Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell
DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston  Campbell
Norma Kaasi  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)
Clerk Assistant (Administrative)
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Hansard Administrator
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Missy Follwell
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G.I. Cameron
Dave Robertson

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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?
Are there any Returns or Documents for Tabling?

TABLING RETURNS AND DOCUMENTS

Hon. Mr. McDonald: I have for tabling a report on the examination of the accounts and financial statements of the Yukon Housing Corporation, of the year ending March 31, 1985.

Hon. Mr. Penikett: I have a document for tabling, entitled "Towards a Yukon Science Policy".

Speaker: Are there any Returns or Documents for Tabling?

INTRODUCTION OF BILLS

Bill No. 44: First Reading
Hon. Mr. Kimmerly: I move that Bill No. 44, entitled An Act to Amend the Coroners Act, be now introduced and read a first time.

Speaker: It has been moved by the hon. Minister of Justice that Bill No. 44, entitled An Act to Amend the Coroners Act, be now introduced and read a first time.

Motion agreed to

Bill No. 70: First Reading
Hon. Mr. Kimmerly: I move that Bill No. 70, entitled An Act to Amend the Liquor Act, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Justice that Bill No. 70, entitled An Act To Amend the Liquor Act, be now introduced and read a first time.

Motion agreed to

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

NOTICES OF MOTION

Motion No. 10 — Amendment
Hon. Mr. Kimmerly: I would give notice of a Motion which is actually notice of an Amendment to Motion No. 10.

Speaker: Are there any Statements by Ministers?

MINISTERIAL STATEMENTS

Yukon Science Policy
Hon. Mr. Penikett: I wish to advise the House that, on March 6, 1986, Cabinet approved and accepted a Yukon Science Policy. The need for a Science Policy arose from this government’s recognition of the global importance of science, research and technology as the prime movers of economic revival and socio-economic development. It has been estimated that as much as two-thirds of the recent economic growth in Canada has been attributed to technological change and there is every reason to believe that its influence will grow.

A Science Policy is a fundamental first step towards developing our indigenous scientific and technological capabilities and integrating these into the mainstream of the research activities of the national and international scientific communities.

Our Science Policy is a clear signal to the federal science organizations, the granting agencies, and the universities that we are preparing to take a more active role in determining the nature and scope of science in the Yukon. The goals of the policy include the eventual establishment of a "science presence" and infrastructure within the government to: a) attract the scientific projects and personnel, programs, and funds to help further the Yukon’s socio-economic development; b) attract and promote science programs that can create new educational opportunities and incentives for Yukon students; and, c) strive for the establishment of a Yukon-based scientific resource centre, essentially independent from government and industry, that is capable of conducting sound research on northern issues as defined by northerners and their institutions.

To that end, we are continuing to pursue the long-elusive goal of a Yukon science centre. We now have the support, in principle, of three federal Cabinet Ministers for that proposal: Mr. Erik Nielsen, Mr. David Crombie and Mr. Frank Oberle, the new Minister of State for Science and Technology. Our officials are exploring the possibility of using a Canada-Yukon agreement on science and technology as a method to implement that project and to develop a strategy for the application of science and technology to strengthen the Yukon economy.

We are in the very early stages of developing a strategy on how best to employ science and technology as tools of the economic engine. Our resource-based industries need innovative methods to reduce costs and to increase productivity if we are to maintain or increase our share of the market.

The development of new technically advanced industries must be encouraged wherever these match the natural advantages of the Yukon. For example, new methods of locating, processing and refining metal ores could revitalize marginal operations. Innovations in the chemical and bio-technological leaching of precious metals could radically change the face of our metal industry; and, recently, startling advances have been made in controlling the fertility and reproduction of fur-bearing animals in captivity. We need a Yukon-based science capability because it is important to know what we are doing and to judge whether their advances can be usefully applied at home.

The publication of a Yukon Science Policy will demonstrate to the Canadian science community that we have formulated clear and specific goals and objectives for the role of science and technology in territorial affairs. It will show that the Yukon is taking positive steps towards becoming a serious contender for the available research funds and scientific support services. It will serve notice that we are preparing the groundwork for the devolution of federal science programs and the associated regulatory functions of federal science departments.

Mrs. Firth: We commend the government for the announcement of the Yukon science policy and I have read the government’s position paper towards a Yukon science policy. I notice that the references at the back of the paper represent a rather national and international point of view, being that the references come from special senate committees on science policy and also the working paper on the Ministry of State for Science and Technology.

We would like to mention that we would have liked to have seen a local reference included also, particularly that of the Yukon Science Institute. For the members who are not familiar with the Yukon Science Institute, they are celebrating their first anniversary today, exactly to the date, that they registered as a nonprofit organization under the Societies Ordinance.

The Yukon Science Institute was created independent of government and designed to represent a reasonably broad constituency of Yukoners, with accommodation for minority representation from outside the Yukon by those with a Yukon interest.

The first and paramount objective of the Yukon Science Institute is to encourage, promote and support research on scientific
engineering, medical and socio-economic matters that will contribute to the achievement of the social and economic goals of the people of the Yukon Territory.

I would like to encourage the government to take that into account. I am not aware of whether they have consulted with the Science Institute or not, but we would encourage them to do so.

Finally, we are pleased to see the government foster and encourage scientific and technological advancement in the Yukon. We do have a couple of concerns; first, as I have already mentioned, that the Yukon Science Institute be consulted, and that industry in the private sector be involved and be encouraged to be involved, and also, that the government utilize the private sector and industry, and not just create a large bureaucracy of science and technology.

Mr. McLachlan: We also, in this party, commend the government for the innovative steps being taken today towards the development of a science and technology policy. As the Member for Riverdale South has indicated, we, too, think that to some extent private industry should be involved, especially in the mineral research part. I would ask the Government Leader if the government could seriously consider the establishment of the Yukon science centre in a community outside of Whitehorse, in much the same way as agricultural research was done in what is now the riding of Kluane.

Hon. Mr. Penikett: I thank the Members opposite for their comments. In response to the comments from the Member for Riverdale South, we have begun a dialogue with the Yukon Science Institute, and I believe it will be a continuing dialogue, particularly with respect to the development of a science centre.

As I indicated generally in the statement, the model we are now looking at is a model of science institutes associated with some of the great universities elsewhere in the world, rather than simply as a federal or Yukon government research lab. That, of necessity, will require consultation not only with the science institute, but also with the appropriate private sector interests that would have use for, and make demands on, such an institute.

It is for that reason that we are now pursuing what we think may be the most likely avenue for funding, which is an Economic Development Agreement-style agreement. This would involve the federal government, the territorial government, and the appropriate interests in both the renewable and non-renewable resource sectors. Of course, no final determination has been made as to the location of the centre. Perhaps the most logical sitting, if we were to take maximum advantage for the whole territory, might be in association with Yukon College. That is what we have been looking at at this point.

I do not preclude the possibility of looking at a rural location, such as suggested by the Member for Faro, but our conceptual thinking, at this point, is to try to take advantage of the economies of scale at the college and to take advantage of the demands that would be made on such a plant by having a college nearby. That is our tentative site.

Speaker: This then brings us to Question Period.

At this time, I would like to mention and warn the House that all questions and answers must be short. Lately, I have noticed that during Question Period we used to go up to 12 questions; we are down to 10 questions now. We are taking a little more time than we should. Please keep your questions and answers short, so we can get all we can out of Question Period.

Are there any questions?

QUESTION PERIOD

Question re: Carcross-Skagway Road

Mr. Phelps: I have a question of the Government Leader or the Minister of Transportation Services with regard to news stories about the new contract for hauling ore over the Carcross-Skagway Road. It would appear, from the news stories, that the new contractor, third party — Linden, an American firm — was the second lowest bidder on the original bidding, second to Trimac. Can the government tell us whether that means, all things being equal, a more expensive price per tonne of concentrate for the haulage?

Hon. Mr. McDonald: We have been given no indication that there will be a more expensive system in place. It only means, to our knowledge, that an incentive-based system has been established between Curragh and Linden Transport, rather than a flat-rate based system.

Mr. Phelps: We also note, from the news stories, an allegation that the new third-party contractor is non-union. Can the government tell us whether Linden Transport is a non-union company in the States?

Hon. Mr. McDonald: The Linden group has a number of companies throughout the States. Presumably, some of them are union and some of them are not. I suspect that it will be the employees and the company, given the labour laws, who will determine whether or not Linden will, in fact, unionize.

Mr. Phelps: Would the Minister make some enquiries and report back to the House as to whether or not the current company does have a contract in effect with the Teamsters?

Hon. Mr. McDonald: I certainly will.

96 Question re: Curragh Resources transportation

Mr. Phelps: Also on the news report this morning were comments from Curragh Resources, Mr. Frame I believe, stating that, in his opinion, there were likely to be more Alaskan drivers on the haul because, as I understood his comments, of the new contractor. Can this government advise whether or not this government has taken a position with regard to trying to ensure that American drivers would have jobs at the expense of Yukon drivers?

Hon. Mr. McDonald: The position that we have taken is clearly expressed in the road agreement, which talks about allowing equal access to job opportunities on both sides of the border. The economies of scale would more than likely create a situation, which Trimac responded to, which was to base its operations in Whitehorse, and pay rates which would allow the operation to survive. Presumably Linden Transport will want to do the same.

Mr. Phelps: The news stories seemed to indicate that the drivers would be paid Canadian wage rates in Canadian dollars. I am wondering whether or not this government, or anyone else — Curragh or Linden, for that matter — to this government’s knowledge, has an opinion as to whether or not the Teamsters in Alaska might have a cause of action with regard to a new company being formed here which is not unionized.

Hon. Mr. McDonald: I am reasonably familiar with Canadian labour laws. I am not familiar with American labour laws. As the Member is asking for a legal opinion, I will try to assess his assertion and get back to him with some kind of answer.

Mr. Phelps: In the same news reports, there was an indication from the new manager of the new company to be owned by Linden, to be set up and based in Whitehorse, Mr. Mickey, to the effect that he hoped there would be 24-hour trucking between Carcross and Skagway. Has this government taken a position on this matter yet? If so, have they conveyed their position to Linden?

Hon. Mr. McDonald: At one time during negotiations, Trimac had discussed their operations with us. They had sought some advice from Linden Transport as to the logistics of operating a trucking contract. At that time, and throughout, we have indicated to them that we reserve the right to limit use of the road at certain hours of the day during tourist season. We still reserve that right if we find it necessary.

The trucking company would love to have a 24-hour, 365-day-a-year operation, but if the safety of the travelling public necessitates road designation, then we will have to disappoint the trucking company and ensure the safety of the travelling public.

Question re: Furniture manufacturing, local

Mr. McLachlan: Last week in the House, the Minister of Government Services alluded to the fact that some day he hoped there could be a retail outlet for locally manufactured furniture. In
cases like this, manufacturers who get into the retailing end of the business sometimes run into problems.

Has he urged the manufacturers in any way, shape or form to get into this facet of the business and see if there really is any market out there in the private sector for their product?

Mr. McLachlan: Reference was made in the Throne Speech to the involvement of a new program called the Small Businesses Incentives Program, worth approximately $4 million. Has the Minister indicated to the local manufacturers that money from this hoped-for negotiated program could be available to them to assist with local furniture manufacturing?

