



The Yukon Legislative Assembly

Number 42

3rd Session

26th Legislature

HANSARD

Monday, November 24, 1986 — 1:30 p.m.

Speaker: The Honourable Sam Johnston

Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassi	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

James McLachlan Faro

LEGISLATIVE STAFF

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

01 Whitehorse, Yukon
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Speaker: I will now call the House to order. At this time we will begin with prayers.

Prayers

INTRODUCTION OF PAGES

Speaker: At this time, I have the great pleasure to introduce two of our pages. They are Doug Bonnett and Andrea Hoyt. I would now welcome them to attend on behalf of the Assembly.
Applause

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

DAILY ROUTINE

Speaker: Introduction of Visitors?

INTRODUCTION OF VISITORS

Mr. Phillips: Mr. Speaker, this is not really an introduction of visitors, but I would like to call the attention of the House today to a very momentous occasion, and that is the birthday of the Member for Watson Lake. He is 33 years old today, and I would just like to remind the Member that all the other Members on this side of the House are his elders. I would hope that as the session proceeds that he will heed our advice. Very best wishes to the Member for Watson Lake on his birthday.

TABLING RETURNS AND DOCUMENTS

Speaker: Under Tabling Returns and Documents, I have seven documents for tabling. The first is a written resignation, effective midnight October 30, 1986, of Roger Coles, Member of the Legislative Assembly for the Electoral District of Tatchun, from his seat in the Legislative Assembly.

The second is a copy of the warrant, dated October 31, 1986, given under my hand to the Clerk of the Legislative Assembly which gives notice, pursuant to Section 17 of the *Legislative Assembly Act*, of a vacancy in the representation for the Electoral District of Tatchun.

The third is the Report of the Auditor General on the Examination of the accounts and financial transactions of the Government of Yukon for the year ended March 31, 1986.

The fourth is a letter, dated May 23, 1986, to myself from the Right Honourable Brian Mulroney, Prime Minister of Canada, in response to Motion No. 3 passed by this Assembly on April 2, 1986.

The fifth is a letter dated June 10, 1986, to myself from the Honourable Erik Nielsen, then Minister of National Defence, in response to that same motion.

02 The sixth is a letter dated June 23, 1986 to myself from the Right Honourable Brian Mulroney, Prime Minister of Canada, in response to Motion 19 passed by this Assembly on April 2, 1986.

The seventh is a report from the Clerk of the Legislative Assembly on deductions from the indemnities of Members of the Assembly made pursuant to Section 40.1 of the *Legislative Assembly Act*.

Speaker: Are there any further Returns or Documents for Tabling?

Hon. Mr. Kimmerly: I have for tabling, the Auditor General's Report on the Yukon Liquor Corporation, the 1985 Annual Report of the Workers' Compensation Board, a green paper and a White Paper on legislation concerning human rights. The latter three have previously been circulated to all Members.

Hon. Mr. McDonald: I have for tabling two amendments to the *Municipal and Community Infrastructure Grants Act* dealing with capital block funding, which I will be introducing during committee stage debate on this bill.

I also have for tabling the Annual Report of the Motor Transport Board for the year ending March 31, 1986, as required by Section 19.2 of the *Motor Transport Act*.

03 Speaker: Are there any Reports of Committees? Petitions?

PETITIONS

Clerk: Mr. Speaker and hon. Members of the Assembly, I have had the honour to review a petition, being Petition No. Four of the Third Session of the Twenty-sixth Legislative Assembly, as presented by the hon. Member for Faro on May 28, 1986.

This petition meets the requirements as to form of the Standing Orders of the Yukon Legislative Assembly.

Speaker: Pursuant to Standing Orders 66, Petition No. Four is deemed to have been read and received.

Are there any further Petitions?
 Introduction of Bills?

INTRODUCTION OF BILLS

Bill No. 7: First Reading

Hon. Mr. Penikett: In my capacity as Minister of Finance, I move the Bill No. 7, entitled *First Appropriation Act, 1987-88*, now be introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 7, entitled *First Appropriation Act, 1987-88*, be now introduced and read a first time.

Motion agreed to

Bill No. 54: First Reading

Hon. Mr. Penikett: I move that Bill No. 54, entitled *Fifth Appropriation Act, 1985-86*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 54, entitled *Fifth Appropriation Act, 1985-86*, be now introduced and read a first time.

Motion agreed to

Bill No. 18: First Reading

Hon. Mr. Penikett: I move that Bill No. 18, entitled *Fourth Appropriation Act, 1986-87*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 18, entitled *Fourth Appropriation Act, 1986-87*, be now introduced and read a first time.

Motion agreed to

04 Bill No. 94: First Reading

Hon. Mr. Penikett: I move that Bill No. 94, entitled *An Act to Amend the Home Owner's Grant Act*, be now introduced and read a first time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 94, entitled *An Act to Amend the Home Owner's Grant Act*, be now introduced and read a first time.

Motion agreed to

Bill No. 21: First Reading

Hon. Mr. McDonald: I move that Bill No. 21, entitled *An Act to Amend the Assessment and Taxation Act*, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Education that Bill No. 21, entitled *An Act to Amend the Assessment and Taxation Act*, be now introduced and read a first time.

Motion agreed to

Bill No. 40: First Reading

Hon. Mr. McDonald: I move that Bill No. 40, entitled *Gas Burning Devices Act*, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Community and Transportation Services that Bill No. 40, entitled *Gas Burning Devices Act*, be now introduced and read a first time.

Motion agreed to

Bill No. 65: First Reading

Hon. Mr. McDonald: I move that Bill No. 65, entitled *An Act to Amend the Municipal Finance Act*, be now introduced and read a first time.

Speaker: It has been moved by the Minister of Community and Transportation Services that Bill No. 65, entitled *An Act to Amend the Municipal Finance Act*, be now introduced and read a first time.

Motion agreed to

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

Notices of Motion?

Statements by Ministers?

MINISTERIAL STATEMENTS

Public Utilities Board Hearings Postponed

Hon. Mr. Kimmerly: I rise to make a Ministerial Statement relating to a matter of significance to Yukoners and our well-being. As you know, the Yukon Utilities Board in its Board Order 1986-1, dated March 5, 1986, ordered Yukon Electrical to submit a new rate application.

⁰⁵ The company complied with that order and hearings were set to commence tomorrow. The government has had serious concerns about proceeding with those hearings at this time. The Board was made aware of our concerns, especially in light of the planned arrangements whereby Yukon Electrical would be contracted by this government to manage the transferred assets of NCPC. The Board is also aware of our intentions of establishing an integrated rate schedule for both NCPC's and Yukon Electrical's operations. It is our intention that such new rates will be filed for review by the Yukon Utilities Board subsequent to the transfer of NCPC assets. We anticipate that the Yukon Government would provide the Yukon Utilities Board with the appropriate policy direction on establishing the new rates structure, especially as it relates to equalization of rates.

Mr. Speaker, we have decided that proceeding with the planned hearings would be disruptive, costly to all rate payers, and premature in light of our stated policy objectives relating to rate structure after the transfer. It would be confusing and costly to the public to proceed with establishing a new rate structure for Yukon Electrical's operations now, and to have to establish new rates once the transfer of NCPC is completed.

⁰⁶ The Board received Yukon Electrical's submission back on September 15, 1986 and was also provided with further information on November 10, 1986. We believe that the supplied information will be useful to the Board in its deliberations in the future.

We have listened to the concerns expressed by rural residents and their elected officials. We have decided to order the Board to adjourn the hearing of the Yukon Electrical Rate Application now before the Board until the negotiations between us and the federal government regarding the transfer of NCPC have been completed and a policy directive on rates has been issued by the Commissioner in Executive Council. The Board has so adjourned the hearings.

This decision is reflective of our government's commitment to the need for fairness and equity in setting power rates and highlights the primary reason for our desire to transfer the ownership and control of NCPC: affordable, fair and stable power rates for Yukoners. This decision will also mean a savings to electric power consumers amounting to hundreds or thousands of dollars.

Mr. Phelps: The statement does make sense to us, provided that the transfer of the assets of NCPC that the Minister speaks about is going to be coming in the fairly near future. We will, of course, be investigating this during Question Period and at times

during the sitting of the Legislature.

We would also, at this time, like to state that we hope, and we make the assumption based on what the Minister has said, that there will not be any retroactive rate increases as a result of this delay.

⁰⁷ **Mr. McLachlan:** We realize where the complicated state of negotiations of the transfer between the Commission and the government is, and that many answers remain to be determined. In the light of such circumstances, we agree that this is the only fair decision to make in this case. We will be looking forward to a fact that it is not simply a cancellation but just a postponement of these hearings when the time comes to reconsider the application.

Yukon Treasure Hunt

Mr. Porter: I would like to report to the House on the Yukon Treasure Hunt. It was conceived and initiated as a promotion to encourage visitors to the Yukon Pavilion at Expo to travel to the Yukon during the summer of 1986. To be eligible to participate, visitors were required to pick up a passport at the pavilion prior to their journey to the Yukon. By presenting the passport at a visitor reception centre in the Yukon, where it was stamped, the holder obtained a clue as to the whereabouts of the treasure.

The hidden treasure was, in fact, a token redeemable at the Department of Tourism. The treasure is a Yukon-made necklace valued at \$15,000.

It was necessary to collect clues from at least five of the six reception centres in the territory in order to qualify and successfully claim the treasure. Yukon residents were ineligible to participate in the hunt. Approximately 3,000 passports were picked up by visitors to the Yukon pavilion, and at least 800 of them travelled to the Yukon to gather clues. Some came more than once, as newspaper and radio reports attested to at that time.

The total expenditure on the treasure hunt project was less than \$19,000. It is estimated that the probable extra expenditures by visitors to the Yukon was approximately \$70,000. While a number of individuals were certain they knew of the token's location, in fact it was never found.

In view of the success of the Yukon Treasure Hunt in 1986, the department plans the treasure hunt again in 1987. A publicity program and a method of getting passports into the hands of visitors and potential visitors, as well as other details, are presently being worked out.

Since most of the major expense, including the cost of the treasure itself, has already been incurred, there will be little additional cost. In order to encourage travellers throughout the Yukon, I am happy to report that Yukoners themselves will be eligible to participate in next year's treasure hunt.

⁰⁸ **Mr. Lang:** At the outset, I would like to say that it would appear that the Yukon treasure hunt has been a success, as far as the principles behind it and the reasons for bringing it forward through the auspices of our pavilion at Expo 86. At the outset, I want to say from this side of the House that we were very pleased to see the success of Expo 86. I think that the benefits that the Yukon will accrue in the years to come will actually be immeasurable. I think that Mr. Dixon and his staff deserve a lot of credit for the time and the effort and the obvious spirit and enthusiasm that was put forward on a minute-by-minute basis, not just day-by-day. A lot of work and a lot of pressure was put on those people, and I think that they did an excellent job.

With respect to the treasure hunt itself, I would like to make two points. First of all, I was a little dismayed to read on September 26 in one of the local astonishers that it was stated by one of the staff members that he did not think that we ever intended to have it found this year specifically. I hope that the staff member in question was taken out of context. There were people who did take it seriously, to the point that we all heard of the mother and daughter who flew up and went as far as Dawson City twice to see whether or not they could find the token that the Minister spoke of.

I just want to say from this side of the House that if it is hidden that it should be hidden in such a manner that it does not matter what year it is found in, but that everybody should be given an

equal opportunity. I would also like to point out, since the guidelines are being developed, I think it is important and incumbent upon the government to ensure that the tourism staff who would be working with this particular program, and any other members within government who are working indirectly with the program, make sure that the staff would be ineligible. Any major corporation ensures that that happens. In deference to the staff involved and their credibility, I think it is essential for the program.

I am pleased to see that the people of the Yukon are now eligible since they are paying the bill. I think it will be interesting to see just how many do take up the challenge that has been put forward by the government. I think it is going to be worthwhile for everybody involved.

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

QUESTION PERIOD

Question re: Free trade

Mr. Phelps: Yukoners watched with a great deal of interest many of the speeches given at the First Ministers Conference last week, and we watched our own Government Leader give his position. One of the topics under discussion at the Conference, and particularly behind the scenes, was the issue relating to free trade. I would like to ask the Government Leader whether or not he made Yukon's position on free trade clear during the ensuing discussions at that conference?

Hon. Mr. Penikett: I want to thank the Leader of the Official Opposition for his question. Unfortunately, I have to advise him that one of the topics that the first minister of this government is not invited to participate in is free trade. The topic was dealt with not once but at least twice by the Premiers and the Prime Minister in closed sessions. Naturally, in the course of the Conference, I was able to pick up some of the gossip surrounding the discussion.

In my statement to the Conference, I was able to make a representation as to the importance of trade to the Yukon Territory and the fairness of Yukon having a voice in the process at that level, but we were given no occasion, formally or informally, at that Conference, to make our views known on this important topic.

Mr. Phelps: We understand that the Government Leader's nose was out of joint about certain aspects of Yukon's position at the Conference. I am wondering whether or not recent reports regarding the Government Leader's trip to Las Vegas to speak to the steelworkers are correct and whether or not the Government Leader did make Yukon's position regarding free trade clear to the delegates at the steelworkers convention this fall?

Hon. Mr. Penikett: I do not know to which reports the Leader of the Official Opposition speaks, but my speech to that group on that occasion was in substance the same speech I have made to many other groups in recent months on the state of the Yukon economy and the improving circumstances here and the measures this government has taken to achieve that. To my memory, I do not recall even referring to the free trade question in my speech. The position of the Yukon government, in urging upon the country the equal importance of multi-lateral trade talks as well as bi-lateral trade talks and the necessity of us being continually apprised and briefed to what is on the table was, I suppose, most recently and clearly made at the Premiers Conference in August.

¹⁰ Our position has not evolved since then, nor do I recall making any more particular statements to the group in Las Vegas.

Mr. Phelps: Well, then, I'm wondering whether the Minister could advise the House if it's fair to say that the government does not, even yet, have a position on free trade?

Hon. Mr. Penikett: To the extent that we don't even know yet what is on the table and how it will affect us, we do not have a detailed position with respect to the impact on the various sectors of our economy. We can say now, as we have said before, that we support the trade negotiations taking place. Like many others in this country, we have our concerns about the impact on Canadian sovereignty and the adverse impact on some of our industries,

particularly fledgling manufacturing industries in this country and the continuance of policies, such as Yukon hire and Yukon preference, which would likely fall by the wayside as a result of a bilateral trade agreement with the United States, at least as we understand the prospective agreement at this point. However, we do see, for Yukon consumers, some potential benefits in terms of reduced costs for such imports as food. Our position, in that respect, is balanced, of necessity, because there has not been sufficient information and sufficient detail provided to this government, nor are the negotiations sufficiently far advanced for us to know in great detail what the impact will be on us.

Question re: Free trade

Mr. Phelps: A great many of us are a little confused about the government's position or whether he even has a position.

Way back in March of this year, the Government of Yukon received a report from the consulting firm DPA Consultants, a firm based in Vancouver, which apparently came out in favour of free trade. That document was not released for some six months.

Speaker: Order, please. Would the Member please get to the question.

Mr. Phelps: I would like to know whether or not the government's position is basically that of, and in accordance with, the consultant's report that they received some eight months ago?

Hon. Mr. Penikett: The member asks if the position of this government is the same as the DPA Consultants. If the Member is looking for a brief answer, I would have say no. DPA Consultants presented a report in which they, in summary, essentially said that there were no adverse impacts on any sector of the Yukon economy of free trade. I personally do not believe that is a credible position. Almost everybody I know here is involved in such sectors such as agriculture, such as office supplies, and even people who are very strong advocates of free trade understand that there will be some dislocations and some costs associated with it. Therefore, to advance public debate we did release the DPA report publicly, as we did release the critical report from the point of view of the labour movement, both of which were heard by the Economic Council. I would have to say that if you ask me to wed myself forever to the DPA report, I cannot do that.

Mr. Phelps: Given that the Government Leader's party has spoken out on so many occasions against free trade, I think that Yukoners have a right to know just exactly where this government stands. What we are asking for, I guess, are some fairly firm statements by the Government Leader as to how he views free trade overall in terms of Yukon's interest. Would he answer that?

Hon. Mr. Penikett: I can give firm answers to firm questions. To ones that are very broad and very general, I can only be the same. Let me state for the Member again that this administration has supported the continuation of the bilateral trade talks with the United States while being concerned about the potential outcome of those talks. The Member opposite may want to pursue the fact that that is in opposition to the stated position of my national party and many groups in this country. On that respect, we part company with the labour movement. The Member should be reminded, however, that most of our exports from the territory are not destined for the United States. We export mineral product, in a very fragile world market, to Asia. One of our concerns about a potential negative impact of a bilateral trade agreement with the United States is that those Asian markets might react negatively to a bilateral trade agreement between Canada and the United States. That is something about which we have expressed our concerns from the very beginning.

¹² **Mr. Phelps:** Does the Government of Yukon have a basic starting position regarding free trade and Yukon's position in writing and, if so, will that government release it?

Hon. Mr. Penikett: On previous occasions, I have made statements in this House, and I have made statements in public on the subject. As the talks become increasingly complicated by the punitive measures taken by the United States and the prospect of an agreement seems less and less likely if, because of that changing environment, the Leader of the Official Opposition thinks it would be useful for me to make a statement during this sitting on our

position and our appraisal and assessment of the condition of those talks, I would be more than pleased to do so.

