that has been spent, and from this particular document flows questions I am sure, into the operation and maintenance projections for the forthcoming year. I would like to know why we have to wait until tomorrow.

Hon. Mr. Penikett: The House business has, of course, been set and announced by the Government House Leader. As we said to the Member opposite, we will be discussing that other item tomorrow.

Mr. Lang: In fairness to myself as a Member of this House, I would like to know why. I have asked specifically why we cannot start discussing this particular item of business, which has been proposed by the government, now, as opposed to tomorrow?

Hon. Mr. Penikett: I am not ready to discuss it now. I will be ready to discuss it tomorrow.

Mr. Lang: This has been tabled in the House. It is money that has already been spent. Surely, you and your Cabinet Ministers will be in a position to answer those particular questions. It is actual work that has already been done, or is in the process of being done. I would like a specific reason why we cannot discuss it. Is it then, you are not prepared, and not prepared to discuss it? In other words preparation has not been done by the Ministers?

Hon. Mr. Porter: Clearly, this was a subject of the House Leader's agenda this morning, and the House Leader representing the Official Opposition did, at that time, indicate that it was their position that we would proceed with Bill No. 17. I countered that it was the intent of the government to proceed with Bill No. 5, which is the O&M mains for 1986-87. Like the Member opposite, I checked on the question with respect to parliamentary precedence as it relates to the issue at hand.

I am informed that there is no precedence with respect to debating a supplementary prior to the general debate and specific debate of the O&M mains, and the rules clearly lay out that it is the government's responsibility to direct the order of business of the House. I informed the Member and the House Leader representing the Liberal Party that it was our intent today, in terms of the business of the Legislative Assembly and Committee of the Whole, to proceed with Bill No. 29, which we have done, and then to move onto the O&M mains. I did relate to the House Leader of the Official Opposition that our legislative agenda tomorrow would include discussion on Bill No. 17 in Committee of the Whole.

Mr. Lang: I have to say from our perspective that it is not a logical progression of work. We have one document that I thought we were going to deal with and then move into the main estimates as a sequence of steps. I should point out that in my very quick perusal of the record we generally dealt with our supplementaries

first and then dealt with the main estimates. From our perspective, when we were the government and even now, it seems to be the logical progression. Now, I am informed by the House that we are going to be dealing with the main estimates today and we are going to break away from the main estimates tomorrow to deal with this particular document, which in itself is confusing for anybody trying to make head or tail of the budget process.

The other point that I would like to make is that we do have the newest Member of the House, Mr. Alan Nordling, here. One of the thoughts from our side is that going through these supplementary would give him an idea of what the process was prior to breaking into the main item of business, financially, which was the Operation and Maintenance Budget. Do I have an undertaking from the House Leader that once we get back to Supplementary No. 2 that we will continue with that particular document until it is completed, as opposed to jumping from one document to another?

Hon. Mr. Porter: It is interesting that the House Leader's meeting is now moved onto the floor of the Committee of the Whole, when we were conducting a House Leader's meeting in the chambers. With respect to a commitment to simply dealing with Bill No. 17 until its conclusion, I would point out to the Member opposite that it is government prerogative to set business and it may be that we may bring into the Committee of the Whole other pieces of legislation. I am speaking, of course, with respect to the budgetary measures that we tabled in the House today for first reading. It is our intent to move quickly on those Bills and to have them in the Committee of the Whole. It may be that Bill No. 17 may be moved back on the agenda for consideration of other pieces of legislation such as the *Act to Amend the Liquor Tax Act*.

Mr. Lang: Point taken. Other than for the two tax measures that have been tabled in this House and I understand the importance of getting support from my colleagues to my far left here, before passage of that particular Bill. Is it the intention of the government, with nothing unforeseen happening, to deal with Supplementary No. 2 once we start, other than for those tax measures. I recognize the government has the prerogative to change its mind, but in view of the confusion we should have a clear understanding of what we are dealing with here.

Hon. Mr. Penikett: We are quite amenable to having some discussion on Bill No. 17 in Committee tomorrow; however, let me make it clear to the Member opposite, if he wastes time tomorrow as he is doing right now in the discussion of Bill No. 17, and we decide that that is going to cost us some valuable House time in respect to the other measures that we have to deal with urgently, we will, as government, and always will, reserve the right to revert to those more pressing matters.

Mr. Lang: All I want is the intention of the government side. Is the intention, once we get into Bill No. 2, except for the tax measures, to deal with that item and then, once we have completed that, to go into the main budget, in view of the confusion that has been brought forward to the House?

Hon. Mr. Penikett: Yes, if we can expeditiously deal with those other items and deal with Bill No. 17, then we will continue with the Mains. We expect the Mains discussion to go on, as we have been promised from the other side, for a considerable length of time.

Chairman: Bill No. 5, *Second Appropriation Act*. I just want to bring to your attention again the corrections that were made. On page 22, Executive Council Office, under the Bureau of Statistics, that 8.5 person-years is now 5.5 person-years. The total number is 56.5 person-years. On page 8, again the second line item, Executive Council Office is 56.5, and the final total is three less, 1,629.3.

Hon. Mr. Penikett: As I said, the question of surpluses and deficits was well addressed at second reading. However, should the Members be interested in some more statistics on that kind of information, we have it available here. There also have been inquiries from the Members opposite to various officials in the Department of Finance. I would ask for Members' cooperation in seeking that information to observe the traditional protocols here about to whom those inquiries are directed, and we will try to get the information as quickly as possible.

I said, in previous budget debates, that one of the important criteria for us in evaluating the impact of our budgets was the employment impact. I explained, I think, to Members of the House, particularly last fall, about the computer model that we are using to test that. We have had run some numbers on the private sector employment impact of this O&M budget, and we believe that the total increase in direct private sector employment, as a result of this budget, is around 170 jobs. The total increase in direct and indirect private sector employment is around 502 jobs.

Rather than read this into the record, I will ask a page to copy and circulate it for all Members, because it may stimulate questions that they would want to ask.

Mrs. Firth: I just want to clarify a point that the Government Leader just made. Did I understand him correctly to say that we, as opposition Members, are not allowed to phone the departments and seek information?

Hon. Mr. Penikett: When we were in opposition, we were always required to go through the Minister when we had questions on information that was not that which would normally be given out to citizens, or in response to routine enquiries. Because I want to make sure that enquiries from Members of this House are dealt with expeditiously, it would help me considerably if they are not directed to me to at least be directed to the Deputy Minister, who can then assign the right person, given the workloads of the department, to answer the questions.

I was advised of a number of questions directed by the Member for Riverdale South today, to which I hope she got satisfactory answers. I think it would be useful to me, and would expedite things, if they were directed either to my office or to the Deputy Ministers in every case, unless it is just public information; then you should go to the normal people who would give out that information.

²⁰ On enquiries about particular bits of information that are public, of course, I do not want to make any distinction between MLA's and other citizens. However, to facilitate debate in this House and to make sure that Members are getting the answers they need or research they need, I would ask them to direct them to the Minister or to the Deputy Minister and that should, in most cases, get the information back to them faster.

Mr. Lang: I submitted a written question here last fall asking for all the contracts that had been let by the government as far as personnel was concerned, if they were not permanent man-years. I would ask the Government Leader, in view of the fact that these are instrumental as far as carrying out government policy and carrying out the functions of the government, if he can provide us with up-to-date government contracts that have been issued and also if he would be prepared, as they are issued, to send us automatically copies of those particular agreements.

Hon. Mr. Penikett: I am not sure about the latter part. I will try and get the Member opposite the most current information about contracts of the kind he is referring to as quickly as possible. Let me explain, however, that to give the Member perfectly current information is a bit of a problem since we are currently trying to reform that system, and I may as well explain it now.

We will get into some discussion of it in the Public Service Commission Estimates, but when we took office it became a concern of ours that a use of such contracts in some departments was a measure being used to subvert staff establishment control by Management Board. Sometimes the department that might not get approval for a person-year from Management Board might have a contract with someone to do some work, and that work would be of a kind that should be done by permanent employees. In an effort to correct that situation, we first of all did a survey and discovered how many such contracts were around. I believe I am correct that there were something like 110 to 113 such employment contracts in various departments.

We have decided that that situation is not going to be allowed to continue. In this budget you will see that part of the person-year increase in the total budget are cases where, upon application to the Management Board, there had been a contract which had been kept as a long standing contract. What we decided, on balance, was that there was an argument for converting that person because they

really were part of the establishment of the government and it was a dishonest statement to suggest, by keeping them in contract, that we were not making an accurate description of our person-year establishment.

Furthermore, we are currently reviewing in Management Board all the others. If they cannot be justified, either on the basis that they are legitimately a short term contract to do some specific work that does not require a permanent employee or they are not suitable for conversion into a term position or a permanent position, then the contracts will be ended.

²¹ **Mr. Lang:** I can sympathize with the predicament the Government Leader is in. You will recall, I believe, that Mr. Pearson came forward two years ago with, I think, 60 positions that had been on a contractual basis for three or four years. This is three or four years ago when that particular issue did arise and I know it is going to be an ongoing problem. I think the Government Leader is fooling himself if he thinks he is going to solve it overnight. He is still going to have to proceed in those particular cases with contracts when necessary. I notice the person-years has been increased dramatically by 68 person-years. I understand 20 are contracts that are being converted to permanent man-years. My question still has not been answered. I think it would be very easy for Government Services, once a contract has been signed, to just send a copy to our offices for information, when a contract is entered into.

Hon. Mr. Penikett: I will take that suggestion under advisement. Let me explain to the Member the reason why I went into an elaborate discussion. I am not sure if I can give him absolutely current information about the contracts because we are in the process of reviewing them all in Management Board now. The positions he was describing that Mr. Pearson converted a couple of years back were, in the main, casuals, not contract people. The situation we are dealing with now is an effort to try to assert Management Board control over the staff establishment so the numbers Members will see in future years in this book really are the establishment of the government, and there are not some quasi employees around, either in the form of contract positions or some other sort of position. There will always be, and I will concede this right off, a need for casual people. If I need someone to do a particular research project in a particular area for a month, or two months, or whatever, for a research project, I will go to someone in the private sector who is offering that kind of consulting or contracting service. What we want to avoid is someone who is, in effect, on staff for a long time, and in some cases even years, who is there by contract. It is not, we think, a good management practice.

Mr. Phelps: Just to follow up on that point, the issue is of great interest to me because I can think of a number of departments which could have expanded very greatly over the course of the past ten or twelve years. Particularly I think of land claims. Had there not been very tight management by the head person in the Land Claims Secretariat. For example, given the normal rules followed by many bureaucrats with regard to seeking any opportunity to increase their staff, particularly when there are emergencies of various kinds in the wind, it was very fortunate that over the years the person in charge took great pains not to bring people into staff even though various experts were required on a contract basis and brought forward time and time again to give opinions on legal matters, opinions on economic matters and to analyze various statistics, all this all over a long period of time. Had the government not had that avenue, or the bureaucrat in charge, one could, I think, rightfully speculate that the Secretariat, instead of two or three person-years could have been upwards of twenty. Given that kind of background, what I am trying to do is outline the nub of concern. I would hope that the government would not ignore the advantage to using contracts for that purpose, to try to restrain growth in the civil service. I am wondering whether or not Management Board, in making these reviews, has amongst its criteria specific items that relate to this concern.

²² **Hon. Mr. Penikett:** Let me speak to Mr. Phelps' concern as it respects exactly that office that he knows so well, the Land Claims Secretariat. It is not our intention to expand dramatically — I think we are talking about four or five person-years — the permanent

positions in that office. We are doing exactly as he suggests, and we will continue to do exactly as he suggests. Where we have need of a person for a month, or for three months or for four months, we will have contracts. That is a proper use of contract people.

Where we are having someone who is being kept on much longer than that, one of the things we would look at — and I will emphasize that Management Board has not made final decisions in respect to all of the positions we have been handling regarding this question — is term person-years. It is not unknown in this budget, or this government, that they will have to be broken out of the other categories, if it is a term person-year for a year. I can think of a couple of federally funded energy positions in Economic Development that have a two-year term. In other words, the position dies at the end of that period. That will also allow Management Board to keep control.

We want to avoid the situation of people who really are employees doing day-to-day work for the government, being surreptitiously brought into the staff establishment by rollover time after time.

Mr. Phelps: I thank the Government Leader for his answer. I am wondering whether or not Management Board then has developed, in writing, the criteria that they are going to be utilizing with regard to this canvassing of all the contract positions to test or determine whether or not they ought to be permanent years.

Hon. Mr. Penikett: Obviously it is a big job. Our intention is to look at each one. We are not going to allow them to be renewed, I think, more than twice, without forcing them onto the table of Management Board.

We have converted, as this budget shows, a number already where we believed some of those people had been around for years who were employees of this government for all intents and purposes. To be frank, it was simply a dishonest situation to keep them as contractors.

The criteria the Member opposite talks about are now being discussed by Management Board. I do not want to pre-judge the conclusions of that, but I would be more than happy, when we finish our determination of what the rules and what the criteria are, to table them in the House. If we are not sitting at that point, I will communicate with the Leader of the Official Opposition on this question.

Mr. Phelps: I certainly hope that the government will be making it very clear to senior people in the departments that the route of a contract for a couple years for an increase in person-year establishment in any department is not the way to go. The government will be frowning on this kind of manipulation by senior officers in the government.

Can the Government Leader tell us about the increase in person-years, which I understand were approximately 60-odd last year in the last budget we discussed. This year, with his changes, an additional 65 person-years, some of which are encompassing what were formerly contract people. Can the government tell us whether or not the requirement for increased office space appears anywhere in the O&M Mains.

Hon. Mr. Penikett: Only as it is reflected in cases where we have moved small branches, or small bits of departments, out into the private sector and they are now renting space. The final determination of how we are going to deal with what is now a massive problem of over-crowding in this building has not been decided by Management Board. I believe the Leader of the Official Opposition knows, because it has been made public. We had commissioned a space-use plan, because we felt that we were being "ad hoced" to death, nickel and dimed to death, with requests for one more foot here, two more feet here and another little office there and that we were in danger of making some serious planning errors by that approach. We commissioned this study, which will hopefully give us the context.

In connection with the person-year growth, I should mention to the opposition that 10 of the positions are as a result of janitorial positions that were contracted out and have now been brought back into the public service. Twenty-seven point five of them are as a result of these conversions of contract positions into permanent positions, people who really were working for the government. I

think 14.2 positions are necessary janitorial and maintenance people for the new Andrew Philipsen facility.

That is the total of 51.7 out of the total. Most of the other increases are a person-year here and a person-year there in different departments that were individually petitioned for to Management Board and then approved in the run up to this budget.

Mr. Phelps: With regard to planning on the issue of office space requirements, has this government taken a position with regard to private enterprise supplying office space as opposed to the government itself? If not, is it going to take that kind of position in the near future?

Hon. Mr. Penikett: I will make a general answer to that, but I would suggest that the Leader of the Official Opposition might want to pursue this question further with the Minister of Government Services when we get into that estimate.

The answer is, we have reached no ideological conclusion about what is the right answer. This is exactly what the consultant is looking at. The options go from renting existing space in the private sector, and we have discovered as our economy improves, there is not much; purchasing an existing facility or building somewhere, we do not know what options there are there; or, the third option, which is building some new facility somewhere.

A number of other initiatives that we are hoping to take will, we believe, reduce the pressure on this building. We hope that some other initiatives we are planning to take in decentralization over time, some other initiatives that we may take to move appropriate parts of the government onto, if you like, not exactly storefronts but into main street, as we have with the Business Development Office, or part of Human Resources is moving out of this building. We can solve some of the problem that way. To state the obvious, as the Leader of the Official Opposition knows, because he was, in a sense, responsible for the report from the commission. It was a complaint from him about air quality that led to us looking at the question and discovering, as we did, that we probably had 200 too many people in this building for our own good health. That has really, if you like, put the question squarely before us.

We had commissioned a study, I think, prior to that discovery, but to everybody who works in the building, it has made them much more conscious of the problem and they are creating pressure on us to do something about it.

Mr. Phelps: Just a final question along these lines: is it possible for the Government Leader, at this time, to tell us what the immediate and short-term effects of the opening of the Andrew Philipsen building will be in regard to the demand for office space. That is to say, will we be seeing a decrease in other office space being utilized by the government for the short-run after the opening of the Legislature, or not?

Hon. Mr. Penikett: I will invite the Minister of Justice to respond to that. It is his officials, in the main, who will be moving there. The consideration of whether there is room for other agencies, or other offices, to go in there may still be before the Minister, and I would invite him to respond to that.

Hon. Mr. Kimmerly: The question is part of the study that was previously spoken of, and the due date is the end of the month, March 31, so it is imminent.

The question of the Philipsen building is interesting, because the Department of Justice had planned for the expansion space, I think, entirely properly. There is more space there than they need as of July 1 this year, which is the projected occupancy date. We are looking at temporarily putting other civil servants in the building. The actual square footage available is not determined yet. It is interesting that the federal Crown attorneys were going into that building, and the transfer of that responsibility is still for the future sometime. The federal office has signed a three-year lease recently in the Financial Plaza. There is space there.