Mr. Kimmerly: No, I have not. I have rather urged the furniture retailers, with whom I meet, about exactly that.

Mr. McLachlan: It does work both ways, I should advise the Minister. If the hoped-for program could be negotiated and used successfully, could the Minister not then see a possible abuse of the system in that use of those funds might end up burying the real cost of furniture manufacturing?

Mr. Kimmerly: That comment is a representation more than a question. It is a legitimate concern, of course.

Question re: Tax increases

Mr. Lang: Last week we were discussing the consequences of the budget before us and the proposed tax measures, as well. We put forward to this House the concerns of not only this year, but three years hence, with the inflation factor under the financial formula, with the questions of the medicare premiums being deleted, the fuel oil tax being deleted, and what it would do to the renegotiations, and the deficit position of this government in its long-term financing.

In view of the statement made on page 11 of the budget speech, where the Government Leader announced that it was the government's intention to introduce legislation to eliminate medicare premiums by April 1987, which totals approximately $2.9 million, could the Government Leader indicate to this House and the general public what measures are going to be put in place to recover that revenue that will no longer be coming to the Government of the Yukon Territory?

Mr. Penikett: Not only have I answered the question before, but it is properly a budget question that should be discussed during the estimates, which are now before the House.

Mr. Lang: I do not accept that premise. I have the liberty to ask questions during Question Period, or during any period when a budget item is being discussed. It is a legitimate question, and I will ask the Government Leader again. He has not answered the question in various other debates either.

What tax measures will be put in place to recover that revenue that will be lost, $2.9 million, with the elimination of medicare premiums?

Mr. Penikett: The last time the Member asked the question before, but it is properly a budget question that should be discussed during the estimates, which are now before the House.

Mr. Lang: I do not accept that premise. I have the liberty to ask questions during Question Period, or during any period when a budget item is being discussed. It is a legitimate question, and I will ask the Government Leader again. He has not answered the question in various other debates either.

What tax measures will be put in place to recover that revenue that will be lost, $2.9 million, with the elimination of medicare premiums?

Mr. Penikett: The last time the Member asked the question, I indicated that, at this point, we contemplate no new tax measures. If the Member would like to look at that, I will take exception to the comments from the side opposite. He did, in his budget speech, announce for next year the elimination of medicare premiums, which is $2.9 million of revenues accruing to the Government of the Yukon Territory to pay for health costs. I have a very legitimate question. What measures are being contemplated by the government to recover those costs, in view of the fact that he has gone ahead and announced that particular measure?

Mr. Penikett: The revenue and expenditure proposals that have been introduced by this government are now before the House for consideration, in the Committee of the Whole, at this particular stage. As you know, that is the proper place to pursue the line of questioning that the Member wants to ask.

The other measure to which he refers, the abolition of medicare premiums, is a measure which we have announced that we will introduce in this session at the fall sitting. I will be happy to debate it in detail then.

Question re: Whitehorse Assessment Centre

Mr. Phillips: Considering that the Whitehorse Assessment Centre used to be a teacher's residence and is now going to be turned into a youth jail, could you tell the House what will have to be done to make this a secure custody facility and what the costs will be?

Mr. Joe: I do not have the exact costs needed to turn the Assessment Centre into a secure facility before me. The Assessment Centre has been in operation since 1980. It has housed probably the same kinds of children who are going to be housed in it when it is a secure facility. If he wants to see the exact costs as to what those renovations are going to be, I would have to bring that back to him.

Mr. Phillips: Is the Minister telling the House now that they have secured custody young offenders in that facility and they have not told the public that that is what it is being used for? Have they gone to the zoning board and applied for a zoning change? Have the zones been changed?

Mr. Joe: The Admission and Assessment Centre has held children in open custody since 1980. Under the Juvenile Delinquents Act they were sentenced in another way at that time. During that time, we did not have a secure facility and open custody for young offenders. They were sentenced in a different manner. They were holding those same types of people, same types of children who will be sentenced to a secure facility.

It always amazes me that the Member for Riverdale North raises concerns that should not be raised. We have been holding young offenders, on remand, who have eventually been sentenced to secure custody. There has been no problem there. I do not know why he is trying to cause a problem right now.

Mr. Phillips: I do not think that last part of my first question was answered. Has the government applied to the City Planning Board for a zoning change to accommodate the closed custody facility in that unit as required?

Mr. Joe: As I understand it, that is not required because it is already being used as a group home to house those young offenders in open custody; it has been, since 1980.

Question re: Traplines

Mr. Brewer: Of the 377 traplines that are being used, how many are being used to their fullest extent?

Mr. Porter: On October 10, 1985, I asked that same question. When will I get an answer: this year or next year?

Mr. Brewer: I can check with the department on that particular question and see if they have the information available. If they do, I will make it available as soon as possible.

Mr. Porter: Would the Minister consider cancelling the trapline licence of non-productive users and reassign those traplines to the people who will make better use of them?

Mr. Porter: Clearly, there has been some misunderstanding over the past few years with respect to the government's policy as it relates to the maximum trapping of traplines. I met with the department officials and very clearly stated that this government supports the position that traplines are there for a reason, and that is to trap animals. If we have any reports of traplines not being utilized, we will undertake an investigation. Should we find that the individuals are habitually not using traplines, then we will reassign them.

Question re: Furniture manufacturing

Mr. McLachlan: A question for the Minister of Government Services on furniture manufacturing. We have heard the figure bandied about of half a million dollars annually for the purchase of furniture for government needs. If this figure is indeed correct, is this the figure that is simply spent on replacement of worn-out, obsolete, or damaged furniture that is scheduled to be replaced? Is this what it is for?

Mr. Kimmerly: That is a figure that can be gleaned from looking at the last budgets of the government over the last four or
five years, and also projecting over future years. It is a fairly stable market, as far as the government is concerned now. It is not only for replacement of old furniture, but includes new furniture, as the government has expanded over the last four or five years.

**Mr. McLachlan:** When the Minister did the calculations that assessed the cost effectiveness of the locally-manufactured furniture, one of the things that, perhaps, I felt should have entered into it is the length of time that the locally-manufactured furniture would last in comparison to that brought from outside suppliers. Can the Minister tell us what the difference is in the estimated life the locally-manufactured furniture versus that from outside suppliers?

**Hon. Mr. Kimmerly:** Not precisely, no. It will be impossible to know precisely until we actually assess the value of the locally manufactured furniture over the years. However, it is obvious that that furniture is solid wood and is made out of hard woods, for the most part. It will obviously last longer than the particle board furniture that the government has bought over the last four or five years.

**Mr. McLachlan:** Perhaps the Minister could end all the agony, suspense and mystery surrounding the future of the local manufacturing industry by providing a simple, straightforward and direct answer to this question: will it be the policy of this government to eventually replace all of the furniture for Yukon government needs that is presently purchased from manufacturers outside the Yukon with locally-manufactured furniture?

**Hon. Mr. Kimmerly:** I wish I could answer that simply by saying yes or no. It is impossible. We will be replacing worn out furniture on an as-needed basis. We are first looking at new furniture in the Philip Aspen building, the new Justice building, as it is a new building. Those are the immediate plans. Not every single piece of furniture that is now utilized will be replaced. It will be on an as-needed basis.

**Question re: Yukon Native Courtworkers Society**

**Mr. Nordling:** In August, 1985, the government stopped funding the Yukon Native Courtworkers Society. I understand that, in September, 1985, Mary Kane was commissioned to do a study on the need for such a program and make recommendations. Has the study been completed and, if it has, would the Minister table the report in this House?

**Hon. Mr. Kimmerly:** The answers to the questions are yes and yes, next supplementary, “Tomorrow”.

**Mr. Nordling:** Last summer the Minister was concerned about the provision of a native courtworker service to the outlying areas. Is that service now being provided?

**Hon. Mr. Kimmerly:** The service provided now is, in nature, the same as the service that was terminated last September. There are the same number of personnel involved, and the service is delivered in Whitehorse. The reason it is not yet delivered in the rural communities is because I made a commitment to the Chiefs to discuss the service with them. That discussion has not occurred, but I am ready for it at any time.

**Mr. Nordling:** I am not sure if the Minister told us exactly when these discussions would be taking place. If they do, when does he envision there being a courtworker service in the outlying areas?

**Hon. Mr. Kimmerly:** I have been trying to get on the agenda of the Chief’s meeting on the last meeting and the next one, which is occurring shortly, I believe, and the timing is entirely dependant upon the will of the Chiefs.

**Question re: Animals at large**

**Mr. Phelps:** I have a question for the Minister of Renewable Resources. Last fall I had correspondence with that Minister and the Minister of Community and Transportation Services with regard to the problem of animals at large. I received responses from both Ministers. At that time, it was stated that a sub-committee, under the Agricultural Planning Advisory Committee, was going to prepare a discussion paper. That paper was going to be made public and then they would allow for discussions and input from interested parties. What has happened to that process because we have not heard anything in the public forum at all about a discussion paper emanating from that body.

**Hon. Mr. Porter:** Specifically, I believe the Member is referring to the implementation and enforcement of The Pounds Act and there has been a sub-committee of the committee set up to look at that. I do not have any information with respect to the discussion paper that was being prepared. I will check with the department in order to receive that material. If it is completed, I will inform the Member as to its contents.

**Mr. Phelps:** My information is that there was a comprehensive paper prepared and ready in January and for some reason it simply was not released. Can the Minister check into the reasons for the failure of the department or committee to release that paper and report back?

**Hon. Mr. Porter:** I will give that undertaking.

**Mr. Phelps:** There is some urgency to the issue because of the problem of animals at large not only harassing and bothering neighbours, but the increasing dangers on particularly the Mayo Road with vehicles and livestock. I am wondering whether the Ministers can give us some kind of undertaking to have some policy ready for implementation within a matter of months. Can he give us some kind of timetable?

**Hon. Mr. Porter:** I do not really know if it is a question of a policy void as opposed to the ability to enforce regulation with respect to existing laws; however, I have not seen the discussion paper that has been prepared by the Committee and I will undertake to check into what the end product is, review it, and if there is a need for policy, then we would commit ourselves to the extent possible. Where we have ability to initiate policies and legislation, we will attempt to do it because, in many instances, we are talking about lands that are not owned by the territory, but federal lands, and it would be a question of what legal jurisdiction we would be able to exercise.
legislation. I cannot speak to that question with absolute confidence yet. We may be able to do part of what we want to do without changing legislation. I hope to be able to make announcements to the House as soon as I can with respect to that question. Some of the questions, such as those affecting benefits, may not need amendments to legislation. Some others, in terms of their term of employment, or status of the position, or whether we are going to create a class of employees who are seasonal as defined by the employee, or seasonals as defined by the job, these are complicated questions which we have not made a final determination on yet.

Mr. Coles: Will the changes that the Minister is considering now apply to all three groups of casuals, or are you just working on one group at a time?