Question re: Faro social worker

Mr. McLachlan: The social worker in Faro is leaving his position at the moment. The government is presently involved in recruiting a replacement. I notice from job descriptions given in the newspaper that there appears to be an error in the advertisement. Would the Minister of Health and Human Resources take appropriate steps to correct the nature of the advertising and change it to read Faro as the first position and Ross River as the second, instead of the way the ad is currently run.

Hon. Mrs. Joe: If there is an error in the position, I will check into it and do whatever is necessary to change it.

Mr. McLachlan: On the same subject, I would like to ask the Minister responsible for the Public Service Commission if it is not a policy of the government that, when advertisements are being run for replacement or for recruiting staff, and where that position involves a dual geographic responsibility, the first named position shall be the base of operations and the second will be just an auxiliary to that office?

Hon. Mr. Porter: Unfortunately the question was not heard by the Minister. As I understand it, the question is whether or not the first named position of a community with respect to an advertisement would be the base of operations. The government will undertake to receive an answer for the Member and check the specifics of that question.

Mr. McLachlan: That is two obvious attempts without getting a direct answer. There is some feeling in the community that the government is pulling out of the social services field in Faro. The feeling is most prevalent in town. At a time when the community is rebuilding immensely, we feel that the government is turning its back on the social services field in Faro.

Can the Minister of Health and Human Resources tell me if this is true?

Hon. Mrs. Joe: It is our responsibility to deal with social services, and I would not go as far as to say that we would be pulling out of something that we are responsible for.

Question re: Young offenders facility

Mr. Phillips: The Minister of Health and Human Resources told people of Yukon shortly after becoming the Minister responsible that the construction of a secure facility and the need to keep our young offenders in the Yukon was one of her highest priorities. Why has the Minister not acted on that promise?

Hon. Mrs. Joe: We have acted on that responsibility. We have done a number of things, as the Member for Riverdale North is aware. He is concerned about young offenders who are going outside to Willingdon at this point in time. Had we gone ahead with the planned proposal by the former government, it would not have been built yet, anyhow.

Mr. Phillips: It has been a year and a half since the Minister was sworn in. Why has the Minister not done something in a year and a half other than just giving a brief announcement a month ago that the government is going to build a facility? Why has the government not started to build a facility?

Hon. Mrs. Joe: These things take time. As the Member is aware, we had a consultation process that we went through. We met with community groups, and we met with individual groups in Whitehorse, and we came together with a plan. The Member is aware that there was a lot of controversy with regard to young offender's facilities in the Yukon. You just cannot jump into something like that where there is a lot of controversy. We have done work, we have plans, and we do plan to go ahead with the building of that facility.

Mr. Phillips: It is obvious that the Minister is not jumping into anything, she is crawling into it.

Where and when will the Minister finally begin construction of this badly needed facility? Could she please give us a date of when this facility will be started?

Hon. Mrs. Joe: We will be going ahead with the construction of this facility. If the Member would like to wait until we deal with

the capital budget, he will have his answers then.

Question re: Government contracts let

Mr. Lang: I would like to put a question to the Minister of Government Services. On November 5, 1986, I corresponded with the Minister with a letter. If you will bear with me, it stated as follows: "On behalf of my colleagues, I would appreciate it if you could send us copies of all of the contracts that have been entered into since March 24, 1986. I am sure that you can appreciate the need for the information which can only encourage openness in government. We are awaiting your favourable reply."

Today is November 24, and as the government did provide us with those contracts last Session, when can we expect them to be tabled this Session?

Hon. Mr. Kimmerly: There was considerable debate in the last sitting about the policy of these disclosures, and the Government Leader promised a Cabinet consideration, which has occurred. There is a policy, and I am expecting to make a Ministerial Statement on that matter this week.

Mr. Lang: If there has been a Cabinet decision, why can he not tell the House today? We see this as very important information for us to go through the process of examining the financial management of the government. Can he please inform the House today, or does somebody have to write the script for him?

Hon. Mr. Kimmerly: In response to the specific letter of November 5, no.

Mr. Lang: Do I take it that both the service contracts and employment service contracts will not be made available to this side?

Hon. Mr. Kimmerly: No, that is not an accurate description of the policy that we will follow. The policy takes some explanation and it would take undue time in Question Period. I will be announcing it and explaining it this week.

Mr. Lang: I would ask the Minister why the contracts, as put forward in this House last Session, are not going to be made available this Session. Give me one good reason.

Hon. Mr. Kimmerly: I will make a Ministerial Statement outlining the reasons this week.

Hon. Mr. Lang: Could I ask the Government Leader why it is necessary to change the policy of the government from last year providing not us but the public the information of how public expenditures are being made. Why is it necessary to change that policy that was accepted by this House?

Hon. Mr. Penikett: Because the Member opposite asked us to do so. Last year he was, with much volume and persistence, calling on us to have a policy in this regard. During the time between the Spring Sitting and this sitting we had given some consideration to that policy. The Member refers to a change in policy and of course we wanted to compare what we had been doing with what the previous government had been doing who never made any of this kind of information available to the public or even to the opposition. In our desire to be much more open and give much more information than the present opposition had ever given when they were in government, we decided to take a careful look at this policy and that is what we have done. The Minister responsible is going to be making an announcement and a statement this week about that policy and I hope the Member will be very attentive to it when it comes.

Mr. Lang: How can the Minister say it is more open if he is going to deny this House those contracts? Why is he denying that information to the House?

Hon. Mr. Penikett: Once again, the Member is not only putting words in the mouth, but he is twisting a statement. We said there would be a policy coming. The information that we are proposing to provide for the House, and which he is asking for, was never provided under the previous administration.

The policy that we intend to announce has been carefully considered. I am sure that, once it is explained, the Member opposite will appreciate it and support it fully.

Question re: International Relations Senate Committee

Mrs. Firth: In March of 1986, there was a Cabinet document

prepared for this government to assess their position for the International Relations Senate Committee. Has Cabinet concluded its deliberations with that document yet?

Hon. Mr. Penikett: Cabinet has not yet concluded its deliberations on the matter, but I have resolved to communicate to the national government on many of these complicated questions before the end of this year.

Mrs. Firth: We, as taxpayers, paid \$4,900 for that Cabinet document to be prepared. It has been some eight months now since it was prepared. What is the holdup in Cabinet reviewing that document?

Hon. Mr. Penikett: The public did not pay for a Cabinet document. The Cabinet paid for a research paper, which may have gone through several permutations and combinations and changes since that paper was completed. I have no problem whatsoever, once I have communicated the statements that we intend to make to the federal government, to making it public.

Mrs. Firth: No matter how you cut it, the public's paying the bill.

One of the topics in that paper would have dealt with free trade. Will the Government Leader give us a commitment as to the timing, since we've waited eight months now, when he is going to be prepared to review the document and make his government's position and intentions known?

Hon. Mr. Penikett: I apologize for not speaking more clearly earlier in my answer, because I have already answered that question. I intend to have our position on the other international questions communicated to the federal government in the person of the Minister of External Affairs before the end of this year. I have also said that I am quite happy to make that position public at the time we do.

We have made several statements on the question of trade over the last few months inside and outside this House. Today, in answer to questions from the Leader of the Official Opposition, I expressed a willingness to make a further statement during this sitting on our assessment and our appraisal of those free trade negotiations. I will be happy to do that.

I do not contemplate that the document that we will send to Mr. Clark would be able to deal with the question of trade in sufficient detail to satisfy the Members opposite. I would suspect that our concern on that score has to do with our participation at talks, a concern, I am sure, that is shared by all Members of the House.

Question re: Task Force on Placer Mining

Mr. Nordling: With respect to the Task Force on Placer Mining, I would like to ask the Minister of Economic Development and Small Business what the government's position is on the recommendations of the Task Force on Placer Mining?

Hon. Mr. Penikett: Beyond being generally supportive, our general interest is in what happened to that task force when it got to the Water Board and what the Water Board is recommending to the federal Minister. That was a subject of recent discussion between Mr. McKnight and myself.

I now have the hope that we will get a chance to see those recommendations from the Water Board to the Minister. Until then, we will not be in a position to comment on it.

Mr. Nordling: I wonder why the government has not taken a position on something as important as placer mining is to the Yukon economy. Is the government doing anything right now to look at these recommendations?

Hon. Mr. Penikett: Last Friday I met with the Minister of Indian Affairs and Northern Development, whose responsibility this is. This was one of the topics we discussed. I am sure the Member would want us to behave responsibly and respond to the recommendations that are going to the Minister, namely those from the Water Board. We have not seen those yet, although I have asked to see them. When we have seen them, we will react.

Mr. Nordling: In order to have a little bit more say, I would hope that we would be taking a lead role, rather than leaving things to the federal government.

My second supplementary is to the Minister of Renewable Resources. The Department of Renewable Resources made a

presentation to the Task Force on Placer Mining on May 7, 1986. Does this department have any position on the recommendations of the task force?

Hon. Mr. Porter: Yes. The position that the department articulated is contained within the report that the Member has produced in the House.

Question re: Game ranching

Mr. Brewster: In June, 1986, the Government of Yukon commissioned a study on game ranching in the Yukon, the first phase of which was to be completed by October 15, 1986, and the final report to be completed by December 15, 1986. Can the Minister of Renewable Resources advise this House if he has received a copy of the first phase of the report, and how is the second phase progressing?

Hon. Mr. Porter: I was apprised of the progress of the report. It is not yet complete and, therefore, is not available for public consumption.

Mr. Brewster: I note that under Projects Approved under the EDA, \$53,040 has been awarded to establish a herd of 45 reindeer in the Yukon for tourism and meat sales. Can the Minister explain why this project, and another involving elk, were approved prior to the game ranching study being completed?

Mr. Porter: It has always been the position of this government, and we campaigned in the election, that we should make better use of our renewable resources. The question of game ranching has been one that has been on the minds of many people in the Yukon, and we have decided to proceed with the elk program that the Member speaks of, as well as the reindeer program.

If he remembers the guidelines of the EDA, a portion of the money is appropriated under that particular program for demonstration projects. It is under that particular guideline that we have approved those projects — we being the federal government and the Yukon government.

With respect to this issue becoming a major part of our economy, we are interested in this to what it means in terms of impact on our economy. We think it is responsible that we take an in-depth view of that, and that is how we are proceeding. We are looking at all the questions related to the economics of game ranching in the Yukon.

Mr. Brewster: Maybe the Minister is getting the cart before the horse. Can the Minister assure this house that the importation of reindeer into the Yukon will not have a detrimental effect on the woodland caribou in the area, and what does the Minister intend to do with the Game Branch study?

Hon. Mr. Porter: To answer the first part of the two questions, the response with respect to the question of contamination of indigenous caribou in the Yukon, I am satisfied that because of the way that the EDA proposal was brought forward that there is little likelihood of that occurring. If the program was to free range reindeer in the Yukon, that would be of utmost concern to the department. However the proposal that we received with respect to the introduction of reindeer consisted of basically confining the animals to a captive situation. In other words they would be corralled and their food would be largely derived from import substitutions. They will be fed pellets. They are not going to be free-ranging stock so the concern about contaminating other animals is largely a question that has been addressed in the proposal.

On the question of what our intentions are with the Game Branch Study once we have received it, obviously what we will be doing is analyzing it. As to whether or not we will make that available to the public, I have no difficulty in giving the Member the assurance that once the report is complete that we will make that information available. That is the intent of the study in the first place.

Question re: Land claims

Mr. McLachlan: As a result of the First Ministers' Conference in Vancouver last week we are advised that the Government Leader has been promised a sneak preview of the federal policy regarding native land claims settlements. Is it the intention of the Government Leader to share the knowledge gleaned from that sneak preview with anyone else, such as anyone else who may be a Member of this Legislative Assembly?

Hon. Mr. Penikett: I am not sure on what basis I will be briefed on the proposed federal policy. If I am shown a embargoed copy, obviously I will not be able to share that information with anyone other than my Cabinet colleagues. If, however, the federal Minister is interested in some public expression of support or some more open sampling, I expect he will express his intention of doing that to me. But it would not surprise me if what he would be able to do is give me a confidential briefing and asking me for some confidential response. My response, of course, will be determined by its relationship to the MOU and the negotiating process that we are now in the middle of.

²⁰ **Mr. McLachlan:** I presume from these answers that this special sneak preview is for his eyes only, that this same offer has not been extended to the Council of Yukon Indians or any other member of their land claims negotiating team.

Hon. Mr. Penikett: I do not know. I asked for that kind of input prior to going to Cabinet. The federal Minister was good enough to agree. I did not make a representation on behalf of CYI or any other group. I was asking on behalf of the government and the people of the Yukon, whom we represent in such discussions.

At such time as the Minister comes back to me and suggests a time and place and manner of this briefing, then I may be able to answer the question that the Member has put forward.

Mr. McLachlan: Every time the issue, and the term sneak preview and an advance copy come up in public discussions, it sometimes connotes to the public an idea of something extremely secret that is in direct contrast to the way the Government Leader has often said the government will operate.

In return for this advance look at the policy, has the Government Leader agreed to any other terms with the Minister of Indian and Northern Affairs respecting this first look? Is there anything else on the table?

Hon. Mr. Penikett: No. It is the federal Minister's decision how and with whom he wants to consult. If he decides, before taking his proposal into Cabinet, to air it publicly, that is his decision and not mine. If he decides to consult with some of the affected parties, including the Government of the Yukon, that, too, is his decision. If he offers me a briefing on a confidential basis, with the view to getting the opinion and support or otherwise — the critique — of the Government of Yukon as he takes into Cabinet — which I would understand the usefulness of — then we would comply with the strictures that he puts upon the briefing.

Question re: Contract regulations

Mr. Lang: Is it the intention for the government to take the contract directives and put them into government regulations?

²¹ **Hon. Mr. Kimmerly:** It is the intention, although it is not yet the government policy, of my department to advocate that the *Financial Administration Act* make the directives regulations.

Mr. Lang: After all the discussion we have had over the past year and a half, are you telling me that a contract directive is the same as a regulation and is promulgated similar to a regulation?

Hon. Mr. Kimmerly: The Member opposite is obviously confused. He has always been confused on this score. There is no practical difference between the regulations and the directives of any significance at all to contractors.

Mr. Lang: How come the Minister of Government Services corresponded with a number of contractors on this subject in January and pointed out that if directives were changed to regulations, it would make things very uncertain.

Since the Minister of Government Services made the commitment to draft the necessary changes to make the directives into regulations, is he prepared to table those in this House during this Session?

Hon. Mr. Kimmerly: That statement is the subject of the first answer I gave. This whole issue is an obfuscation by the Member opposite. It is of no practical significance at all; however, in order to appease certain interests, it is possible to change some words. I am advocating that that occur.

²²

Question re: Contract regulations

Mr. Lang: Is the Minister of Government Services going to

change the directives into regulations and gazette them as normal procedure, for the purposes of promulgating regulations?

Hon. Mr. Kimmerly: The Member opposite knows that that is a Cabinet function, not a ministerial function.

As an individual Minister, I have no authority to give that assurance, and the Member knows that full well.

Mr. Lang: Has the Minister drafted regulations for promulgating the contract directives into law?

Hon. Mr. Kimmerly: I will answer the question with a question. To which act are you referring?

Mr. Lang: Here we go again. Open government. Is it the Minister's intention to recommend to Cabinet to take the contract directives and promulgate them as regulations for the *Financial Administration Act*, as well as for the purpose of gazetting?

Hon. Mr. Kimmerly: I answered that question in my first answer, and if the Member reads it, he will understand.

Speaker: Order, please. The time for Question Period has now elapsed.

We will now proceed with Orders of the Day.

ORDERS OF THE DAY

GOVERNMENT BILLS

Bill No. 7: Second Reading

Clerk: Second Reading, Bill No. 7, standing in the name of the hon. Mr. Penikett.

Hon. Mr. Penikett: I move that Bill No. 7, entitled *First Appropriation Act, 1987-88*, be now read a second time.

Speaker: It has been moved by the hon. Government Leader that Bill No. 7, entitled *First Appropriation Act, 1987-88*, be now read a second time.

²⁴ **Hon. Mr. Penikett:** I am pleased to introduce the capital budget for the fiscal year 1987-88.

The past year has seen a dramatic turnaround in the Yukon's economic circumstances. All of the leading economic indicators point to a new vitality and strength. The budgets and other actions of our government have supported this recovery.

The budget I place before you today continues our commitment to strengthening our economy and our communities.

An integral part of this commitment is Yukon 2000. This long-range economic strategy took a big step forward earlier this month. Two hundred Yukoners from all regions and all walks of life gathered to exchange ideas on how to develop and diversify our economy. While Yukon 2000 helps shape our future, the measures contained in this budget will provide employment for Yukoners now. Together, they show our commitment to work with Yukoners in every part of the territory.

As I mentioned, the Yukon's economy has rebounded this year. Of all the economic statistics, employment is the most important. Yukoners are going back to work. Compared to June a year earlier, the unemployment rate has dropped to 10 percent. And we are confident that the third-quarter figures will show the Yukon has, for the first time in many years, an unemployment rate lower than the national average. All these changes occurred while our population grew by six percent.

Much of this can be attributed to the re-opening of the Faro Mine by Curragh Resources. The mine's re-opening not only has revived the Town of Faro, it has also provided a much-needed stimulus to the Yukon economy. It has provided nearly 500 new jobs at the mine. It has created jobs in the trucking, service, and retail industries. It has given us year-round access to a sea port for Yukon products. As important as all this, the mine's re-opening has renewed confidence in the future of the Yukon economy.