There was also space for the Minister's office, which was planned for in the Philipsen building. The policy of the present government is that Ministers will be in the Executive Offices here. There was expansion room in the sense of an office here and there in the various branches. There is a way to move some other civil servants temporarily into that building. By temporarily, I mean for years, as opposed to months. The administrative wing of the building will not be exclusively occupied by the Department of Justice for some years.

The immediate question about vacating existing space is interesting. The space in the present federal building will be entirely vacated, and space in the Mainstele building and the space above Whitehorse Stationery and Jim's Toy and Gift will be vacated in July.

Mr. Phelps: I am just wondering if the Government Leader can tell us why then these existing rented spaces, and you mentioned some on Main Street that will be vacated by the Department of Justice, will be vacated when we have the pressing need for more space out of the building and more space within for those who work here, as evidenced by that report commissioned and recently made public.

Hon. Mr. Kimmerly: That is an intelligent question. I have thought of it myself and have asked it. I do not know the precise answer, but the department is looking at the administrative units that could be moved in July to alleviate the space here. It is dependent upon the overall decision that the space allocation committee makes and the Management Board makes. I would assume that a decision will be made in late April or May.

Mr. Phelps: I should advise the Minister that flattery will get him everywhere. Just to follow up again, I have a question for the Minister of Health really along similar lines. One of the issues we were looking at with a view to changing was that of moving the most functional — in dealing with the public — portion of her ministry to storefront from within, social welfare and social services. Is that move under active consideration by the government?

Hon. Mr. Penikett: It is under consideration but it has not passed Management Board processes yet, partly for budgetary reasons.

Mr. Lang: In view of what has been said about what is contained in this budget, what are the projected costs of providing rental space? Are we looking into buying it? I am asking for a ballpark figure. Are we looking at a couple of hundred thousand dollars over and above what is contained in this budget? What ballpark figure are we looking at?

Hon. Mr. Penikett: I am sure the Minister of Government Services will be able to give the Member that answer when we get to his estimate. If the Member would like it earlier, I am sure he could raise it in the House.

Hon. Mr. Kimmerly: I will not suggest a dollar figure, even a very approximate one, because it depends entirely upon the decisions made about renting space or buying a building or building a new building. There certainly are very substantial costs on the new Philipsen building. The O&M costs and the personnel costs, which are 14.2, are all explained in the current budget, so those costs are known and it is a very rough figure. It is in excess of \$500,000 a year. The costs of additional space will be identified in the study due at the end of the month.

Mr. Lang: Could you tell me when this study at the end of the month is due, who is doing it and is it going to be made public? Just exactly what is the study?

Hon. Mr. Penikett: The Minister is going to go up and get some information to provide to the Member opposite about the study that we have. There is a press release on it, but what it is is to look at, on the five year horizon, what our space needs for this government are likely to be and to examine what our options are. It is to be done by a private consultant who, among other things, will look at the rental market in this town. He will look, nosing around with the real estate people and other people, for what new buildings might likely be built in which there may be space available to rent, what buildings may be on the market, potentially to buy, what options there may be, in view of current land values, to build a new facility. We emphasize right off that we have made no decisions. Rather than make a short-sighted decision, we have decided to look at all the pressure points in terms of housing this public service now and the local market for office space, and examine what our economic options are.

Mr. Lang: I am assuming that once the study is received by the government it will be made public. Is that correct?

Hon. Mr. Penikett: We do not have any particular problem with that.

Mr. Lang: While we are on the question of space, I know it is beyond the parameters of this government, but I know they are also involved. Could he perhaps just outline to the House what the intention of the Government of Canada is for the federal building on Main Street. There were some thoughts of either revovating or building a new one. Has it moved anywhere since a year ago, as far as what the Government of Canada's intentions are?

Hon. Mr. Penikett: I guess we heard the rumor when we saw the press reports that were on the front page of the *Whitehorse Star* some months ago about the federal plans. We have heard nothing officially since then but I would be more than happy to make an inquiry of the federal authorities and see if we can get back to you.

Mr. Phelps: Part of the study, as I understand, is to look at existing office space and analyze the projected need for new office space that this government will have. Is that correct?

Hon. Mr. Penikett: Yes. We have to look at what there is and what there might be. One of the things that the consultant is doing is to look at the people who own major office properties now. Some of them may have plans for expansion, which, of course, would greatly interest us. Some of them may be in the process of selling, which we need to know, especially if there is perhaps some major corporate player coming in here to take over or buy up land. We are looking at all questions here.

Mr. Phelps: I wonder if, in large measure, the study may be premature, because it would seem to me that a very important component of government needs would be based largely upon projections with regard to anticipations on the issue of devolution from the federal government to the territorial government, the kinds of policy, people and positions that may be moved from Ottawa or Hull, Quebec to Yukon as a result. We are in a situation where there is no real devolution policy, or even priorities announced, with regard to anything except the NCPC transfer. I am wondering what kinds of assumptions were made with regard to new person-years and office requirements on the issue of devolution of various programs and constitutional responsibilities.

Hon. Mr. Penikett: Obviously, with respect to the devolution policy, we were building on the vacuum left behind by the previous government. One of the complicated dimensions of devolution is the question of housing the employees of those programs that will be devolved. To the extent that we were able, by having the consultants consult such experts as Mr. Fingland, we have made projections, or tried to make projections, on the growth of the government, including the impact of devolved programs.

With many of the programs that would be devolved, we assume the program may well have the office space devolved too. Let me give you an example. We would talk to the federal government about the offices and housing of the mining recorders, for example. That is, along with the financial, personnel and legal dimensions of devolution, one of the quite complicated issues that we are discovering as we have been working on the devolution question during the last few months.

Mr. Phelps: The obvious point is that, granted you will undoubtedly be in a position in many cases to require the transfer of the existing office space with the program, or the responsibility, the major issue is estimating what jobs or portions of jobs would come north as a result of the negotiated transfer of the programs.

Moving on from the issue of office space and into issues pertaining to revenues to the government, and anticipated revenues, and so on, you have mentioned that you were going to, I believe your words were, phase out the medicare premiums over the course of the next 12 months or so. Would I be right in assuming that you would then be losing the revenues, to the tune of \$2.9 million, as roughly set out in the O&M budget?

Hon. Mr. Penikett: It is our intention, with respect to medicare premiums, to bring a Bill before this House in the fall which will, as seven provinces have done, do away with medicare premiums. It is correct that, based on current projections, we would forego a premium revenue of \$2.9 million in the next fiscal year, which would be the first year in which it would take effect.

Mr. Phelps: Given the terms of the formula financing agreement, the Government Leader would then surely agree that that amount of money, the roughly \$2.9 million, the Yukon would be

out-of-pocket, because it is a decrease in rate. In fact, it is a decrease entirely of an indirect tax.

Hon. Mr. Penikett: I agree that formula financing works that way, in the same way that we will be out of pocket the revenue that comes to us from the reopening of the mine in Faro, because it is netted out to the benefit of the federal government. When we lower the tax rate, of course, it does come out of our pocket. In the same way, the only way we can increase our global revenues, under formula financing, is to increase the tax rate. The proposed increase of the tax on fuel and tobacco will, of course, all come to us because it is over and above the sums provided for in formula financing.

Mr. Phelps: I would like to thank the Government Leader. Certainly his interpretation of that particular agreement coincides with mine. Another area in which we are going to be net losers over time, in terms of revenues, has to do with the changes to the fuel tax. I know that when we were looking at rough figures and had this area under consideration, it seems to me that we were looking at figures of roughly a million dollars or more that would be lost. Can the Government Leader tell us what his projection is for the next fiscal year as to the loss of revenue to Yukon as a result of the changes to the fuel oil tax collection?

Hon. Mr. Penikett: The estimate is based on certain assumptions about economic activity, but our projection is that it will be \$1.2 million for the fiscal year. The idea behind the measure, of course, as it was for the former government, is that the economic activity stimulated by that reduction would produce some offsetting benefits for our economy that were worth achieving.

Mr. Phelps: We have covered a couple of areas that certainly make it appear that there is this decrease that is going to become suddenly felt by the Government of Yukon. Another area that is of interest and of concern to this side has to do with the manner in which the built-in inflation clause in the formula financing works. Can the Government Leader explain to us how the inflation factor, which is, I understand, approximately four percent per year, and the adjustment in the agreement that will take place in the fourth year? Can the Government Leader explain how that works and what it does to Yukon with regard to its revenues and transfer payments from Canada?

Hon. Mr. Penikett: The four percent arrangement by the Member opposite is correct. The impact on the revenues to the territory of that in the fourth year we project will be \$1.2 million.

Mr. Phelps: Can the Government Leader please explain to us exactly how that \$1.2 million takes effect so we can understand and gracefully appreciate the impact that it is going to have?

Hon. Mr. Penikett: What I will do is try to come back to the Member with some arithmetic on a piece of paper on the particular number. In the four years, as the Member knows, our grant is based on the difference between the expenditures and the revenues that will be generated locally. The Department of Finance estimates that, because of the particulars in that formula, the total dollars under the formula will be reduced by \$1.2 million in that fourth year.

Mr. Phelps: Is that because the increase in tax rates should have been enough in inflationary times to make up that inflationary rate?

Hon. Mr. Penikett: On the expenditure side we are, of course, protected with an inflation formula, but on the revenue side there is no such protection. If you are looking at the planning for the fourth year, you are assuming that our assumptions about economic growth are correct. One of the consequences of having come out of the recovery and having a lower rate of unemployment in the fourth year is that our spending on, for example the capital side of the budget, may be modulated in that fourth year, which will also have an impact on our accumulated surplus position at that point.

Mr. Phelps: Certainly we end up in the fourth year with various options, which is understandable, but I would just like to try to summarize the figures you have given me. As I understand them, \$2.9 million will be disappearing on a per annum basis because of the change in policy with regard to no longer collecting the medicare premiums. That is one.

Secondly, the fuel oil tax changes. Again, the policy, which we

were certainly prepared to institute as well, is going to cost \$1.2 per annum, and I gather that is already becoming felt and will be felt in the next fiscal year and each year after that. And then we have the cumulative effect of the four percent inflation clause in the formula financing agreement which, I think I am correct, you said would mean a loss of \$1.2 odd million. Aside from possibly spending cuts, which the Government Leader has mentioned as a possibility, and certainly one which we would no doubt have sympathy for, has this government canvassed at all tax increases or new taxes with regard to offsetting this \$4.3 million figure?

Hon. Mr. Penikett: We looked at the options, as described by the Member opposite, between raising and lowering taxes. We have lowered the fuel taxes mentioned by the Leader of the Official Opposition for off-highway use. We intend to lower the medicare premiums, which has been indicated will take place on April 1, 1987 as a result of a measure we intend before the House this fall.

The taxes we have lowered on the fuel oil side, we believe, create a certain useful economic stimulus. It is the view of this side of the House that the medicare premiums have been an unfair tax and they are unevenly borne. We have looked at the long range situation for the government. We have looked at the tax rates charged in other jurisdictions for various things.

Prior to this budget being brought in, we looked at all the options, including ones that have been exercised by the previous government: raising income taxes, raising fuel taxes. We looked at all the normal old suggestions that have been made: hotel taxes, sales taxes, all those things and decided that they were unnecessary, as our economy recovers partly as a result of stimulative measures like the reduction in fuel taxes that we mentioned. Hopefully, as we are able, over time, to get control of some very big social expenditures, such as those in the health area that come as a consequence of alcohol and tobacco abuse, that by reducing those expenditures and enhancing economic activity in the revenues and looking at the consequence of being able to have more modest capital expenditures in the fourth year as a result of economic recovery and low unemployment, and of course the significantly improved infrastructure in the Yukon economy, that there was not a need to consider those other tax measures.

Mr. Phelps: Am I to take it from that answer from the Government Leader that the fact that we are going to be incurring these cuts in the net transfer payment from Ottawa to Yukon, that rather than raise the rate of any tax or institute any new tax, his government's position is that they will be content to live with the cuts in the transfer payments and will simply cut down on the expenditure side of government to balance these increasing amounts off as time goes by?

Hon. Mr. Penikett: No. We will be doing some or all of the things that the Member opposite suggested. We have reduced taxes in the fuel oil area, which is an important economic stimulus. We are reducing taxes in the case of medicare premiums. Among other reasons, we do not think they are efficient, nor are they fair. We are raising taxes in connection with alcohol and tobacco because they are, in part, a voluntary tax. The people can choose whether or not they pay them and also, because the use of those products happens to be significantly and demonstratively associated with significant costs for all governments in this country.

As we get into further discussion of this budget the Member opposite will become aware, as I know he has been before, because it was discussed in the Public Accounts Committee. We hope that the introduction of such instruments as program review will enable us to find further savings in the budget that will allow us to have good, tight controls. This administration will also be interested in, as we have been, reducing the expenditure on unnecessary outside travel, entertainment, things like that.

Even of themselves, so they are not going to produce, perhaps, massive savings for the government. I believe there are a number of departments that have already had some quite tough assessments, reviews of their expenditures, and have found internal economies, which have produced monies, which we could direct for the purposes which were priorities of this government. It is quite clear, and it is our intention, to make sure that, in this administration, we do not have, on an annual basis, the kind of O&M Budget increases

that we have had each year for the last 10 years. For reasons that I am sure the Members opposite can understand, we cannot afford it.

One of the reasons we cannot afford it is that Ottawa is clearly in a deficit-cutting mood. The federal government will not forever fund this territory, or fund the same portion of this territory's revenue, as it has in the past. At this point in time, we are generating an alarmingly small percentage of our own revenues. I think that is not good for our own economic health, for our own sense of self-confidence, or even our own sense of self-reliance. Over time, we are going to have to generate a larger portion of our own revenues here. I think it is partly a question of our own maturity, but is also a consequence of an improving economy. I do not think you can have a simple cause and effect for why the situation deteriorated, but it clearly was a function of being in a very depressed state for the last few years.

As we evolve and grow, we are going to have to, of necessity, take better care of ourselves, financially. The formula financing agreement came at a fortunate time when, as well as the territory being in recession, we also had a situation where our infrastructure was considerably underdeveloped as compared to many regions of the country. Public facilities and infrastructure, in some cases, in educational capital, in some cases, transportation capital, in some cases, in terms of community capital, had lagged behind other jurisdictions in the country. Much of the negotiations, over the years, to improve the amount of money coming from Ottawa and to improve our responsibility for the way in which it is expended, have focussed on that need. I think there has been bi-partisan or multi-partisan support on that initiative in this House. That is why we have the kind of formula financing arrangement we now have, and it is why we think the majority of that new money should be directed into improving the infrastructure of the territory. It is not a situation that I think any reasonable person expects to be continued for years and years and years.

Mr. Phelps: I must say that I am always entertained by the nimbleness and agility of my friend when he dances around an issue. He does it with great aplomb and in such a way as to confuse most utterly.

I would like to get back to the point and the real nub of the issue. As I understand it, using the figures supplied by the hon. Member, we have a situation where in this next fiscal year, 1986-87, something like \$1.2 million is being chopped as a result of the fuel oil tax. That would bring a corresponding reduction except, of course, that there was an increase on the tobacco tax and liquor.

Then, in the next fiscal year, which is 1987-88, the announced policy is to cut, in addition, the medicare payments. So that means that there is a total of \$4.1 million chopped as a result of tax rate decreases offset by \$1.6 million. That loss of \$2.5 million in revenues is to come from Ottawa. Then, again, an additional chop because of the inflation factor clause would bring us to a situation, and we are talking about the issue of rate increases and decreases, in 1988-89, of \$5.3 million chopped, less the \$1.6 million generated by the tax increases, which were spoken to in this budget and which we will be discussing later in some detail.

If I understand it correctly, the Government Leader seems to be saying that there would be no problem with this, and rather than raise taxes and meet the wrath of the voter, they are quite content to sit back with these net losses and monies available under our present contract — signed, executed and delivered contract, last May — rather than raise some taxes in order to offset the loss in monies available from Ottawa. I will leave it at that question for now.

Hon. Mr. Penikett: I have been dying and waiting with bated breath and huge anticipation for the Leader of the Official Opposition to tell me exactly what taxes it is he proposes be raised because I would love to be communicating that around the territory.

Let me just say to the Member opposite what our calculation is of the impact of these various measures looking at the three-year period 1985-86 through the budget year 1987-88. Just look at those three years for a second. On fuel taxes, there will be a loss of revenue of \$2.8 million. Medicare premiums, because it will be in effect for one year of that period, is \$2.9 million. The tobacco and liquor revenues are \$3.2 million in the same period, which gives

you a net loss of revenue of \$2.5 million. If you add the fourth-year adjustment of the \$1.12 million we talked about that has an impact of \$3.6 million.

I may as well anticipate the next question, given that we are at this point showing at the end of the last fiscal year a \$40 million surplus, which is represented by \$18 million in land and \$23 million in cash. It raises the question about what one ought to be doing with a surplus like that. Keeping in mind that we want to maintain the government in a surplus position, we are not interested in keeping huge sums of money in the bank, or just simply banked. That is the reason why in this current budget you have before you it is not a surplus budget. We are dipping into that surplus to the tune of close to \$616,000. It may not work out that way. The previous government had a proposed budget that had a \$1.1 million deficit for 1985-86. As it turned out, apart from the leave entitlement, we ended up with a \$10 million surplus. It netted out, because of the leave thing, at \$63,000. In a three-year period, reducing those revenues by \$3.6 million out of a \$23 million cash surplus does not put us in a dangerous financial position at all.