Hon. Mr. Penikett: We are proceeding to address the problem in terms of the three separate groups: first the seasonal group, which we think is probably the biggest injustice and the greatest need. The second group, the situation of people who may be permanent part-time workers, is a different situation. There is a whole new legislative thrust being developed in Canada in terms of benefits, and so forth, for part-time workers. There are administrative costs and complications associated with administering a lot of part-time workers. We have not yet adequately addressed all those questions. As to the third group of people, the people who are genuinely casuals, in the end, I think we probably should deal with that group of people after we have dealt with the situation of the first two.

Question re: Grizzly bear study

Mr. Brewster: Even though the Minister gave me a good talking to in his response to the Speech from the Throne, I am pleased that he has taken my advice regarding the grizzly bear study in zones 7 and 9 and did not cancel it completely. Can he advise me what his department intends to do with the $100,000 to improve the study?

Hon. Mr. Porter: We have taken the position that the program should not be suspended in its entirety. The portion of the program that we have effectively suspended is the part that resulted in the use of government employees and private aircraft to take out wolves. We have effectively put on hold a decision as to whether or not the government should be actively engaged in taking grizzlies out.

We will, upon the completion of the Select Committee work, formulate a comprehensive policy statement that affects predator control. This season we will continue, with the $100,000, the surveillance of the animals that have been collared. We have a certain number of grizzlies and moose in the area that are wearing collars. We think that we do not want to lose the scientific data that has been gathered to date and we will continue that work this summer.

Mr. Brewster: Is it not true that the Department of Renewable Resources has already had an extra year to study, prior to proceeding with the next phase, when they worked at it last year?

Hon. Mr. Porter: I really do not understand the question. Maybe if you put it a different way, I may be able to answer it. I am a little slow today.

Mr. Brewster: On the decision not to proceed with the next phase of this program, can you advise me if this decision was based on political consideration or upon the advice of his professional wildlife managers administering the program?

Hon. Mr. Porter: This is a very difficult area in which to make policy decisions, as the evidence proved up over the last few years. It is not as black and white as some people would see it. We simply have a situation where there is a large percentage of predation by one species over another — where you go in, take government guns and traps will take them out.

This is an area that is a large policy question that affects an awful lot of people and an awful lot of areas of government. It is difficult decision. I noticed, in the last few years, that the previous government had been involved in the study of the problem; however, they had never made a decision with respect to the removal of grizzlies. That is a central question with respect to the data that has come forward. Clearly, grizzlies are identified as a major predator and this government has not made a decision to remove grizzlies, nor had the previous government made that decision.

Question re: Saving Energy Action Loans Program

Mr. Nordling: Does the Minister of Economic Development know how long it takes from initial application for an audit to approval of a loan under the Saving Energy Action Loans — SEAL — program?

Hon. Mr. Penikett: I cannot, at this moment, give an answer to a question like that without notice. I will, if I sense the thrust of the Member’s question, tell him that as a result of the changes we made last fall, there was a backlog in SEAL applications, resulting in delays in processing those loans. As a result, the Energy and Mines Branch has approached a second group of energy consultants to assist in reducing the backlog of SEAL applications and so expedite the energy audits, which are necessary under the program.

Mr. Nordling: Would the Member be able to tell the House, and I realize he will have to look for the information, how many loans have been granted since the program started?

Hon. Mr. Penikett: I will be pleased to get back to the Member with that information.

Mr. Nordling: I believe the policy now is to have the loan payments made directly to the individual. Is it possible, or has the government considered, making the payment directly to the installer of the insulation, or whatever is used to conserve the energy?

Hon. Mr. Penikett: I have not had occasion, nor reason, to consider that representation. It occurs to me that since it is the homeowner or the business owner who makes application, and since there is a cap currently under the regulations on the amount that you can be approved, paying the loan or executing the loan through the installer could be a problem. It may mean they would only be able to do one or two before they would bump their heads against the limit.

If the Member, based on some experience such as nonpayment of installers, or some practical problem like that, would like to bring it to my attention, I will have the matter investigated and see if some policy changes are warranted.

Question re: Community deficits

Mr. Lang: If you will recall, last week we had a debate on a deficit position that the community of Watson Lake and the community of Mayo find themselves in at the present time. I do not think that during the course of that debate the Minister of Community and Transportation answered the questions that I posed.

In view of the fact that Mayo is going to have a deficit of $20,000 and Watson Lake is showing a deficit of $50,000, is it the Minister's intention to take remedial action to transfer enough dollars to those communities so that they do not have to raise their taxes this coming year?

Hon. Mr. McDonald: The projected deficit the Member is referring to was in Mayo and was simply that, a projected deficit. They have since come back with a balanced budget.

In the case of Watson Lake, I am not sure if they have come back with a proposal for a balanced budget in light of the fact that the Town of Watson Lake has increased its revenue potential considerably. It has essentially doubled what it would have faced with respect to the reduction in the O&M deficit grant. I would not foresee a change in the formula as being the culprit here.

We have invited those communities to make suggestions, should they feel it appropriate, but at this time it is not felt to be appropriate.

Mr. Lang: As you know, the community of Watson Lake did write a letter to the Minister outlining concerns and also making observations about the Municipal Finance Act and the inequities they saw within that piece of legislation.

I would also like to remind the Minister that he received correspondence from me outlining, perhaps, a solution to the problem, in view of the fact that Watson Lake's transfers were down some $30,000. I believe the shortfall in Mayo, compared to last year, was in the area of $10,000, and Faro was up by $60,000 or $70,000, which did not really make any sense to anybody
looking at that formula.

My question to the Minister is: is he prepared to amend the Municipal Finance Act prior to April the 15th, prior to striking their percentage levy, which is going to cause an increase in taxes?

Hon. Mr. McDonald: The short answer is no. The explanation is simply that Mayo, to our knowledge, is not projecting a shortfall at all. It may be true that their O&M deficit grant went down as a result of increased assessments, which translates into an increase in revenue-generating potential. That is the method by which the formula is established in the first place.

Watson Lake dropped $35,000, I believe, in the deficit grant, because their revenue-generating potential increased by $70,000 for a net gain of $35,000. They made some suggestions in their letter, which the Member refers to, with respect to dwelling unit counts. I believe, in my rather lengthy letter to Watson Lake, we responded to them on that matter as well.

Mr. Lang: I am still not clear what the answer was in that particular letter. It, definitely, was not clear. Is the Minister prepared to amend the act to permit the community of Watson Lake to continue to operate the programs they are presently operating as opposed to raising taxes, which they indirectly did last year, which was a burden on the taxpayers in that community?

Hon. Mr. McDonald: Allow me to make myself perfectly clear on the matter. It is not my intention to bring legislation forward to amend the formula under which the deficit grants are based. The letter which we sent to Watson Lake is abundantly clear. I do not know if the Member received a copy of that letter. If he wishes one I will send him a copy, but I believe it is perfectly clear. The situation we have attempted to address in the long term is that, clearly, if communities wish to raise the level of programs in the community, and thereby raise the costs associated with those programs, that is their choice. We fund them to a certain level, and if they want to raise revenues beyond the level to which we fund them, that is their choice, as well.

Speaker: Time for Question Period is now elapsed, we will now proceed with Orders of the Day.

ORDERS OF THE DAY

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 the House resolve into Committee of the Whole.

Motion agreed to

Mr. Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chairman: I now call the Committee of the Whole to Order. Before we proceed with Bill No. 10, we will recess for 15 minutes.

Recess

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

Bill No. 10 — An Act to Amend the Liquor Tax Act and the Tobacco Tax Act


Mr. Lang: Could you apprise us if there is any change in principle of levying any of the taxes on liquor or tobacco?

Hon. Mr. Penikett: No.

Mr. Lang: Could you give us an idea of what will accrue on cigarette taxes as opposed to what will accrue on cigar taxes as far as actual tax money to the government is concerned?

Hon. Mr. Penikett: I will take notice on that and get back to the Member.

Mr. Lang: What do you mean by notice? Are we talking about next year or within minutes?

Hon. Mr. Penikett: I do not have the information at my fingertips. I will attempt, in order to expedite this matter, to get it this afternoon.

Mr. Lang: In reference to taxation in general, I noticed on the question of liquor tax that the government was taking a great deal of delight in referring to the comparisons of the Province of British Columbia and the tax measure that had been instituted over the course of the past years with regard to the cost of a bottle of spirits. They were very pleased to say, in one case, that even one special brand of beer, with the tax charges, was less.

With regard to the tobacco tax, in general, was it the policy of the government to stay in line across the board with the tobacco tax across the country? I noticed in the Budget Speech that the Minister of Finance said we have one of the lowest taxes in the country. That is true, as far as the general application of tax is concerned. Is that the principle that we are looking at as well, so that we will not see the situation of contraband that was mentioned in the second reading?

Hon. Mr. Penikett: We did compare our rates with those in other jurisdictions.

Mr. Lang: Were they dealt with in such a manner that a general application was compared favourably across the country so we would not see a great discrepancy between jurisdictions, at least with those that are our neighbours?

Hon. Mr. Penikett: I believe I told the House that the cigarette taxes will still be lower here, after this increase, than in British Columbia and the Northwest Territories.

Mr. Lang: What about the situation as far as cigars are concerned? Does that apply as well?

Hon. Mr. Penikett: Cigar taxes range all the way up to 41 cents, depending on the price of the cigar. In Newfoundland, 41 percent is the highest tax rate for a cigar.

Mr. Lang: Is that not done on the basis of a percentage of retail price, as opposed as per cigar, as far as other jurisdictions are concerned?

Hon. Mr. Penikett: It is based on per-cigar costing.

Mr. Lang: Does that not also have to do for price at the retail price?

Hon. Mr. Penikett: That is correct.

Mr. Lang: Why are we eliminating that as far as the act is concerned?

Hon. Mr. Penikett: The administrative cost of having a separate tax for each separate cost of a cigar is very expensive.

Mr. Lang: At the same time, we want some fairness and equity as far as the tax system is concerned. Does the Minister have any comparisons as far as prices are concerned, specifically now that we are on the topic of cigars?

Hon. Mr. Penikett: No. I can compare the prices of a thousand cigarettes. I do not think I can compare the prices of cigars from one end of the country to the other.

Mr. Lang: When the decision was taken on tobacco tax and the question of cigars, was there no comparisons done with the neighbouring jurisdictions, and how they would differentiate as far as that type of commodity is concerned?

Hon. Mr. Penikett: We compared the taxes of cigars across the country. This is about the average of what they are from one end of the country to the other.

Mr. Lang: When the decision was taken on tobacco tax and the question of cigars, was there no comparisons done with the neighbouring jurisdictions, and how they would differentiate as far as that type of commodity is concerned?

Hon. Mr. Penikett: We compared the taxes of cigars across the country. This is about the average of what they are from one end of the country to the other.

Mr. Lang: You talk about the average. For example, for ten packages of Colt cigarillos the tax increase that you are recommending would cost the consumer $16.00. In effect, my figures indicate to me that we are looking at a difference of 70 percent, roughly $27.00 to $28.00 per carton versus that of $15.00 per carton. That is a substantial increase from what they were yesterday, at $11.10.

Was that the intent of the Government, to increase the tax that significantly on those particular types of cigars?

Hon. Mr. Penikett: As the Minister knows, cigars range in price from very inexpensive to very expensive, and for administrative convenience we will be charging a flat rate.