The improvements in our economy are not attributable only to the re-opening of the Faro mine. Other mining developments have also improved strongly. Mineral exploration spending this year is estimated to be approximately \$30,000,000, a 50 percent increase over 1985. The Mount Skukum Mine opened early this year, creating 80 new jobs, and two more gold mines — Ketza River and

Mount Freegold — are nearing production. With the increase in gold prices over the past year, we expect to see further exploration and development. Total mining production in the Yukon this year is expected to reach nearly \$200,000,000, the highest since 1981.

Tourism continues to perform strongly. Tourism spending is up again this year, to a record \$90,000,000. The increased visitor flow this past summer, especially from the eastern and southern United States, coupled with the success of our very popular pavilion at Expo 86, suggests that tourism should continue its steady growth in the years ahead.

The public sector continues to play a major role in the economy. While maintaining a high level of services, our government continues to commit more resources to capital spending. It is our firm belief that the greatest potential for creating jobs and building our communities is through such capital projects.

The Yukon's service industries that support the mining, tourism, and government sectors also reflect our economic revival. Retail sales, housing, and many other indicators are up significantly over recent years.

I am sure all hon. Members have noticed the new construction starts. This dramatic increase in residential and commercial construction clearly shows individual and business confidence and willingness to invest in the Yukon. The issue of these private building permits in the Yukon for the second quarter was \$8,000,000, compared to less than half that amount for the same period last year. At the same time, public projects such as Yukon College have created even more construction jobs.

Based on these developments, Yukoners can look forward to the next few years with optimism. In our economic forecast last winter, we predicted real growth of five to six percent this year and again in 1987. We are now confident that we will meet or exceed the forecast for 1986, and the 1987 outlook is on target. This will give the Yukon one of the highest growth rates in Canada.

²³ This renewed optimism, however, should not let us become complacent. We all recognize how fragile our recovery is. We are still dependent on highly volatile international markets. We recognize that relying on one business or industry is a recipe for economic misfortune. After riding the economic rollercoaster, Yukoners see the need to diversify our economy. Today's prosperity must be used to strengthen all sectors of the Yukon economy. At this point in Yukon history we have both the resources and determination to grow and change. This is why today's budget contains measures designed to broaden our economy.

We must also be aware that statistics about the Yukon economy can disguise inequalities. The overall improvement in the economy is encouraging and has more than offset declines in the forestry and petroleum sectors. However, the benefits of economic activities have not been evenly felt in all regions. Watson Lake provides an example of unevenly distributed economic opportunities. This capital budget contains measures to address this imbalance, and we will be seeking all Honourable Members' support for initiatives to distribute economic opportunities more equitably.

The Capital Budget I am introducing today proposes expenditures of \$114,302,000. This represents an increase over the revised capital estimates for 1986-87 of six percent.

In keeping with our commitment to economic development and community support, significant increases have been made to the capital budgets of the Department of Community and Transportation Services and the Department of Economic Development: Mines and Small Business. The increase in funds for each of these two departments over the 1986-87 revised capital estimates is nine per cent.

In addition, increased funding has been provided for education, health care, and social housing.

The impact of this budget on employment is estimated to be the creation or maintenance of approximately 1,800 jobs. The employment resulting from this budget supports the current economic renewal and will help ensure the future economic and social stability of the Yukon.

The territorial treasury began the 1986/87 fiscal year with an accumulated surplus of \$62,323,000. This year we are drawing on this surplus by an estimated \$17,187,000. We are using this money as it was intended — to build the Territory.

Similarly in 1987/88 we may draw upon the accumulated surplus to finance a diverse range of projects that will benefit Yukoners in all regions.

The use of these surplus funds will in no way adversely affect the Yukon's financial position. The accumulation of surplus funds in excess of those required to meet contingencies serves no purpose. These funds can be used more effectively for the benefit of Yukoners now.

During this sitting of the Legislature I will also be tabling supplementary estimates for the 1985/86 and the 1986/87 fiscal years.

I would now like to take this opportunity to review some of the more important initiatives we will be undertaking in the new fiscal year.

Job creation and rebuilding the Yukon economy remain this government's number one goal. We have increased our spending on those programs which will help us to achieve our goal. We are prepared to work cooperatively with all Yukoners in developing our economy.

We are proceeding on two fronts. We will continue to support the industries of today and build the industries of our future. We are acting on the needs identified by Yukoners. We are improving existing programs and creating new ones to meet emerging needs. Our efforts are especially aimed at economic and rural diversification, import substitution, and renewable resource industries.

The development of our renewable resources has the potential to generate many sustainable economic opportunities throughout the Yukon, especially in our smaller communities. To develop this potential, we have increased funding for one of our major business activities, loan assistance, and continued our current funding for another, Special ARDA, and we have created two new pilot programs to supplement them.

The allocation for loans assistance has been doubled to \$3,250,000. The loan criteria have been changed to allow loans for working capital and for inventories and to provide for loan guarantees. This will increase the availability of private funds and thus create even more jobs. We expect much of this funding to flow into renewable resource industries in rural communities. This is a major step towards diversification and job creation.

Last year, in response to strong interest from rural communities, we doubled the amount allocated to Special ARDA. Due to the program's popularity and success, we will continue to fund it at its enhanced level of \$1,045,000.

To supplement these two major activities, we have created two new pilot projects. Renewable resource commercial development, to which we have allocated \$300,000, will assist the forestry, fishing, farming, and trapping industries. The Community Economic Development Project, to which we have allocated \$150,000, will help communities turn plans into jobs.

As well, the Renewable Resources Sub-Agreement of the Economic Development Agreement will continue to be a major source of funds for the forestry, fishing, farming, and trapping industries. Under this sub-agreement, 21 projects worth more than \$600,000 have been initiated, ranging from greenhouses to fish farms, from eggs to elk.

Honourable Members are also aware of the three other EDA sub-agreements, for tourism, economic planning, and mineral resources. Let me just report briefly on each of these. More than \$2,500,000 has gone to 23 tourism projects, beginning with community planning, to marketing, to construction. Twelve planning projects worth \$270,000 have benefited communities as diverse as Whitehorse, Mayo, Burwash Landing, and Old Crow. Finally, more than \$2,000,000 has been invested in developing our mineral resources, through geological mapping, geochemistry, and research on placer mining technology.

²⁴ All of these major activities — the Economic Development Agreement, our Business Loans Assistance, and Special ARDA — will be used to encourage the development of small business, which studies across Canada have consistently identified as the best source of jobs. And on the topic of studies, let me mention that our economic development programs have resulted from our ongoing research projects such as the Access to Capital Study, the Import

Substitution Study, the Forestry Study, and our extensive consultation with Yukoners from all regions and sectors.

Also of benefit to small businesses is our Opportunity Identification Program, begun last year to help entrepreneurs develop new products and new market opportunities. To further assist small business, we will be more than doubling its allocation, to \$250,000.

Our Access to Capital Study pointed out the need for venture capital, particularly in rural areas, where risk capital is not readily available. To meet this need, we have allocated \$500,000 in the coming fiscal year. If this initiative proves successful, we anticipate increased funding in future years.

Another need identified is for research and development money for new technology. To help Yukoners develop those applied technologies in fields such as mining and renewable resources where we can be exporters rather than importers, this pilot project will receive an allocation of \$100,000.

I mentioned earlier that we intend to continue our support for the Yukon's established industries. I am pleased to inform the hon. Members that we will continue three successful programs begun last year: the Regional Resource Roads Program, at an allocation of \$2.5 million; the Mineral Exploration Incentives Program, at \$1 million; and the Prospectors Assistance Program, which, in response to great demand, has had its allocation increased to \$150,000.

Another program which has proven very popular is the Saving Energy Action Loan Program. Last year, we raised the loan limit to \$3,000 per home and opened the program to businesses for loans up to \$10,000. I am pleased to tell the hon. Members today that so far in 1986/87, response has skyrocketed. Residential commitments have tripled from 50 last year to more than 150 this year. While no commercial loans were made last year, so far this year we are committed to 27. This program has the twin benefits of both reducing our energy leakages and creating local work. To meet the needs of energy-conscious Yukoners, we are nearly doubling the allocation of the SEAL Program, to \$600,000 in 1987/88.

As well, we are continuing the Yukon Energy Alternatives Program to find new energy sources and begin using them, in order to reduce our dependency on expensive imported fuels.

In sum, aside from last year's extraordinary \$3 million supplementary EDA funding to Curragh Resources, this government is providing nearly \$4 million more in capital economic development programs. We are putting that money where Yukoners have told us it is needed. In communities. In renewable resources. In small business. I cannot help but believe, as other hon. Members will surely agree, that this is a major step towards building the Yukon's future. Toward job creation and economic diversification. Towards ensuring that the prosperity we enjoy today continues tomorrow.

Another of our major objectives has been to increase the level of support to Yukon communities. For 1987/88, capital support under the Community Affairs Program of the Department of Community and Transportation Services will exceed \$19 million. This represents an increase of 13 percent over the level provided in the 1986/87 revised capital estimates.

Of great importance to the residents of the Yukon's eight municipalities is the capital block funding arrangement which will come into effect on April 1. Not only will this program increase support to municipalities, but it will also increase the level of local autonomy and decision making in these communities. For 1987/88, \$7,300,000 will be provided under the block funding formula.

In addition to the funds provided under block funding, an additional one-time supplementary grant of \$1,700,000 will be provided to municipalities to accelerate the construction of capital infrastructure.

Our government is committed to improving the quality of life in our smaller communities, too. This budget includes \$1,620,000 for the construction of recreation and community facilities. Included among these are:

- \$500,000 for a much-needed community centre in Pelly Crossing;
- \$450,000 for a curling rink in Elsa; and
- \$300,000 to complete the arena in Ross River.

In an effort to provide improved water and sewer services in these communities, approximately \$1,300,000 is being allocated for the

design and construction of water supply and sewage treatment facilities throughout the Yukon. Our citizens in the outlying areas of the territory have lived with inadequate services for far too long, and we are therefore committed to major expenditures in the coming years to improve this intolerable situation.

During the 1987/88 fiscal year, \$3,000,000 will be allocated for dike construction in Dawson City. This project will eliminate the serious flooding problems and associated losses that have plagued Dawson over the years.

Also included in the 1987/88 Budget is \$1,300,000 for the paving of Mountainview Drive in Whitehorse.

While economic development and community support are major priorities of this government, we are also strongly committed to the provision of high quality educational programs and facilities. Continuing support for education is essential if Yukoners are to benefit from the economic opportunities envisioned in our Yukon 2000 strategy.

The educational projects to be financed during 1987/88 include: \$12,000,000 for phase three of Yukon College which includes completion of the academic, commons, and trades and technical buildings and initial work on the student residence;

\$3,000,000 to begin a new Robert Service School in Dawson City;

\$650,000 for planning and design work for a new Watson Lake High School. The estimated total cost of this facility will be approximately \$7,200,000. During the construction phase this project will provide much-needed employment. Upon completion, Watson Lake will have the benefit of a first-class school;

\$1,400,000 for gymnasium facilities at Jeckell Junior High School in Whitehorse; and

\$500,000 for an industrial arts facility at the Carcross School.

Improved health care, particularly extended care, is a serious concern of this government. Our existing facilities do not meet the demonstrated need for long-term care. In an effort to improve these services, a \$12 million facility is being planned in conjunction with the proposed new Whitehorse Hospital. During 1987/88 we will be allocating \$1,894,000 to initiate this important health-care complex. The construction of this facility will allow for the delivery of extended-care services locally as well as permitting other community-based support programs. In addition, this project will complement our efforts to develop a home-care program.

The provision of adequate and affordable housing is generally recognized as a prerequisite to addressing a number of significant social problems. Recent reports have made it abundantly clear that the housing situation of many Yukoners demands immediate action. One in four of our citizens lives in accommodation that is either structurally inadequate, unaffordable, or overcrowded. As part of our efforts to address the housing needs of Yukoners, the Yukon Housing Corporation will be allocated \$1,680,000 to begin a major social housing program in 1987/88.

This, like other projects I have described, benefits not only the users, but also those who are employed in its construction.

As part of our continuing effort to reduce our reliance on expensive, imported fossil fuels, approximately \$1,200,000 has been allocated to the Department of Government Services to retrofit government buildings to make them more energy efficient. Combined with more money for energy programs for private homes and businesses, we are providing a total of more than \$2,000,000 to cut the Yukon's energy leakages and, again, to create more jobs.

Also included in the capital estimates are funds for the construction of a secure facility for young offenders. This is being built in response to the federal *Young Offenders Act*. Negotiations with the federal government regarding capital funding for this facility are near completion, permitting construction early in the new year. The construction of a community-based facility will provide a new opportunity for rehabilitation and family support for young people who have come into conflict with the law which is not currently available in outside facilities.

The development and diversity of our economy is the major goal of this government. Through this process, benefits will accrue to all members of society. At the same time, we remain committed to providing community, educational, and social programs that will

enhance the quality of life of all Yukoners.

I am sure these goals are ones that all Members of this House will wish to support and, to that end, I commend these Appropriation Bills to the favourable attention of all hon. Members.

32 Mr. Phelps: I move that debate be now adjourned.

Speaker: It has been moved by the Hon. Leader of the Official Opposition that debate be now adjourned.

Motion agreed to

Speaker: May I have your further pleasure?

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

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

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chairman: I will call Committee of the Whole to order. We will recess for 15 minutes.

Recess

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

We will proceed with Bill No. 55, Municipal and Community Infrastructure Grants Act.

Bill No. 55 - Municipal and Community Infrastructure Grants Act

Hon. Mr. McDonald: As Members will know, this Act, in major part, has been on the books a number of months now and has been the subject of considerable debate with respect to certain aspects of the Bill over the last four or five months within the circles of municipal councils and the Department of Community Services. The result of those consultations with mayors and municipalities over the last few months have resulted in essentially two amendments that I have tabled already in the House. I also have made duplicates of these for when we proceed through the Act clause-by-clause, and will identify at that time where the amendments should be placed. The two amendments essentially refer to the formula that had been proposed to be in regulation form; it sets the formula out specifically in the body of the Act. The formula itself should be of no surprise to any Member of the House as it has been public information for quite some time.

The other minor amendment with respect to the maintenance of financial records is common knowledge in municipal circles and if Members are not aware of that particular amendment it is easily explained and quite housekeeping in nature.

I do not suppose there is any point in re-reading or re-stating any points made during the second reading speech last April 24th when we first went over the body of the Act. I suppose I, in my enthusiasm for this particular act and initiative, and a feeling I somewhat mistakenly had that this Act was supported by everyone and I assumed the Members of the House, I did not realize until I re-read the Member for Porter Creek East's remarks that he was in fact not supportive of the principle of the bill and for that reason we may want to discuss principles and details at greater length now.

I had the privilege of listening to the Member's remarks at the Association for Yukon Communities annual meeting recently at which time he again laid out his concerns about the principle of block funding municipal governments.

As far as this government is concerned, this Act represents an evolutionary step towards more local control for residents of municipalities. It allows communities more latitude to direct their own municipal affairs.

The *Community Assistance Act* is still on the books, and will be until the time that this Act is passed, if it has the assent of Members. Members will remember the existence of the *Community*

Assistance Act, which is the precursor to this particular piece of legislation and, I think all Members will agree, is woefully out of date. I would hate to admit it, but I think all Members will readily admit that provisions of the Act have been ignored over the past few years, and it is time the Legislature speaks to the issue.

Under the old system, communities had to compete for funding. They had to contend with a very paternal decision-making system on the part of the territorial government. Capital planning in communities was never really taken seriously. I recall numerous occasions where I would visit councils, in my capacity as Opposition critic, when they were developing their capital budgets. It was never considered to be a very serious activity on the part of the councils because they knew, essentially, that the decisions were made by YTG.

Under the old system, it was particularly difficult to establish consistent cost-sharing arrangements between this government and the municipal governments. Consistency was the key concern. Most communities accepted the principle of cost-sharing for certain provisions, so long as the territorial government maintained the old method of distribution of funds. One of the major concerns was consistency in planning that cost-sharing arrangement. It has proven to be a bit of a checkered past. I think we have to establish some rigour to the system so that any new system is acceptable to all concerned.

Under the new Act, municipalities will be fully responsible and accountable for their capital programs. They will have to develop discipline in their budgeting process — fiscal discipline — in order to make the system work. They are keen to pursue this option, and we are equally interested in supporting it.

The provisions essentially respect local decision-making for those communities that are mature enough and administratively advanced enough to take on this level of decision-making. It recognizes the efficiencies of local control and the sensitivity that is a product of local decision-making. It marks an end, at least in part, to the Yukon territorial government's paternalism. It allows communities to blend their O&M and capital responsibilities that results in better planning. It allows communities to devote O&M budgets for which they get some funding from their own taxpayers to their O&M items. It allows — of course with Ministerial approval — to redirect 10 percent and the interest on a block fund to an O&M budget.

There were a number of concerns that the Member expressed in debate last spring and at the AYC meeting. I think it would be more appropriate for the Member to speak to those himself, at which time I will respond.

Mr. Lang: If the Member for Mayo is allowing the Member for Porter Creek East to express his views, I certainly did not need a dissertation on paternalism in this House. I just saw that exhibited during Question Period when we did not get one question answered.

Does the Minister have the regulations that are necessary to implement this bill ready for tabling?

Hon. Mr. McDonald: The major concern that the Member expressed last year was that the formula that had been scheduled for regulation was not being embodied into the Act. We have, in part at least, as a result of his representation, negotiated the formula, and we are planning to put it into the Act. I have shown the Member already what the amendments will be that will be tabled in the House. Any other regulations that will be pursuant to this Act will be identified at the back of the Act. It is a general provision that comes up in practically every Act that talks about the power to prescribe regulations generally providing for the purposes and provisions of this Act.