Mrs. Firth: I would like to follow up on something with the Government Leader. I do not understand something about the revenues. If, on one hand, he is predicting that, because of the tax on alcohol and liquor, people are going to use less alcohol and liquor, which will reflect in better medicare, or less medicare costs, how can he then, on the other hand, predict increased revenues in the form of taxation from alcohol and tobacco products?

Hon. Mr. Penikett: Perhaps I am not being sufficiently nimble. As I tried to make clear in my wind-up speech on the second reading, we do not know for sure that we will get this revenue, but assuming that the taxes on alcohol and tobacco do not work as a disincentive to users, this will be the revenue, we anticipate. If it works as a disincentive, then we will have a commensurate reduction on the expenditure side of the budget.

Mr. Phelps: The issue before us is a very simple one. The Government Leader says a lot of good stuff that he says we all applaud. Certainly, if we experience any kind of economic turn-around under the formula financing, our locally-raised revenues will be a larger proportion of the total expenditures of this government. That is just the way it works. There is no magic in that.

The Government Leader is putting us in the position where we are going to be losing net dollars that we normally would have been expecting from the federal government. While it is true that we ought to talk in terms of utilizing the surplus that has been built up in a practical and pragmatic and wise fashion, I just want to get it clear on the record that the Government Leader apparently has no concern about this loss of contractually available money from the federal government as a result of his policies, and determine, once and for all, that during the fiscal years he has discussed, 1985-86, 1986-87, 1987-88, that there is no intention on the part of this government to raise the rate of any taxes or to institute new taxes.

Hon. Mr. Penikett: It is not my intention, but I think I would be more foolish than the Leader of the Official Opposition imagines if I were to announce next year's budget today or, should we be so fortunate, the budget for the year after that. I think that is about as likely as the Member opposite answering the question that I asked him a moment ago, which is, if his thesis is correct, and I am not sure it is, exactly what taxes is it that his party is proposing that we should increase?

He has said previously in this House that the fuel tax reduction, which in and of itself is the first tax reduction we made — we are not at all apologetic for reducing that tax — would have had the consequences, if the Member is right, that we have foregone revenue. The reason we were prepared to forego that revenue is because it would have economic stimulus.

When I talked about the fiscal relationship with Ottawa, I am talking about the very long-term. I do not believe that, given the size of the national deficit or the political character of these times, that it is likely that we, even if Mr. Fingland is to bargain extremely successfully with his counterparts in Ottawa, are to see an increase in the Ottawa-generated revenues five years or 10 years from now. I think that would be extremely unlikely.

Mr. Phelps: That does not do away with the issue. The issue simply is that you have got us in a situation where we are going to be losing money on a net basis that we normally could have expected from Ottawa. You asked me about tax increases, and I have asked you the question, because obviously this government has to stand for some kind of planning, if not very good planning.

We never had as a platform — of course we never thought we would have to be propped up by the Liberals at all, we do not have the same lawyers negotiating for us in these minority situations. It is a continuing issue, with respect, because the impact of this backroom bargaining of these two lawyers from the same law firm continues to be felt.

We never anticipated getting rid of the medicare payments. That is a big difference. I can assure my friend opposite that we would not be placing the residents of Yukon in a position where they were facing these cuts in any revenues that they had every right to expect under the terms of the formula financing agreement. We are talking about nets because there is a built-in safety factor, as the Member opposite knows.

34 I am not asking him to divulge next year's budget or his plans for a budget or whether or not he intends to stick around for another year. I just want to know: has he canvassed the various options available in terms of tax rate increases aside from liquor tax and tobacco tax and whether those are set aside for the foreseeable future, those options of increasing or instituting new taxes?

Hon. Mr. Penikett: I am sure we can debate the medicare premium question again this fall. I will be happy to do so. If the Member opposite is suggesting that this is going to be the major plank in his campaign in the next general election whenever it come, to keep medicare premiums or bring them back, I will be happy to fight him on that ground.

The tax options that are available to this government and which are exercised by other governments were all canvassed. We looked at a hotel tax. We rejected it. We looked at the sales tax. We rejected it. We looked at payroll tax. We rejected it. We looked at the meal tax and rejected it. We looked at increasing personal income tax and rejected it. Our view was that, as we come out of a very severe and deep recession, the kinds of tax increases that are operative in other areas would have had a dampening effect on our economic recovery and would have been unfair in their application to ordinary citizens.

We believe the treasury of the territory is in good health. Our economy is not yet in good health although it is recovering, in significant part, because of the actions of this government. We will, if our economy recovers, have more locally generated revenues. We believe that is a good thing.

Mr. Phelps: Everybody believes that is a good thing but, surely, the Government Leader is not suggesting that that will mean more money into the coffers of the Government of Yukon if there are no tax increases.

Hon. Mr. Penikett: We will we not have more money in the coffers of the Government of Yukon. I would have liked to have seen more money in the coffers of the Government of Yukon as a result of the Cyprus Anvil reopening, for example, and we tried to get that but our friends in Ottawa were not willing to give it to us, even though there is a reopener provided for and anticipated in the formula financing agreement. They should have allowed that. Notwithstanding the hard bargaining of certain officials in this government, who will remain nameless, even though they are sitting beside me, we were not able to achieve that partly because, as the Member opposite knows, the new mind set of the people in Ottawa is very much towards capturing as much revenue as they can and cutting expenditures. We are fortunate that we are not in that situation at the moment.

35 **Mr. Phelps:** Now that the Government Leader fully understands the implications of formula financing, unlike October 28th when we were being told that YTG would have a net benefit from the increased fuel taxes on the Carcross-Skagway Road that would offset the expenditures.

Hon. Mr. Penikett: On that point, because that is, in effect, a rate increase, or a new tax, we will get that money; we will get that particular money referred to by the Leader of the Official

Opposition.

Mr. Phelps: You are talking about an entirely different thing. That is the levy on per tonne rate. But definitely — and I am quite prepared to haul out the *Hansard* and point to it — there was a statement made that there would also be an increase in revenues from the increased fuel oil tax receipts.

Mrs. Firth: I would like to ask the Government Leader how he arrived at his conclusions. What figures, statistics and data did he use to make his predictions? Has he analyzed what other provinces have done and what the trends have been when directions have been taken in those provinces — for example medicare premiums. From any information I have when medicare premiums are abolished, health care costs go up, but yet the Government Leader is predicting that health care costs are going to go down here because of the alcohol and tobacco increases. Could he tell us upon what he based all these conclusions or these hypotheses?

Hon. Mr. Penikett: The Member is going to have to be more specific about which hypotheses and which conclusions. In connection with the medicare premiums, the evidence is not as she states it. Health care costs are going up everywhere, but that has little to do with premiums. Provinces like Alberta, which have had a charge they wanted to use as a disincentive for people to use doctors have not proved efficacious at all.

Mrs. Firth: The Government Leader is arriving at certain conclusions in his budget presentation. Because of the taxation review and the overall review that had not been done for sometime, the Government Leader has now said that "Okay, we have now done this tax review. We have, by using certain data, come to certain conclusions where the government's revenue is going to be in a healthy state." I would like to know upon what information he based that?

Hon. Mr. Penikett: We based it on a certain kind of economic analysis, a certain kind of economic statistics given to us, a certain kind of comparison with other provincial budgets, fiscal information that is obtained by the Department of Finance at such meetings as Continuing Committee on Officials where our officials join with officials from other provinces, information we gleaned from other sources, including public sources about various trends, information that is generated from inside this government from people like the statistics bureau about economic trends and population trends and such like. All that information goes into the pot when one is cooking up a budget.

36 **Mrs. Firth:** Could the Government Leader tell us what the population trends are showing that he is basing his increased revenues on?

Hon. Mr. Penikett: The population is increasing. I do not have the numbers at my fingertips, but I can get them for the Member.

Mrs. Firth: I would like the Government Leader to bring back those numbers. I wanted to ask another question about the Yukon economic development strategy that the Minister of Economic Development has identified \$250,000 for. How is this going to work? What are the objectives of this, and when is the Government Leader anticipating holding this Yukon economic development strategy?

Hon. Mr. Penikett: If I could beg your indulgence, that is a specific line item in a specific budget of a specific department, and I would like to answer that question when we get to that department and that line item.

Mrs. Firth: That is fine, when we come to the specifics, but perhaps the Government Leader could just enlighten us on why he is doing it? What are his particular reasons, either philosophical or objectively, or whatever?

Hon. Mr. Penikett: I will do it in the most general terms, but I think it would be appropriate as has been the custom in the past in this House to get into a specific detailed discussion, to wait until we get to that departmental estimate.

The fact of the matter is, for a long time, even though we had a Department of Economic Development, this government had no economic strategy. We were promised one, I think, in the Throne Speech of 1979, but we never did see it before the old government left office. It is clear in a place such as ours, with a narrowly-based economy with three main central pillars, mining, tourism and

government, plus the services that are attendant on those sectors, that unless we began to plan for our own economic futures, other interests, whether it be the Government of Canada or other major private sector interests, would be doing that planning for us. That planning might not be in the public interest of the people of the Yukon Territory.

Our major interest in such a small population with such an historically fragile economy that is subject to external forces, such as rising and falling metal prices, there is a need for us to coordinate the efforts of this small community as best we can. It is, we discover every day, fundamentally important for people involved in certain renewable resources sectors to know what the people in the tourist industry are doing. It is very important for us, if we are to maximize the potential of the mining industry, or other industries, to be able to have the transportation sector plugged into those plans. It is important for a government like this, which is building roads and educational facilities, to be able to coordinate its plans with major developments and trends in our economy.

The process of developing this economic strategy will take some time, but it has begun. It involves already continuing contact with various sectoral groups, including those in the sectors such as tourism, mining and renewable resources.

³⁷ It will involve heavy and continuing public consultation. It will involve significant expenditure, certain kinds of research. Periodically, at each stage of its development, the strategy will be reviewed by the Economic Council, which is made up of representatives from a broad cross section of the the Yukon economy. At its development stage, the process will involve consultation by officials, not only in the Department of Economic Development, but by responsible departments such as Tourism and Renewable Resources and Community and Transportation Services for the development of, for example, the transportation component, the forestry component, the wildlife component, and so forth.

The role of economic development will be to coordinate, to assemble and to collate the various initiatives and the various strategies of this exercise. There will be one — maybe two, and conceivably more — public events in which the collated proposals for the long range development to each of the sectors of our economy will be presented publicly, commented upon by the principals in each of the sectors and by citizens, and the public will be governed accordingly.

Every effort has been made, and will be made, to make sure that the strategy that will become a public statement of where we, the people of the Yukon, want to go in the developing of our economy is a consensual statement, a statement of a consensus that we are trying to help develop in this community about where we can go in the next 10 years and beyond in developing our own economy.

To summarize again, it is my sincere and very strong belief that if we do not do this work someone else will be doing it for us. If we do not do this work we run the risk of the different sectors of the economy frittering away their energies because we are not moving harmoniously together to maximize our efforts. If we are not pulling together our economy will not pull together. That is what we want to do.

Mrs. Firth: I am sure the Government Leader realizes that we are asking these questions in good faith and for good constructive debate and to get a better idea of what the government's expectations are and what ideas they are going to bring to the public. Do you have any idea of what kind of a timeframe he wants to put on the development of this strategy? Is it going to be something that is going to take two years, a year, six months?

Hon. Mr. Penikett: I have to explain to the Member that if the work is done well, it will not ever be completely finished, in the sense that we are not looking to come out and have carved on tablets of stone ten commandments about the future of our economy. As I see it, if we can reach the point, let us say on a two year timeframe, to have a strategy which has been publicly debated and broadly accepted, that can provide a kind of road map for us for the foreseeable future. If it is a useful document and proves to be valuable and of an enduring value then it will need to be revised, probably a year or two after that, and continually, depending on whomever is governing the territory at the time.

Some years ago the Member may recall, there was the Carr Report, commissioned by the Yukon Research and Development Institute, a body put together, I think, by Mr. Rolf Hougen, which was a very valuable document. There was nothing like it around. A great many private sector interests, potential investors into the territory and government agencies used that as a touchstone for a number of years in developing their own strategies and their own plans for their particular private or departmental interests. We have not had that kind of work done for a number of years.

³⁸ We think that the time when we have been in the recession, and we are just coming out of it, is the time to try to get our act together and to try and get the different parts of the economy coordinating their activities with each other better. The government can play a useful facilitating role in this.

Mr. Lang: I want to go into another area that has been the subject of Question Period, but we still have not gotten any real clear answers. The Carcross-Skagway Road opening, I am sure, has been a fair amount of internal work done from a financial point of view. Could the Government Leader indicate what the projected cost and the O&M costs are now, and what the capital costs are? Are they included in this budget that is before us?

Hon. Mr. Penikett: No, they are not included in this budget. They will have to be done by supplementary and you will have to get that detailed information from my colleague, the Minister of Community and Transportation Services, which I trust he will be bringing to the House.

Mr. Lang: Could the Government Leader tell me why it is not in the budget? We had a document that was tabled last October with projected costs at that time, which I am sure had to be escalated to some degree in view of the significant changes that have taken place. At the same time, could you explain to me why we are not dealing with it in this budget?

Hon. Mr. McDonald: The primary reason that the figures are not in the budget, which has been stated in the Legislature a number of times, is that there is no experience factor to accurately determine what the costs might be. The feeling was that the most appropriate way to table this kind of expenditure, under the circumstances, was to wait until period nine, at which time the experience factor can be determined. At that time, we would vote in a supplementary to deal with the expenditures of the road.

Mr. Lang: The news I have gotten so far is that we are going to drive now and buy later, as far as I can make out. I would like to ask the Minister, when he talks about period nine, why did he not include at least the projected capital costs of the monies that are going to be expended for the American equipment? It is very clear and concise about exactly the size of equipment.

I would like to ask the Minister responsible why the capital costs, which I am sure he has in front of him, were not included in the budget? Perhaps he could give us a ballpark figure, so we know. What I am trying to determine is what is not included in the budget.

Hon. Mr. McDonald: The capital costs were not included in this budget because this is an O&M Budget. The O&M costs associated with the opening of the road, we can only project as a best guess. I can give those when the time comes around to vote on Community and Transportation. Perhaps then we can get into a discussion about what those will be. I have got them in front of me. In any case, it was felt wise and prudent to budget the expenditures for the winter maintenance portion of the Skagway Road, for which we have no experience, once we have an experience factor on which to base a budget for the purposes of passing it in this Legislature. It is the only outstanding item that I am aware of in my departments in terms of an expected cost that we can assume would go ahead if the Skagway Road were to be opened as per the agreement. It is the only cost that I am aware of that we have not budgeted for specifically.

³⁹ **Mr. Lang:** In deference, I know there are a number of items in here that you really have had no experience with prior to putting them into the budget. I am sure health care comes to mind, yet at the same time we have a \$250,000 expenditure in that particular department projected as to what the costs are going to be. I do not follow the logic of the argument. Knowing that these expenses are going to come forward, the revenues being based on Curragh

Resources operating the trucks using the highway and various other things happening as far as the economy is concerned, I still do not understand why it was not put in the budget. We are talking about a significant amount of money. You have projected costs and I would submit to the Minister, do not look so truculent, as if it is a facetious question. I do not think I have been given an appropriate response as to why it was not included in the budget. We are talking what, \$500,000, \$1 million, \$1.5 million? It is a significant amount of taxpayers' money and I would like to know why. Can I ask the direct question? Perhaps, in order to get it on the record, is there any other reasons why it was not included on the budget? I refer to the Minister who answered previously. In deference to the Government Leader, I think the Minister has a responsibility to answer that.

Hon. Mr. Penikett: Before I submit the Member for Porter Creek East to the tender mercies of the Member for Mayo, the Member opposite should know that the summer maintenance, on which we have some experience, is in here. In respect to why the capital is not here, and was not in the capital mains last fall, is because that capital budget was put to bed before we had an estimate on the capital costs as a result of the Curragh reopening.

Mr. Lang: I still have not had a reply further to what I believe to be very inadequate answer. Why was not, at least, a projection of the O&M costs put into the O&M Budget? I will accept the argument on the capital side, but I would like to know why it was not put into the budget?

Hon. Mr. McDonald: The reason was, as I stated it. There was no other reason than that particular one.

Mrs. Firth: Does that mean then that, if the O&M costs of the Skagway Road are as high as a million dollars, then the deficit is no longer \$616,000, it is \$1,616,000?

Hon. Mr. Penikett: It does not necessarily mean that at all. The matter will be dealt with as the Minister said, by a supplementary. As the Minister knows from her experience in government, when a department comes forward and asks for a supplementary, Management Board may deal with it in a number of ways. One of the ways it may deal with it is to ask for internal offsets in the department. It may approve the amount in total or may approve part of it, depending on what they see as being the expenditure pattern in that department up to that point.