Mr. Lang: Is the Minister of Finance saying to this House that ten packages, or a carton, of Colts that sold for $11.10 and are selling today for $27.78 is a reasonable price? Is it a reasonable
increase as far as the tax is concerned?

Hon. Mr. Penikett: I cannot vouch for the prices I am given by the Member opposite. I do not know what the price of those commodities are.

Mr. Lang: Did the Minister, or anyone in the Department of Finance, not make any inquiries of the retailers so they could get some comparisons as far as what these price increases would do to the working stiff who perhaps likes to smoke a Colt cigarillo? Surely there must have been some comparison.

Hon. Mr. Penikett: No, we did not discuss this tax with the retailers before introducing it.

Mr. Lang: So I would take it he would not have any idea what volume of dollars this government would accrue through this cigar tax, is that right?

Hon. Mr. Penikett: No, that is wrong. If we know what the tax per cigar is and we know the volume of cigars, approximately, from the previous collection of taxes, and we know that those cigars range, at the retail price from very inexpensive to very expensive cigars, we can anticipate the tax increase based on the volume of sales.

Mr. Phelps: Being somewhat of an expert on cigar smoking in my past, surely the Government Leader and his advisors will know some cigars are very small and expensive, but small in terms of the amount of tobacco, and sometimes comparable in size to a cigarette. Is the Government Leader aware of the wide discrepancy in size between the different kinds and makes of cigars and cigarillos?

Hon. Mr. Penikett: In general, but not based on personal experience.

Mr. Lang: My information is that the Colt cigarillos sold for $13.50 yesterday. Today, because the government is appearing to take the Legislature for granted and push this tax measure through today, it is going to cost $28.90. That is roughly a ball-park increase of $16.00. Yet, going by the figures the Leader of the Official Opposition pointed out, the difference in size, a carton of White Owl, which are four times the size, is going to go up from $16.95 to $20.44. So there does not seem to be any rationale as far as the percentage levy or the cents per cigar. In other words, the government is saying smoke a bigger cigar and get taxed less. Is that the theme this afternoon?

Hon. Mr. Penikett: No, that is not a good statement of the theme.

Mr. Phelps: Surely, it may not be intended, but I am wondering just what kind of research was done in that case. The point made by the Member for Porter Creek East is an extremely good one: those who are smoking small cigars are being discriminated against to a huge extent. You have a situation where, for comparative volume, in one instance the cost is doubling because of the Yukon-added tax. In the other case, you have an increase of less than 25 percent. Will the Government Leader not admit that this is more than a little unfair?

Hon. Mr. Penikett: I suppose if you were to follow the line of thinking of the Member opposite you might argue that the tax is unfair on people who drink and smoke large quantities. We think it is fair and justifiable on the basis of the expenses that society is involved from the heavy use of those products.

Mr. Phelps: Here we have a situation where we are discussing similar volumes of tobacco being smoked. In the one case the person is being subjected to the same "health hazard" smoking small cigarettes, the same volume, as somebody who is smoking the large cigars. The hazard is the same, yet one is being penalized 100 percent in terms of 100 percent markup, and the other is a 25 percent markup. Surely that is a bit unfair. Surely you cannot justify it on the basis of volume, because we are talking comparative volumes of smoked tobacco.

Would the Government Leader not agree with that?

Hon. Mr. Penikett: You are still going to pay more for an expensive cigar than you will for a cheap cigar.

Mr. Phelps: The problem is that you are paying more in tax for a cheap, small cigar than you are for an expensive, large cigar. That is the problem. Given that that is the problem, would the Government Leader not agree that this is an entirely unfair way of imposing tax on the citizens of the Yukon?

Hon. Mr. Penikett: No.

Mr. Phelps: What we have here is a regressive tax, regressive by definition, imposed by this socialist government, so that the poor people are paying a huge amount in terms of their income in the increase of tax, assuming that they smoke the same as people with higher incomes.

I always thought it was against the doctrines expressed by the NDP, but, nonetheless, we have a situation where that does not matter too much apparently. On top of this unfairness in the nature of the regressive taxation, we have a situation where those poor people who are smoking small cigars are paying a far larger increase than other, more wealthy people who are smoking large, expensive cigars. Surely the Government Leader would agree that that is unfair and unjust.

Hon. Mr. Penikett: I have no empirical evidence as to whether the expensive cigars referred to by the Leader of the Official Opposition are exclusively to the tastes of wealthy people, or whether the reverse is true. I seem to recall that the very wealthy gentleman, who is a well-known cigar smoker, who happens to be the Chairman of the Federal Reserve in the United States, smokes the cheapest cigars available.

I also know people who do not have particularly good incomes who, like the Leader of the Official Opposition, perhaps once tended to be connoisseurs of fine cigars and want to smoke the better quality ones.

In any case, I do not accept that this is a regressive tax. Obviously, it is a far less regressive tax than medicare premiums, for example, which hit everybody the same, rich or poor.

Mr. Phelps: That is certainly not the case at all. With medicare premiums there was definitely a situation where the government intervened, looked after those on welfare and looked after senior citizens. That statement, with respect, does not really sit well with me at all.

Would you agree that it is unfair that some cigar smokers, with a given income, are facing an increase of 100 percent or more because of this tax in the price of their tobacco while others are facing an increase of 20 percent or 25 percent? Is that not unfair?

Hon. Mr. Penikett: The Member asks if it is unfair to classes of people, people who smoke inexpensive as opposed to expensive cigars. It all assumes some consistency in the amounts smoked by these people. He makes the point that because the senior citizens and welfare applicants do not pay medicare premiums, therefore their tax is not regressive. To state the obvious: if a person is earning $10,000 or $100,000 a year, that person will pay the same medicare premiums. They have no choice in that.

People have a choice about whether they pay this kind of tax, depending on their personal choices of consumption. If you want to talk about fairness, you may not be fair, if you want to ask the big question here, for people who abuse alcohol and tobacco to inflict on society, the non-smoking and non-drinking people, the enormous health costs associated with the use of these products. There are figures which I read into the record the other day.

Mr. Phelps: I am not prepared to consider an amendment that would bring this tax into line so that the proportionate increase is equally borne.

Hon. Mr. Penikett: I am not prepared to consider an amend-
ment today but if, upon examination of the evidence, I found a profound injustice has been done to the people who smoke those items which are close to cigarettes, cigarillos, or whatever they are called, I would be prepared to look at the possibility of designating in regulation the different definition between cigar, cigarette and cigarillo. But I would have to some substantial evidence on that question.

Mr. Lang: The Minister said this was normal procedure, and our tax equated to that of our neighbouring provinces. I want to say to the Member opposite that the figures that we are quoting today were taken from a retail outlet. It was not conjured up in some back room. These are the prices that are actually being charged today for anybody who is going to buy a package of Colts, in this particular case, or a carton of Colts cigarettes. As we have pointed out, there is an injustice. I want to know, in the homework that the Minister of Finance has done, how does the Province of British Columbia levy their tax so that this inequity does not happen? That is the question we are asking. If you are going to go for an increase in taxation, as the government, in conjunction with the two Members who support you, then that is fair ball and if we choose to oppose that tax, it is our prerogative as well. My concern is that we have pointed out a major deficiency to the Minister in the tax bill before us.

Could the Minister elaborate to this House how the Province of British Columbia or the Province of Alberta administer their tax so this inequity does not take place, i.e. in British Columbia today Old Ports are $17.71 per carton, Colts are $15.52, and White Owl Invincible, the larger cigars, are going at $25.14. So there seems to be a progression, taking into consideration the size and cost of the cigar, as opposed to the situation here where, in effect, you are bringing forward a flat tax. Could the Minister please outline exactly what the Province of British Columbia does to levy its tobacco tax?

Hon. Mr. Penikett: I believe in British Columbia that cigars costing more than 50 cents are taxed at a rate of 77 percent of the retail price. The cigar taxes in British Columbia range, depending on the price, on a sliding scale, from 4 cents up to 42 cents per cigar.

Mr. Lang: This is something we could recommend that the Minister take under advisement. He should set this aside and have a look at it, because that would seem to be a more appropriate measure. I want to say to the Minister that I would find it very surprising if you could, through this act and via regulation, determine tax measures. Tax measures are supposed to be decided by this House, not by the Executive Council or some committee or the Department of Finance.

Hon. Mr. Penikett: For obvious reasons, I would like to proceed with this measure today. I have been given an undertaking to the Leader of the Official Opposition in his question that under the regulations of this act I would be happy to look at the definition of cigarettes, cigarillos and cigars — or near-cigars — and, upon examination of the evidence, to see if there is some concern about the inequity of this kind of measure and consider adjustments on that score.

Mr. Phelps: I have always been a person who is rather offended by regulation sections that are blanketed in statutes in any event, because it seems to take away, in most cases, a power that is properly invested in the Legislature. For that reason, for many many years, I have been very much in favour of legislation such as what we find in the Yukon Placer Mining Act and the Yukon Quartz Mining Act, which legislation has absolutely no regulation powers in them whatsoever. Indeed, that is one of the great strengths of that legislation and is, indeed, one of the great weaknesses of recent legislation in all jurisdictions in Canada, where the bureaucrats have done everything they can to take the power away from the Legislature. This is a concern that I have had and shared with many people from all parties, I believe, for some considerable time.

Under the tobacco tax, as I understand it, the regulation powers are not as terrible as we often find when we are looking through legislation and find that the bureaucrats have won again in taking power away from the Legislative Assembly. Section 20 of the tobacco tax reads, "For the purpose of carrying into effect the provisions of this Ordinance, the Commissioner may make regulations:

(a) prescribing forms and records to be used or kept for the purpose of this Ordinance;

(b) prescribing the method of collection and remittance of the tax and any other conditions or requirements affecting such collection and remittance;

(c) defining any expression used in the Ordinance or regulations and not herein defined;

(d) establishing a system of permits to be used by dealers; and

(e) generally for the purpose of carrying out the provisions of this Ordinance."

There is a fairly general one there, but can the Government Leader tell us where the proposed regulation would fit in under Section 20?

Hon. Mr. Penikett: I listened carefully to the Leader of the Official Opposition's reading of the Act, and I think he may be quite right, we cannot do such thing by regulation.

Mr. Lang: Following our discussion, and following, obviously, the inequity, I would recommend that it be set aside and that an appropriate amendment to rectify the situation be brought forward by the side opposite.

Hon. Mr. Penikett: I wonder if we could proceed with the discussion on the other aspects of the bill, perhaps the liquor tax portion, and I could take the recommendations of the Member opposite under advisement.

Mr. Phelps: We definitely want to deal with this critical issue here and today. Further to this problem, and given the very astonishing increases in the price of the Colts, and I am sure that there are other brands that will increase even more, where they have a huge number, 20 cigars to a package in some cases, to a very small package, the cigarillos are various sizes and shapes and a lot of these are carried by our tobacco stores in Whitehorse.

I am just wondering how the government can rely on any of their anticipated revenue, given the huge increase some people would be forced to pay under the proposed amendment to the act. How can you tell this House that your projections are even close to being accurate, given this unfair increase?