This is a fairly standard clause. It speaks to the issue of regulations, which may add to the list of projects that might be part of the definition of infrastructure project on the first page of the Act, as such infrastructure projects become known to us.

The regulations that might prescribe those minor housekeeping matters are not developed, but will be passed at the appropriate time when Cabinet has a chance to address them. They are hardly important to the principle of the Act. The concerns that the Member addressed last spring have been addressed.

Mr. Lang: Was the Member opposite referring to draft regula-

tions that had been prepared for his perusal for the purposes of this Act? Is that the document he was referring to?

Hon. Mr. McDonald: No. No draft regulations have been shown to me. I am speaking of the amendment to clause 2 on page 2 of the Act, which I tabled at Returns and Documents for Tabling, a section of the House agenda. It should be in front of the Member. The proposed amendments are hardly news to the Member. Everything here has been public information for some time in terms of the consultative process. The formula was worked out some time ago and was approved by the mayors at the AYC meeting.

Mr. Lang: I am sure that the Members and the media would concur with me that that has not all been public information. Yes, there has been consultation with the Association of Yukon Communities and the mayors, but I have not seen the final draft regarding the disposition of dollars. I do not think anybody should be misled, and I am sure the Minister is not intending to mislead anyone. I am saying that I have seen four or five different documents bounced back and forth between AYC and the Minister. In fairness to this side, I can honestly say that this is the first time I have seen a breakdown on the financing and how it is going to work.

How come there are no draft regulations to go along with the implementation of the bill, since you have had eight months to develop this legislation? I would have thought that since the department has worked so extensively with the association regarding the question of when payment is going to be made, that type of thing would have been agreed upon, at least in some draft form so that Members of the House could peruse it.

I want to refer the Minister to my comments of April 24, 1986. I stated, "I concurred with the Government Leader, when he was in Opposition, with respect to his principle that the legislation should, in good part, contain the principles of how to authorize expenditures to the communities. I think, at times, we get too comfortable in government to say that it is easier to do by regulation than by legislation. That does cause me some concern. I feel that we, as legislators, forget partisan politics, should have the ability and the say in this House in what form it should be detailed as opposed to what has been proposed by the Minister."

³⁷ I went on to say, knowing full well that there were other items just as important as the formula that would be required in regulation, "With that in mind I would like to encourage the Minister to bring forward his proposed regulations". I want to ask the Minister: are they in the process of being drafted and, if so, at what stage are they, and can they be provided to this House over the course of this Session?

Hon. Mr. McDonald: If there are any detailed housekeeping-type regulations that would be necessary to bring this Act fully into effect, and they are passed by this Cabinet during the sitting of this House, then certainly I could make them available to the Members. There is no question about that.

The major concern, as I understood the Member's comments of last Session, was that the formula under which the allotment be made, ought to be, in the Member's opinion, in the legislation itself. We have undertaken to provide exactly that formula. The final draft of the amendment may not have been public information as far as the Member is concerned, but everything contained in those amendments are certainly public information, if the Member was communicating with any municipal government over the past six months. This will come as no surprise to anyone if the Member has been in contact with those governments, and I am sure he has.

Certainly if there are any housekeeping regulations that would be drafted during this Session, I will make them available once they are passed by Cabinet.

Mr. Lang: Is it the intention of the government, for the breakdown of these grants to the municipalities, to forward that money on April 1st of each financial year?

Hon. Mr. McDonald: There are essentially two options. We might forward the money to the municipal governments as of April 1st. There is also the option of breaking it out into quarterly payments over the periods of April 1st, June 1st, August 1st and in September. The determination of when we would make the funds available would directly affect the interest income that would

otherwise accrue to the Yukon government. Any methodology by which we determine the allocation of funds in the technical sense would definitely take into account the building construction season in those communities and the necessity for having money in the hands of the communities so they may undertake projects in a timely fashion without having to borrow funds. This would be our primary concern.

³⁸ There will ultimately be a loss of interest income to the Yukon government, which essentially is an addition to the block fund. We knew that that was the case up front, and that is a benefit that we are transferring to municipalities.

Mr. Lang: In fairness to this side of the House, I do not know how my colleague from the community of Faro feels, but this is the first time I received the final version of the proposed amendment to this particular Act. Could I perhaps take the evening to go through it, fully acquaint myself with the final government position on it, and then debate this particular bill probably tomorrow afternoon when we get into the Committee of the Whole?

Does the Minister have any comments on that?

Hon. Mr. McDonald: I am not a difficult person to get along with, and I do try to accommodate, whenever possible. If it is obvious that the intent of the delay is acceptable, I think my track record proves that I try to be accommodating. This Act has been specifically on record for some months and the character of the amendment has been public knowledge, for anyone who cared to ask, in any municipality, including Community Services, over the last few months.

I understand the Member's concern. I would not mind going through other clauses in the Act. I would like to get this Act passed in a timely way. I think we owe it to the communities who are expecting quick passage. They know that all Members of the House have had some understanding of the Act for many months. For that reason, perhaps we should proceed with the body of the Act. At the same time, perhaps we could stand Clause 2 to give the Member time to review the formula and determine whether or not he is in concurrence with it. If the Member for Faro agrees, perhaps we should proceed that way.

³⁹ **Mr. McLachlan:** I have no objections to the 24 hours as requested by the Member for Porter Creek East, but I do have a few questions for the Minister.

The money that is to be paid to the municipalities is to be paid into an infrastructure reserve account. The very nature of that term, reserve account, indicates that there be some money left on reserve. Is there a minimum below which that reserve account must not go?

Hon. Mr. McDonald: No. The reserve account, as noted in the amendment that was tabled, no longer has to be a bank account but can be a reserve account on the budget records on the respective municipality. As the body of the Act proposes, the spending limits and the character of the reserve account are laid out in a fairly detailed way, but not so much as to hamstring planning capability that the communities will want to undertake.

Mr. McLachlan: Can the Minister give his assurance as the representative of senior government in this manner that no penalty will accrue to a municipality by reason of interest earned on money deposited in a reserve account, without regard as to how it is paid, whether it is quarterly, once a year or once a month, or that no interest will be withheld from a subsequent cheque to the municipality by reason of a municipality having made a few thousand dollars interest on the cheques paid to them under the formula that is to be determined?

Hon. Mr. McDonald: The interest to which the municipality would be entitled would be that which would naturally accrue depending on the payment schedule that the government makes. We will not guarantee a municipality a level of interest as if we make the block fund in payments that would normally accrue to them if we were to make the entire payment at the beginning of the year. Any interest that is accrued, whether it is a one time payment or in installments, would be theirs to keep.

⁴⁰ **Mr. McLachlan:** The third and final concern that I have relates to the total package of \$7.3 million divided amongst the municipalities on a formula. Is there any mechanism by which an unforeseen expense in the final three months of a municipality's budget - for

example a recommendation by Health and Welfare Canada that a sewage system would have to be put in by a certain period of time, which could cause serious problems upon a municipality's budget — is there any formula by which this government can change the adjustment if an unforeseen expense should cause undue pressure upon a municipality? Or, are you handing the money to them and saying 'There it is. Keep it. You are on your own. I do not care what happens'? What, can the Minister assure us, would be the participation of the senior government if an eventuality such as I have described should happen?

Hon. Mr. McDonald: I do not think that it is a fair representation that we would pass the communities the money and indicate to them that we do not care what happens. One critical aspect of this budgeting system, as is the critical aspect of our budgeting system, is the financial discipline which we inject into that system. As the federal government makes payments to us in a given year, so we make payments to municipalities for municipal projects, that is, projects that are otherwise their responsibility.

If we have a desire one year to build a major project in Whitehorse, for example, the federal finance authorities would not consider it particularly kosher for us to go to them beyond the formula arrangement and ask for additional funds. Planning is a key element of this system, as it is with the system for the Yukon government. Financial fiscal discipline is key to the financial affairs of municipalities, as it is with this government. We have to ensure that that discipline takes place.

With respect to oversized projects generally, there is a provision in the act that deals with oversized projects, which may be two-and-a-half times the size of the annual allotment.

Mr. Lang: Why is it not in the legislation that all monies forthcoming to the municipalities be paid on April 1?

Hon. Mr. McDonald: That is not the critical factor for the distribution of the funds. The critical factor is the formula itself. We will ensure that the funds are allocated during the fiscal year in the amount that is appropriated by this Legislature. We will ensure that the funds, as allocated, will be done in such a way as not to hamper or hinder the capital construction that a municipality will undertake as a result of the submission of their capital program as bylaw at the beginning of the fiscal year.

Mr. Lang: Is it not the position of at least most municipalities, if not all of them, that they would like whatever finances that are going to be committed by the Government of Yukon to be committed as of April 1, the beginning of their financial year, so that the interest of those dollars will accrue to the municipality as opposed to the pocket of one Mr. Piers McDonald?

Hon. Mr. McDonald: I realize the Member does not mean to be overly flippant, but the money does not accrue to my personal pocket, in any case. Of course the municipalities would like the funds as of April 1. That is the way the government is presently leaning. It is not critical to the intent of this Act that we state when the funds will be spent, so long as the funds appropriated for a fiscal year are spent according to the intent of this Act during that fiscal year.

Mr. Lang: He did not answer my question. Is it the position of the municipalities that they would like those finances that have been committed to the municipalities in question to be forthcoming as of April 1, at the beginning of their financial year?

Hon. Mr. McDonald: I did answer the question, and I said yes.

Mr. Lang: Then why has the government not made that very important decision of when those monies will be forthcoming? Is it the position of the government that the money will be forthcoming as of April 1, the beginning of the financial year?

Hon. Mr. McDonald: The government has not taken any official position on the timetable for the expenditure of funds. I will wait until I have spoken to my colleagues about that matter. I will communicate to my colleagues that it is obviously the preferred option of the municipalities to get the funds on April 1 or as soon thereafter as possible, because it means that the interest, beyond that allocated by the Legislature, will accrue to the municipalities. Of course, it is in the municipality's best interest to opt for a single payment as early in the year as possible.

That is something that I will communicate to my colleagues. We do recognize that no matter what the situation or what the payment schedule is, there will be a loss of income to the Yukon government. That would be a loss that we would readily accept in favour of the communities.

Mr. Lang: What other principles are going to be embodied in the regulations? Obviously, this is one. This is a very major principle, and in any other piece of legislation, Taxation Assessment, Home Owner's Grant, Municipal Operating Grant, the dates are incorporated into legislation, making it imperative for the senior level of government to adhere to certain guidelines.

I do not understand why the date is not in here similar to all other pieces of legislation. Why would we leave it to regulation? The Minister said he is going to leave it to regulation. I would like to know what other principles are going to be left to regulation instead of being incorporated into the piece of legislation that we have before us that deals with \$7 million dollars and is approximately seven pages long at \$1 million a page.

Hon. Mr. McDonald: I would dispute strongly that this is a principle of the Act. There are no principles that are going to be allocated to the regulations. The regulation-making section is stated in the Act. Do I have to read the section over for the Member? It is a general wording that is stipulated in every Act. When I was a Member of the Opposition, there were always regulation-making powers in the body of the Act to ensure that the carrying out of the principles embodied in the Act were acceptable to the government of the day.

⁴³ We will make sure that any regulations required in order to carry out the provisions of this Act are made. During the Capital Budget, we will be speaking about appropriations, and I will be asking the Legislature to approve certain capital appropriations on the basis of the formula for the communities. I will be asking them to approve certain dollar amounts. I will undertake to pay those dollar amounts in accordance with the formula as established in this Act if the Members agree to the principles and the wording authority of this Act.

Much of the technical matters with respect to invoicing and payment schedules and those sorts of things are generally left up to regulation-making power and that will be no different in this act.

Mr. Lang: I beg to differ. We are discussing it here, so it is obviously a principle. The Minister says it is not a principle and yet he has not made a decision on it. I am sure the Member for Klondike and the Member for Faro would like to know when their communities are going to get whatever monies they have due to them. It would make sense to forward those finances then as of April 1st. Obviously a decision has been taken.

With this decision being taken, and with the dollars being allocated in the method being set out in this Act, how much interest money is the Government of Yukon going to lose for the general revenue, as opposed to the previous system when it was funded project-by-project and by progress payments?

Hon. Mr. McDonald: The answer to the last question would be approximately \$192,000.

This is not a principle that requires a decision at the present time. It is not a principle of the Act. I disagree wholeheartedly with the Member's accusation. It is a technical detail, and I readily admit that some of the technical details are not worked out. I can tell the Member, and am sure that all Members will appreciate, that, in any given year, we will agree to build a particular project in a given community. It may be the Ross River Arena with which Mr. Speaker may be familiar, or the paving of Mountainview Drive. If the Member is going to ask me to provide, in detail, when that project is going to start and be completed, when the work orders are going to be issued so he can know in absolute detail how much interest income this government is going to accrue — because the money lapses between the time the budget comes into effect and the time the project is undertaken — is an unreasonable request.

I am merely stating to the Member that if the total block sum is approved by this Legislature, it will be distributed by the government in accordance with the details established in this Act. There will be no veering from that. In any case, the payment schedules will be equal to all communities; they will all get the

same consideration; we will not be paying an installment to Dawson and then paying Mayo ten months later. Everybody will be paid at exactly the same time, and I guarantee that the funds appropriated by this Legislature for distribution under this formula will be distributed in this next fiscal year. Guaranteed.

Mr. Lang: That is mighty decent of you. We pass the Act and you spend the money. That is the way it goes. I understand that.

I do not understand why the Member opposite is deviating from the discussion we are having. I am talking about municipal infrastructure grants. I am not talking over and above the projects, i.e., the curling club in Elsa. I am not talking about projects such as that. I am talking about projects where he has stood up in this House and said, "I believe in local responsibility; I believe in local control". Yet, at the same time, he will not commit to the House that those particular block funding dollars will be transferred as of April 1.

What he is trying to say is he wants it both ways.

Chairman: I would remind the Members to please go through the Chair.

Mr. Lang: Yes, Mr. Chairman.

The point I am making is that if the money is going to be allocated by this House for a specific purpose under the Act — that is section 2, with the amendment that he has so kindly brought forward to us — I do not understand why the government is reluctant to lock themselves into a specific date: even April 15, to give yourself two weeks.

Chairman: Order, please. I would just remind the Member to please address his comments through the Chair. Please refer to the Member opposite as the Minister responsible, and I can assure you I will apply the same procedure to the Members on the other side of the House. So please refrain from using the word you.

Mr. Lang: I might refer to the Minister of Community and Transportation, the minister of largess. In view of the fact that we are delaying this particular subsection for the purposes of deliberation, would the Minister seriously consider bringing in a further amendment to put a date for the transfer of that particular commitment. I understand it cannot apply to the whole Act. It is my understanding in talking to a number of the communities that they are under the impression that that money is going to be coming forthwith on April 1. With that understanding, it would seem to me that the Minister has an obligation — he may have left them in some confusion — to ensure that certain dates are met.

« If dates were not that important, why are they in various sections in the *Municipal Act* and the *Taxation Assessment Act*? Why are they not all in the regulations? They are not. They are in the acts. Would the Minister be prepared to consider, over the course of the next two to three weeks, to bring forward an amendment with an appropriate date in mind, even if it is April 30, but no later than a certain date?

It is important because the Minister just dismissed my comments. I asked him what the interest would be, and he blew a figure past us of \$192,000. Obviously, it is important. \$192,000 may not be important to the Minister, but I can tell you that \$10,000 or \$20,000 is awfully important to the community of Watson Lake to the point of one-half of a percentage point in tax revenue.

If we are going to do this, why not go all the way. Let us not have it both ways saying that we are going to pay progress payments. We have a responsibility as legislators to say as of certain dates you will get your transfer of dollars. I am not asking the Minister to make a definitive decision today, but would he seriously entertain that as a principle to be embodied into the legislation that we have before us?

Hon. Mr. McDonald: Once again, I dispute the Member's claim that this is a principle for the Act. The Member does not hide for a moment that he is completely opposed to the principle of this Act. He does not want to see block funding go to the municipalities. That is absolutely clear and has been stated numerous times. It was made absolutely clear throughout the Member's speech. It was made absolutely clear to the mayors of the municipalities in the territories. The Member is not interested in seeing this Act proceed.

He will be continuing to ask for endless details. If I were to concur with this detail, the Member would say that perhaps the

money cannot be possibly transferred unless there is an invoice that has been established by the government, which allows for the transfer of funds to take place and that that invoice is going to be considered an important detail. It might even be classified as a high principle.

« We will have to put an appendix to the Act that outlines the format for a work order or for an invoice.

If I was given any sort of confidence that the Member cared one whit about passing this Act so that block funding, community control, could take place in this territory, then I would feel much more comfortable about acceding to the Member's demands, but those demands are becoming increasingly complicated. They are getting endlessly detailed.

The appropriation act is going to speak to the issue of appropriating a certain amount of money. It may be \$7.3 million; it may be \$9 million. It speaks to the issue of appropriating a certain amount of money in a particular fiscal year.

It is not because I am the Minister of largess that that is going to happen. It is because this government has taken the position that we support municipal works; we support community works. I take it as a matter of duty to ensure that the appropriations passed by this Legislature will be made to those communities, based on a formula negotiated with those communities for the benefit of those communities under the general terms and conditions of this Act.

If we approve \$7.3 million, I will ensure that \$7.3 million will be transferred to communities on the basis of this Act. I have already given the Member the assurance — I give the House the assurance — that funds will be transferred in such a way that they can accommodate their capital construction programs. That is the critical factor. That ought to be a critical factor for the Member, but I do not think it is. I think the critical factor for the Member is that he does not want to see this particular piece of legislation going forward because he just simply disagrees with it.