Mr. Brewster: I have a very hard time understanding this. You say you have no place where you could look ahead to see those experiences. The Haines highway has been operating for about 20-some years. I think you must have some figures from that, and you could project a percentage you had with that to get your operation maintenance. I think that is a ridiculous answer.

Hon. Mr. McDonald: I am able to give cost projections to the best extent possible. I am not a highway engineer. I am not a highway maintenance person myself. I would not presume to compare the two highways as being identical. Clearly, the Member for Kluane feels very comfortable in making that comparison.

In any case, the best guess at the present time would be that the ongoing annual O&M costs, including our share of the Alaskan costs, would be in the neighbourhood, we think, of \$1,083,000, minus the \$500,000 worth of recovery that we expect to get from Curragh Resources, for a total of \$583,000. It was felt, given the lapsing dollars in this department, in the neighbourhood of \$1 million, that it would be wise to consider reviewing this expenditure in period nine. We indicated to the Legislature our intention to maintain that road. There is nothing being hidden from the Legislature, of course. We are giving our best guess estimates of a cost associated with that maintenance. We will be returning to the Legislature with some experience factor to pass funding, if necessary, for the maintenance of this road next fall, or next spring. There is nothing being hidden. There is nothing being couched in terminology which is intended to hide anything from the opposition or from this Legislature. It is done quite up front. I have given you the cost projections. I have given you the reason why we did not include those in the budget when the budget was prepared in December and January. That is the answer.

Mr. Phelps: The answers are not quite that simple. Let us just

talk about a principle at stake here. If this government does not expect to cover the costs with the O&M during the winter months by means of the offset that the Government Leader has spoken of, if that is the intention completely at this time, we will accept it and leave it at that.

But if that is not the intention, then there is very obviously, in some kind of rough estimate, a cost that ought to have been reflected in the budget, even if it was out a bit. Here we have the glowing Budget Speech of the Government Leader and how cost-efficient everything is, and they just happened to have neglected to put in a figure of any kind for the winter maintenance of that road from Carcross to Skagway. My submission is, and my question is: does the Minister not understand that there is something wrong with that? There is something wrong with it to the extent that these figures have been used in a misleading fashion.

Mr. Penikett: We are talking about the deficit, the percentage increase and so on. I submit that there is something wrong with it. Would the Minister not agree?

Hon. Mr. Penikett: The Leader of the Official Opposition has asked for some guarantee about offsets that I cannot give. Let me just use last year as an example. When we presented the budget to the House, which we inherited 95 percent from the previous administration, we fully expected that the current year deficit would be as they projected — \$1.1 million. Notwithstanding the fact that during that year we had some expensive items in the budget, such as Job Evaluation Study salary increases for employees, we did under-spend to the tune of \$10 million.

That can happen in any year. The opposite can happen, too, because the budgeting is not a perfect instrument. You can have such variables as the weather. It particularly may affect road maintenance and other things. To ask us for a guarantee that it can be done by offsets is something that we cannot give at this moment.

Mr. Phelps: What I find disappointing is the lack of forthrightness in facing up to the principle. I assume that there is a moral problem with putting forward a budget and not putting in the item for some kind of estimate — whether it is on the low side or the high side is neither here nor there — for the winter maintenance O&M costs of the Carcross-Skagway Road. It would only be proper if there was some kind of certainty and some kind of statement that there is no problem because it is going to be covered by offsets.

Surely, when you are discussing a budget, talking about how wonderful it is because you only have such and such a percentage increase, the public has a right to expect that you have put in something so that your best estimate of the day, for all anticipated expenditures by the government, is covered for that fiscal year.

Hon. Mr. Penikett: As Minister of Finance, I am prepared to give the Leader of the Official Opposition this undertaking: every effort will be made to fund the amount of money necessary for the winter maintenance of the Skagway Road within the totals of this budget by finding offsets either within that department or within the total government.

Mr. Phelps: Notwithstanding that, would it not have been proper to have included, within the expenditure side of this total budget, a figure of the best estimate that this government had?

Hon. Mr. McDonald: The answers that are provided with respect to, not only acquiring the experience factor, but also taking the initiative to trigger the agreement. This has not been done yet. These would both be things that would make it seem imprudent to put the item into the budget. It is not as though we are stating now that there will be no costs associated with the winter maintenance of the Skagway Road. The best guess that I can possibly give, and I will give to the Legislature so that the Legislature will know that should the agreement be triggered to maintain the Carcross-Skagway Road on a year round basis, we would likely be incurring that kind of expenditure. That is the only reason that I can give.

Mr. Phelps: With respect, what burns me is simply that it would seem appropriate to have put in a figure with all the asterisks and footnotes you want to qualify it. I ask the Minister, would he give this House this undertaking: when there are anticipated expenditures in the future that we will have some kind of written notice of it within the budget itself.

Hon. Mr. McDonald: Yes.

Mrs. Firth: Can I just ask the Minister, did he leave it out intentionally, or did he just forget to put it in?

Hon. Mr. McDonald: The deal at the time the budget estimates were being determined, which was largely in December, was very much an open-ended question, thanks to the Alaskan state government. We were not at all certain whether the road expenditure would be for a route via Haines, a route via Skagway-Haines, a route via Skagway with added costs that the Governor at the time wanted Yukon to bear. It was an open question as to whether or not Stewart would be used. Each one of those items was very much an open-ended question, and we could not put any kind of figure into the budget at that time.

Mrs. Firth: It was my understanding that it was determined that it was either the Skagway Road or it was a no-go. Now the Minister is talking about a bunch of other routes.

Hon. Mr. McDonald: At the time, in December, when it was clear that the Alaskan Governor was not prepared to go along with the deal that he had agreed to, we had to assess our options. We were forced to assess our options. They included an assessment of other transportation corridors to see whether or not any of those would be cost-effective for our purposes. We assessed all of those corridors. We assessed the Stewart corridor. We assessed the Haines corridor. We assessed the Skagway corridor with the additional costs suggested by the Governor be borne by Yukon. We assessed combinations of those corridors. At that time, right up until the time that the Governor had finally agreed in writing to provide access to Yukon to tidewater along the Skagway Road, we were not sure which option would be the appropriate one, or the one we would use.

Therefore, the figure associated with the transportation corridor could have affected the maintenance costs of the Campbell Highway. It could have meant an extra \$20 million expenditure should the route to Stewart have been chosen. There were a number of routes which we assessed, most of which were completely unrealistic, but we had to assess them all. It was unfortunate for Yukon to have been put in that position, but we did not have a clear picture at that time, in December, and even in January, that the Alaskan Governor would agree to the deal at all.

Mrs. Firth: When the Minister of Community and Transportation Services was making those assessments, was he in touch with Curragh to see if they were prepared to use alternative routes? I was of the understanding that the most economic route for Curragh Resources was the Skagway Road.

Hon. Mr. McDonald: Both Trimac and Curragh were involved, to a marginal extent, in helping us determine whether or not any of the routes would be even possible. It was determined, for example, that the Stewart route would not be possible largely because the Yukon was not prepared to pay maintenance expenses beyond Yukon roads. We determined that the most agreeable option obviously would be the Skagway Road under the arrangement currently negotiated, but in any case, at the time this budget was being put together, we were not sure at all which option we would take. If I can reasonably provide a cost estimate in the future, in reasonable time, and this situation counts in that reasonable time, I certainly will, of course.

Mrs. Firth: The excuse the Minister is giving us then, because the only route that Curragh was prepared to take was the Skagway route, is that there were really no options for his department to start assessing options.

Hon. Mr. McDonald: That is not true.

Mr. Lang: I want to get back to some comments about recoveries that were made earlier. The Government Leader, or the Minister, had said the Department of Community and Transportation gave back a million dollars or something. My question is: were they not recoveries, and would they not be related to the Alaska Highway maintenance and therefore would not be eligible to be put into any other particular transportation corridor in Yukon?

Hon. Mr. McDonald: The Member will see that the amount is lapsing. The Community and Transportation Services supplementaries that we will be dealing with tomorrow, was in large part due to the weather. The comment the Government Leader made was quite appropriate. The weather was fine this year. It meant that we did

not have to provide as much in winter maintenance and for that reason the cost associated with maintenance were less than normal.

Mr. Lang: This is the difficulty in dealing with the main budget as opposed to supplementary number two, and I hope the House Leader takes note. If I could refer to supplementary number two in relation to the main budget, you have a situation where highways and transportation lapses 1.2, according to this figure that is in highways and transportation. At the same time we have recoveries, which have not been spent and were obviously sent back, in the neighbourhood of \$2 million overall in the budget. Now I guess my question is why was not that particular amount of money expended, since they were largely federal dollars? We are dealing with a budget here that is projecting approximately \$27,975,000 in recoveries. In the previous budget 1985-86 we are dealing with an overall recovery of \$25,000,010. What I want to know is why was the \$2 million not spent in the previous year? Was there a reason for it, and in what particular areas was it not spent?

Hon. Mr. Penikett: The Minister has undertaken to come back tomorrow with the specific details in answer to the Member's question, but as a rule he will know that if we do not incur the expenditures on something like this, we cannot get the recoveries. We cannot claim them.

Mr. Lang: You still have not answered my question. Why do you feel that you can expend this year what you did not last year? Is there something else that we are not being told? It is \$2 million we are talking about.

Hon. Mr. Penikett: May I suggest that we are talking about the supplementary that should be dealt with in questions tomorrow. The question that the Member is asking has already been answered by the Minister. If you have an unusually good winter and the weather is good, you do not have the same maintenance costs. If you have an average winter, you will make those expenditures. You may have a third kind of winter that is worse than usual. You may spend more.

Mr. Brewster: I am really amazed to find that we have more money. When I went out on Friday, there were nine vehicles in the ditch between here and Haines Junction, trailers and all. There was not one grader out on the road. I came back this morning and the Whitehorse area has not been done yet. You talk to the foremen and they say they have no money. Someone should get their stories straight.

Hon. Mr. McDonald: The maintenance schedule, I can assure the Member, has not changed from previous Ministers. I cannot account to Committee why there were nine vehicles in the ditch. Certainly there has been no direction with respect to changing maintenance schedules or changing the funding allotted for highway maintenance from previous years to this year. As the Minister of Highways will know, you generally budget for your worse-case year, because you have some records of what your worse case years have been.

When you have an exceptionally fine year, you do not have to send your snowplows out onto the highways as often because the snow build-up is not there. That is, generally speaking, the reason for this kind of situation, where you do not expend as much money as you budgeted for.

As to why nine cars were off the road, I cannot give that kind of answer to the Member. I am even hesitant to get my department to find out why those nine vehicles were off the road. I will undertake to find for the Member, if he wishes, whether or not the maintenance schedule has, for some reason, been altered in a cost cutting measure, and whether or not it is any different from previous years. My understanding is that it is not.

Mr. Brewster: I am not talking about previous years. I am talking about a thing that is happening right now, and you turn back \$1 million. I am talking about a Friday when they should have been working. Why not explain this to some of the poor Americans who had to pay \$400 or \$500 to get towed out of the ditches because you did not have any graders out on the road, when the Haines Junction area could have their graders out, but this area did not? Why is the road still in the same shape as it was then? That was Friday, and when I came in today, it was still the same way. You cannot find the shoulders, but you give \$1 million back.

Hon. Mr. McDonald: The maintenance schedule to determine whether or not overtime is going to be used to maintain the highway, to determine whether or not the graders are going to be sent out on the highway at all, has not changed from previous years. The history, from my experience, is that in years such as this past one, money is turned back to the Legislature, because the maintenance schedule determines that it does not require as much maintenance as before. Now if, on a given weekend, on a given road, somewhere in Yukon, whether it is around Whitehorse, or whether it is near Haines Junction, or whether it is front of the Member's house, has not been maintained to the fullest extent possible, they have been maintained to the Member's satisfaction, and please do not ask the Member to contact me. He has obviously made a representation already that nine cars were off the road.

I will undertake to determine whether or not the maintenance schedule ought to be changed or enhanced. There is really no other way that I can explain the situation. I do not have that detail at my fingertips.

Mr. Brewster: He is a good politician. He stands up here and waves his hands and shoots his mouth off and does not know what he is talking about. I am talking about a Friday, which is a normal working day. I am talking about a Monday, which is a normal working day. The Haines Junction area cleaned all their ditches, but these people could not at this end. Yet, you have all this spare money. Then when you ask them, well, they have not any money. They cannot go out on the road.

Hon. Mr. McDonald: I do not know any specifics about that. Clearly, I cannot be expected to know that kind of information, or have it at my fingertips. As I have already indicated, I will get back to the Member. It is the best I can do.

Mr. Lang: That sounds like a broken record. We always seem to be getting that particular comment. We will be looking forward to the information, along with a lot of other information we have asked for, and will be asking for.

I still have not had an answer to my question. Under recoveries, we are \$2 million short of spending, according to the general overall budget. What I want to know is where the money was that we are taking about, why it was not spent, and why do you think you can spend it now in this forthcoming year as opposed to the past year, because we have an increase, also in recoveries, of another \$900,000 ballpark figure. We are talking \$3 million more this coming year than last year, and we are giving \$2 million back.

Hon. Mr. Penikett: The answers will be given to the Member tomorrow when we discuss the supplementary which he is referring to.

Mr. Lang: I will not accept that. I am referring to recoveries of \$27,975,000. I have every right to ask why can we be expecting, in a general term, to be spending \$3 million more in recoveries than we did last year, when we are giving \$2 million back? What is the reason for the discrepancy?

Hon. Mr. Penikett: The Member has already been given part of the answer, as it respects Community and Transportation, but he does not want to accept it.

Mr. Lang: I am talking \$2.9 million, in ballpark figures. I have been given one figure of \$1 million, roughly. I would like to know the reason for the other \$2 million. Where are we going to get those recoveries?

Hon. Mr. Penikett: The Member will be given the answer tomorrow. He is asking about the supplementary estimate that is going to be before the Committee tomorrow and he will get the answers tomorrow.

Mr. Lang: I am asking about the financial summary of this government in the Main Estimates for 1986-87, I would make representation to my good colleague the Minister of Finance. The recoveries are \$27,975,000, page number three, as compared to the Supplementary on page one, where we are talking about recoveries of \$25,000,010. There is a difference of three million dollars. I would like to know why. What new programs have we launched?

Hon. Mr. Penikett: We will get the information for the Member.

Mr. Lang: I take it the Minister does not have that information with him, is that correct?

Hon. Mr. Penikett: I am going to have to read the record to even find out what question the Member is asking because he keeps changing his ground; one minute he is talking about the Supplementary and the next minute he is talking about the Mains.

Mr. Lang: How could the Minister then say he is going to get an answer for me when he says he does not even know which particular document I am referring to? I will refresh his memory. I am dealing with 1986-87 Main Budget, which is in the Committee of the Whole for debate. Everybody is agreed? Under recoveries, page three, it says \$27,975,000. Under the forecast for 1985-86, which coincidentally relates to the document that the Minister obviously has not had time to scrutinize, Supplementary No. 2, \$25,000,010. Now my question to the Minister is, why is there such an increase in recoveries for this particular document as opposed to the document that we are going to deal with tomorrow?

Hon. Mr. Penikett: I know the Member across loves ranting and raving. I have already told him I would study the transcript to find out what it was he was asking about. He has now made it clear so I do not have to do that. I will get back to him and provide him with the information. I do not have that detail at my fingertips.

Mr. Phelps: With regard to this discrepancy of \$3 million, we have not heard yet from the MLAs from the Liberal side of the House, but I am wondering if perhaps they had any input into formulating the figures on page three with regard to recoveries?

Hon. Mr. Penikett: As the Leader of the Opposition may have noticed, there is now a Conservative government in Ottawa. They may have had some influence with the numbers on page three, but I doubt if the Liberals, either local or nationally, can claim any parentage with respect to that page.

Mr. Phelps: That gives me a lot of relief. I have been pondering these issues because of the deal made, as you are probably aware, between the two lawyers in the same firm. We are always interested in knowing with a degree of preciseness just how far the Liberals are prepared to go in propping up the government. That is why I did ask that question.

Getting back to the point raised by my friend Bill Brewster, the Member from Kluane, with regard to this issue of no equipment on the Whitehorse section of the road on Friday, and nine cars in the ditch, is it the Minister of Transportation's intention to rely totally on what he perceives as the red tape of the moment in justifying the lack of action of his Department?

Hon. Mr. McDonald: As a rural Member who has an opportunity to travel the Yukon highways pretty regularly, it is my intention, it is always my intention, to bring to the department's attention the fact that there are complaints and concerns expressed now and then about the highway system.

Generally speaking, the Department of Highways has a reasonably good reputation for highway maintenance. Generally speaking, their judgement is considered good by people in rural Yukon. There are times when road conditions are not the best, and if that has been the case, as it was the case when the Member for Porter Creek East was the Highways Minister, as it was the case when the Member for Porter Creek West was the Highways Minister, and it was the case when the Member for Tatchun was Highways Minister. There will be times when the Highways Department will not be able to get out on the highways as quickly as everyone might wish to rectify the situation as determined by Almighty God. It is just one of those things.