Hon. Mr. Penikett: I believe the projected increases are as accurate as any projections of government revenue. However, as the Member opposite knows, the government projections of revenue or expenditures are not perfectly accurate, and a number of things are possible. It is possible that the tax increases will have no increase on consumption. It is possible that they will have some impact on consumption. Any number of possibilities exist. These are the projections developed by the department based on the existing consumption patterns.

Mr. Phelps: Does the department or the Government Leader have the present revenues collected under each subsection of section 4(1) of the Tobacco Tax Act? If so, I would certainly like to review those figures, item-by-item, as to the present revenues and the projections.

Hon. Mr. Penikett: Is that something that the Leader of the Official Opposition is saying he wants done today?

Mr. Phelps: I think we should see the projections of this. Here we are, and we should, because, in simple economic terms, the supply side is being changed hugely, dramatically. I just do not understand how one, causing a complete change in the supply side, can predict the demand side, when you have increases of a mere 20 percent or less, depending on the cigar, and on the other hand the smaller cigars, which are a lot more smoked, have this huge 100 percent-plus increase.

Hon. Mr. Penikett: I will try to get the information for the Members opposite, and the particulars asked for by the Leader of the Official Opposition. I will try to do it as soon as I can.

Mr. Lang: Why was the decision made to put both tax measures into one bill? We are amending two pieces of legislation with one act. That, in itself, is unusual. Why were they both put into one act?

Hon. Mr. Penikett: It is not at all unusual. I think there is another bill on the Order Paper, as there has been in every session,
to amend many acts under one bill.

Mr. Lang: This is a tax bill. This is not a miscellaneous statute act. This is an act which significantly changes the principle of taxing tobacco, if we go with what you have presented here, and a major, significant increase on the taxation of liquor. They are two different acts. I do not accept the flippant remark that we do it all the time with different acts. I know we do it with acts where there are no major deviations or major changes in principle. There is a major change in principle here, in both acts.

Hon. Mr. Penikett: I doubt if any reasonable person could say there is a major change in principle. The revenue side of the budget is being expressed in this act, which has only two clauses, one to change a section of the Liquor Act and one to change sections of the Tobacco Act.

Mr. Lang: I submit to the Member opposite that it is significant. A $4 million tax revenue bill is significant to people of the territory. The Member opposite may not think so but I would submit to him that it definitely is. He still has not answered my question. Was any consideration given to two tax measures as opposed to the one? If not, why not?

Hon. Mr. Penikett: The decision to do it in one measure was my decision and I had the vain hope that it might expedite the business of the House.

Mrs. Firth: I would like to go back a bit further to the Government Leader determining what the tax increase was going to be. Can he tell us what goal he had in mind? Did he want to raise a specified amount of revenue or did he just want to bring us in mind with what other provinces were charging in the form of tax on alcohol and tobacco? Could he tell us what the goal was when he determined what the increase was going to be?

Hon. Mr. Penikett: We looked, in a general way, at both questions, the tax rates in other jurisdictions, the tax capacity and what economists would call the tax room. We believe that the projected increase in revenue was in the area that we needed. The decision to specifically tax tobacco and liquor was made following what economists would call the tax room. We believe that the projected revenue objectives were met.

Mr. Phelps: The more I ponder this problem, the more alarmed I become. Was the Government Leader or his department aware that conclusions we reached.

Hon. Mr. Penikett: I would have to go and start seeing exactly what is said these days. There are an awful lot of cigars that are cigarette size that have a large number in a single package. You can buy a package of cigars for — or you used to be able to — in the neighbourhood of $1.50, and have as many as 20 or 25 very small cigars in the package.

Hon. Mr. Penikett: I defer to the Member opposite in his expertise on cigars, but the last time I looked at a package of those very small cigarette size cigars was at Christmas time as a gift, and I think we are talking about something like $5 a package, which meant they were more like 50 cents a cigar rather than five cents.

Mr. Phelps: The issue remains the same. The empirical evidence is something I just cannot supply off the top of my head, nor can the Government Leader, but, nonetheless, if one assumes that Section 4 was utilized at all, it was there for a purpose — Section 4(b), (c), (d), (e), and so on. If inflation has rendered 4(b) obsolete, since this act was passed that may be, I doubt that it has rendered 4(c) obsolete, and again we have this huge increase: a 1,000 percent increase.

Hon. Mr. Penikett: If we use for example the 50 cent cigar we just talked about for a moment and mention to the Members opposite what the tax rates are for that 50 cent cigar in other jurisdictions.

In the Northwest Territories, it is now 20 cents. In British Columbia it is $0.38. In Alberta it is 25 cents. In Saskatchewan it is 45 cents. In Manitoba it is 28 cents. In Ontario it is 23 cents. Quebec is 30 cents. Nova Scotia 25 cents, and Newfoundland 69 cents.

Mr. Phelps: In response to that, could he read out how much the tax is on cigars between 10 and 15 cents in those jurisdictions?

Hon. Mr. Penikett: I would be happy to, but I do not know how many 10 and 15 cent cigars there are on the market now. Is there such a thing anymore?

Mr. Lang: Sure there are. Could the Minister account for the fact that BC is charging a higher tax, according to his figures, yet a carton of Colts, 10 packages, if you go to buy a gift for your friend today, will cost you $28.90 a block from here or straight across the street, everything being equal.

In British Columbia today, my information is that that same carton costs $15.32. Why the difference? If you are telling us and trying to convince us that you are not taxing less so therefore we should accept your argument, your argument does not hold water. Why does it cost less in BC than it does here if we are taxing less?

Hon. Mr. Penikett: I cannot answer the question. I cannot verify the Member's statements about what Colts cost in BC or in the Yukon at all.

Mr. Lang: Then perhaps we should just set aside this particular Bill and we will go with Supplementary, and you can get verification of what I am saying. Just get on the phone and phone some retailers. I am sure they will be within a couple of cents of each other as far as a carton is concerned. I have no reason to see any major discrepancies.

I put to the Minister that I believe we have pointed out a major, very serious deficiency, as far as the Bill is concerned. He has indicated to us that he could not amend it by regulation, and neither should he. It should be through this House, and rightfully so. Perhaps we could set it aside and go on to something else.

Perhaps we could hear from the Minister of Finance.

Hon. Mr. Penikett: Since we are in general debate on this Bill, and since it appears that it is the wish of the opposition that we be here for some time, I would like to hear if there is any general debate on the liquor tax provision.

Mr. Phelps: I know that we have not been provided with the comparative rates on liquor in the materials that have been tabled so far. At least, I have not been able to find them.

Could the Government Leader tell us whether those comparative figures have been tabled, and I am just not looking in the right place?

Hon. Mr. Penikett: I believe the other day I read into the record the comparable tax rates for the different jurisdictions in

neighbourhood of four cents. I do not know if there is such a commodity on the market now.

Mr. Phelps: I would have to go and start seeing exactly what is sold these days. There are an awful lot of cigars that are cigarette size that have a large number in a single package. You can buy a package of cigars for — or you used to be able to — in the neighbourhood of $1.50, and have as many as 20 or 25 very small cigars in the package.

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In British Columbia today, my information is that that same carton costs $15.32. Why the difference? If you are telling us and trying to convince us that you are not taxing less so therefore we should accept your argument, your argument does not hold water. Why does it cost less in BC than it does here if we are taxing less?

Hon. Mr. Penikett: I cannot answer the question. I cannot verify the Member's statements about what Colts cost in BC or in the Yukon at all.

Mr. Lang: Then perhaps we should just set aside this particular Bill and we will go with Supplementary, and you can get verification of what I am saying. Just get on the phone and phone some retailers. I am sure they will be within a couple of cents of each other as far as a carton is concerned. I have no reason to see any major discrepancies.

I put to the Minister that I believe we have pointed out a major, very serious deficiency, as far as the Bill is concerned. He has indicated to us that he could not amend it by regulation, and neither should he. It should be through this House, and rightfully so. Perhaps we could set it aside and go on to something else.

Perhaps we could hear from the Minister of Finance.

Hon. Mr. Penikett: Since we are in general debate on this Bill, and since it appears that it is the wish of the opposition that we be here for some time, I would like to hear if there is any general debate on the liquor tax provision.

Mr. Phelps: I know that we have not been provided with the comparative rates on liquor in the materials that have been tabled so far. At least, I have not been able to find them.

Could the Government Leader tell us whether those comparative figures have been tabled, and I am just not looking in the right place?

Hon. Mr. Penikett: I believe the other day I read into the record the comparable tax rates for the different jurisdictions in
Canada — provincial liquor tax rates. I would be happy to do it again, if the Member wishes. This is without regard to the provincial retail sales taxes.

In BC it is seven percent.

Mr. Lang: On a point of order. Perhaps to facilitate debate the Minister could run off copies and we could view that particular document and read from it, as opposed to trying to jot down figures. Would that meet the Minister's objective as well as our own?

Hon. Mr. Penikett: No. As I explained the other day, the same sheet of paper I have in front of me has the provincial and territorial liquor markups from one end of the country to the other. There is an agreement between jurisdictions not to release the markup information of other jurisdictions. We cannot release the information about the markups in BC, Alberta, Saskatchewan or Ontario. In the previous Legislature when my colleague, the present Minister of Justice and I, pursued the former Minister of Finance, Mr. Pearson, on the subject of markups, we were only given the information on the Yukon markups on a confidential basis. I think that would be a good rule to observe here.

Mr. Lang: I do not recall why that information was kept confidential. Perhaps the Minister could apprise this House because I do not think I was involved. I would like to know why, at least from the Yukon's perspective. I can understand it about the other provinces; that is their prerogative.

Hon. Mr. Penikett: I do not know the historic reason why. My colleague, the Minister of Justice, and I, having discussed this briefly, have no particular reason why we object to giving the markups that operate here to the Members of the House even though the Liquor Corporation may object to us doing it.

The probable reason why they object is it would probably give you a very clear indication about what the markup rates are in other jurisdictions and that is something that we have bound ourselves not to give. I do not want to be responsible for leaking any confidentiality, but I am sure the Minister responsible for the Liquor Corporation and I can provide to the Members opposite the information about the markup rates in the Yukon and if they choose to divulge them publicly, that is their business.

Mr. Phelps: I am looking at the Blues for Wednesday evening. The Government Leader is quoted as saying that the present rate of taxes for the different provinces range from a low of seven percent to a high of 12 percent. The Yukon will have a 12 percent tax as a result of the measure I am reading the right information? I am just trying to put this in context.

Hon. Mr. Penikett: I will read into the record the provincial liquor tax rates that I have here and we should all know that some of these jurisdictions also apply a general sales tax over and above that. In BC, it is seven percent; Saskatchewan, 10 percent; Manitoba, 12 percent; Ontario 12 percent; Quebec, nine percent, that is the provincial markup on wines produced locally; New Brunswick, 10 percent; Prince Edward Island, 10 percent; Nova Scotia, 10 percent; Newfoundland, 12 percent; and the Yukon, 10 percent, proposed to go to 12 percent.

Mr. Lang: What tax is levied by the Northwest Territories?

Hon. Mr. Penikett: They have, if I can say this without divulging any confidential secrets, chosen to take their revenue in the form of markup rather than tax. They do not have a tax. Their markup is higher than ours.