Mr. Lang: It is a shame in this House, when you stand up and you have a few reservations and more cautionary notes than anything else. I never, ever said I was opposed to the legislation. I did bring forward a number of concerns that I felt should be aired. I feel that I am justified in doing that. I object strongly to the Member opposite putting words in my mouth. I have never, ever said that we were not going to pass this piece of legislation.

Unlike the Member opposite, I am going through the bill and I am asking if it is possible to put a date in so that the communities affected can get the full benefit of the interest accruing from those capital dollars until such time as they are spent.

« That is what I am asking. If the Minister would listen to what I am asking, I am probably pushing it further than what he is pushing for, as far as if you are going to transfer dollars. My point is, if you are going to do it, do it right. I cannot see why the communities should not get the benefit of that interest. The Minister knows the cost. At least, he says he knows the cost — \$192,000 to the Treasury — if all these dollars are transferred as of April 1. I am assuming that is the cost. If that is the case, let us transfer the dollars.

Would the Minister consider putting a date in the legislation to meet April 1 as the date that monies are transferred to the municipalities for the purposes of the community infrastructure grant formula that the Minister has put forward for debate?

Hon. Mr. McDonald: The Member says that he is not opposed to the Act and grits his teeth when saying so, hoping that that intimidate people into thinking that he is right. He is not in favour of this Act, and I will prove it.

Mr. Lang: Point of order. That is misrepresentation by the Minister.

Chairman: Order, please. Mr. McDonald, proceed.

Hon. Mr. McDonald: The funds that we appropriate in this Legislature for this purpose will be transferred to those communities. If the fund states that \$7.3 million 1986 dollars, or 1987 dollars, will be transferred to communities, those funds will be transferred to the communities. We will take it up front. People will know exactly how much money, minimum, will be transferred to communities in a given year. If it is \$7.3 million, they know they will be getting \$7.3 million on the basis of the allocation that they

would receive under the formula. That is something that we would determine up front in the capital appropriation budget.

Every year, in the past, funding has taken place between this government and community governments for the undertaking of capital works. Regularly, in those communities that can administratively handle capital assistance agreements, the government signs an agreement with a community to undertake a particular project.

48 Every year, including the year that the Member was the Minister, those capital agreements, which spoke to cost-agreement projects, were signed with municipalities throughout the construction year when the project was to go ahead. As far as the Legislature is concerned, the projects were approved the previous November.

It was and is important that commitments made by this Legislature for capital funding, if humanly possible, be carried out. The commitment will be carried out to spend \$7.3 million plus, in this particular capital budget, a total of \$9 million 1987 dollars in the communities in a timely fashion. I have told the Member already that the exact time when the monies will be expended — it may be April 1st or April 15th — will be determined by Cabinet. We will undertake to ensure that the funds that are appropriated by this Legislature, which I am hoping the Member will vote for — of which I am not certain — will be spent for that purpose and in that fiscal year as promised.

Mr. Lang: Let us be quite honest. If you have a line item or piece of legislation, you have to vote the money for that particular project and do that particular project unless, by Cabinet order, you make a change. Then you have to come back with a supplementary for such a change. I do not need a lesson on how the procedure works.

What interest rate was used to get the figure of \$192,000?

49 **Hon. Mr. McDonald:** The interest rate was calculated at 8.5 percent. It is a ballpark figure, because every year the capital spending that is undertaken would vary tremendously depending on when projects proceed. Some projects, like the firehall in Dawson, did not proceed until late in the construction year, at which time the funds would be transferred in installments as per normal practice.

There may be a given year when projects are undertaken at the beginning of the year, and the money paid upfront and the government might get less in interest than they would normally accrue.

It is extremely difficult. It is as ballparky as they come. Is that an adequate word? It is as soft a figure as you can get, for obvious reasons.

Mr. Lang: Even at 8 percent of \$7,245,000, — and I do not have a calculator and I do not have access to the computers of the government of the Yukon Territory — but very quickly just multiplying — at least when I went to school — I would say we are at \$55,000 to \$60,000. That might not be ballparky or soft figures, but I would say it is a fairly accurate figure. How did the Minister get \$192,000 out of an interest rate of 8 percent when we are dealing with \$7,245,000.

Hon. Mr. McDonald: I wish the Member did have a calculator because he would see that some of the funds expended over a period, funds for municipal works, would be spent within days of the fiscal year, some would be spent within a month of the beginning of the fiscal year, within two months or within five months of the fiscal year. You are not talking about 8.5 percent of \$9 million over the course of a full year.

We are talking about different things. We are talking about, on an average, 25 percent spent in the first month. May, 25 percent is spent a month later, and another 25 percent is spent a month after that. Maybe the final 25 percent is spent over the next eight or nine months. It changes from year to year. The overall sum changes from year to year. It is a soft figure. I cannot give any more detailed or accurate estimates than that. It is not possible.

50 **Mr. Lang:** Let us deal with what is humanly possible. Could he give us a breakdown of how he derived \$192,000?

Hon. Mr. McDonald: Assume that \$9,000,000 is the given amount in a given year. Let us say that in the first month...

Mr. Lang: Why not use \$7,200,000, the figure that I am provided.

Hon. Mr. McDonald: The Member can choose whatever figure

he wants. For the sake of my calculations, I choose \$9,000,000. In the first month 25 percent is spent in a normal year. Between April 1 and June 1, say 25 percent is spent. June 1 to August, say 25 percent is spent, and between August 1 and October 1, 25 percent is spent. Now, the interest income that would otherwise accrue to the Yukon government would be \$492,250 if you accepted the assumptions that there was \$9,000,000 in expenditures in a given year. Say, for the sake of argument, that in this year \$9,000,000 was expenditures and under normal circumstances over that period of that summer you would spend it on the whole, on the average, in those kinds of allotments, say 25 percent. It would depend on the projects. It would depend on the construction timetable around the territory for the multitude of projects. But, for here, just averaging it out, and as a totally round figure, averaging it out, it comes out to \$192,000.

Mr. Lang: Why is the Member using \$9,000,000 when he is asking us to pass this legislation under the assumption that it is going to be \$7,245,074? Why would he use \$9,000,000?

Hon. Mr. McDonald: Okay, let us take \$7,200,000. It changes the \$192,000 figure. If the Member has a calculator would he please total the following. April 1, we will start off with \$7,300,000, minus 25 percent advance. From April 1 to June 1 take off another 25 percent of the \$7,300,000, multiply it by 8.5 percent, multiply that by two-twelfths, and he gets a figure of how much interest it is for that two-month period. June 1 to August 1, take another 25 percent off that \$7,300,000 figure, multiply it by 8.5 percent, multiply it again by two-twelfths, two months of the year, he will get another figure. Then, you take the last period, say August 1 to October 1, and take off the final 25 percent, multiply it by 8.5 percent, times two-twelfths, take those three figure, tote them up and you have the interest income, in a ballpark figure, that we might lose in a given year depending in the old system where we provided payments over the course of the construction season.

51 **Mr. Lang:** Since the Minister was withholding information, perhaps since he was reading from a specific document perhaps he would be prepared to table that document in this House for all municipalities as well as ourselves to read so we may know the intent of the government.

Hon. Mr. McDonald: I was not reading from a particular document, certainly not word for word.

Mr. Lang: Was the Minister not reading from a particular prepared text as far as the figures that he was espousing or outlining to this House?

Hon. Mr. McDonald: Yes, it was a note.

Mr. Lang: Would the Minister be prepared to table it?

Hon. Mr. McDonald: I have lots of notes in front of me, lots, and I am not going to give the Member all the notes I have. Ask me questions and I will answer them.

Mr. Lang: I was referring to the one he was looking at when he was reading the figures and my understanding of the rules is that if the Minister says he is reading from a particular document he has a responsibility to table it in this House. Is that not correct? Perhaps you would like to rule on that on a point of order.

Hon. Mr. McDonald: If the Member is making a formal point of order he will understand that I did not, and I will make it clear to you Mr. Chairman, that I was not reading from a document. I did not state I was reading from a document. I have lots of notes and I will be reading, maybe not word-for-word, from my notes, but I will be taking some direction from my notes because I do not have all the details in my head. I was not reading from a document. I have a number of documents in front of me. I have a number of things that I am reading from. I will not make them available, and I have not indicated that I am reading word-for-word from any one of them.

Mr. Lang: On the point-of-order I would like you to seriously have a look at them. I realize you cannot make an order now, but if you go back in *Hansard* the Minister stated very clearly he was reading from a prepared text and it is very clear that if a Member is reading from a prepared text they have a responsibility to table it in this House for all Members to observe to ensure that the Member opposite is not mispronouncing any of the words nor any of the

numbers in those documents.

Chairman: On the point of order does anybody else want to speak?

⁵² I would personally seriously doubt whether this is a document, and I would rule the point of order out of order.

Mr. Lang: On what grounds are you saying it is not a point of order? If you read *Hansard*, the Member opposite has very clearly stated that he was reading from a prepared text, because I asked him specifically. If that is not available to me, then that means that any time . . . Mr. Chairman?

Chairman: Mr. Lang?

Mr. Lang: Mr. Chairman?

Chairman: Just a minute.

Mr. Lang: I am speaking on the point of order.

Chairman: Mr. Lang, point of order.

Mr. Lang: . . . as far as the ruling is concerned. As a Member, I object to your offhand ruling on it. I think you should have taken the liberty and the opportunity to take some time to see exactly what was stated in *Hansard*. If you, as Chairman, are going to be that biased and automatically assume that that side is right, I . . .

Chairman: Mr. Kimmerly, on the point of order.

Hon. Mr. Kimmerly: The previous speaker is clearly out of order. He is questioning the ruling of the Chair. The ruling is given and that is the end of it. After that, he called into question the integrity of the Chair, and he ought to apologize.

Mr. Lang: I apologize if I questioned the integrity of the Chair, but I would like direction from the Chair exactly how I challenge the ruling that you have just put forward to me. I assume that I would have to pass a motion asking for the Speaker to resume the Chair, and I would put my point of order to him for his consideration, if it is okay with Mr. Chairman.

⁵³ **Chairman:** In the case of an appeal, the Chairman must leave the Chair immediately and report the matter being appealed to the Speaker who then must rule on it. The Speaker may ask the opinion of Members before making his ruling?

I will now call back the Speaker.

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Speaker resumes the Chair

Speaker: I will now call the House to order.

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

Mr. Webster: The question is an appeal to the Speaker of a decision of the Chairman of Committee of the Whole, under provisions of Standing Order 42(4) as follows:

When Bill 55 was being considered in Committee of the Whole in general debate, the Member for Porter Creek East raised a point of order that the Minister of Community and Transportation Services was quoting from a formal document and that it should be tabled. Upon debate, I referred to Beauchesne Section 327, read it, then stated that I did not feel that the Minister was quoting from what could be considered to be a formal document.

This was the piece of paper in question which is, as you can see, handwritten notes barely legible. Thus, I ruled that it was not a formal document and there is no point of order, whereupon the hon. Member for Porter Creek East appealed to the Speaker for a decision from the Chair.

Speaker: On the point of order in question, the Member for Porter Creek East.

Mr. Lang: To begin with, I am a little surprised at the outset of speaking to the point of order that the Chairman of Committee would actually have a copy of the document that was referred to. I did not realize I would have to ask if he had it prior to the ruling or after the ruling. I really question whether or not he should have a copy of that until which time you have ruled, that is, any Member of this House, except for the Minister in question.

I am raising this from two points. First of all, I raised a question of a point of order to the Chair. I asked the Chair, in what I felt was a civil manner, to consider it, and I recommended that he take some time to consider my request for a decision to be taken. At that time, the Chair ruled and, I felt, not giving me due course and due consideration to my argument, I felt that I had a responsibility to

appeal the Chair to ensure that all Members' rights and privileges in the House are duly protected.

The other point that I want to make is that I find it difficult to understand why, over the course of debate of a very important bill, we are denied information by any Ministers of the side opposite that would help in debate. I think it is important that we refer to Section 327, under Documents Cited.

Sub paragraph (1) states: "A Minister of the Crown is not at liberty to read or quote from a dispatch or other state papers not before the House, unless he is prepared to lay it upon the table".

I asked the Minister a question specifically as to whether he was referring to a document or correspondence and would he table it. He said yes, he was, but he was not prepared to table it, or something in that vein.

It was my feeling that there should be nothing to hide from Members of this House when we are debating something as important as making the laws of the land, and I want to refer to further information that I have, under Documents Cited.

⁵⁵ **Mr. Lang:** I refer to 327(5). "To be cited, a document must be quoted or specifically used to influence debate." In this particular case, the Minister, previously in debate, without providing any information whatsoever, said that the interest costs to the treasury of the Yukon government were going to be \$192,000. That is what prompted the course of debate. I asked how did he, in his wisdom, with his officials, come up with that particular figure, especially in view of the fact that the figure we were dealing with was \$7.2 million. We were informed the interest was at 8 percent, which, in rough calculations, really totals \$560,000, not \$192,000.

I refer further to 327(6) that states specifically, "If a Minister cites or quotes an official document debate, he should be prepared to table it."

Further, 327(7), "When a letter, even though it may have been written originally as a private letter, becomes part of the record of a department, it becomes a public document and if quoted by a Minister in debate must be tabled on request."

I want to say in conclusion, as far as this particular section is concerned, that we were led to believe it was a document by the government, and if it was a document, then I believe he has a responsibility to table it for all the Members of the House to go through.

Maybe the side opposite thinks that \$192,000 is of no account, but to this side it is important. I think the Minister opposite has a responsibility to table the information in its totality, not partially, so we are fully informed, before a conscious decision is made by the House.

Speaker: Order, please. I would refer the Members to Annotation 327(1) where it reads, "A Minister of the Crown is not at liberty to read or quote from a dispatch or other state paper not before the House, unless he is prepared to lay it on the table."

Section 327(6), "If a Minister cites or quotes an official document in debate, he should be prepared to table it."

I find that the Minister has not quoted from an official document and therefore is under no obligation to table anything.

⁵⁶ **Mr. Speaker leaves the Chair.**

Mr. Chairman: We will now recess for 15 minutes.

Recess

⁵⁷ **Chairman:** I will now call the Committee of the Whole to order.

Mr. Lang: Does the Chair have the document that is of concern to the Members opposite?

Chairman: No.

Mr. Lang: In the Minister's consultation with the Association for Yukon Communities, did they determine the amount of \$192,000 that would be paid out in interest during the course of the installment plan proposed by the Minister?

Hon. Mr. McDonald: The Minister has not proposed any installment plan. The question of interest income did not come up formally or otherwise in discussions at either the mayors' meeting in August or at the Association of Yukon Communities in the fall.

The \$192,000 was worked out on basic assumptions, one being that the total expenditure for a year would be \$9 million, and given

that you might spend 25 percent in installments that would work out to \$192,000.

The Member asked what the figure would be if you started with \$7.3 million. I do not have those figures in my handwritten notes. That is hardly a document, handwritten notes. These notes are my own creation. I do not have that, and I did not calculate that while we were on break. The situation is as I have explained it.

Mr. Lang: If interest is of not that much concern to anybody involved and was not raised in any discussions, which I find very hard to believe in view of the amount of money we are talking about, how come in this bill there are specifically two sections that refer to how interest monies are going to be handled if it is not all that important? If it is not all that important, then the principle does not matter, is that not correct?

Hon. Mr. McDonald: The Member is correct. The interest income is an issue for communities, if they reserve money from year to year and they build up a supply of funds. The issue of when payments are made has not been made to me at either of those two meetings. It may have been mentioned to department officials. It has not been a matter of discussion between the mayors and myself. The understanding has always been that a payment would be made early in the year. There has been no discussion as to when payment would be made specifically. That would be determined by regulation, by the Cabinet.

The question of interest accrual and the ability to transfer interest income to O&M budgets was something we felt should be allowed to allow greater flexibility on the O&M side for community financial purposes. That is the reason interest income is addressed in the body of the Act twice. It speaks to the issue of the transferral of interest income to O&M and the ability to reserve it.

Of course, the interest is going to be an issue for communities. When communities save money, they will accrue interest. We consider it as important as anyone.

Mr. Lang: I will ask one more last time. Why has that decision not been taken, as to whether all the money is going to be up front or it is going to be made on progress payments, or is the Minister playing both ends against the middle?

Has the government made the decision that those payments are going to be made on a project-by-project basis overall, as far as the philosophy is concerned? Is that the decision regarding the front end dollars?

Hon. Mr. McDonald: The funding will not be provided on a project-by-project basis. The understanding has always been that the block fund would be made early in the capital year. I will discuss the exact date of payment with the Cabinet for purposes of instituting that payment date in regulation.

The figures that I provided, I calculated myself under my own steam, with the help of some informed people, I am sure. Those figures were meant to give the Member a ballpark figure as to what — under normal circumstances, if he had a total of projects worth \$9 million — when we fund them project-by-project, you would stand to lose in the normal scheme of things.

⁵⁹ It was not meant to express what the situation would be like next year. As I said, the intention was to make a block-fund claim, a one-time payment early in the year. That has been the understanding. It has not been the subject of great debate or a negotiated agreement, but has just been a general understanding that I have had. I do not recall any specific discussion or requests made by any individual mayor or the Association of Yukon Communities. It is just an understanding that I had in my own mind that it would be the case. The date has not been set, and I am afraid that until Cabinet sets it I cannot divulge it, because I do not know it.