With respect to the methodology by which the roads are maintained, there have been no major policy changes with respect to the highway maintenance schedule from the days when the Member for Porter Creek East was the Minister of Highways. Where there are complaints, I am prepared to have the department take action on those complaints as soon as possible. It is what the people in rural Yukon expect, and it is what this Minister will do for them.

Mr. Phelps: We certainly, at least on my part, being from a rural area myself, have no intention of laying the blame on the Highway Department for being unwilling to spend monies recoverable from the federal government and clearly identified in the budget. Is that the stance that the Minister of Transportation is taking? He is blaming the poor foreman of the section for not

spending the monies that are recoverable from the federal government?

Hon. Mr. McDonald: Quite the contrary. I am trying to protect the foreman from the charges leveled on the Department of Highways from the Member for Kluane and the Member for Hootalinqua. Their professional judgement is, in the main, very good. With respect to the highway maintenance schedule, under which they operate, that has been on the books for many more years than I have been Minister of Highways. What we attempt to do, to the best of our abilities, both the department and I, is to ensure that where problems can be identified without increasing the permanent complement of people so that you have much more equipment, many more people than you need on a regular basis, that when you do have situations that are emergencies, those situations are rectified as soon as possible.

The Member for Kluane has mentioned that on one particular weekend, on one particular stretch of road, the maintenance was not done to his satisfaction. I will take that representation to the department, ask them why the situation was not satisfactory, if it was not satisfactory — I presume because of eight or nine cars off the road that it was not satisfactory — and if the situation requires policy change, I will undertake to change that policy.

Mr. Brewster: Number one, it started raining at 10 o'clock in the morning on Friday. Slush and snow was falling around. They were sliding around on the streets. I went out at 3 o'clock and there still had not been anything out there. You give \$1 million back because you could not use it and here are these poor foremen skipping along, and they do not have enough money. It is very funny that the Haines Junction workers could come out at their end at Mendenhall and clean their road and get back and keep their road clean, but at this end of the road they could not make it. That is very, very strange. It is strange that you give all that money back when poor superintendents say that they have no more money. Someone should make up their minds whether or not you have money.

Hon. Mr. McDonald: I will have to undertake to find out the reasons why Haines Junction did so well under existing procedures and why Whitehorse did not do so well under existing procedures. I do not know the reason why that is the case. I did not travel the road. I did not see the cars off the road. I have not investigated this situation in any detail. I will have to undertake to find out. That is what I will do.

Applause

Mr. McLachlan: I would like to suggest to the Minister of Community and Transportation Services that perhaps, with the consent of the Member for Tatchun and myself, that he negotiate an interdepartmental loan. We have excess money on the road between Carmacks and Faro. We had some overtime people working on Saturday and Sunday. Perhaps we could transfer some of that money to the Member for Kluane, or the Leader of the Opposition, who probably has some problems sometimes getting out on the weekend to those far flung regions of his riding and cannot discover that there is snow or ice on the road. Maybe he cannot negotiate some of those curves on some of those roads.

At times the debate gets a little nonsensical over a little bit of rain or snow or some cars in the ditch. To listen to these people from this side of the House explain about cars in the ditch, one would think they are the only members who have to drive through any snow. Perhaps the minister, with our consent, would negotiate a little bit of costsharing for the final week of march to help these poor underprivileged members on our side of the House.

Chairman: This is still general debate on the O&M budget.

Mr. Brewster: We are talking about a highway. That happens to be, and the Minister of Tourism can verify this, one of the most important highways in the Yukon. In fact, with mining the way it is, we survive on that highway. I would say, and I did not count them, but over half those cars that were in the ditch were Alaskan cars, which leave money, and American money, which is 40 per cent more than ours, in the country when they go through.

Hon. Mr. McDonald: I believe it is the Department of Highway's policy not to discriminate against Yukon drivers. Clearly, we would like to provide the same maintenance for

Yukoners who pay taxes to the Yukon and expect a level of service from our government. Clearly it is our policy to treat them as well as we treat the tourists on the way to Alaska.

Mr. Lang: I just want to make an observation in defence of a very legitimate complaint that has been brought forward, and has been taken very seriously by the Minister of Transportation, I hope, in deference to his comments. I am taking it from his statements that he was going to look into it. I do believe that there is an issue here. There are a number of issues. First of all, I resent the member for Faro. For the first time he spoke this afternoon if it had not been for our two colleagues to our left, the budget would have been passed this afternoon for the amount that they have contributed to the debate.

Secondly, I would submit to the side opposite along with their colleagues to the far left that the concern being expressed here is that the Minister of Highways is expressing to this House that he is very happy that he has submitted \$1 million in recoveries back to the Federal Treasury.

⁴⁹ Yet, at the same time, we have, at least at this period of time, inadequate maintenance, where monies could be made available. That is the question, a very simple question. You do not have to have a university degree to figure that out. I would say to the Member for Faro, I do not think it is any laughing matter.

I would go on to another area in general debate, if I could, and that is in the question of investment income. Substantial increase has been experienced by the government in their investments, and I refer back so that the Member opposite, the Minister of Finance, in the Supplementaries book that relates to the main budget, on page 31, we went from \$3,250,000 to \$5,500,000, which was almost twice what was estimated. In the revenues, that is reflected as well.

I would ask the Minister of Finance what has been done to experience that dramatic increase of investment, as far as the overall financing of the government is concerned, as opposed to the projection at the beginning of last year?

Hon. Mr. Penikett: If I am looking at the same place that the Member opposite is, page 6, in the revenue summary, the forecast for 1985-86 we have here is \$5,500,000. The estimate for this year is \$5,554,000, which is only a \$4,000 increase.

Mr. Lang: If he will take his eyes and take a ruler and go along a little further. The 1985-86 estimate, when we discussed this budget, was \$3250,000. What I wanted to know was why was there such a substantial increase of revenue?

Hon. Mr. Penikett: Basically, the person who handled our investments in the Department of Finance did better than we expected in 1985-86. I will be quite prepared to get back with some detail. I think we explained in the past how it operates, how we buy short-term notes and term deposits and those kinds of things, in order to make this money.

Mr. Lang: I would submit to the House that this is a dramatic increase. What I would like to know is: are we investing in other commodities than we had before? If so, what are they, for an example, and hopefully it is not the Northland Bank, things of this nature? I would like to know the areas that investments by this government are being made in. I recognize how the procedure goes, but I would like to know if we have broadened our financial investment and into the investment community, and if so, where?

Hon. Mr. Penikett: No. The real difference is that until last year we were not making the kind of effort we are now making to take money that we have on hand for a short period of time for various reasons to place it on deposit to put it out in short-term notes and debentures. We are doing that now. We have one person assigned to that task now, who does that much more diligently. In other words, if we have some cash available for a period of time, we get it in some kind of security that earns some revenue for the government.

Mr. Lang: Are you saying that the procedure has changed significantly since a year ago, or two years ago?

⁵⁰ **Hon. Mr. Penikett:** Yes, I think there is more effort being put into it. This also reflects the increased reserves of the government, which means we have more money to put out into the market.

Mr. Phelps: Perhaps the Government Leader could advise us what portion of this investment income is interest accruing on

monies that this government has on hand solely because it is tardy in paying bills.

Hon. Mr. Penikett: A tiny amount.

Mr. Phelps: Can the Government Leader tell us whether or not the departments are being encouraged to ensure that they are tardy in paying their bills so the investment income can increase in size.

Hon. Mr. Penikett: As I said earlier, I do not believe any substantial problem in this score exists in the Department of Finance. There are line departments that receive invoices for the government that will, in the next year, learn to expedite them much more quickly. If we are paying interest charges on late accounts, we will be speaking to the parties responsible for incurring those costs to the government.

Mr. Phelps: So I take it the Government Leader is saying that through certain actions on the part of the Government Leader in his interest payment mechanisms, we will be getting rid of one good source of investment income, namely the interest they have been earning in the last little while on overdue accounts.

Hon. Mr. Penikett: I am sure the Leader of the Opposition has committed to memory, both of my speeches at second reading on this bill. I believe the sum we are talking about is about \$60,000 that we will expect to pay in interest in the next year. I expect, and I will say this as clearly as I possibly can, that that amount will be substantially reduced in the next year and reduced even further in the year following as a result of actions we will take to expedite the payment of bills. The Member opposite will notice that \$60,000 is a very small fraction of \$5.5 million.

Mr. Phelps: I thank the Government Leader for his answer. I have noted with some interest that the only time that our Liberal friends have risen through this debate to ask a question was to attempt, or feebly come to the defence of the Minister of Transportation. In view of that ringing defence of their colleague across the floor, has the Government Leader perhaps considered making the Member for Faro a parliamentary assistant to the Minister of Transportation?

Hon. Mr. Penikett: There is no provision in the budget for any such initiative; however if the Leader of the Official Opposition is angling for some public sinecure, there may be a number of positions we would be willing to consider him for, should he put in an application. However I can absolutely guarantee him there will be no position in this government that will earn him the kind of money he earned in his last position with government.

Mr. Lang: In the estimates for 1985-86 in school and property tax we are estimating \$3.5 million accruing to this government. Yet at the same time, in 1986-87, we are talking \$3.4 million, which is a substantial decrease of \$100,000. Is it the intention of the government to delete, or lower, school tax or property tax in the forthcoming year?

Hon. Mr. Penikett: I believe there are two reasons for that undulation in those numbers. One is the economic fluctuation. We did have an economic decline, which meant that the money we were actually forecasting to get from 1985-86 was lower than had been originally estimated. The economy is now recovering. There is also the Faro factor, I think, which made a difference in the monies.

Mr. Lang: It is nice to think on your feet, but I think you had better look at my question again. In 1985-86, when the economy was less than what the Government Leader is predicting for this coming year, it was \$3,570,000. This forthcoming year we are predicting less, \$3,400,000. My question is why, because we have more people, and according to your argument, we should have more people paying tax.

Hon. Mr. Penikett: If we check the \$3.57 million figure, which was in the budget presented by the previous government, was probably based on the historic experience with these numbers. The 1985-86 forecast figure is based on what we estimate we will actually get in 1985-86. The economy is now recovering. Faro is, as a town, reborn again, and those changes in economic circumstances are reflected in the projection for \$3,407,000. If the Member would like further details as to how the department, and in this case Finance, that that particular branch that does that number crunching came up with this number, I would be quite happy to come back to the Member and provide it.

Mr. Lang: I do not understand. We do not have any major building, per se, yet we are indicating an increase of \$400,000 over last year in real terms, I gather, of the \$3 million, on that page. I do not understand why we are \$400,000 more this year than we were last year. We still have the same amount of properties, as far as I know, with a few exceptions, and the same buildings.

Hon. Mr. Penikett: As I said, I will come back to the Member with a rationale for that.

Mr. Lang: I have another question on the financial side, the general financing of the government. At least this year you still have Yukon Health Insurance premiums. We projected \$2.4 million the year previous, and now we are up to \$2.9, which is \$500,000 increase as far as payments are concerned. Could he enlighten the House where those increases are coming from?

Hon. Mr. Penikett: I will come back with a detailed explanation of that.

Mr. Lang: Under licence fees, registration and permits, we are talking \$2,500,000 for 1985-86 estimates. It came in at \$2.7 million, yet we are looking at an estimate of \$3.1 million, or \$400,000 of revenues on that side. I would like to know: are you increasing licence fees? Is that the intention of the government? Why the increase of \$400,000? That is substantial, especially in that category.

Hon. Mr. Penikett: That number is just a straight projected volume increase.

Mr. Lang: What is the substantiation for the volume increase? We are talking a significant increase in that particular area. I could understand if it was \$50,000, but we are talking about \$400,000.

Hon. Mr. Penikett: If the member would like the kind of detail on which we projected that increase, background information, I will be quite happy to come back to the House with an explanation.

Mr. Lang: Yes I would. Along with that line of questioning on the revenue side, which is very important as far as the overall governing of the government is concerned, prior to adjustments they talked about \$224,000. Is that written off taxes? Is that what we are talking about? Property tax? What exactly does that entail?

Hon. Mr. Penikett: It is an audit adjustment.

Mr. Lang: What exactly is an audit adjustment.

Hon. Mr. Penikett: The most common case where that will happen is that we will record an expenditure in a particular year and the auditor will come along and say it is recorded in the wrong year.

Mr. Lang: What year should it have been recorded in? We are talking about \$224,000.

Hon. Mr. Penikett: When that happens, in order to identify it, it can be either way. Usually it is with expenditure accruals and we are proposing to charge it to one year and they say it has to change. I will come back to the member with the details of the formation of that number.

Mr. Lang: I have a question on the fuel oil tax. We have an increase of approximately \$9,000 above what was estimated for 1985-86. Is that figure in review as far as revenues are concerned? It is pure coincidence that in 1985-86 we estimate \$3,795,000, took off the tax for off-highway use and yet at the same time we came out with the same figures and now we have a \$9,000 increase looking at 1986-87. Is that just pure coincidence or are we looking at another estimate down the road?

Hon. Mr. Penikett: As the member understands or has implied by this question, on the one hand you have the reduction for the use off-road and on the other hand that is offset by increased economic activity and we anticipate an increase on the one side and a reduction in the rates, which means that there is the \$9,000 difference, and that is approximately the same amount.

Mrs. Firth: I would like to go back to license fees registrations and permits where the response was that it was just natural costs or increased costs of natural volume. Why then, on page 52, where we talk about the motor vehicles stats that the stats are going down for motor vehicle registrations and yet the revenues that are predicted are going up considerably?

Hon. Mr. Penikett: We will be happy to take that question as noticed either for the discussion on the Community and Transportation Services or if we can get the detail before then, I will get back to the member. I understand that those license fees and registration

permits do not just cover motor vehicles.

Mr. Lang: My time will come, too, Mr. Chairman. Two can play the game, I want to assure you. There is no problem there at all. I have a long memory.

Chairman: I did not think I am permitted to call a recess before 5:30 p.m.

Mr. Lang: Mr. Chairman, you will find that the Chairman can do a lot of things.

Also, in insurance, we went up from \$280,000 to \$300,000. Could you explain why? I do not recall exactly what this particular side of the taxation is; is this the insurance companies and what they pay?

Hon. Mr. Penikett: That is the volume increase based on the two percent tax that we put on premiums.

Mr. Lang: Will the Government Leader undertake to ensure that he takes that into account in relationship to the number of vehicles that we are discussing, as well? We want to check how close these revenue figures are.

Hon. Mr. Penikett: We are not just talking about vehicle insurance here, we are talking about life insurance and other insurance policies.

Chairman: The time now being 5:30, we will recess until 7:30 p.m.

Recess

Chairman: I will now call Committee to order. We are on Clause 1, Bill No. 5.

Mr. Phelps: During the opening remarks of the Government Leader with regard to general debate on the budget, he kindly tabled a scrap of paper with a bunch of figures and words on it. I am wondering whether he could give us the immense satisfaction of explaining this document. We are having a little trouble interpreting it.

Hon. Mr. Penikett: I assume you are referring to the sheet of paper, O&M Budget Impact - Job Creation. I hope the Leader of the Official Opposition is not indicating that he would rather have had me go to the trouble of gussying this up in a normal kind of bureaucratic cover with an introduction and an executive summary and some kind of conclusions.

I was hoping to give him the information in the raw and see if the numbers were of interest to them. Let me just briefly explain.

When we introduced the O&M Budget last year, we talked about how we were trying to, as much as practical, redirect government expenditures in the long haul towards those areas that would maximize employment in the Yukon Territory, and reduce expenditures that would leak outside of our economy and have minimal employment impact.

In the instructions, which have been given to departments, for the preparation of budgets, it has been made very clear to them that, as a general rule, expenditures that have a positive effect on employment in the Yukon Territory will be looked upon more fondly by the Minister of Finance and by Management Board, than those which have little positive effect on the employment in the Yukon Territory.

We want to be able to measure, over time, how well this priority was being reflected in the budget exercise. The Management Board Secretariat began to employ the computer program NEYEM, New Yukon Economic Model Program. Based on some historical experience, they ran the departmental numbers through the budget to see what the employment impact was.

I believe, in previous discussions in the House, I have given some information about the methodology of this tool. Also, I think I have previously expressed the hope that we will be able to refine it over time to the point where we shall eventually be able to, when evaluating budget proposals, or perhaps competing budget proposals, evaluate the proposals in terms of their relative benefit to the territory in employment creation.

The numbers you see on the sheets are the computer model's interpretation of the impact on the private sector of the expenditure of the dollars in the departments. The idea is that the computer

model I refer to cannot tell if money spent on wages, for example, will be spent in certain ways in our economy. Some of it will be spent on food, some of it will be spent on housing, some of it will be spent on services. It can calculate the kind of impact on employment of that spending in our economy. Money that is spent on trips outside the territory, or money that is spent on holidays does not create much in the way of employment here.

It is admittedly at this point — and I think I said this last time we discussed it — an imperfect instrument, but the numbers that we have on the sheet are the numbers that the computer run produced when we ran the budget through it this time.

Mr. Lang: I would like to question why it would be substantially more in numbers for 1986 as opposed to 1985-86. Here you have a budget of effectively the same amount of dollars, and the Government Leader is taking great pains to point that out, yet at the same time we are being told to believe that there is going to be 500 more jobs. Within the realm of government, we are talking about an increase of about 40 or 50 new jobs.