Mr. Phelps: These figures you read: BC - seven, Saskatchewan- 10, Manitoba- 12, Ontario- 12, Quebec - nine percent, and then you qualified it. Are these across the board on every liquor product? In the case of Quebec, is the nine percent only on homegrown wine?

Hon. Mr. Penikett: They are across the board in every case. The qualifier was in the case of Quebec. The number I have here is the nine percent on provincial markup on wines produced locally. That may imply that there is a higher tax on other liquor products. I could seek confirmation of that, if the Member wishes.

Mr. Lang: What exactly will the 12 percent increase on liquor bring in for revenue to the government?

Hon. Mr. Penikett: We believe it would generate an additional $275,000 on an annual basis, based on existing volumes of consumption.

Mr. Lang: Two hundred and seventy-five thousand dollars? Is that what he quoted?

Hon. Mr. Penikett: Yes.

Mr. Phelps: Does the tax affect the markup? Is the markup based on the percentage? In other words, do you take, as a base for your markup, the new higher cost and then add a percentage markup?

Hon. Mr. Penikett: I guess the markup is based on the landed price, including the federal taxes. Our tax goes on top of that.

Mr. Phelps: Is the answer that the markup goes on ahead of the territorial tax?

Hon. Mr. Penikett: Yes.

Mr. Lang: Why, in our revenues, are we predicting approximately $600,000 increase in revenue, yet when I asked you what the increase would bring us, it was $275,000. There is a $600,000 difference.

Hon. Mr. Penikett: The rest of it comes from the tobacco division.

Mr. Lang: Under revenue summaries on page 6 of our O&M Budget, 1986-87, liquor income is estimated to be $6,333,000 and the 1985-86 forecast is $5,744,000. Roughly we are talking $600,000, and you are telling us that we are bringing in $275,000.

Hon. Mr. Penikett: The other increase is based on increase in volume.

Mr. Lang: You told me last week that we probably would not be seeing any increase in volume. We are going to have an increase in tax, and fewer people would be drinking, so there would be less volume. I believe we were told, and we could check the Blues, that it was predicated that the volume was staying the same as this past year for this forthcoming year, and we would accruze any tax increase. Now I am told we are going to see a major increase in volume.

Hon. Mr. Penikett: Perhaps the Minister of Finance could give us an answer to that?

Mr. Lang: Perhaps we could have a recess.

Hon. Mr. Penikett: The Minister of Finance may object to us doing it.

Chairman: We will recess for 15 minutes.

Recess

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


Mr. Lang: I would appreciate an indication from the government just what the intentions are as far as that measure is concerned.

Hon. Mr. Penikett: The same would go from this side to that side. We have spent a few minutes considering the representations of the Members opposite in one particular respect. I have asked officials in the appropriate department to look at the matter. If there is some expeditious and acceptable amendment that can deal with the substantive question dealt with by the Member opposite that I can present this afternoon, and will be acceptable in the House, then I will try to bring it back this afternoon. If I cannot do that, the debate will have to continue at a later time.

Motion agreed to

Bill No. 17 — Fourth Appropriation Act, 1985-86 — continued

Chairman: We are on Bill No. 17, entitled Fourth Appropriation Act, 1985-86. General debate will continue.

Mrs. Firth: I was asking the Government Leader some questions about the housing in Faro, and I would like to follow with that line of questioning. The Government Leader was going to get back to me with some information regarding the process as to how the trailers were going to be sold, whether it was going to be put up to public tender, and so on. Can he give me that information now?

Hon. Mr. Penikett: I cannot give a final answer to the Member except to say that they will be surplused in the normal fashion through the Board of Survey and that may mean that they will, in most cases, given the numbers, probably be put up for auction. If we were dealing with a single item, it might not be by auction.
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Mrs. Firth: Does that mean that people, if they were interested in the trailers for cottage or recreational lots, would be able to go to the auction as well and purchase one trailer at the auction?

Hon. Mr. Penikett: I hesitate a little because I am not an expert on auctions. I do not know when items are put up if they are put up in lots of 10 or if they are put up one by one. I assume that at least some of them would be put up as individual items, and, yes, that opportunity would avail itself for citizens.

Mrs. Firth: In light of some of the questions that the Member for Porter Creek East has been asking about tax revenues in the communities, has the Minister of Community and Transportation Services taken into account the loss of revenue of tax that the Town of Faro will be losing as a result of the trailers being sold and removed? It is a concern of the people left in Faro because of their having to keep their recreational facilities going.

Hon. Mr. McDonald: Yes. The tax rate for Faro is being determined now. It will be based on projected recoveries from the assessment roles. We have no way of telling what the assessment will be specifically for the long term. Certainly the tax rate for Faro will be determined with the revenue potential in mind. Our attempt is to keep operating costs to an absolute minimum. With respect to the community’s recreation centre, the design will be to create as lean an operation as possible, keeping in mind that the territorial government will not bear any special operating costs for that facility, and that there will have to be a shared expense between the Town of Faro, the operating mine, the users of the facilities and the Department of Education, should Education avail itself of that centre for educational purposes.

Mr. Lang: I have a general question in view of that decision. We are talking about 45 mobile homes moving and that means a significant amount of school tax to the government, some thousands of dollars. Has that been considered in the lack of revenues on that side of the ledger, as far as the government is concerned?

Hon. Mr. McDonald: Yes, I just answered that question: that would be taken into account in determining the tax rate.

Mr. Brewster: I understand that these trailers are not going to be allowed to be sold in Faro. How far would someone buying one there have to go to have a home? Why is it fair for everybody else to get that rent advantage and such things? These people have no place to stay. Why is it fair for everybody else to get that rent advantage and such things if they have no place to stay, but people in Faro, who need help more than anybody, be sacrificed — then we will have a market for that land as the Town of Faro recovers, as the town is reoccupied by permanent employees of the mine, as they move into the houses and do something that the Member opposite has always expressed a commitment to. We have some private home ownership and have a more established and stable community.

A number of other things may happen. The town’s economy may get diversified in a number of ways. A couple of years down the road, Canamax could decide to house its employees and their families there. They might be housed on the site on shift rotation. They would use the town of Faro because there are educational facilities there and other services there and so forth.

At that point, we anticipate some demand for that land, and in the same way that the territory has land banked elsewhere — such as in my constituency for Hillcrest, which has been banked there for years and will now be going on the market in the foreseeable future — then we will have a market for that land as the Town of Faro recovers and flourishes again. It will not be happening in the short, short run.

Mr. Lang: If I am an employee and I happen to own a mobile home from Whitehorse, then I will not be able to move to any land held by the Yukon government and set up my mobile home? Is that correct, at least for the next couple of years?

Hon. Mr. Penikett: I will check into that to be precise on that question. As I understand it, the caveat that we are talking about is only on those trailers, not on the land itself. If someone were to come along and buy one of those lots for the purposes of moving onto it, that is something that we could contemplate.

Mr. Lang: Would the government be prepared, then, to subdivide that land into lots so that one could set up a mobile home? I believe it is one parcel.

Hon. Mr. Penikett: I will have to take that question under notice. Presumably, we subdivide land normally on the basis of a demonstrated need, and if we have that kind of demand we respond to it.

Mrs. Firth: I am a bit confused. The Government Leader is saying on one hand that we have a parcel of land that belongs to the government now with trailers on it, and the trailers have to be moved off that parcel of land in order to be sold so they are not in competition with the private sector. If a plumber or contractor wanted to go to Faro, take his own mobile home, set it up on that land and get services he would be able to do that. Is the Government Leader going to let us know if that can be done or is he saying that that can be done?

Hon. Mr. Penikett: We will come back, either I or the Minister of Transportation and Community Services, and explain in detail what the plan is. The simple principle is that we do not want to go into competition in a re-emerging housing market with the person who has put a lot of private capital at risk in acquiring those to be between $5,000 and $11,000. What is the cost of a house going to be?

Hon. Mr. Penikett: I do not have that number at my fingertips. I will certainly get back to the Member with the information. As I recall, some of the houses’ replacement cost is something like between $80,000 and $100,000. I think. They will be sold for a fraction of that cost. I will get back with the number.

Mr. Phillips: The Government Leader just stated that in Faro some of the trailers may remain for staffing and such. Did he not tell us the other day that there was some kind of agreement that the trailers would have to be removed? That was part of the agreement with the real estate company, that they would remove all the trailers and create this artificial market?

Hon. Mr. Penikett: Yes. I should just explain that our agreement is not to go into competition with that person. In the event that the government might have some need for some of the units for staff housing, then they might not be moved. At this time, I hasten to emphasize, I do not anticipate that.
homes and is trying to make an arrangement to sell or lease them to employees on an attractive basis.

Obviously, the market power of the government anywhere in the territory is considerable, as the Member knows. We will come back to the Member and describe what we anticipate will happen over the next period of time.

Mrs. Firth: The only other thing that I could see happening is that if a businessman, or a new miner, moves to Faro and they either are going to establish their business or they are going to live there, they are going to be forced to buy one of the houses from the realtor, of which the Government Leader has said the value was somewhere between $80,000 and $100,000. So what is really happening is that in a way you are discouraging people from the less expensive housing and forcing them into the expensive housing. Is it the government's intention to do that?

Hon. Mr. Penikett: The intention of the developer of the mine was to get out of the housing business, to get out of the situation where very expensive housing was provided at low cost to the employer but at considerable expense to the employer. It was the view of the developer, the new owner, that the stability, even the longevity, even the quality of life of the Town of Faro would be improved by employees making a commitment to the place and buying houses.

If you are talking about trying to buy those houses for what it costs to build them, it would not be a very attractive option for a mine that is projected to have a life of a minimum of seven years. What would have to be arranged is a package that would be attractive to employees on a seven year basis to end up at the end of that period owning that home and having some significant equity. The other option would be renting it, but having quality housing at a fraction of what it would cost to buy it in the Whitehorse market and still be an attractive thing for the employer. The employer would, in essence, be out of the housing market or would not be managing the housing and doing the maintenance on them. The employees would live in them. They would be municipal taxpayers and the town would take a new step toward maturity as the citizens in that town were no longer dependent on the single big taxpayer, but would be the people who make the essential vital decisions about what level of infraservices and infrastructure they wanted in their community based on what they were prepared to pay in taxes.

Mrs. Firth: Is the Government Leader telling us that Faro is going to have its own market when it comes to real estate, and it could possibly be much different, on a competitive basis, to the market anywhere else in any other community in the Yukon, actually?

Hon. Mr. Penikett: It will go from a situation where there was no market a few months ago — you probably could not have given away some of the houses there — to a situation where there is a market which is very simple and limited right now, to one a few years down the road that will be quite lively and quite vital, in the same way as in any other town.

As the Member well knows, you go from a range of situations in the Yukon Territory, from Whitehorse, where there is a very lively and active housing market — witness the number of real estate agents — to those very small communities where there is no housing market, as such, because the people who are often well-housed happen to be government employees or are in staff housing or in band housing or in housing of one kind or another that comes from the public sector, and there is a very tiny private housing market in those communities. I know the Member is well aware of that because of the debates we have had in the House in the past on that question, and also because of the reason why we have had staff buy-back policies, and those kinds of things.