Mr. Lang: It is the intent of the government to determine a date, whether it be April 15 or April 30, and at that date the monies for the municipal infrastructure grants to the municipality as per your amendment will be transferred at that point to those communities that have that amount of money coming. Is that the intent of the government?

Hon. Mr. McDonald: Yes.

Mr. Lang: That means that the \$7 million or \$9 million as of whatever date is established by Cabinet, April 15 or April 30, will automatically flow out to the communities and then the interest

thereon will accrue to those communities that have those dollars coming? Is that correct?

Hon. Mr. McDonald: That is correct.

Mr. McLachlan: I want to get on record that the Minister has or has not any objections — for example, in the case of Faro, which has its municipal infrastructure fairly well in hand — to using any amount of the capital that the Advisory Committee of the Municipal Council recommends as a repayment back on the municipality's capital debt and therefore effecting a significant saving on their taxes.

Hon. Mr. McDonald: Is the Member asking whether or not these capital funds can be used to pay debenture payments? Is that the question?

Mr. McLachlan: That is correct. I want to make sure there are no problems with the Department of Community and Transportation Services if that is the will of the municipal council.

⁶⁰ **Hon. Mr. McDonald:** The Member can take more than my word for it. It is in the Act here. I refer the Member to 4.2(c) on page 3, which states that "capital expenditures can be put towards payments of principal and interest on debentures issued before or after this act comes into force by the municipality in respect of municipal infrastructure projects, including such projects undertaken before this Act comes into force."

Mr. Lang: This could be quite a substantial saving, if it is the political will of the Advisory Council in Faro. It would be quite a substantial saving indirectly to Curragh Resources because of the outstanding debentures for that community. Is that correct?

Hon. Mr. McDonald: The saving would accrue to the Community of Faro. They will be in a position to pay back to the Yukon government interest and principal owing to the Yukon government.

Mr. Lang: The point I am making is with regard to the debentures that are largely in Faro, because of things not occurring the way they were supposed to a couple of years ago. If the council makes those decisions, is it not safe to assume that the outstanding debentures that were taken on by Cyprus Anvil/Curragh, as the outstanding property owner there, is going to be an indirect subsidy to the company?

Hon. Mr. McDonald: The debentures are taken on by the Town of Faro, and they will allow the Town of Faro to pay its debt obligations to this government. We would expect that they would be in a financial position to do that. That means that the Advisory Council and the elected council — that will be determined in the spring through general elections — will be in a position to lower tax rates if that is their priority, as well as paying off debentures.

Certainly, a reduction in the tax rate will help all businesses in Faro and the homeowners in Faro. That would be a boon not only to the people of Faro, it will be a boon to Curragh Resources too, in effect that the community will be healthier. I do not think there is any doubt about that. The significant impact will be on the residents of that town.

⁶¹ **Mr. Lang:** The point I am making is that is it not true that any of the debentures that were borne in the past, in concert with the town council, the company at that time, Cyprus Anvil, had to give their authorization to go ahead since they were the largest property tax owner in the town. Is that not correct?

Hon. Mr. McDonald: I would have to check that. My only understanding is that the major property owners in the communities may have had to give approvals for the borrowing for the Town of Faro. The point remains that the Town of Faro did the borrowing and will now be in a position to pay its debt obligations to this government.

Mr. Lang: How much money is being authorized and being spent through this House for the mine, and what is it costing the general taxpayers throughout the territory? I recognize that this legislation gives them the right and the responsibility if they wish to make those decisions. I think it should be clarified just exactly what we are talking about. Too often, things go through because they may not be politically attractive to talk about.

There is another amount of dollars that will not be assumed further by Curragh Resources, or whomever, because of the fact that it is further public money going in, indirectly, over and above what the original terms of the arrangement was when the certain

debentures were going to be taken on by the new property owner, which is Curragh Resources.

Hon. Mr. McDonald: As the Member knows, one property owner transferred, through an agreement, property to Faro Real Estate, who in turn, are turning those properties over to individual property owners, who are responsible, through home ownership, to pay taxes as all other taxpayers are. I am sure that, through that system, all people in Faro who pay taxes, including the people who are now purchasing units from Faro Real Estate, will feel the benefits of any tax reduction or a decision by the Faro town council not to increase taxes, at least.

The decision will essentially be theirs. I am certain, through the significant funding that will be allotted to Faro under this formula and through the appropriation act that is proposed here in the Legislature, that the Town of Faro will be able to do a number of things. One of them will be to pay its debt obligations to this government, which are not insignificant, by any means. It will also mean that they can dedicate more of their O&M budget to O&M purposes to improve the quality of life there and, if they wish, maybe some modest reduction on tax rates. The tax rates are reasonably high.

That is what this allows for this community, and it is the same for every community. The situation is essentially the same for everyone.

Mr. Lang: Just to conclude this portion of the debate, the point I am making is that there were a number of communities that did not take major debentures. There are inequities out there, and I recognize what you are saying regarding the private homeowners. I think there is an obligation to try to get that tax rate down to an acceptable level, and maybe this is the best method of going about it. The point I am making is that, indirectly, with the responsibilities that were taken on in the original agreement with Curragh Resources and the outstanding debentures because of the largest property owner concurring with those debentures being taken out, there are more dollars going in to offset their cost. I do not think we can argue that, and I want to leave that point on the table.

Chairman: Any further general debate?

Mr. Lang: In respect to the act itself when we talk about communities and about hamlets and other settlements designated as communities in the regulations, what are the intentions in the regulations when they talk about settlements? Since we are not going to be provided with them, perhaps the Minister could explain how he is going to tie in with what we sometimes refer to as native communities because of their connection with Indian Affairs? Is our cost-sharing going to be with the federal government, and if so, to what extent? How much thought has been given to this particular area?

Hon. Mr. McDonald: A fair amount. The communities that we have identified would be the communities that are identified under — I cannot remember the name of the act but I will check it for the Member — which lists communities and their status. Any change to that list will have to be correspondingly changed with any regulations specific to this act. Clearly, the point of the provision is that where there is a feeling that the organization within the community is administratively mature enough to undertake a particular project of a certain size, then we would entertain the possibility of allowing that organization to head-man the particular operation. Essentially, it is under the capital agreement with that particular organization for municipal projects.

With respect to native communities, we have taken the policy decision that we will treat all communities in the territory in the same light. For example, there is a project in Pelly Crossing that we will undertake to proceed with, perhaps under the auspices of the Indian band, if we feel that the Indian band is administratively competent to undertake the project. If they are, we might sign an agreement with that particular band to head-man the project or project manage a particular construction work.

⁶² The cost-sharing would be the same as it would be, for example, if the community club in Carcross wished to undertake some work. If an Indian Band is financially able to participate in a cost-sharing arrangement, we would seek an arrangement of that sort, because we want to proceed on projects, no matter what the community, on

the basis of the community showing strong commitment to that project.

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

Recess

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

INTRODUCTION OF PAGE

Chairman: It is my pleasure to introduce to the House Marna Smith who will be serving as a page for this sitting. I now welcome her to the Assembly.

Applause

Hon. Mr. McDonald: As we left this item at 5:30, it occurred to me that perhaps there was a misunderstanding as to the formula that I had worked out on my own in respect to potential lost income. The \$9 million dollars that I had mentioned was a figure I had drawn from the air. The 25 percent instalments over every two months was what would normally be considered an average expenditure in a given year. Using that \$9 million as base, I have worked out \$192,000 worth of income that would be lost in a year, given that the total number of projects totalled \$9 million.

This is an attempt to explain what it might be if you accepted certain assumptions. If the assumption was that it be \$7.3 million or any other figure then, of course, the \$192,000 would change as well. If the assumption was with respect to when the money was spent in a year at a different rate of expenditure rather than at 25 percent, the \$192,000 would be different.

I got the feeling that there was a misunderstanding as to what the figure represented. It was not an official representation, given the history over the past 20 years or anything. It was simply a ballpark figure drawn from the air.

Mr. Lang: That clarifies it to some extent. I was in touch with one of the members of the Association of Yukon Communities over supper, and the reason why there was never any debate over the question of when the money was supposed to flow was that the understanding given by the Minister was that there would be a certain date set at the beginning of the year, preferably April 1, and the money would flow to the various communities, and the interest would accrue to the municipalities until the time they spent the money in whatever manner they wished.

⁶² That being the understanding, if that were said at the outset, there would not have been any reason for debate. I accept that as given, and I am hopeful that that is going to be the case.

I have a few other questions with respect to the community authority. Prior to going, is my understanding now correct? Let us skip through the debate and everything if that is the understanding, that the money will flow at the beginning of the year and whatever date is set by Cabinet, April 10, April 15 or April 30, beginning of the financial year and then the communities will get the benefit of the interest of those dollars?

Hon. Mr. McDonald: Essentially, the Member is correct. The date has not been set. It would be set by Cabinet and, yes, the dollars would flow at roughly the beginning of the fiscal year.

Mr. Lang: At that date, whatever date is set — let us assume it is April 15 for the course of this discussion — all the communities would receive their dollars at that given date and then they would have their own investment funds and various other things and that would all kick in from that point. Is that correct?

Hon. Mr. McDonald: That is absolutely correct.

Mr. Lang: I just wanted to go a little further with respect to the establishment of community authorities. What is the requirement in regulations going to be for the purposes of a community authority, i.e., are they a society? What kind of legal identity is going to be required in order to enable the Minister to recognize an organization for the purposes of transferring taxpayers' dollars to them?

Hon. Mr. McDonald: At a minimum, it would certainly have to be either a society or an Indian Band. In view of that, there would have

to be some indication that it had the administrative wherewithal, knowledge and experience to undertake a project of a particular size. That would also be part of the criteria.

Essentially, if a project was going to be undertaken in Carcross, for example, it could be either the Indian band or the Carcross Community Club, depending on the project, which might be in the position to undertake a project of a particular size and to manage that project. It could be the Band in Pelly Crossing, for example, which might have the wherewithal and administrative expertise to undertake a signed capital agreement with the Government of Yukon.

Chairman: Is there any further general debate?

On Clause 1

Chairman: Interpretation. In this act there are various definitions. The first one is "community" and the next one is "community authority".

Mr. Lang: Could he give us a schedule of what his proposed "other settlements" are just for the clarification of this debate?

Hon. Mr. McDonald: Of course there is presently only one hamlet in the territory, which is Elsa, but the other organized settlements would include communities such as Beaver Creek, Burwash, Destruction Bay, Carcross, Ross River, Upper Liard and communities such as that.

Mr. Brewster: Perhaps the Minister could tell me if the Champagne-Aishihik Band in Haines Junction will get two separate settlements when they are using much the same facilities all the time?

Hon. Mr. McDonald: If it is a project to be undertaken within the boundaries of Haines Junction, there is one block, and for all projects undertaken within the municipal boundaries of Haines Junction that block would be the block funds that we would allocate. For projects undertaken outside the Village of Haines Junction, there could be a time when a water-sewer project, or a small community hall or whatever, outside of Haines Junction, maybe on some environs or maybe some distance away, that project could be undertaken by a recognized community group such as the Champagne-Aishihik Band or some other authority.

Mr. Brewster: The Minister has not really answered my question too clearly. The Champagne-Aishihik Band has one block of land that is inside the three-mile radius that does not belong to the Junction. Sewer and water should have been put into all places at once. Because of the fact that the Band refused to go along at that time, this is extra cost to taxpayers now to get it. I presume it will join that one and not start another big sewer and lagoon deal. I hope they will all join. Also they have a large number of their buildings at Canyon so just how are you going to define these things? They also have another settlement down at Takhini. What numbers make up a community, or are they just a group of people living in the wilderness?

Hon. Mr. McDonald: The general purpose of the Act, first of all, is to hive off block funding for organized municipalities. For the rest of the territory, the system would be exactly as it is right now. It is a decision of the Government of the Yukon of the day to decide whether or not they were going to finance, say, a water and sewer work, or to help fund or partially fund a water and sewer work on lands other than lands within the stated boundaries of the municipality. That would have to be a decision taken by the Government of Yukon of the day.

Mr. Lang: In deference to the House, it seems to me that you should have an idea what is going to be designated as communities. Perhaps you can enumerate the list in totality so we fully understand who would be eligible under this Act. It is not as if we are in Ontario where there are 450 communities.

I think the Member for Kluane has raised a very valid point with respect to community financing of water delivery and fire protection and things like this. For example, does Keno City come under the auspices of a community authority under this? Does Stewart Crossing? Does Burwash? Does Midway Lodge? Where does it start and where does it end? As we know it today in the Yukon, who is going to be eligible as a community to apply for funds under the Act?

Hon. Mr. McDonald: For fear of missing a community, I will

try to refrain from providing the Members with what I would claim to be a complete list of communities. In the capital standards criteria, the Members will remember that there is a list of communities still listed in capital standards.

I would expect that the list would be the same as listed in that document.

With respect to the list, I can provide a list of what we commonly refer to as communities tomorrow, if you like.

Mr. Lang: I will not ask for it this evening. We are willing to stand the one section aside for further deliberation tomorrow. When the Minister says community standards, is he referring to the work that was done for the five-year capital program? Is that the document he is referring to when he talks about community standards?

Mr. McDonald: I am not trying to get the Member to table a document; he has referred to community standards a number of times. Members on this side are questioning just exactly what he is referring to.

Hon. Mr. McDonald: I am not sure if we are talking about the same thing, but in any case, I will table the list of communities that would be considered legitimate communities for the purposes of this act. It is a standard list. I have lived with it since I have been a Minister, and I have not seen any reason to change it in the time that I have been Minister. I am sure the Member is aware of the list. He must have been; he was the previous Minister. I will provide the complete list tomorrow.

Mr. Phelps: I still do not feel I understand the answer to the Member for Kluane's question about the situation such as Haines Junction. Is the Minister saying that the only capital block funding within the Haines Junction town limits, under this Act, would go to the one entity government there, which is the village council?

Hon. Mr. McDonald: Yes. The only block funding would go to the village council.

Mr. Brewster: I would like to get this straight. I have explained, there is a block of land inside the three mile radius of the community, which belongs to the Champagne-Aishihik Band. It has nothing to do with Haines Junction. Their complaints have been — and they are justified — that they do not get some of the services that the community gets, yet they are right in the centre. This is partly their fault; I am not knocking Haines Junction or anything. It is just one of these stupid things that goes on. Now, you are telling me that they will not get any of the block funding to improve their streets, their lights or anything. They are completely separate.

They have another community at Canyon; they have one at Kloo Lake and they have one at Takhini, which are settlements that they are trying to raise. They need street lights and everything else. Are they going to get block funding or not? If they are, are they going to get three block fundings or one?

Hon. Mr. McDonald: I will explain this more clearly than I have. The Act establishes a block fund on a formula basis for municipalities as designated under the *Municipal Act*. There is a recognized need to engage in capital works in other communities as well: Pelly Crossing, Old Crow, Elsa, Keno, Burwash, Destruction Bay, Beaver Creek. There is a recognized need that there has to be some government participation in improving the infrastructure for those communities. But those communities, it has been determined, are not administratively efficient to handle an established block fund every year as established by this legislature. All I am saying here is that, for the environs at Haines Junction, for everything within the boundaries of Haines Junction — not including the land that, for example, the Champagne-Aishihik Band has, which is not technically in the identified limits of Haines Junction, although it is physically within the outer boundaries of Haines Junction — and areas like that, and for communities like Pelly Crossing and Burwash, et cetera, the government will still undertake projects on a project-by-project basis, in the same manner as they have done all along, even before the municipalities.

For example, Haines Junction this year may get \$600,000 in a block fund. That will be their allotment for municipal purposes. It may be that the government might want to undertake to cost-share in some way the municipal works on Band lands within the outer environs of Haines Junction. They can still do that under capital agreement, which is aside and apart from the block fund which

would go to the Village of Haines Junction. The same way, for example, in Burwash. As this capital budget identifies, there are planning funds for a community hall for Burwash. We would undertake a capital agreement — for example, the obvious choice would be the Kluane Tribal Brotherhood — to perhaps build a community hall in Burwash. That is separate from block funding. Block fund means that we pass over funds, no strings attached apart from what is laid out in this bill and in the *Municipal Act*. We do not say that we do not think that you should build the project, or we do not think that you should build a ballfield in Haines Junction, or we think you should build something else. We pass over to Haines Junction a block of money. For everybody else, including places like Burwash, Destruction Bay, et cetera, we would still undertake projects in those communities under this Act, but under a different section of this Act.

Mr. Brewster: I understand what you are getting at, however, with this land being in the centre of Haines Junction, and as I said, it should have sewer and water. Now, it is fine that you are going to look after the capital and put it in, but then there is going to be the maintenance and this has to join the Haines Junction one. Is there some kind of an agreement where the taxpayers in Haines Junction — there are only about 40 of them, the rest being government employees — are not going to have to foot the bill for this other sewer by the month?

Hon. Mr. McDonald: That would be a consideration to bear in mind. With any capital project, whether the municipality supports it or whether we support it, there has to be some indication that if there is a local improvement to be charged, then the community would bear that. If there are associated O&M costs with the heating of the building, the community would have to bear that cost unless there is some other existing program that supports those O&M costs.

In a situation that is occurring in Haines Junction, there is going to have to be a marriage between the Band's desires and the community's desires. I understand that there have been attempts to develop that marriage. They both recognize that they do not want to develop two completely independent infrastructures from both the Band lands and the community lands. They want to marry the two to make it more cost effective. I think there is a good possibility for that. That would come up, I would hope, not only at the land claims table where there may be some consideration given to the long term wherewithal for a group such as the Champagne-Aishihik Band being able to support certain projects if they do not currently have one.