Hon. Mr. Penikett: There are two reasons. One: if you understand the accumulated \$10 million item — there is a \$10 million, if you separate it, increase in departmental expenditures in 1986-87 over 1985-86. The other reason is that we are trying, over time, to consciously direct the expenditure of the government into areas that will produce or have that kind of positive impact on employment.

Mr. Lang: Then am I led to believe that this is a one-time anomaly of 500 new jobs that are being created because of the \$10 million referred to? My understanding is that is going to the present employees that we have.

Hon. Mr. Penikett: Just to emphasize: these are private sector jobs; these are not public sector jobs. The spending of the government money in the economy has this kind of impact on employment.

Mr. Phelps: When the government hires a policy consultant or negotiator or consulting company of any sort, does that count as a private sector employment figure, or figures, direct or indirect?

Hon. Mr. Penikett: That is an interesting question, I am not absolutely sure of that. The computer model does not ask that kind of fine question. What the computer model does is based on historic information. The expenditure of \$1 million by government in this way creates this kind of spin-off employment in the economy. That is a good question, and I will ask the people who run the model for the answer.

Mr. Phelps: Is it possible to have witnesses appear from one or two departments to tell us about the figures, pick almost any one and what makes the differences, et cetera, on this piece of paper.

Hon. Mr. Penikett: I will bring as much information before the House on the subject as I can. As the Leader of the Official Opposition may know, the person who originally designed this program and crunched the numbers that went into it, is a resident of Alaska, Dr. David Reaume, and I am not sure how easy it would be to get him here to appear before the House to talk about it.

Mr. Phelps: There is a whole huge number of questions that spring to mind when one sees a document such as this. Perhaps the Government Leader can enlighten us by explaining why there is a difference in these total jobs. Just by way of example, could he give us an explanation of what happened in Community and Transportation that resulted in that change in the direct private sector employment.

Hon. Mr. Penikett: Perhaps, given the interest in this question, if the Members opposite would give a couple of examples such as that, — Community and Transportation is one — I will get some detailed information about how those numbers were arrived at and the kind of calculations and formulae that produced those numbers, and the rationale for the original formulae in the computer model. Then those questions can be answered.

Mrs. Firth: I would like to know also what the difference is between "direct" and "total".

Hon. Mr. Penikett: The information came to the House in the same form last year. I think it would probably be better if we had a separate column which talked about direct, indirect and total, because that is the implication here.

The total of the direct and indirect then would add up to the total that we have here.

Mrs. Firth: I am not quite clear on this. Is the Government Leader translating money spent into jobs in the private sector, or what is this?

Hon. Mr. Penikett: That is exactly what it is, as was explained to the Member last fall the first time we discussed this.

Mrs. Firth: So, therefore, one would conclude that the more money the government is spending, not only as government contracting out, but hiring more government employees, the government is then saying that the private sector is benefiting by more direct, indirect and total of jobs?

Hon. Mr. Penikett: Yes. Government expenditure in an economy has certain impacts, certain effects. One of those effects is employment. It is clear, however, that if you are given a choice between spending \$100,000 on a Deputy Minister in their office and accoutrements, and put the same amount of money into something else, say, as the Local Employment Opportunities Program, because of the way that money is spent, you will have a better job impact than you will just giving the money to a senior official. This is the way the money is spent.

Mrs. Firth: Maybe we could ask the Government Leader to show us where the private sector could benefit even more in jobs if the government was contracting more services from the private sector. How many jobs, on the converse, is the government taking away from the private sector because they are hiring their own employees, and the janitorial one comes to mind immediately.

Hon. Mr. Penikett: This particular computer model does not break out the issue of contracting out as opposed to in-service. There are, however, not very complicated economic analyses that can be done of the particular case such as the one mentioned by the Member. Clearly, though, if you talk about a case like that, you are not just comparing the total wage bill and the number of employees, but you also would have to compare the quality of the service that you got at the end of it.

Mrs. Firth: What is the purpose of this information then? What is the use of having this information?

Hon. Mr. Penikett: As I explained at the beginning when we first came into office, a major objective of this government, perhaps the most important single objective, was to increase employment in the territory, or reduce unemployment. At the time that we came into office there was not yet in place a viable measure of unemployment. You may recall that for a period of time over a number of years we had no unemployment data about the territory nor any reliable employment data.

We wanted to be able to do two things: not only serve that broad objective of increasing employment in the private sector but as we refined this tool over time, develop a means when evaluating two expenditure terms, take into consideration the impact in the economy on private sector employment so that we could maximize, through the use of government expenditures, employment in the private sector as one of the criteria, one of the performance measures, for ourselves of the impact of government expenditures.

Mrs. Firth: I remember the Government Leader saying some years ago how figures could be used to tell whatever you wanted them to tell. I wonder if this is not just another example of that. I appreciate the Government Leader's comments about unemployment estimates and I have received a copy of his experimental unemployment rates. I wonder about the accuracy of the figures. When does the Government Leader anticipate being able to tell us accurately the unemployment figures?

Hon. Mr. Penikett: I do not know what the Member's question was. If she is asking, "Are we just playing with numbers here", the answer is no. Is there any fiddling with the books on the statistics? No, I have no input in this. This is simply a computer run. As I said at the outset, it is, I am almost certain — which is the nature of these things — an economic and financial tool for us. It is not yet perfect. It will only be improved over time, but, for us, it is a useful measure of the impact of the expenditures of this government on the local economy.

Mr. McLachlan: By way of illustration, perhaps while the Deputy Minister of Finance is present tonight, could you explain

how the spending of \$3.1 million would create 35.6 direct private-sector jobs?

Hon. Mr. Penikett: In the particular department you are talking about, the Department of Finance, most of the money is on salaries for employees. Those employees each have to feed themselves and their families. They each, I assume, are housed one way or the other. Many of them, and I suspect most of them, drive vehicles of one kind or another. They purchase various goods and services. That computer program or model says — and it was developed not by this government but by the previous government, but not used — that the typical kind of person in a certain pay range spends his money in certain ways in the economy, within certain parameters. When they spend money on housing, that has an impact on the economy in certain ways — direct and indirect employment. When they buy food, for example, to feed their families, that creates jobs in the grocery store, the meat market, perhaps the Kelly Douglas warehouse, all those kinds of things.

In looking at the total employment in the territory, the total makeup of the Yukon economy, and the large part that government expenditures play in that economy, the computer model has made calculations about the kind of expenditures they produce and the kinds of jobs they make. Some kinds of expenditures, for example, big ticket items like luxury hi-fi stereo systems, for example, create few jobs in the local economy. If you spend the same amount of money on food, that creates many more jobs in the local economy, just in the number of people locally here that may be packaging or handling or processing, delivering and trucking, warehousing and so forth.

Mr. McLachlan: May I then be so facetious as to believe that \$50.7 million in the Department of Justice, which then creates 279 jobs, are all the policemen running around catching lawbreakers, and the lawyers who then defend them?

Hon. Mr. Penikett: I do not think the police are included in those numbers as private sector employment, but certainly that is an interesting question to ask. Certainly in the same way as it is for the Department of Finance, there are people employed. Having criminals in society unfortunately does create jobs, not only for policemen, but people who work at the jail, Crown prosecutors, the lawyers who defend them, judges, all the people who work for the judges, and so forth.

Mr. McLachlan: To follow up again on what you, I believe, endeavoured to promise to do, the departmental breakdowns of what jobs are created in this document, then, are available. We can actually see, of the 279 in Justice, who they are and what...

Hon. Mr. Penikett: The information is not in that form. The numbers for the departments, derived from an examination of the total government expenditure, what we spend on salaries, what we spend on other things. For people in a certain income range — I believe the model can anticipate someone working, for example, at a \$20,000 a year job spends a far larger percentage of their income on basics like food and housing, than someone who is in a \$75,000 a year job — the computer model, as I remember it, anticipates or has certain assumptions about the range of salaries and the impact on the expenditures.

For example, high income people spend a lot more money travelling outside the territory on holiday and for recreation, and so forth, which does not produce as many jobs here. I think the number is generated on the basis of the total government expenditures, and then the departmental breakdowns are just a breakdown for departments. I will check into this, because I remember the details of the model that looks at the different kinds of expenditures, and having different kinds of employment generation factors.

Mr. Lang: In our limited debate on this subject here last session, the Government Leader stated as follows, "There are ways of calculating such things as if wages in a certain sector get out of whack, what impact they have on the private sector in terms of their hiring and their ability to hire." Is that an accurate statement that that particular computer model can, at least, give some indication of how the one particular part of the employment sector is paying their employees versus another, and the impact it has on the relationship with other sectors?

Hon. Mr. Penikett: I am not sure in what context I made the quote, but just from the few words quoted by the Member, it sounds like I was being asked about the impact on local labour markets of this government paying wages within a certain range for certain occupations, which is a slightly different question than this computer model. I think there are versions of this model that do take a look at the current wage rates in different sectors of the economy. I do not think you need a computer model to look at what impact the expenditures of certain kinds of occupations in this government have on the local labour markets, though. You can look at, as is done by the Public Service Commission in analyzing pay research information. If, for example, we are paying lawyers a lot more than they can get in a private firm here, actually I do not know what would happen. We would probably have big lineups for the jobs. At one time, we were paying much less for chartered accountants than chartered accountants could earn in the private sector, and we would have a great deal of trouble hiring them.

Mr. Lang: In respect to the negotiations with the public service, was this model taken into account for the purposes of seeing what exact end result the negotiated agreement would have in other sectors of the economy, to give some relationship of what the long-term implications were going to be?

Hon. Mr. Penikett: To the best of my knowledge, this computer model has not been used in developing positions for collective bargaining with our own employees. It is possible it could be, but heretofore this model has been used, I think, only by Economic Development and is only just now being used by Finance. We are just developing ways of using it in terms of our own budgeting and forecasting.

Mr. Lang: Who actually runs the computer? Is it still Dr. Reaume? Is he still on site or if he is not, who is doing it?

Hon. Mr. Penikett: Dr. Reaume designed the program, and he had to train the people who are going to be using the program. Dr. Reaume has been back here for one short visit in the last year to look at the way this program is working and how we are using it. The person who was first running this program through the computer was Ms. Ingram, one of the two-person Management Board Secretariat. That secretariat, for reasons that the Member will also understand having been a former Cabinet Minister, is extremely busy and stretches its resources, and the program could not be continually used as we hoped to run all sorts of budget proposals and analyses for the government.

The capacity to run most statistical programs is, of course, in the Bureau of Statistics. I think perhaps the only new person-year in Economic Development is for an econometrician, whose job it will be to run this program and programs like it as we are trying to analyze the employment impact of alternate expenditure proposals and various kinds of expenditure scenarios so that we can do what we want to do, which is maximizing employment — not government employment, private sector employment in the Yukon economy.

Mr. Lang: Following that up, going to private sector employment in respect to the amount of dollars that were outlined to us for the purposes of employment in the Curragh arrangement, I believe that the Government Leader was quoted as saying that \$67 million would accrue annually from the payroll of Curragh. With that in mind, I am wondering if this model was used to derive those figures.

Hon. Mr. Penikett: I do not think this model was used to derive the payroll figures. I am not sure that it is exactly as the Member opposite says. He may be right, but that figure is not fresh in my mind. I believe the estimates that we have of the payroll figures were from the company itself and confirmed by the independent firm of chartered accountants we hired to double check the financial projections of that company before we entered the deal.

The program that preceded this, the Yukon Economic Model, the first computer model of its kind that was in place in the Yukon government — and this, I think, is an improvement over the original program as I recall — was found wanting. I believe Mr. Lang may know this because I am sure he was the Minister of the department at the time. When the Faro Mine collapsed, a number of

the lines and projections went right off the map. That was when the limitations of the model were discovered, when the mine closed, because the lines went right off the graph. It had not anticipated that kind of impact. I think the model has been a little bit retooled in order to take into consideration the range of both no Faro mine and Faro mine and possibly other projections that could include other mines or other kinds of scenarios.

Mr. Lang: I am very concerned when we start dealing with these figures. I will quote from the press statement made by the Government Leader on October 28, 1985, "Total incremental wages in the Yukon resulted from the mine reopening will average \$67 million annually in the first five years of the mine's operation." Is that directly attributed to Cyprus Anvil itself, or Curragh, and the workforce there, or are we talking about throughout the economy generally. You failed to give us a figure of the direct payroll, the consequence of the payroll itself, annual payroll of Cyprus Anvil or Curragh Resources as we know it today.

Hon. Mr. Penikett: That is Curragh's payroll and the multiplier.

Mr. Lang: My concern, quite frankly, is that I would like to know what projected figures you have now, as far as Curragh is concerned, in view of what the labour force is being paid, which is substantially less — substantially less — than what employees were being paid previous to the mine being closed down. I understand, and I can sympathize, I can see that there was a problem as far as wages being paid. We are getting to the point now where people are making \$8 an hour, maybe \$10. It is not a lot of money when a person has to pay a mortgage. My question is: how much is attributed directly to the payroll projected on an annual basis of Cyprus Anvil, forget the multiplier that one can use — whether it be three, four or five or six — and I want to know whether the present pay schedule that they have in place was taken into consideration for the purposes of deriving those figures?

Hon. Mr. Penikett: I cannot give credence to figures of \$8 an hour. I do know that from the outset, Curragh and Mr. Frame made it clear to all involved that the historic wage rates at Faro could not be maintained. There were certain calculations made by the company in doing their financial projections, which I think were generated by the Price Waterhouse firm, if I remember correctly, in developing proposals to the banks and to us and to the federal government and so forth, about what their wage bill would be, based on a certain number of employees and on some projections about what they could afford to pay based on certain metal prices.

The \$67 million figure is a sum of that and the incremental wages. If the Member would like, I think I could probably go back and find out what the approximate estimate was to be for Curragh's wage bill for its own employees in the Yukon Territory.

Mr. Lang: I would like to see that, and I would like to see the wage rates for certain categories and what it was predicated on in their payroll. I can say this: I do not know about other Members in this House, but I am getting phone calls about the way people are being employed and the cost to those employees. The third thing is that I am getting phone calls about the amount of money that is being paid and the ability of these people to pay their bills. I am talking about the working stiff here, the working man.

Hon. Mr. Penikett: I do not doubt that all of us have had calls or conversations with people about the situation. Until about this point, the people who have been working there have been working for Altus Construction. Those people are gradually moving over to the Curragh payroll as the mine goes into production. As the Member opposite knows, the Steelworkers Union has successor rights and no doubt will be bargaining with Curragh as soon as they are able to for a collective agreement governing their wages. I know that the financial assumptions that were made about reopening the mine and the wage bill that it would have to pay were based on an analysis by the company and others of the existing wage climate in the Yukon Territory, and the size of the workforce that would have to be considerably reduced, of course, what it would take to operate the mine productively. I believe the wage rate we looked at or examined as a benchmark for the operation of Cyprus Anvil was the prevailing rate paid at Elsa.

¹⁰ The union there had negotiated a collective agreement which

involved a 25 percent wage concession over what they had been getting previously. I believe that is the assumption under which Curragh made its wage presumptions.

Mr. Lang: I still do not think I got an answer to my question. Is the Member going to provide me with the information I asked for?

Hon. Mr. Penikett: I will provide the Member with all the information I can about what the wage bill was assumed to be for Curragh itself. I will give him an approximate figure of that. I am obviously not at liberty to disclose publicly the internal information of the company, which may have bearing on their collective bargaining, but I can give you a total estimate of their wage bill, I am sure.

Mr. Lang: Following that, and since we are talking about this economic indicator, would he be prepared then, at that point, to put those figures on the economic indicator and see what the final result is as far as the total economy is concerned. That would be a very interesting comparison to see where we are at, if our assumptions are correct.

Hon. Mr. Penikett: To run through the model the impact of the mine opening at certain wage levels and certain levels of employment, yes that can be done. If it has not been done I am sure we can do it. It cannot be done overnight, as the Member understands.

Mr. Lang: I have a couple of weeks, there is no problem. I would ask the Member opposite, am I led to believe that once Curragh takes over the workforce that then the employees in the mine, as per your comments, can be looking at an increase in wages?

Hon. Mr. Penikett: I do not know how soon they can be looking at increased wages. I am not sure that I know exactly what the rates are; I hear different stories. What I do know is that they will be represented by the bargaining unit of the United Steelworkers of America, I think it is local 1051, in terms of the production workers, will be resurrected and I do not know what that particular collective agreement says. Maybe the Member for Faro can help me with it. You have to be on staff 60 days or 30 days, or whatever, before you are a member of the bargaining unit. In Elsa, I do not know what the actual situation is in terms of the last actual agreement nor the traditions in terms of that local, if the Steelworkers give it the same number again. Their bargaining agent, at some point, will meet with the company to hammer out a collective agreement I expect.

Mr. Lang: I hope I am not boring anybody with this line of questioning, but I think it is important. We talk about the Canada Mining Recovery Program. What exactly does your local hire policy state? The other thing is, could we have at least a copy of what the government's commitments are, if nothing else, because we were told by you the other day in Question Period, and it is the first time I have heard under the auspices of that program, that it was all confidential, yet we are dealing with your money and my money in the public forum to pass that money. I am talking specifically about the \$3 million Canada Mining Recovery Program, which I understand has the requirements for local hire or perhaps local purchase, this kind of thing, and I would like to know exactly what the local hire provisions are.