Mr. Brewer: As I understand this, if a person bought a house for $60,000, and the life expansion of that mine is for seven years, do you not think he would be a lot better off if he had a trailer that he could move out of there? We are going to have another Clinton Creek if this closes in seven years. Do you think the average person, spending $80,000, wants to gamble on a thing like that?

Hon. Mr. Penikett: I take it that what the Member is saying is that the housing element, as part of the whole package of opening up the mine, is one he does not agree with. It was obviously a necessary part of providing the means to get the mine open. The mine, as we have told the House, has a minimum life time in the present pit of seven years, and a possible lifetime of 25 years. There is a commitment by the company, I think it is by year three, to develop a mining plan on the next available deposit, which is likely to be an underground mine. There are other deposits, as you know, that are controlled by the company in the area, which could see the lifetime of the mine extend to 25 years.

If at the end of seven years you have an employee who owns a house that has been bought and paid for at a very attractive rate, he will have a valuable asset on his hands, especially if he decides to leave and move on. The proposed method of selling to the employee is rental-purchase. Even on a rental basis, I understand the rents will be quite an attractive option for the employees.

Mrs. Firth: Just out of curiosity, could the Government Leader tell us what the government is planning on doing with the balance of the properties that the government owns? If 45 of them are trailers and there are 122 altogether, what is the government intending to do with them?

Hon. Mr. Penikett: I am sure we can come back and give some indication of our long-term plans but, as the Member knows, we have some land banked all over the territory. Hopefully, initiatives we will take in this area in respect to this town will create the kind of demand and market that we will be able to sell some of that land at a good price when the time comes.

Mrs. Firth: Does the Government Leader mean that he will just be putting them in the land bank and will not be going into competition with the realtor and charging the market value for the remaining properties? Is the government just going to sit on them or put the same value on theirs as the realtor is on his and make an attempt to sell them?

Hon. Mr. Penikett: As I said, wherever the government has land and a demand develops, we obviously want to respond to that demand by putting it on the market. I used the case before of the Hillcrest-McIntyre subdivision. The government has owned that land for quite some time. It was developed during pipeline times, 1977-78-79. There has not been a market. We have faith in the long-term health of this community, as we do in Faro, and believe there will be a market for that land in time.

Mrs. Firth: Are we talking just about land or are we talking about housing units as well? Does the government have housing units in Faro as well as the 45 trailers?

Hon. Mr. Penikett: We also have some houses and an apartment building.

Mrs. Firth: That is what my question was in regard to: are those houses going to go up for sale when the realtor's houses are for sale or is the government going to sit on them and not create the competition and allow the realtor to sell his units before they sell their units?

Hon. Mr. Penikett: Will the Member permit the Minister for Community and Transportation Services to come back with a more specific answer. I am sure the Member understands that we cannot, at this point, give an exact determination of our staff housing needs there yet, because we do not know how many kids will be in the school and we do not know how many teachers will be in the school, and so forth. Those are all considerations we have to take into account when making plans for those houses.

Mrs. Firth: When the Minister of Community and Transportation Services comes back with that information I would like him to speak also to the Minister of Health and Human Resources regarding the staff housing for the health staff as well, because we identified $1.2 million in the capital budget for that staff housing and the Minister was unclear the other day as to whether it was even going to be needed or not. Logically, that would be the next question I would ask: is that money still going to be used, or will government-owned houses be used in place of the $1.2 million?

Hon. Mr. Penikett: I told the Member the other day in respect to the health department housing that that was on hold.

Mrs. Firth: That may well be, but when the Minister of Health responded to the question, and I asked her if they were going to still need the units, she said she did not think so. She rather doubted it. I do not know if it is on hold, or if she doubts whether they are
needed. What is the present situation?

Hon. Mrs. Joe: The very question was asked of the Government Leader the other day, and I gave him the answer. The federal government has put that project on hold.

Mrs. Firth: I believe the question was asked of the Government Leader, and followed by a supplementary to the Minister of Health and Human Resources. — and I do not have the Hansard right here — her last comment was “I doubt it,” as to whether it was going to be needed or not. I would like an update of the status of the government-owned housing unit in Faro. The Government Leader has said the Minister of Community and Transportation Services would bring that back for us. I look forward to seeing that.

Hon. Mrs. Joe: I would like to clarify something. She asked me a question one day. I did not know the answer. I went back and got it and I came back with it.

Mr. Lang: Moving to a different topic, and it is one that is dear and close to all our hearts in view of what has happened today, and it is called taxes and tax measures, how you implement them and how you collect them.

On the revenue side, we had a school and property tax of $3.5 million voted to date. On the revised side, we are talking $3 million, we are talking $570,000 less, yet at the same time, in the O&M Mains for 1986-87, we are projecting an increase similar to what we had previously of another $570,000. Could the Minister of Finance explain to me why we have so much less coming in in property and school tax to the Government of Yukon Territory, when in 1986-87 you are projecting basically the figure you had according to what the Minister has informed us of his projections.

Hon. Mr. Penikett: With the consent of Members present, I would like to return to Bill No. 10.

Mr. Lang: I would ask why. We are dealing with the Supplementaries. Perhaps the Minister could clarify the exact intentions of the government.

Hon. Mr. Penikett: The Members's methodology today, a desire to obstruct rather then to assist the passage of business, is becoming more clear. When I was asked what the government's intentions were I said very clearly that we were going to try and draft an amendment based on the representation of the Members opposite. When I asked if that was acceptable to the Members opposite, I received a clear signal that it would be and that we would try and bring it back this afternoon. I was perfectly clear when that item came up and when we moved progress that we had the assent of the Members opposite in proposing to do that.

Chairman: On a point of order, it is not necessary that once it has been moved to report progress on this Bill No. 10 that it has to go to the Speaker. We can return to it.

Mr. Lang: That was my point. I was wondering if we were following the rules of the House. I do not think that because of some actions by the Government of this size that we start to distort some of the rules for any reason. I was under the impression that we had voted on a motion and if we had, no matter what those intentions are, there are certain procedures that have to be followed. Am I not correct? Did we not vote on a motion, Mr. Chairman?

Chairman: We voted on the motion to report progress on Bill No. 10. It has now been moved that we report progress on Bill No. 17. You have heard the question. Are you agreed?

Motion agreed to

Bill No. 10 — An Act to Amend the Liquor Tax Act and the Tobacco Tax Act — continued

Chairman: Now we are dealing with Bill No. 10.

Hon. Mr. Penikett: The government side listened to the representations made by the Members opposite in respect to the bill that is before us, Bill No. 10, the Liquor and Tobacco Act. If it is agreeable to the Members opposite, we will introduce an amendment to Clause 2 of the bill when we get to it, which takes into account the representations made by the Members opposite and which I hope the Members opposite will be persuaded is a responsible taking into account of their concerns with respect to the impact of this measure on the price of cigarillos and miniature cigars.

Hon. Mr. Penikett: I cannot, of course, properly move the amendment until we get to the clause. I will, however, ask that the House Leader circulate the proposed text of the amendment.
way of general debate only, I do not want to anticipate the amendment, in essence, the government is proposing to include, under the definition of cigarette, a cigarillo and the Member's cigar, with a low retail price. I would not want to specify the retail price because I think that would be against the rules before we actually get to the amendment. I just want to say we have listened to the reasonable interventions of the Members opposite and are prepared to introduce an amendment which I think substantially deals with their concerns when we get to the appropriate clause.

Mr. Lang: I have to rise with some concern from a number of points of view, as a Member of this House. First of all, we are dealing with one of the most serious issues a Legislature can deal with, and that is to tax the populous that you represent. That is exactly what we are dealing with — a tax bill of a fair size.

When one takes a look at the ability of our government to raise a revenue through taxes of in the neighbourhood of $4 million, so I am told. A number of things have been handled poorly. For example, putting two tax measures in the same bill dealing with different commodities. I do not recall that ever having been done before. It is just an observation and a question I gave to the Minister of Finance who gave me a flippant reply. That puts us in a dilemma as legislators because when one takes a look at what has gone on in the debate, there are a number of discrepancies. It is not just a question of what was presented and the amendment we would like to go through.

In view of some of the questions asked, it would seem that we were given various answers regarding tax increases depending on the time and place and forum. A very valid question asked earlier today was, “How much money do we get out of cigars?” Here we are bringing in one of the most major tax increases on a commodity, and we do not have the numbers. We were not provided the numbers to give us an idea of the revenue we would be raising by proceeding with such a tax measure. That is inexcusable. I believe that information should be available so we, as Legislators, can deal with it forthrightly.

The point I also want to make regarding the tobacco tax portion of the bill is there does not seem to be any correlation to what has happened in the provinces. Even taking a quick cursory look at the provinces, even taking the information that was provided to this House, and then when the next day when we ask similar questions, we get a different response.

I commend the Minister of Finance when he stands up and says that he is going to bring this tax measure forward under the principle that it is going to have people quit smoking and quit drinking. If that was consistent, then he should have either reflected present consumption levels, if not less consumption levels, at least even a small percentage.

I think it is a serious question of the interpretation of the information that we have. That was stated by the Government Leader as the Minister of Finance.

Point of Order
Hon. Mr. Porter: A point of order.
Under Standing Rule 2(7), I move that the Committee of the Whole and the Assembly be empowered to continue to sit beyond 5:30 today for the purpose of continuing Committee consideration of Bill No. 10, entitled An Act to Amend the Liquor Tax Act and the Tobacco Tax Act, and throughout the Assembly to consider the motion for third reading of the same Bill.

Mr. Lang: On a point of order, I do not understand how he could put a motion forward on a point of order. I am speaking, and unless I have been out of turn, or out of order, there is nothing in the rules that allows him to stand up and put a motion arbitrarily when a Member is speaking. I would not do it to the Member opposite.

Hon. Mr. Penikett: On a point of order. Under the rules, such a motion has to be moved by a certain time, and the Member cannot prevent a procedural motion from being moved simply by holding the floor.

Mr. Lang: I would challenge that as far as a point of order is concerned.

I was speaking. I had the floor. The Government Leader had the floor, and subsequently provided me with the floor. I object to the motion being presented right in the middle of some very valid points being made to the side opposite.

Hon. Mr. Penikett: The Member opposite is clearly engaged in a filibuster. Why does he not just be frank about it? He is trying to delay passage of the measure and to oppose it. That is his right, but we have a right to move a procedural motion at this hour.

Mr. Lang: I submit to the side opposite that I do not believe that they do have that right. I am saying as a Member of this House — and the Members opposite seem to forget that some of us do have some privileges as Legislators and we do have some responsibilities. I know we are just the Opposition — I would submit to the Chairman that I had the floor. The Member opposite rose on a procedural motion on a point of order, which I do not believe is in the rules. I would like the Chairman to clarify that.

Hon. Mr. Porter: This side of the House would also like a ruling from the Chair as to the validity of the introduction of the motion.

Mr. Lang: I ask the Member opposite to repeat that please. I am sorry. I did not hear what he said.

Hon. Mr. Porter: I think that the Opposition House Leader would be satisfied that I conferred with his decision to ask for a ruling from the Chair. I had asked the Chairman to rule on the motion as moved by myself.