Those will have to worked out over time and will depend upon the goodwill and cooperation between those two distinct groups in the area, the village and the Band.

Mr. Lang: The government's position then would be, under subsection 10 and subsection 3 of the Act, that it is the government's position that in those areas where there has to be a resolution of those two subjects, the extension of water and sewage and who is going to pay for it, that they would not be prepared to finance it until such time that there was a clear understanding of who is going to pay for it and how it is going to operate?

Hon. Mr. McDonald: That is a very real consideration that we have to take into account.

Chairman: Is there anything further on community authority? Fiscal year?

Mr. Lang: Referring to societies and this type of thing, what kind of recourse does the Minister see if things do not go positively? Since there is no type of legislation, and certain responsibilities taken on by whatever is identified as the community organization do not take place what would be the follow up by the government to ensure the taxpayers dollars are adequately protected?

Hon. Mr. McDonald: It is a good question and it is appropriate even with the capital agreements that are contractual arrangements that are signed between the government and the existing municipality that may undertake a project within their jurisdiction. What the government would do as a matter of policy of course would be to determine whether or not a community group had the administrative wherewithal to undertake a project. I think all Members would

agree that it would be absolutely ludicrous to have some vewry large and sophisticated project undertaken by an administratively mature community association so we have to not only ensure that we are protected through the CAP agreement, which is a contractual arrangement between Community Services and a community authority, but also we have to be sure that the community authority itself is mature enough to undertake the project in the first place. It is a judgment call the government is going to have to make as community authorities mature over time. Maybe one that is currently not competent to take on a project perhaps over time as the community association matures maybe they will be. The protection is essentially found within the CAP agreement, which is a contract between the government and the community on the undertaking of any project.

Mr. Lang: For an example, since this legislation would apply to this forthcoming budget — I am sure that this was tied into this legislation to some degree — I believe there was \$300,000 to complete the arena in Ross River. Is that going through the community club in Ross River?

Hon. Mr. McDonald: No. That is a project that we have deemed to be of such a size that Government Services would be the best constructing agency. We do take into account the concerns and we consult with the Ross River Indian Band and, primarily, the Ross River Community Club, who have been very keen on this project. In this particular case, we would not feel that a local authority could undertake a project of that size, so we are doing it ourselves.

Mr. Lang: Just following this line of questioning a little further: would the \$500,000 for the community centre in Pelly Crossing be going through the Indian Band or would Government Services be doing that one?

Hon. Mr. Porter: On a point of order, with respect to the questions that are raised, those questions are going to be addressed in the Capital Budget, which has been tabled before the House.

My understanding is we are addressing the *Municipal and Community Infrastructure Grants Act*. I wonder about the relationship. After all, we are on general debate on that particular bill.

Mr. Lang: On the point of order, I am trying to decipher what exactly is going to be defined as a community authority. The budget that we have before us definitely relates to the legislation we have before us. If the Minister had been listening, the Minister of Community Affairs referred specifically to the budget a number of times with respect to this legislation, so it obviously ties together. I would ask Mr. Chairman to rule. I think I have every right to tie the two together and get some answers.

Chairman: We are still dealing with the definition of community authority. This is perfectly in line. Continue, Mr. McDonald.

Hon. Mr. McDonald: We would assess the administrative competence of the Selkirk Indian Band to determine whether or not they would be competent to construct the project. That Band is now undertaking a project management scheme by the construction of a number of housing units in the community. This would not seem, on the face of it, to be a significant qualitative jump, in terms of the Band's ability to undertake a project. Perhaps, in the case of Pelly, the Band could undertake a project.

Mr. Lang: Do I take it no definitive decision has been taken, or is it the decision of the government that this particular project will go through the Indian Band?

Hon. Mr. McDonald: The Selkirk Indian Band is going to want official confirmation that the project is going ahead in their community. They were not privy to that information because it was tabled in the Legislature for the first time today.

If they indicated an interest and are wanting to undertake a project, we would assess their request and their administrative competence to undertake the project. If we felt confident that they could, we would entertain a capital agreement to allow them to undertake the construction project.

Many communities are becoming more and more mature in undertaking projects, for example, the Selkirk Indian Band is managing a number of housing projects in that community through Indian Affairs every year. They have undertaken some other minor projects under the LEOP program, which require some administra-

tive expertise. There is an indication from them that they would be worth looking at as a community authority capable of being a partner under a capital agreement.

We would have to assess that when the time came as to whether or not they want to undertake the project and whether or not we felt they were competent to do so.

Chairman: Fiscal year. Local improvement.

Mr. Lang: The local improvement charges are for levying a portion of the tax for community infrastructure being put into, especially, the unorganized communities. Is that correct?

Hon. Mr. McDonald: Yes. A local improvement charge would be levied on property owners in that community to pay, in part at least, any community project.

Mr. Lang: Is it the intent of the government, for example with the community hall in Pelly Crossing, that there will be a local improvement charge accompanying that project?

Hon. Mr. McDonald: No. This definition is local improvement. It is not local improvement charge. In the case of a recreation facility, the community would be required, as the Act states, to put something into the project in the initial construction. We would have some understanding as to what their ability would be to maintain the O&M for that project in the long term. That would be their participation. For example, it could be 10 percent cash plus a commitment to undertake the O&M expenses and the ability to prove that they would undertake those expenses.

Mr. Lang: Would it be the government's position that they would be levying a local improvement charge in concert with the \$450,000 for the curling rink in Elsa.

Hon. Mr. McDonald: This is not local improvement charge. It stops at "local improvement". This is not a definition for local improvement charge. In a case like the curling rink in Elsa, the community would be expected to put something forward to cost share this program. They would have to prove that they can handle the O&M associated with that structure once it was built.

There are no ongoing recurring costs as there are with certain projects such as water and sewer projects. The system does not change from the system as it exists now. We might try to regularize it a bit, but essentially it does not change.

Mr. Lang: It just seems to me we are getting to the point where we are going to have some communities paying for a portion of the capital cost directly, such as Whitehorse, Watson Lake and Faro, where cost-shared projects have gone ahead or dollars have been allocated so therefore there must be a tax levy in the area to make up a portion of the capital as well as the ongoing O&M, and now you are telling me that in other communities that are getting a like service, a local improvement charge per se will not be levied? Is that what you are saying to me? I want to get clear the equality and fairness we are dealing with here.

Hon. Mr. McDonald: When this government cost shares a project in Watson Lake or Whitehorse, we cost-share the capital construction of that project, such as water/sewer and streets and paving for which there would be a local improvement charge. There are certain exceptions, as the Member well knows. In recreation facilities the government has not levied a local improvement charge for the city of Whitehorse for example. The government has cost-shared projects. The City of Whitehorse or Watson Lake or Faro or Mayo, would cost-share a given project, anti up a portion of the funds. Under the old Act it would be 75/25 or 90/10 depending on the wherewithal of the community to provide its share. Sometimes it would be 100/0, depending upon the ability of the community to provide its share.

Now as the Member knows for certain projects such as water/sewer and roads/streets the government has historically levied a charge against property owners who would directly specifically benefit, where it is not a benefit for the entire community but for particular property owners. When a project like that comes about a local improvement charge would be levied.

Chairman: Anything further on local improvement? If not, Infrastructure Project.

Mr. Lang: Under subsection (o), such other infrastructure facilities or services as may be prescribed, could the Minister tell

me what he intends to put into regulations for that particular section?

Hon. Mr. McDonald: If I had any other ideas I would have put them into the Act. One of the problems, as the Member will remember, under the old act is that the list of do-able projects was extremely limited and after a while the government had to ignore the Act because it simply could not fulfill the capital commitments, and a number of things were undertaken that did not confirm to the old Act. The old Act stated that if you wanted to build a road it had to be something like 32 feet wide with a certain ditch depth, and the works. Clearly that is unrealistic so we have had to show more latitude there as to what could be done. Here there may develop over the years other projects that could be considered a legitimate municipal expenditure for municipal purposes and when those projects come forward we would feel bound to at least discuss whether or not those other kinds of projects should be incorporated into the list.

¹² If there was another project that the government thought was legitimate, we would list it here.

Mr. McLachlan: One of the higher cost items to some of the municipalities — and although I realize we have a working agreement with Transport Canada — is the operation of the community airports. Faro is one example. Even though there is not a Transport Canada shared facility on the one at Pelly Crossing, I was wondering if it would be an allowable expense should you have to lengthen the airport at Pelly Crossing?

Hon. Mr. McDonald: For example, for Arctic B and C airports, we have not transferred the responsibility of those airports as yet to Yukon. Not only have we not transferred them to Yukon, we have not transferred them to the communities, either, so there would not be any need at the present time to add that particular item in this section.

Not all communities have airports, or would have airports, within their municipal boundaries. For that reason, if the community was to have an airport devolved to it, there would have to be a separate funding formula to allow for the infrastructure to be maintained for that particular community. I do not think it would be fair to simply lump that as another project for the community to bear under this particular formula. It is something that we would have to review when Arctic B and C negotiations are being considered.

Mr. Lang: In this particular section, I am just wondering why municipal busing was not included, since I understand the agreement for the capitalization of the buses for the City of Whitehorse has run out with the Government of Canada. If my understanding is correct, I would like to know why that particular authority is not granted with the legislation. Is it not the intention to include that, if a request were to come from the municipality of Whitehorse to run its own transit bus?

Hon. Mr. McDonald: My understanding is that the costs of the transit system are borne through the O&M Budget. We provide a grant to support the transit system through O&M. Equipment and vehicles are O&M expenditures under the agreement. I am not sure exactly how they are capitalized, but I am under the impression they are capitalized through the O&M grant as well. I should take it under advisement to be absolutely sure about that.

For example, if the City of Whitehorse and the Transit Commission wished to build a new garage for the buses, and the project was not capitalized under the O&M Budget, then we would have to entertain the possibility of putting it in here.

Mr. Lang: If you want to set this particular schedule aside, then we can deal with it tomorrow. It would seem to me that if there was some capitalization even last year, that is going to come to an end through the O&M. I would think that this would be the appropriate place for it.

¹³ **Hon. Mr. McDonald:** I do not know how quickly I could obtain information like that. It may require negotiations with the City of Whitehorse. There may be some desire, if it is considered an extraordinary expenditure, to consider the financing of that in other ways through the O&M agreement. If, through discussions, it is determined to be a legitimate infrastructure project and should be considered to be funded under this Act, we can add to the list, through regulation, the addition of bus facilities.

Mr. Lang: The Minister, a little earlier, observed that if there were other ideas brought forward, he would look at incorporating them into the list. I provided what I thought was a very good possibility that would apply under this section. Now, I understand that it is going to take days of negotiation. That was not the intent.

The intent of this section is not that you shall do it, it is that you may do it. I do not know what the purpose is of going through the legislation if we bring forward ideas and the Minister just quickly dismisses them out of hand by saying that we can do it later or in another way.

I kind of resent sitting here and being told that we are not being constructive and then when we do bring forth ideas, they are dismissed out of hand. I cannot see why the Minister could not set it aside and make a phone call in the morning. If the City says, "Okay, it is a good idea to have it in there", the legislation can be amended. There are amendments to be discussed tomorrow in any event. The Minister makes it sound like it is going to be the second coming before we get it through.

Hon. Mr. McDonald: I did not dismiss the Member's suggestion out of hand. He should have no feelings of resentment, because I did take the question under advisement. I have absolutely no idea whether or not this hypothetical suggestion has any validity whatsoever.

There has to be some review of whether or not it has validity. We have allowed a escapehatch so that suggestions by Members, even two months from now, for adding another project can be considered. Maybe the Member for Porter Creek West might have an idea on the project that could be funded under this Act. That is legitimate, and we are allowing it so that those projects, upon sober reflection, could be added to the list.

I did not dismiss the Member's suggestion at all. It would require some thought. If it was considered legitimate, we would put it in.

Mr. Lang: We are discussing legislation. I assure the Member opposite that it was given sober reflection. It was not given strictly out of hand. The principle is that some Member of the House, forget that it is the Member for Porter Creek East, suggests that maybe it should be looked at, deliberate with your officials and see whether or not the recommendation can be accepted. That is all I am asking.

If the Minister can give a valid reason tomorrow why it should not be in there, so be it.

Hon. Mr. McDonald: This particular clause could easily be stood over forever. All I would need would be for the Member for Porter Creek East to stand up and ask about flagpoles, stand up and ask about monuments to the Civil War, stand up and ask about this, ask about that, and all it requires is a phone call. It requires a good deal of thought. I would like to take the time to review the Member's suggestion. I have not dismissed it out of hand as being ludicrous at all. I simply ask that the government take the time to review it. We will review the Member's suggestion and if it is legitimate, we can add it easily. There has been no time taken on this side of the House, nor by the department, nor by the City of Whitehorse, really, to incorporate this in the Act. The City of Whitehorse has had this bill for as long as it has been tabled. I have heard no request from them whatsoever on this suggestion. Clearly, if they felt that it was important, they might have missed something that only the Member for Porter Creek East can see. If the Member has a good suggestion, then we will study the suggestion, and if it makes good sense, and if it is agreeable to the government, we can add it. But, right now, there has been no time to study the suggestion. It is something that should require some thought and not simply a telephone call — I do not know to whom. It should be more than a telephone call. The whole point of Section (o) here is to allow for those projects that might come up. I am sure that if we did not have (o) here, I am sure that the Member would say, "Listen, why are you tying the hands of the communities?" We are not trying to tie the hands of the communities. We are only saying that these we feel to be legitimate infrastructure projects. If other legitimate infrastructure projects come along, and we have the time to review them, assess the consequences of adding it, then we can consider adding it.

Mr. Lang: Since none of the Members of the House are really

given any deference to be able to think or anything else like this, I would seriously recommend that the Member opposite, along with the plethora of consultants — the government has now hired another consultant — and do a very thorough analysis and feasibility study and come back to the House and see whether it is necessary. I have never heard such stupidity in my life.

Hon. Mr. McDonald: The Member throws out a suggestion from the top of his head and says that if the government has not assessed it, hire another consultant to assess it. That is irresponsible. I am saying that we will assess it. If there is a need for it. We will do it in time to allow for the Capital Budget of Whitehorse to be accommodated. We will ensure that this idea, and any other ideas that the Members can come up with, will be assessed and if they can be incorporated, we can incorporate them into this Act. We are not tying anybody's hands. I am not trying to be argumentative with the Member. I am only trying to explain that the decision-making process, as I see it, is a little different from the way that he sees it.

Clause 1 agreed to

Chairman: Is the Committee agreeable to standing Clause 2 and Clause 3 over until tomorrow?

Some Members: Agreed.

Hon. Mr. McDonald: Could you advise me as to whether or not it would be more appropriate to officially table the amendment or whether you simply stand the clause until tomorrow?

Chairman: You can officially table an amendment, but not move it.

Hon. Mr. McDonald: I have already tabled it and the Members have copies, so I do not feel that they would be left without information, so I will move the amendments for Section 2 and Section 3(1) tomorrow.

Clause 2 stood over

Clause 3 stood over

On Clause 4

Mr. Lang: On Clause 4(2), is the Minister setting any standards, as far as the technical side of some of these capital projects are concerned? For an example, I am thinking of old boilers throughout the territory, or various other things, such as electrical systems that are going in some of these projects. Over the last five years, some of these projects have very sophisticated technical infrastructures for accessories, i.e., in electrical or plumbing, to the point that there is hardly anybody there who knows how to run them. I think it would behoove the government to be going for some standards and try to make it as simple as it possibly can, so that we do not get into a situation similar to the Old Territorial Administration Building in Dawson where there is a system that is so elaborate you almost have to bring somebody in from outside to have a look at it if anything major goes wrong.

Hon. Mr. McDonald: The Member has made an excellent point. There have been cases in the past where the government has imposed a standard or has taken a standard urban design and plugged it into a community without thought as to whether or not the community could handle the project. That is true, not only in budgets of this nature, but also in housing construction.

We have to be very mindful in the future as to the reality in various rural Yukon communities. For example, in a particular community, it may be the wish and desire of the community club to design a building that can be heated and frozen and heated and frozen many times in a particular season without structural damage, because they cannot afford to keep the building heated all winter. Those things have to be taken into consideration.

We cannot continue to have sophisticated systems that are a burden on the community to maintain. Pelly School, for example, is a very sophisticated system and requires a good deal of expertise to keep the heat on in the school and to run the boilers, the woodchipper and the works. It would not be unreasonable to say that there is no expertise of that sort in or around Pelly Crossing. The nearest person who has any competency resides in Mayo. That person is not familiar with the system at the Eliza Van Bibber School. I think the Member has made an excellent point.

We have to take into consideration the ability of the community to handle the sophistication of projects for the sake of the

community.

¹⁶ *On Clause 4*

Clause 4 agreed to

On Clause 5

Clause 5 agreed to

On Clause 6

Clause 6 agreed to

On Clause 7

Mr. Lang: Clause 7(1). In view of this Act coming in, what happens with the agreements that were struck with the municipalities in respect to the surplus of capital funds that were made available for purchases of equipment, i.e., revolving funds or contributions given by a municipality on a continuous basis. How does that relate to this act, or does it?

Hon. Mr. McDonald: It does not. The equipment replacement reserve funds will still be supported by the O&M budget. This act simply states that capital monies cannot be put towards monies that are already allocated under the equipment replacement reserve funds from the O&M budget for that purpose.

Mr. Lang: Will the equipment reserve funds stay in place and not be affected by this grant? Will it be a continuing financial commitment by the government?

Hon. Mr. McDonald: That is correct.