Hon. Mr. Penikett: The Member is not quoting me quite accurately. The Canada Mining Recovery Program is a \$3 million program. It is a Canada-Yukon program. There is at this point one applicant. Under that program, a contribution agreement will be required to be concluded between Canada, Yukon and Curragh Resources. What we are negotiating for in the contribution agreement are specific commitments with respect to local employment, training and business opportunities. Those negotiations are not complete yet. Even though the situation in terms of local hire is better than the success historically with mine openings here, it is not something which has been universally satisfactory, and Members opposite and Members on this side have no doubt heard complaints, especially when there was someone hired from outside where there was believed to be a qualified person locally.

There similarly have been complaints from the business side where a contract was given to an outside company, sometimes

without tender. It is exactly those kinds of specifics and those kinds of details that we are attempting to get specific commitments nailed down in the contribution agreement.

Mr. Lang: I still do not understand this. You asked us last fall to put our names on the line for this particular type of agreement and you are telling me six months later that you are still trying to nail this down. I do not understand why we have not got an agreement and we know specifically what we speak of. Could you explain why it has taken so long to get to this point?

Hon. Mr. Penikett: The Member opposite is sounding very much like a broken record. The agreements that we have in the master agreement is that Curragh Resources commits itself — and I do not have the document in hand so I cannot use exact language — to maximize local employment, local business opportunities, and also have a positive action program in respect to native people, women and the handicapped.

That company believes that it has taken significant steps to do all those things. We recognize that. That was an agreement that covered the broad commitments that they made to us and we made to them. Six months ago, it would have been impossible for Curragh to say they would need a catering contract as of such a date or that they needed so many diesel mechanics as of such and such a date or that they needed so many labourers as of such and such a date or that they needed so many people as of such and such a date. They could not possibly do that.

What we are now trying to nail down from them is some kind of manpower plan where they will tell us that they need such and such people by such and such a point. If this government can provide training to help top up the skills of local people so that they can take advantage of this employment, we will be doing that, but the kind of detail that we are now trying to put into the contribution agreement was something that everyone always understood that would have to be detailed and specified at a later date because it was not possible last fall, when we were dealing with big issues to do anything more than come to an agreement about some broad principles, which is what we did in the master agreement. The subsequent expression and the commitment, the performance, the compliance, reporting, if you like, according to those commitments is going to have to be hammered out in the contribution agreement and that is what we are doing now.

Mr. Lang: My understanding was that this master agreement was signed last fall. We still do not have a contribution agreement that was clearly identified in the information that was provided to this House on October 28.

I am not saying that Tony Penikett, Jr. should have the catering contract. That is not what I am inferring at all. Surely, there must have been a list of principles agreed to between yourself and Curragh Resources, and the federal government, i.e. local tender. Was that not part of the principles that were expressed and accepted by the parties involved?

Hon. Mr. Penikett: The principles are as I have described them. We, nor Curragh, were in a position — it was a small company, or has been a small company heretofore — to get into the kind of detailed particular discussion we wanted to do, because, if the Member knew anything about the subject, they have a very tiny operation in terms of their management staff. They have had to do a gigantic task in getting a mine mobilized and operating in a very short period of time. They have not had for more than a few weeks a vice-president in charge of industrial relations and in charge of these things to sit down with us and get specific on these things. There have been, for the two senior people in the company, upon whom most of the burden has fallen, massive financial and other questions which they still have to work out with everybody. Nor have they, until their mine development plan and their schedule for reopening and coming into production was nailed down in great detail, been in the position where they could conclude the kind of specific agreements that we are looking for with us.

Mr. Lang: On the contribution agreement, could I ask a specific question. I regret if I am causing the Government Leader a little discomfort, but I think the questions being asked are very valid. When is the contribution agreement going to be signed? That is number one. Number two: is it going to be made public?

Hon. Mr. Penikett: The Member opposite is causing me no discomfort at all. He is saying these are very important questions. He is asking them six months after everybody in this government has been asking them. That does not mean that just because you ask questions, you can always get answers quickly. The contribution agreement has to be concluded, if I remember correctly, by the end of April. Yes, it will be a public document.

Mr. Lang: If you asked these questions six months ago, I still do not understand why you do not have an agreement. That statement amazes me. I would say to the Government Leader that he should get off his duff and get an agreement, and get it quickly.

I want to make an observation that has been brought to me, as an MLA. That basically is this: there is a great deal of discrepancy between what is being paid to these people who are being hired "locally" as opposed to those being brought in from Saskatchewan.

I do not know how valid the observations are, but I have had three or four people make that comment, and that allegation to me, that have worked on that particular claim. I do not think that does anything for the social harmony in the workplace, if that is the case. I would ask him to check that out.

Secondly, my understanding is this: employees who are hired in most part locally have to pay their transportation and room and board. At the same time, if you were a hire out of Saskatchewan, via the auspices, I believe, of Cato Millwright Company, the other company that is out there from Saskatchewan, those particular employees do not have to pay those costs. That is not adding anything to social harmony, as well. I do not know if the Government Leader can verify those statements that have been made to me. If he cannot, I ask him to check it out, and I would ask further that he would negotiate in the contribution agreement that there be no discrimination, as far as costs being paid by various employees, no matter where they are paid. I think that is a very valid request.

Hon. Mr. Penikett: Yes, I will check it out. I will say again, while I keep my cool about it, that I am not going to take any lessons from the Member opposite on negotiating. As I said the other day in the House and I will repeat to him now, officials from Dome Petroleum told me one of the reasons why the mine was still closed after three years was because they could not get anywhere in dealing with him. He had no imagination, no flexibility, and could not negotiate his way out of a wet paper bag.

Mr. Lang: The Government Leader stands up here, the man who has the unsigned agreement, the agreement that they have reached but have not signed, and he still has not found out where he is going to sign it or who he is going to sign it with, and he has the audacity to say that to me. I will tell you this: we had a \$500,000 commitment to pay for the cost of that road, and what have we got from you? Perhaps a bulk commodity transportation agreement, maybe, under confidentiality. That is what we got from you. So if the Member opposite wants to start casting aspersions across the floor, we can all have a lot of fun, and I will be there until the end. I am here for the long pull, not for the short pull.

Hon. Mr. Penikett: If the Member opposite had an agreement, it raises the question about why he did not sign it. Of course, he did not have an agreement. If the commitment was worth anything, he would have signed it. That is the argument that he has been making here for the last three days. The record stands. For three years he did nothing; in six months we got the mine open.

Mr. Lang: I say to the Member opposite: with no help, the big economic guru of Yukon — as he floats around — and he says, "Poof, there will be jobs." As if nobody had done any work in the previous administration. Beside you is the Deputy Minister of Finance, the man who put the budgets together. I am not saying, and I will give the Minister his dues, that steps have not been taken. I am not going to argue that, but I am saying that any political party that was on that side of the House, could have been in the position to do that in view of the steps that were taken by the Government of Canada. He will have to concur with that. He could not have done it without the Government of Canada, and he could not have done it without the results of the Pierre Lessande recommendations that were brought forward, so for him to stand up and say to the members of the public that he is responsible, totally, for the revival

of the economic situation of the Yukon is poppycock, and I say to the Member opposite that maybe he better start casting a few compliments to the other people involved, as opposed to sitting there trolling it all in for himself as he pours across his desk.

Hon. Mr. Penikett: We have never tried to take all credit for ourselves, nor have we tried to deny the significant role of Pierre Lessande, nor the great contribution of the federal government, with whom we were pleased to have a considerable amount of cooperation. I was simply comparing the contribution of Members on this side to the contribution of the Members opposite, and I think the record is quite clear in terms of the results.

Mr. Lang: I say to the Member opposite, the Members on this side were largely responsible for the financial formula that the Member opposite is now working under and is very happy to work under. And that was an agreement that was negotiated with the previous government, not the present federal government, so if we are going to play one-up-manship we can sit here all day. I asked for some questions. I asked him specifically if he would bring my observation forward in the negotiations of the contribution agreement that there be no discrimination as far as costs being incurred by employees of that mine. So we do not get a "them and us" situation, as far as the employees are concerned. Would he take that undertaking?

Hon. Mr. Penikett: I have already given an undertaking to check into the facts of the situation as outlined by the Member, and if there is the evidence that a substantial grievance, or discrepancy or injustice being done to classes of employees there, we will certainly bring it up with the company.

Mr. McLachlan: I have a few points that I would like some clarification on. I, too, as the Member for Porter Creek East has indicated, have had some of the similar complaints passed to me regarding wage rate schedules, and some differences of one and the other.

The point that I am going to make is that the prime maintenance contract to a company called Cam Mechanical has employees working in Faro on a non-continuance basis. They are in for six weeks and then they may be gone for two or three. I have no knowledge of how the transportation is paid to get there from Saskatchewan, or what happens locally. They do have their own vehicle transport. That is all I can add. I do not know who pays for that.

Subsequent to that, I would like to point out to the Legislative Assembly that there are a number of other independent contractors beginning to show up in Faro, so that the workload is being spread across in the Yukon business community, not as much as we would like to see; hopefully more. Such large items as tire maintenance are going out to a private contractor, who is bringing employees, in this case, I believe from Watson Lake.

On questions that were asked, the wage rate schedule is ranging anywhere between a low of \$8.50 to \$13.70 for the top wage rate. That is about \$3.00 to \$3.25 per hour less than Dome's Anvil paid. There are a few people on the top end that are managing to act as lead hands and they are getting a wage rate schedule of \$15.00 an hour.

On the wage rate schedule, a quick calculation of 450 employees at \$40,000 a year, and it is \$40,000, because of the long hours, not because of the high wages, calculates out to a direct Curragh employment payroll of \$18 million. If you use a multiplier factor of about three and a half, you are somewhere in the \$63 to \$67 million range.

Those are some of the items, and I cannot pass a judgment on what will happen with the wage rate picture and the difference in differential contracts that are being applied there. As the Government Leader has indicated, it is the eventual hope of Curragh Resources that the Altus contract employees eventually be transferred to their payroll; at what wage rate schedule is unclear, and it is unclear as to when that will happen. Certain people there believe that the contractor will be there six months, maybe nine. The people in Faro hope that as soon as the concentrate begins to flow on a regular basis, they will all be Curragh employees.

Mr. Lang: Talking about the agreement and where we are sitting as far as the O&M Main Budget is concerned, what

intentions does the government have about the recreation facilities in that particular community, and if steps are being taken for the community to eventually take over that particular responsibility. Is money included in the budget?

Hon. Mr. McDonald: It is my understanding that the community government itself is negotiating with Curragh right now for the takeover of the Faro rec centre. I believe the purchase price would be low, perhaps \$1.00, but they have not to date, to my knowledge, come to an agreement with respect to the ongoing O&M costs associated with that facility.

Mr. Lang: Are you not directly involved in those negotiations, since they would be looking at this government to pick up the O&M costs?

Hon. Mr. McDonald: Clearly, the government may be responsible, in a very short term, for anyone associated with the facility, but we have to think in terms of even a few months down the road, when the community government itself will be responsible for that kind of O&M cost. For that reason the town Administrator is very much taking direction from the Elective Advisory Council in that community.

Mr. Lang: I just want to clear for the record that we are looking at \$200,000 to \$500,000 — I think in that range — as far as costs for operating that particular facility is concerned. Those dollars are not included in this particular budget. Is that the correct statement, that any financial agreement that would be met with the advisory committee and with the municipality of Faro would be over and above the dollars that we are being asked to vote in this particular budget, is that correct?

Hon. Mr. McDonald: That \$200,000 to \$500,000 is not a figure that I am familiar with. I believe the figure \$350,000 comes to mind, on remembering the historic costs associated with that facility when Cyprus Anvil operated it. Right now, you will note that the addition to the school itself is in such poor shape that the Department of Education is going to have to look for other facilities. For that reason the Department of Education, too, is interested in assuming some responsibility for the O&M associated with the facility, inasmuch as they would use that facility for educational purposes.

It is considered desirable to encourage Curragh to provide as much support for the facility as possible. Clearly, the local government in Faro is going to be expected to pick up a large measure of those costs. As I said before, the negotiations between the town and Curragh and the Department of Education, should they consider it advisable to use that facility, in respect to the costs, are still to be negotiated. When determined, I will let the Member know what costs may be borne within the existing budget.

Mr. Lang: I would just like to get this clear in my mind. There are no dollars allocated for that purpose in this budget to take over at least part of the O&M costs of that facility, whether it be \$200,000 or \$350,000. Is that correct? Is the money in the budget or not? If so, where is it?

Hon. Mr. McDonald: I will have to check specifically whether a small amount is included in the budget. We do not anticipate that Community Services will be picking up any amount that cannot be borne through existing resources.

Mr. Lang: How are you going to pick it up if you do not know you are going to spend it if you have not put it in? The Member opposite has not negotiated a deal, and yet, at the same time, he says that he is going to pick it up within the budget. How much slush is there in the budget? If we go \$200,000 or \$350,000, because I know the community cannot pay it all, where then in the budget are we going to find it?

Hon. Mr. McDonald: When we get to the Department of Education there will be a line item which incorporates an expenditure that would have the Department of Education operate a gym facility. We are not going to be using the brand new gym facility, because that facility is sinking into the soil in the area. We will have to redirect those funds, I would hope, towards another facility, and it would make a good deal of sense to use the existing Faro rec centre for that purpose.

We have not negotiated with Curragh Resources the final cost-sharing arrangement among the community government, Cur-

ragh, and the Department of Education, but the Department of Education is covered. Curragh and the community government are not. A good measure of what the community government will share will be determined by their ability to pay.

Mr. Lang: Perhaps there is a better question that could be asked, instead of pulling teeth here. How many more dollars are required on behalf of the taxpayer, whether it be the rec centre, whether it be the road, whether it be the school, or whatever commitments have been made, how many more dollars over and above what was told to us last October are being asked to be expended by the Government of the Yukon Territory? Is the government committing itself to more financial commitments over and above what we were discussing in October? If not, are they negotiating further costs that would be incurred with this government with the opening of Curragh Resources and the actual transportation of ore?

Hon. Mr. McDonald: With respect to the Faro rec centre, as I stated already, the people who will be expected to bear the costs associated with operating the facility — and I will have to reiterate because I realize it is the Member's intention to make the problem seem a lot worse than it really is for political purposes — no one will be operating the Faro rec centre to the same extent that Cyprus Anvil did. The personnel required under the old regime will not be required under the new regime. It will be a leaner operation, quite clearly.

While we are titularly the negotiators on behalf of the town through the Faro town administrator, we have to understand in those negotiations that we are negotiating on behalf of a community government that will be put in place, hopefully, by the electorate in the very, very near future. Even though we may have a responsibility, our responsibility is on behalf of the town as far as community services is concerned.

With respect to the operation of that facility, I would anticipate that the people who will share the operating costs of that facility would be Curragh Resources, the Town of Faro, and the Department of Education. The Department of Education will get its resources from existing O&M resources for the Del Van Gorder School. The balance is going to have to be picked up by the community and by Curragh Resources.

Curragh Resources' budget is not in our budget. Curragh Resources' budget is their budget. When we get to the Department of Education, I will be able to identify what kind of resources we can channel from the now-sinking new addition to the school to the Faro rec centre.

Mr. Lang: My question was a very general question, getting away from the rec centre. My question was: are there more costs being incurred by the Yukon taxpayer as far as the opening of Curragh Resources over and above what was cited to us in this public forum on October 28, 1985? If there is, we would like to know what they are. Secondly, are you negotiating for further concessions with Curragh Resources at the present time in other areas of government responsibility? If you are, I would like to know what they are.

Hon. Mr. Penikett: The one other area that I anticipate will produce some costs for this government as a result of discussions with Curragh Resources is potentially in the training area. In the same way, this government might take advantage of other economic opportunities of the courses at the Yukon College or on site, of the kind we now operate with the small engine repair or diesel mechanics or whatever it is, as we nail down the needs of this major private sector employer in the territory, I expect that this government will, as it does with all other programs and courses at the Yukon College, have some costs to bear, which we will bear at the interest of getting our people employed in skilled, meaningful and remunerative jobs at that plant.

Mr. Lang: I would assume that is included in the budget already, in most part, if not in total, in view of our Yukon College commitments as far as programs are concerned. My question over and above that is: then, can the Member opposite assure us that there is no further concessions being asked of this government as far as financial commitments are concerned? Is that correct? Is that my understanding?

Hon. Mr. Penikett: As far as I know, we have outlined to the Member everything we have been asked for. There are the questions about the operation of the townsites that my colleague has explained to the Member opposite and resolved. As to whether there are any specific dollars for Curragh-related training programs in this budget, over and above the money that is in the education budget, there are none, because there are no specific requests before us at the moment, nor have there been any negotiations or anything we are required to respond to. I was trying to be honest and direct with the Member, and I think the most likely area or the one which I would be reasonably certain we would have some discussions about is the area of training.