Chairman: The ruling is that on a question of order, a Member cannot rise on a point of order to move a motion. We are back into general debate.

Mr. Lang: I submit to the side opposite that there are a number of other areas, as far as the liquor hike is concerned, that I think are very serious. The Government Leader on March 26 stated that the estimates for this new measure, the liquor tax, “is assuming consumption patterns do not change, $6,333,000. Part of that increased revenue is an increase in the tax resulting from the federal tax changes which affect our landed costs here in the Yukon, and that amounts to $27,000 of that item.”

I would submit that what I heard today was, when we referred to the O&M side of the budget, that the Government Leader said the converse. He said today that there was an increased volume of 10 percent projected in the O&M mains of the 1986-87 budget. That is directly contrary to the statement that was made a week ago. I look here and I ask what information has been provided to this House? That is totally inconsistent, one principle being espoused one day and one another day, I see, on March 26, he talks about revenue. He says “in 1985-86 the revenue is $5,744,000 and with new measure, assuming consumption patterns do not change, is $6,333,000. We are talking about approximately a $600,000 increase to the taxpayer of the Yukon, and now I am told that the projected increase is $275,000.

I do not know if the computer has gone away but I think in good judgement that if the leader of the government was sitting on this
side he would ask what the government of the day was doing.

Mr. Lang: Here you are providing information to us to make a conscious, political decision, to raise the taxes of the territory for whatever reasons, and saying here is the value of the dollars we are going to get, and this is what it is for, and yet I am told on March 26th absolutely different reasons than what I am told today.

I recognize that one cannot know everything, but government in a tax measure should have their homework done and should have that information provided to us.

We sit here in this House and talk about the tobacco tax and the possible amendment to the tobacco tax. It is a significant increase; in fact double. I want to know with the projected increase the Government Leader put forward to us, what was the revenue coming in from cigars. With any proposed amendment, this House deserves the information on what revenues are going to accrue to the public treasury of the territory.

That means not only doing your homework, but in view of what we have experienced, double checking your homework. In comparison to what you are asking us to consider here, I would say what the Minister should do is look and see what has happened in the provinces and how it compares, so we are not in a situation where we are not talking about only Colt cigarillos, but other cigars in that particular commodity which are going to be adversely affected as well.

We are dealing with commodities in such a manner that it is adversely affecting their ability to sell them. If our tax measures are done in such a regressive manner then we are in a situation of choosing one over the other because of taxes, not because of quality.

I see another amendment coming forward with no time to deal with it, no time to contemplate it or to have other people who are knowledgeable on taxation and how it is administered look at it. We are also dealing with a situation where we are forced at the last minute to deal with things.

We were here last October. We had to deal with the $8 million package on Curragh Resources in one day. We were told the witnesses had to leave by 4:30.

We need some clarifications on the revenues we are receiving.

We have been given different answers to the same questions depending on the day. It reflects our O&M Budget, which is very serious and significant when we start talking about a $300,000 difference and the ability to raise revenues.

That is significant, especially when you start considering that, prior to getting in the Main Estimates, we found areas where significant commitments by government had been made, and they are not included in the budget, which increases the deficit that has been presented to this House without even getting into April 1 and dealing with those items.

We have been cooperative. When the Interim Supply Bill was brought forward, we dealt with it. We dealt with it expeditiously. We knew that the government needed that money. I do not think that anyone here remembers when it went through, it went through so quickly. There was a significant principle in that bill as well. We said fine, in order to cooperate, in order to put these measures through.

One of the outstanding issues on this side, from my perspective as a Member who has been in this House for a long time, I resent my vote being taken as a given, and that the government feels they can do anything they want.

I submit to the side opposite, it is a minority government. Whether they like it or not, that is a reality. We all have responsibilities. In view of the significance of what we are dealing with, I do not believe that an amendment of this kind should be dealt with until tomorrow. I do not believe that it is in the best interests of the public we serve. I think the Government Leader should be reviewing the Blues, in conjunction with Finance, to give us the forecasted funds, how they relate, whether or not consumption is going up 10 percent — all these other factors that have been brought into the scope of the debate that has been in this House for the last couple of days.

The people of the territory deserve that. If we do not get those answers, how can we, in good conscience, vote for a tax increase? the public deserves those answers. In deference to this side, we have been given a set of different answers, depending on the day. We have a responsibility, as legislators, to do our homework, to walk into this House and to deal with matters that are before this House in a manner with all the information that has been provided. That has not been done.

Chairman: Just a reminder that we are still on general debate. We are not speaking to the amendment.

Mrs. Firth: I want to know if the Government Leader is going to be prepared to answer some of our questions. I have a particular concern about the discrepancy, or the appearance of contradiction, that the Member for Porter Creek East just raised. That is in regards to the projected revenue from the alcohol tax that the Government Leader told us was based on the current consumption plus the increase in tax revenue. Then, this afternoon, he told us that the projected revenue had actually been based on the increased tax revenue plus an increase in volume of consumption of alcohol.

Could the Government Leader tell us which he has based the projected revenues on?

Hon. Mr. Penikett: I would have been pleased to do that 20 minutes ago, but I could not get the floor.

The projected increase in liquor income to the territory for the coming year is $859,000, — $275,000 of which is the estimate based on the tax change, which is before Members, $314,000 of which is based on volume and markup increases, which come from increasing population, increasing economic activity, increasing consumer purchasing power. As I explained earlier, the addition of the federal taxes also has an impact on our revenues. That explains the discrepancy between the $859,000 and the $275,000 figures that I gave earlier.

While we hope that the measure may have some disincentive, particularly on young or potential young users of alcohol, we have no accurate way of projecting what that impact is. Earlier I was asked what was the distribution of the tax increase in respect to cigarettes and cigars. The breakdown is as follows: in terms of the $1,357,000 projected there, cigarettes were projected to contribute 95 percent of that for an amount of $1,289,150. The tax on cigars, which has been the subject of so much debate this afternoon, is projected to produce $67,850.

Mr. Lang: Following up on the question that the Member just put forward, you are saying that the increase will largely be because of an increase in numbers, and not because of volume, is that correct as far as liquor consumption is concerned?

Hon. Mr. Penikett: An increase in volume will result in part from an increase in population and in part from another indicator of economic recovery that has historically been a tendency to have some increased consumption of alcohol, and the third part as a result of the federal tax increases, which produce a higher volume for us. The fourth item in the account is the $275,000, which will come from the tax increases proposed here.

Mr. Lang: How come that projection of volume increase because of numbers is not predicated on further numbers in the O&M Main Estimates? This year and next year, we are estimating roughly the same number of health care insurance premiums. Licence fees have gone up, and the reason for that was the bulk commodity market. You subtract that, then you are basically dealing with the same figures as we were last year. At the same time, we are told that we can expect a major increase of people consuming alcohol, as opposed to a volume increase of those who are partaking.

Hon. Mr. Penikett: In the health care payments there is a two percent population increase anticipated.

Mrs. Firth: The Government Leader told us last week that he would bring back some population figures, which he has not done, and yet the O&M Budget, on page 99, the Department of Education, Libraries and Archives, is actually not forecasting any population growth from 1984-85. They cite 1984-85 actual population figures; population served, 23,378. In the 1985-86 estimates, for population served they are predicting the same 23,378. The Government Leader has not come back to us with any figures saying there is going to be a two percent population increase.

Hon. Mr. Penikett: I just gave the figure from the Main
Estimates, which, of course, we are not supposed to be discussing even though we are. Members will understand there have been considerable requests for information which many people are now working on providing. If the Member wants some kind of answer that integrates all the assessments of the population assumptions or projections used by the government in the different departments, or the population projections on which this budget was based, I will be happy to get that information back to the Member as soon as I can.

Mr. Lang: We should know that. The Government Leader has been remiss when he stated to us we should not be referring to the O&M Budget of this forthcoming year 1986-87. We are talking about a tax measure which makes up a considerable portion of the revenues to be able to pay for this budget. He might agree with me now I have pointed this out. They are interchangeable and therefore they do reflect on it.

The Government Leader indicated to us the consumption level was staying the same and now he is telling us that there are a number of other reasons, such as increases in population, people are working more, and there was a third reason. The concern I have for that particular assumption is that it does not flow through the projected revenues for this forthcoming year.

Look at fines. We are projecting the same income as last year. Obviously, we are assuming the assumptions in this budget were made basically on the population count we had in the last year.

How much is the Government Leader basing the $600,000 increase on liquor tax on increased consumption with the present population? It is certainly more than two percent.

Hon. Mr. Penikett: I believe that I have already given this answer in general terms. If the Member wishes to have a more detailed breakdown, I will get it to him. I feel bound to remind the Member, since I spent a lot more time in opposition than him, that we did not insist when we were in opposition in having this kind of detail in general debate. It was our practice to move on to the particular department and the particular item where the matter was discussed, then deal with the items in some order.

The Member opposite has tried to monopolize debate for most of the day. He will permit me to have a few words now on the bill, which I am allegedly presenting to the House. We are keeping an awful lot of people busy providing information requested by the Members opposite. We are quite happy and prepared to provide that information and we will get it as quickly as we can. The Members opposite have made it quite clear that, notwithstanding the traditions of this House, particularly the traditions that were established when we were in opposition, of a cooperative if critical approach to legislation, that the particular style of the Member for Porter Creek East, which is, as I might describe it, a "no prisoners" approach — the idea that there shall be no cooperation, no collegiality and no civility in the conduct of House business. Be that as it may, we will be here until May, June or July, or whenever it is that he and his colleagues feel it is necessary to discuss this measure and the other budget measures.

I will, as will my colleagues, provide answers to the questions that they have asked and we will try and get it in a timely manner. I hope Members opposite understand that when we, at some months, as we may, eventually get into discussion of the main estimates, that they will be ready to move expeditiously into the departmental matters and have us simply take as notice questions that are asked in great detail about specific departmental budgets, and, at that time, I hope the Members will understand if we will want to forego detailed debate on the departmental detail until such time as we get into those votes.

I believe, having checked the record, we have spent longer in general debate on these and other budget measures than ever before. That is fine. The Members opposite, especially the Member for Porter Creek East, have decided that filibuster is going to be the order of the day. He spoke something like 20 minutes and asked me a simple question and prevented us doing what was quite properly in order in terms of the House business — moving an extension of the sitting day. He was clearly trying to do that deliberately. It was an uncharitable act but typical of the level of cooperation that he expect from that particular honourable member.

Be that as it may, we will persevere. We will come back with the answers to the questions that the member is asking and we will proceed as expeditiously as we can over the objections, constructive and otherwise, of the Members of the Opposition.

Therefore, I would move that you report progress on Bill No. 10, — or lack of progress. I move that you report progress on Bill No. 10, and beg leave to sit again.

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

Motion agreed to

Speaker resumes the Chair

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

Some Members: Agreed.

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

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

Motion agreed to

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

The House adjourned at 5:25 p.m.

The following Sessional Papers were tabled April 1, 1986:

86-3-18 Yukon Housing Corporation, Report of Auditor General of Canada on examination of accounts and financial statements for year ended March 31, 1985 (McDonald)

86-3-19 Towards a Yukon Science Policy (Penikett)