Mr. Lang: Clause 7(2). Why is the Minister making it necessary for the municipalities to come to you to get permission to transfer 10 percent of their capital to O&M? You talked for some time on the maturity of the communities, and if that is true, as you said it is, why would you have a section that would require them to come back to the Executive Council? Why is it not left for the municipality to make that decision?

Hon. Mr. McDonald: There are degrees of maturity. I have already mentioned to the Association of Yukon Communities that eventually the government of the day will review the blending of the O&M and Capital Budgets the way a blending is undertaken now for the Yukon government.

There is a feeling that we would like to keep the two blocks separate for the present time until the communities are as used to capital planning as they are now used to O&M planning. We realize that there has to be some leeway for communities to have access to the capital fund in cases where it is shown that capital investments have created O&M commitments they have to bear.

It is, at the present time, felt to be prudent and judicious to be careful about the blending of the two budgets. I am prepared to say that there will come a day when it will probably be considered by the Minister. It is only a cautious step that I think the municipalities understand and have accepted. They have not indicated that they think this a burdensome provision. If they make a reasonable case, they will get their wish.

Clause 7 agreed to

On Clause 8

Mr. Lang: Could the Minister elaborate on the purpose for this section?

Hon. Mr. McDonald: We know that there will be some projects in the future that would put an extraordinary burden on municipal financing and planning, should they be undertaken. I think primarily of water and sewer systems, sewage lagoons and the like, that would be projects of that sort. It was felt that there had to be some out for communities that had to face those major projects in the general scheme of things. As the Member knows, there has been a gradual improvement of basic water, sewer and lagoon systems, for example, around the territory. Some communities have been on the list and have not made it yet. To burden them with significant costs as this would probably mean it would take up their capital allocation for many years to come and it was felt that this would be unreasonable. The communities did want some sort of escape clause. There will not be a lot of room, I would suspect, to undertake a great number of these projects in the beginning of the year but there will probably be room to take some of them, depending on the financial resources of the government. The reason for two-and-one-half was that it was felt that just as a general principle, with judicious saving and well-thought out planning, communities could undertake projects of that size. For the very

very, large projects it would just be a cloud over the financial situation for a community for many years. It was felt by the senior level of government would have to be in a position where they could help out and why this clause is in the act.

Mr. Lang: Just for information for the Members, it states very clearly sums specifically appropriated for this purpose. How much is appropriated for this forthcoming year in the budget that was tabled this morning?

Hon. Mr. McDonald: This year, none.

Clause 8 agreed to

On Clause 9

Mr. Lang: Why was May 15 struck as the date in view of the fact that most of the dates under the *Municipal Act*, I believe, are in April, as far as the *Taxation Assessment Ordinance* is concerned?

Hon. Mr. McDonald: As I recall, and it has been sometime since this was actually worked out, it was necessary to give the community some time after the O&M and capital budget by-laws were put into force that we had some time to give us an indication of where their reserve accounts stood. With respect to expenditures under the previous year it was felt that the communities are under some pressure at that given time of the year to do their own budgeting and we did not want to compound the pressure. We felt that it would be a reasonable time. It would, of course, have to be after the end of the fiscal year because monies would have to be accounted for. The capital plan for the previous year would have to have been undertaken and completed to the end of the fiscal year. ¹⁸ We thought that this would be a reasonable time to give them to take a look at the expenditures that they made the previous year and to report on them.

Mr. Lang: It is normal with reports of this kind that there would be a requirement of the Executive Council Member to table it in the House on or before we were sitting, as far as the Legislature is concerned. Since we are dealing with a great deal of money and it is going to affect the territory as a whole financially, as far as the disbursement of dollars from this House, would the Minister be prepared to consider an amendment that requires that those reports be tabled during the course of a session, so that all Members and, therefore, the public get a chance to view these reports and what is happening as far as the disbursement of these funds are concerned.

Hon. Mr. McDonald: Generally speaking, the reports that are tabled for the House are reports that are undertaken by various boards and committees, organizations that work on behalf of the government in some capacity. There is a reporting process for municipalities to report on their own O&M Budget allocations in a given year. They have to do an audited statement that has to be submitted to the Executive Council Member, too. Those are not tabled in this House. They could be. I could scare them all up and table the works. I do not see the reason for putting it in the Act that the Minister table it. It seems to me to be public information and would be covered as public information.

If a Member wants it from a municipality, I am sure he could get it. If they wanted it from us, I am sure they could get it. I do not see why there has to be some special provision that forces the Minister to come in and table these things as if, somehow, we do not trust the communities to spend money without the full scrutiny of all Members in a very formalized way.

If the Member wants audited statements from any community, if we have them, I will provide them on the O&M side and the report on the Capital side.

Chairman: We will now recess for 15 minutes.

Recess

¹⁹ **Chairman:** I will now call Committee of the Whole to order.
Clause 9(1) continued

Mr. Lang: I take it that the Minister is refusing to incorporate the suggestion that I put forward to him that required tabling those documents in the House. Is that correct?

Hon. Mr. McDonald: There has been no compelling argument to put the provision in the Act. If the Member wants something tabled in the House, he knows that I have been more than

accommodating — the whole government has been more than accommodating — in providing information. It is public information. If he wants copies, they can either be tabled in the House or he can have them if the House is not sitting. Anybody who asks can have them.

Mr. Lang: So if this legislation goes through, I take it that the Minister will commit himself to the House while he is with the government that these documents will be tabled in the House without the necessary legislative amendment to go with it?

Hon. Mr. McDonald: I will undertake to table these in the House when they come forward.

Mr. Lang: On Clause 9(2), one of the conditions of the allocation of these dollars has been for the purpose of what are the costs going to be for the taxpayer when it is all constructed, primarily the O&M costs. In section (b), why is there not a statement required on the O&M side, so that it can be followed through to ensure what was proposed, at least meet some semblance of what the actual ongoing costs are. Would that not be of interest to the Minister? I would think it would be, since it is a requirement further down in the legislation.

Hon. Mr. McDonald: I know, without a doubt, it will be of interest to the taxpayers of the communities, to whom the individual municipal councils will be accountable. There is a provision in the *Municipal Act* that speaks to the issue of submitting audited budgets from which these funds would be allocated to the government. We will see the communities' O&M side when they submit their audited budgets. So, we will have a report on the capital side, and we will have a report on the O&M side.

Clause 9 agreed to

²⁰ *On Clause 10*

Mr. Lang: Is there going to be any formula developed of any kind or is this going to be strictly an ad hoc situation where, as time goes by, we see \$500,000 here \$300,000 there, or is there going to be any recognition of services vis-a-vis the number of people in a community? For example, is Upper Liard going to get a curling club similar to the one in Elsa. How do we relate the expected standards of the infrastructure that generally the YTG has put into place?

Hon. Mr. McDonald: Just to make one thing clear for those Members who may not understand, these funds are not block funds, these are funds that are undertaken to fulfill a particular identified project. The question the member raised about capital considerations is one I suspect the government has been wrestling with for years. Having been a previous Minister, the Member for Porter Creek East will understand some of the complexities of this whole area. One community may want nothing other than a skating rink of a certain size. Another community, maybe a little bit larger, will want a number of projects. It has always been difficult to establish capital criteria that would hold true to all communities, irrespective of their size. For example, in the winter Beaver Creek would probably have the same number of people as say Keno, but I would never suspect, nor would ever consider, that the people of Keno would ask for a swimming pool, but because Beaver Creek is a relatively isolated community — certainly more isolated than Keno City — then it is more reasonable, and the government has made the decision to put a swimming pool into Beaver Creek.

The capital standards is a difficulty and trying to determine what is a common standard for all communities of a common size is certainly something we will have to wrestle with. I am merely trying to indicate to the Member that it is a difficult complex area and we have not resolved it completely, and I do not know if it will be resolveable in the near term.

Mr. Lang: I thought it was clearly identified in the capital standards that the Member refers to and it was a three or four tier provision, stating these particular types of standards would be met for these numbers of people in a given area, taking into consideration things like geography and things like that. I recognize that type of situation. The concern I have is the expectations raised with the amount of capital money available. The expectations are going to turn out to be major problems for the people who are going to be left to pay for them. There will be some decision taken by government in some respects of just exactly what people can expect

in these areas. Do we get to the point where a lodge in the middle of nowhere can apply for a curling rink and is of the right political stripe perhaps it will be given serious consideration. To protect the public purse and to ensure that it is responsibly done there has to be some general guidelines put into place. I would have thought that perhaps there was in order to keep some understanding and rationale as far as the disposition of dollars is concerned.

You do not have to tell me how difficult it is. I just want to know if there were any guidelines set down and if so what they are.

²¹ **Hon. Mr. McDonald:** The capital standards as the Member refers to still exist. They have been updated a little, but the capital standards would never have permitted the construction of the pool in Beaver Creek or Pelly Crossing as designed, and yet pools were built in both those communities.

That is why I am saying that it is complex. Adhering to the letter of capital standards is a difficult prospect. I understand the point that the Member is making in respect to expectations. No matter what rules and regulations are put down, to say that a pool of this size will never be built in a community, that standard may not satisfy the people of that community. They may feel that it is the government's responsibility to change the standards to allow them to build whatever project they want and that it is up to the government to explain to them whether or not there is a financial wherewithal, whether or not the community can absorb the O&M, or whether it is reasonable under the circumstances.

There is the also the scrutiny of this Legislature to assist in ensuring that projects are reasonable. If we started putting in massive recreation complexes in Eagle Plains, I am sure that not only eyebrows would be raised, but there would be a lot of clatter in this Legislature. Most of it would come from this side. We have to be able to show judgement from year to year. There have to be general criteria, but it is very difficult to adhere to them very religiously.

Mr. Brewster: Did I understand the Minister to say that the swimming pools were built?

Hon. Mr. McDonald: To correct myself, the decision to build those swimming pools was made. One was built and for the other one we have had difficulties securing the land, but it will be built too.

Mr. Brewster: The one concern I know is that the very few taxpayers in Beaver Creek would like to know who is going to pay the O&M costs on these structures. This is rather a transient town. The people who work with the Department of Highways stay for three months because they are being charged \$500 a month for a building that the Canadian Army built. Therefore, the rotation is terrifically fast. Someone is going to get stuck with O&M cost on these buildings.

Hon. Mr. McDonald: The government does have a pool program that pays for basic O&M for the basic operation of the pools around the territory. That is not something that is new. Beaver Creek should not feel that it is necessary to get a special privilege because a pool grant will be coming to support the pool operation. It is something that is part of the program that applies to all communities. The O&M costs would not be burdensome.

Mr. Lang: Will the O&M costs for all these facilities come directly from the Government of Yukon and not bear directly on the six property taxpayers in Beaver Creek or the two property taxpayers in Upper Liard?

Hon. Mr. McDonald: That is not a fair generalization. The pool program is a special program that operates swimming pools throughout the territory. There is a special allocation in the O&M budget for the operation of swimming pools. For the operation of community halls, for example, if a community hall is built in Burwash, if it woodheated and if there are electrical lightbulbs in the building, the community of Burwash has to bear the O&M costs because we do not have a program that supports specifically community halls.

There are projects where we would have to have an understanding of the community's wherewithal to support that project.

²² **Mr. Lang:** On Clause 10(3), since this particular section has been in legislation for eight months, I would assume that in this capital budget we have before us that this particular section would

have been taken into account for a lot of these capital projects taking place, and that you will be providing us with the necessary information during the course of debate. Is that correct?

Hon. Mr. McDonald: I do not know if the Member is thinking of some sort of sophisticated financial statement of a community's capacity to carry O&M costs. I do not believe that sort of thing can be had. There will be commitments by communities that they will have to bear the O&M. We have to have some assurance that they can do that.

I am not sure exactly what the Member wants, but we did take into account the community's ability to pay those O&M costs of a particular facility, generally speaking.

Mr. Lang: I would assume that there was a fair amount of work done on it to ensure that the community in question could take the O&M cost of these capital funds that would bear into a capital structure. I would assume that he would have something in writing from the community and the common understanding of the commitments that were being made, so that whether it was a local improvement charge being put on or just a general tax or a direct cash requirement from the community, that those understandings would be struck prior to the decision to go ahead with the project. Am I correct on that, or is this just lip service and it is just whether the Minister feels like it on any given day? Whose judgment is it and what information does he have to back it up?

Hon. Mr. McDonald: I will try not to lose my temper. There is some history to contend with here, with respect to the Minister of the day's feeling as to what a community will or will not do in cost-sharing a project or agreeing to undertake a project. I have the history at my fingertips. I can bring it forward from past years prior to my becoming Minister. I am sure it will be able to illustrate the difficulties and complexities associated with this particular area.

This particular clause refers to arranging capital grants with communities, where the community undertakes a particular project itself. If the Member wants a sort of blanket discussion on community projects in communities, then I think that would be a more appropriate item for the capital budget.

This section refers to those projects that would be taken under a capital assistance contract, and that is what this particular clause refers to as well.

Clause 10 agreed to

Clause 11

Clause 11 agreed to

On Clause 12

²³ **Mr. Lang:** In 12(3), the Minister outlined what the local improvement charge was. Did he state specifically there would strictly be a frontage charge or was there a local improvement charge i.e. water and sewer for unorganized communities and communities that do not have a municipal structure?

Hon. Mr. McDonald: It depends on the character of the project itself. If the project is geared to benefiting only a few property owners in a community, the local improvement tax would be levied and could traditionally include such things as water and sewer, road surfacing, gutters, pavement and that sort of project that has essentially benefited the property owners more than anybody else in a given area. So generally a local improvement tax, which is a portion of the cost of the improvement, would be levied.

Mr. Lang: Is it not the intent also to permit the government to levy a general tax in the area as per the definition of local improvement under *The Taxation Assessment Act* Sections (f) and (g) under definitions? I am not talking about a local improvement charge.

Mr. Lang: There is a schedule for incorporated communities of tax rates depending on services that are provided in a given community and it will include everything from certain structures such as recreation centres et cetera, right down to whether or not the community is serviced by police. There is a chart which essentially lays out what tax rate a community would generally fall under when accumulated services that a community would acquire over time would put it into a higher tax bracket. That is what would be anticipated here when speaking to the issue of raising general property taxes in a community and that would come under a different Act from this.

Clause 12 agreed to

On Clause 13

Clause 13 agreed to

On Clause 14

Clause 14 agreed to

On Clause 15

Clause 15 agreed to

²⁴ *On Clause 16*

Mr. Lang: On 16(c) and (d), what is the purpose of having (c) when you have provision for carrying the purpose and provisions of this Act into effect. Why (c)? Why is it required? What are your intentions? That seems to be a phrase that I do not recall ever seeing. It is very, very broad. It almost allows you to anything you want after you go through the Act.

Hon. Mr. McDonald: I think (d) refers to the initial implementation of the Act and (c) is a general clause that would carry the Act after the initial implementation. I think that is the general intent. I could check it for the Member. As far as I am aware, these clauses are standard general clauses incorporated in the regulation section. I will check, if he likes.

Mr. Lang: I am assuming he is going to stand it aside to check it, is that correct?

Hon. Mr. McDonald: I would be prepared to do that.

Clause 16 stood over

On Clause 17

Clause 17 agreed to

On Clause 18

Clause 18 agreed to

Hon. Mr. McDonald: I move that you report progress on Bill No. 55, entitled *Municipal and Community Infrastructure Grants Act*.

Motion agreed to

²⁵

Mr. Speaker resumes the Chair

Speaker: I now call the House to order.

May the House now have the report from the Chairman of the Committee of the Whole?

Mr. Webster: The Committee of the Whole has considered Bill No. 55, the *Municipal and Community Infrastructure Grants Act*, and direct me to report progress on same.

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

Some Members: Agreed.

Motion agreed to

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

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

Motion agreed to

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

The House adjourned at 9:20 p.m.

The following Sessional Papers were tabled November 24, 1986:

86-3-47

Roger Coles, Member for Tatchun, letter to Speaker dated October 20, 1986, announcing resignation (Speaker-Johnston)

86-3-48

Notice from Speaker to Clerk dated October 31, 1986, re resignation of Roger Coles, Member for Tatchun (Speaker-Johnston)

86-3-49

Report of Auditor General of Canada to Legislative Assembly on Government of Yukon accounts and financial transactions for year

ended March 31, 1986 (Speaker-Johnston)

86-3-50

Prime Minister to Speaker, letter dated May 23, 1986, re resolution concerning testing of nuclear and non-nuclear weapons systems in Canada (Speaker-Johnston)

86-3-51

Erik Nielsen, MP, Minister of National Defence, letter to Speaker dated June 10, 1986, re resolution concerning weapons testing in or near Yukon (Speaker-Johnston)

86-3-52

Prime Minister to Speaker, letter dated June 23, 1986, re resolution concerning application by Yukon Indian Development Corporation for funding (Speaker-Johnston)

86-3-53

Report from Clerk on deductions from indemnities of Members pursuant to subsection 40.1(6) of *Legislative Assembly Act* (Speaker-Johnston)

86-3-54

Yukon Liquor Corporation, Auditor General of Canada report re accounts and financial statements for year ended March 31, 1986 (Kimmerly)

86-3-55

Workers' Compensation Board, 1985 Annual Report (Kimmerly)

86-3-56

Human Rights Legislation, A Green Paper, October, 1986 (Kimmerly)

86-3-57

Human Rights Legislation, A White Paper, July, 1986 (Kimmerly)

86-3-58

Proposed Amendments to Bill 55, *Municipal and Community Infrastructure Grants Act* (McDonald)

86-3-59

Motor Transport Board Annual Report for the Year Ending March 31, 1986 (McDonald)