Chairman: Before we go on to another question it might be an appropriate time to ask the Members if they wish to continue or have a short recess.

Recess

Chairman: I will now call the Committee of the Whole to Order. General debate will continue.

Mr. Phelps: With regard to questions we had about the computer earlier this evening, could the Government Leader advise us of the nature of any studies that were done in order to develop the assumptions that were put into play for the realities of Yukon life?

Hon. Mr. Penikett: When the computer model was originally developed by Dr. Reaume some years ago under the former government, I believe there were some studies done at that time that showed the impacts of different kinds of expenditures in the economy. The model was tested for accuracy by testing different scenarios against historic data, running it against the past or the future and testing it to see if the numbers ran true as to what the actual experience had been for those particular years, for those particular scenarios.

Mr. Phelps: Did the Government Leader intend to use as one of the examples this evening the kinds of things upon which a person in a lower middle wage bracket might spend his or her wages as opposed to someone in a higher bracket, the assumption as expressed to us being that those in the higher bracket spent most of their money outside or a larger portion outside of the Yukon. Was that a serious remark based on studies?

Hon. Mr. Penikett: That kind of thing is a specific case. I did not say they spent most of their money outside of the territory. I believe the model does take into account things like different expenditures patterns that are demonstrable for classes of people in different income brackets.

Mr. Phelps: Were studies performed on those very issues, namely the kinds of expenditures undertaken by people in different wage categories in the Yukon? If so, how recently were those studies undertaken?

Hon. Mr. Penikett: I do not believe there are any recent studies other than those that may be from national data. The Member opposite must know that from time to time the consumer price index is recalculated because of changing expenditure patterns by Canadian consumers and the model may have been adjusted to those kinds of realities, but the original on which the model was based are some years old now. I think it was 1979 or 1980 when the model was first introduced.

Mr. Phelps: We do not want to belabour these points too greatly, but nonetheless, the problem with computers is that garbage in, garbage out, and the assumptions are extremely key. My concern is, in these days when we keep hearing local hire, local this, local that, and local so forth, just to the extent on which this government has allowed the computer assumptions to be based on studies of local people and local spending patterns.

Hon. Mr. Penikett: Let me say that obviously our reliance on this tool is not, by any stretch of the imagination, excessive at this point. We are beginning to use it as a tool. If there were problems in the model as it was developed, back when it was first developed, the normal kind of refinements that would have gone into it as a result of use, and testing of the model, findings and projections, against experience, did not take place because of having spent the

money to develop the model, the previous government did not use it. We do not have a problem with garbage in, garbage out. What we have is a problem of no traffic at all, not much went through it for several years, which meant that it was under-utilized.

Therefore, the use to which it is now being put with a refined program, done by Dr. Reaume, we are only just now beginning to develop, and the kind of experience with it, which in time will show whether the projections are accurate, realistic and to what extent they have utility, we are only just beginning to discover now.

Mr. Phelps: This leads to a series of questions. The first point I would like to make is that we receive documentation such as this paper tabled this afternoon by the Government Leader, and of course, we are referring to the one entitled "O&M Budget Impact - Job Creation". Documents such as this would tend to create, in the Leader's mind, allegations of some kind of precise calculation of the direct and total job creation. I want to say that I think it is wise to start utilizing this kind of computer for getting some kind of a handle on whether a certain kind of expenditure might create more jobs than another kind. Given that you have said several times just how rough this tool really is, and that you have made mention of the fact that there is very little in the way of Yukon studies that have gone into the basic assumptions that are built into the computer, would the Government Leader not agree that the seeming precision contained in a document such as this can only be misleading, and that the real value is in terms of relative positive benefit on the private sector?

Hon. Mr. Penikett: As I think the opposition has conceded, I claim no precision for it. It is a tool that we are beginning to use, and it will be useful to us, and I believe increasingly useful to us, as we are able to improve its precision over time. But it will require time before we are able to do that.

Mr. Phelps: Earlier this evening the Government Leader, in response to a question I believe put to him by the Member for Porter Creek East, about using the computer to analyze the amount being paid by government for certain jobs and whether or not these payments are out of whack, started speaking in terms of one indicator being supply and demand, and that if the government was paying less than the private sector for CAs, the government would have a hard time retaining CAs in service. If they were overpaying lawyers they would attract far more than they probably needed. The Government Leader is not suggesting, surely, that this government pays much attention to parity with the private sector in determining wage scales, is he?

Hon. Mr. Penikett: I would be pleased to speak about this at some length when we get to the PSC estimates, but as I am sure the former Government Leader knows that in developing a bargaining position, this government consults with the Pay Research Bureau, which is a national entity that examines the collective agreements, private and public. It also does research on wage rates where they are comparable with large organizations, such as Northwestel, the mining companies, other companies where they have negotiated agreements with several classes of employees and are paying them different wage rates.

It also makes itself aware of the rates paid to tradespeople, journeymen in certain occupations, and I believe it also makes itself aware of what other jurisdictions and even private companies may be paying to recruit CAs or lawyers or professionals with certain levels of experience. One of the things that the government does take into account, because the PSC does the recruiting, they may know from their own experience that with certain wage rates they are having a difficult time hiring certain kinds of skills and that will be part of the intelligence that goes into preparing this government's bargaining position. It also may be aware that in another occupation it has been leading the market in a way that causes problems and unnecessary expense for this government. That is also a consideration in developing this government's bargaining position.

Mr. Phelps: The Government Leader has qualified his earlier response. Will he take the position that for clerical and secretarial staff engaged by this government that there is parity between the government rates and private sector in Whitehorse?

Hon. Mr. Penikett: I cannot make any such claim. I know that

there are clerical people and secretarial people who find employment with this government as quite an attractive option because of the rates paid here. I also know others who have left the government employ because they found for one reason or another that this is not as an attractive place to work as perhaps going to work for their favourite lawyer or some other professional who may wish to take on their services.

Mr. Phelps: You are stating that the advantages of not working for the government sometimes may not be monetary, but attractive.

I would like to move into some issues raised earlier this evening with regard to Curragh and the issue of maximizing local hire and local purchase. I would just like to go through this so that perhaps I can understand what the Government Leader has been saying.

I understand that first of all a master agreement was signed. That master agreement was between the two governments and Curragh. I wonder exactly when that master agreement was signed?

Hon. Mr. Penikett: I am trying to remember the exact date for the Member. It was I believe a date in October, but maybe my consultants here can tell me the exact date. It was just prior to the announcement made in the House, which was October 28.

Mr. Phelps: It was either just before that date of October 28 of last year, I understand is the answer from the Government Leader, who is nodding in the affirmative. The next step, as I understand it, is that there is the contribution agreement that is referred to in that master agreement, the agreement to provide \$3 million that will be subject to a subsidiary agreement that has not been concluded.

Hon. Mr. Penikett: One of the elements of the master agreement is the \$3 million Mineral Recovery Program, which is 100 percent funded by the federal government. It is one of the elements in the program.

Throughout the master agreement, from the beginning of our negotiations with Curragh, we made it clear that our interest was in maximizing local employment and business opportunities. Curragh was also agreeable to taking certain positive action steps to provide employment for women, native people and handicapped people at the mine.

Very early on in our discussions, from the first day that I met Mr. Frame, within a week of us being sworn into office, I made it clear that this was our principle interest in any agreements we might be able to reach. He, of course, said that he understood that. As we went through the process of negotiating the master agreement, which I am sure the Member opposite will understand was an extremely complicated process for all sorts of reasons, we reiterated our commitment and that broad commitment was built into the master agreement; that Curragh agrees to maximize local employment and maximize local business opportunities.

None of us, at that point, could be specific in respect to details about what a positive action program we looked for for women and native people would mean in terms of numbers of positions, or any formula about that. Immediately following the debate in this House on October 28, I communicated with Mr. Frame that not only was it the view of this government, but citing *Hansard* as evidence, there was significant concern in this House that we be very tough about maximizing the local employment and business opportunities, and it was our intention to pursue the logic of those commitments into subsequent agreements, or more detailed agreements, as to the implementation of the commitment by Curragh to us.

We, at one point, were discussing a Memorandum of Understanding, which would detail, on a monthly reporting basis, the jobs that Curragh would be offering — and I understand that Curragh is offering very few jobs at this point until they actually get into the production stage — and the contracts that it may be letting for various kinds of business. Without adding to the contractual burdens of Curragh, we were looking for them to have some kind of reporting mechanism as to their compliance to the commitments they had made to us in the master agreement.

As those discussions had gone on throughout the marketing trip to the far East, on which Mr. Frame and I travelled together, over the Christmas period when I was in hospital, and, subsequently, even recently during the period when Mr. Frame was in the hospital, we have continued to want to get specific about how we would nail down, or express particular commitments that Curragh would be

making.

²³ At some point, we abandoned the idea of a Memorandum of Understanding and decided instead to have a contribution agreement under the EDA, the \$3 Million Mineral Recovery Program. The program is referred to in the master agreement, not the contribution agreement. As the Member will know, the contribution agreement is the particular instrument by which an applicant under the program defines its contractual agreements with the donor government. The object of that exercise for us is to detail arrangements with Curragh as to how they will offer the jobs, how they will be advertised locally, how the contracts will be advertised, how the contracts will be let, what positions will be advertised, what ones are advertised locally, which positions are hired locally, and perhaps have some kind of regular reporting arrangement which we would see being made public. We have an interest in seeing not only the information about what jobs and what business opportunities are available being made public, but also seeing some regular reporting to the public that has helped get the mine going, of who has been able to win those contracts, who has been able to get those contracts and how many local people have been able to get the jobs that Curragh has offered.

Mr. Phelps: In listening to the debate that has raged on between the Government Leader and the Member for Porter Creek East, I have been trying to put my finger on the nub of my feeling of unease over what has been taking place, and it would seem that this is the situation. We have a master agreement, that was entered into roughly at the time the issue was debated last in the House, on October 28, and what has been stated by way of comfort to Yukoners is that the proponent will maximize local hire, whatever that means, maximize local purchase, and it makes some reference to the amount of money they spend on the mill and mine in terms of business opportunities, generally, and some kind of a motherhood maximize positive hire.

What is of concern to me particularly is that there is an obligation now to follow through with the funding in terms of the \$3 million, and to withhold that without good reason would seem to me to place this government in the very similar position to that of the Alaskan government with regard to the road. You really got enough in the agreement in principle that, in my opinion, you could not ethically get away with withholding it.

What is missing, very clearly, are some principles, which could have been developed prior to the master agreement being signed, in my opinion, and I am sure we are all entitled to our own opinion. I am really surprised that there is nothing such as a statement about sizing contracts when it comes to local purchase, about how the advertising would be done, as a minimum, as to how certain kinds of contracts would be offered — broad, general principles which if broken at that stage, would leave the government in a position to actively say, "Look, you have not lived up to these agreements". That is a different thing than demanding that you get down to the specifics that it seems to me the government has been speaking about in these debates as carried forward.

²⁴ Why did the Government Leader or his senior people, at least by the time October 28 came around, not set down three or four basic principles under each of these headings: local hire, local business opportunities, purchasing and positive hire?

Hon. Mr. Penikett: It may be a function of not being able to anticipate every problem. When we negotiated the master agreement we certainly had some very clear understandings about what the words about maximizing local business opportunities meant. The question about whether a contract was tendered locally would never have arisen, I dare say, had not, very early on, a couple of significant contracts at the mine been let without tendering them locally. I think the catering contract and one other I can think of were concluded by the company without there being a local tender.

We, of course, complained loud and clear, as well as local businesses that might have prevailed themselves of that contract at that time. I pressed the view that this was in violation of our agreement. The company responded, as they would, they felt they were in broad agreement with our understandings, but these were specific cases that were a consequence of the start-up situation.

On the same score, we had disagreements with the company, or

assertions made, that they had hired outside and there were skilled people available locally. They insisted there were not skilled people available locally. We went back and said that if they had advertised in such a way, they would know for sure that there were not people available locally.

The company responded to us fairly early by saying that with them not having their office open here, with their being dependent upon Altus Construction, it was not them making these decisions in many cases. It led us to want to be more specific in the contribution agreement than we originally might have been. As the Leader of the Opposition knows, there is a certain amount of good faith in negotiations of this kind. We were talking about a massively complicated venture. We are, now that the mine is going into production and the company is about to do some large scale hiring of its own and not to a contractor, seeking quite properly to find, at minimum, a compliance reporting system that gives us satisfaction in respect to the commitments made to us by that company in the master agreement.

25 Mr. Phelps: I simply go back and I disagree with that statement. It would have been much better, and it was certainly obtainable, to have put a series of general principles in place with regard to the issue of maximizing local hire, some general principles, local purchase, local business opportunities, and general principles, and some general principles with regard to positive hire. The point I will make, once again, is that the dismay from this side is that there has not been even that level of agreement in principle, enforceable under a master agreement put into place, or put into contract form back in the fall, if not since. The need for further refinement under a contribution agreement in principle such as that, nobody would disagree with.

The problem seems to me that the meat of the agreement when it comes to local hire, local purchase, positive hire, whatever that might mean, is simply not there.

The Government Leader, on several occasions during debate, has stated that in some way the new government has been so much more imaginative than the previous government had been with regard to approaching the issue of Cyprus Anvil. I understand the need, at times, for political huff and fluff and whatnot, but I go back to the situation that I inherited. An awful lot of these general issues had been hammered out before I took over as Government Leader — with regard to the housing in Faro — the basic commitments of this government. During April last year, there was an agreement in principle conveyed to me as openers for negotiations on the road, with regard to year-round opening of the Skagway Road. Follow-up was proceeding during the latter part of April, and May, and proceeding toward a final written agreement that would have been signed, presumably, before a master agreement was entered into.

What I am really curious about are all these new ideas and issues that were dealt with by the new government that were not thought out or under negotiation or almost completely negotiated when this government left office towards the end of May last year.

Hon. Mr. Penikett: I am very curious about what the former Government Leader has said, and of course, some of this must have been contained in the documents that were shredded on his departure. There was certainly nothing in our files about the housing agreement. I would be interested in knowing what kind of housing agreement he had for the proponents.

26 Mr. Lang: If you recall correctly, and you can check the public record here, I think at least a year ago, in fact two years ago, there were commitments made on housing that were tabled in this House. It was a different method of financing, but the commitments were made.

Hon. Mr. Penikett: Was that the \$1.6 million worth of housing the Member was prepared to make available? Obviously \$5 million is a lot different from \$1.6 million. I accept that there was some discussion in particular about housing, but that proposal itself only bears scant resemblance to what was eventually a part of the package.

Mr. Phelps: A point I want to make is that again, when one looks at the principles that were under negotiation, vis-a-vis the Skagway Road, again, there are some changes, modest though they may be. I think the biggest shock was that nothing was agreed to in

writing prior to us signing all these other agreements.

The problem I am having, and I think it should come as no surprise to the other side, is that I did not really see all that much that was new or not largely brought under control prior to the government changing hands.

I have, at the same time, been privy to the major efforts made by the Minister of Northern Affairs and the MP for this area, the people who I think deserve the real credit for the mine opening on the government side, namely Peter Steen and Pierre Lessande, not to mention, of course, the very huge efforts on the private entrepreneurs at various levels throughout at least the past full year. There was more than one party involved in negotiations and looking at the reduction of the costs and most of these issues were of federal concern and private entrepreneurial concern, not a concern of the Government of Yukon.

Hon. Mr. Penikett: Obviously, there are many people who are entitled to take a large share of the credit for the opening of the mine. Most importantly of these are Mr. Frame and the other principals of Curragh Resources. A considerable credit goes to the Minister of Indian and Northern Affairs and the MP for the Yukon Territory. I can only quote the Minister, David Crombie, in a speech he recently made in Faro, where he paid substantial tribute to the Yukon government having taken the lead in assembling all these arrangements, and to use his words, "having taken the lion's share of the risks and the initiative in putting the deal together".

I move that you report progress, albeit slight, on Bill No. 5, and beg leave to sit again.

Motion agreed to

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Mr. Speaker resumes the Chair

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

Mr. Webster: The Committee of the Whole has considered Bill No. 29, *Interim Supply Appropriation Act, 1986-87*, and directed me to report same without amendment.

Further, the Committee has considered Bill No. 5, *Second Appropriation Act, 1986-87*, and directed me to report progress, although slight, on same.

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

Some Members: Agreed.

Speaker: I declare the report carried.

May I have your further pleasure?

Hon. Mr. Porter: We do want to deal with another issue tomorrow so I would like to inform the House that pursuant to Standing Order No. 26, proceedings on the motion of Address In Reply to the Speech from the Throne will continue tomorrow, Tuesday, March 25.

Mr. Phillips: I move the House do now adjourn.

Mr. Speaker: It has been moved by the Member for Whitehorse Riverdale North that the House do now adjourn.

Motion agreed to

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

The House adjourned at 9:30 p.m.

The following Sessional Papers were tabled March 24, 1986:

86-3-14

Report of the Chief Electoral Officer of Yukon on the By-Election, Whitehorse Porter Creek West, February 10, 1986. (Speaker-Johnston)

86-3-15

Report on Regulations for period September 30, 1985 to March 4, 1986. (Penikett)