



The Yukon Legislative Assembly

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HANSARD

Wednesday, January 14, 1987 — 1:30 p.m.

Speaker: The Honourable Sam Johnston

Yukon Legislative Assembly

SPEAKER — Honourable Sam Johnston, MLA, Campbell

DEPUTY SPEAKER — Art Webster, MLA, Klondike

CABINET MINISTERS

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

GOVERNMENT PRIVATE MEMBERS

New Democratic Party

Sam Johnston	Campbell
Norma Kassl	Old Crow
Art Webster	Klondike

OPPOSITION MEMBERS

Progressive Conservative

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

Liberal

James McLachlan Faro

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at Whitehorse, Yukon
Wednesday, January 14, 1987 — 1:30 p.m.

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

Prayers

Speaker: We will now turn to the Order Paper.

DAILY ROUTINE

Speaker: Are there any Introduction of Visitors?
Are there any Returns or Documents for Tabling?

TABLING RETURNS AND DOCUMENTS

Mr. McLachlan: I have additional supplemental information to table with respect to Bill No. 101, which will be of interest to Members.

Speaker: Reports of Committees?
Petitions?
Introduction of Bills?
Notices of Motion for the Production of Papers?
Notices of Motion?
Statements by Ministers?

MINISTERIAL STATEMENTS

Task Force on Family Violence — progress made on recommendations

Hon. Mrs. Joe: I am pleased to inform you of the progress that has been made towards responding to the recommendations of the Task Force on Family Violence and the progress towards developing services in the area of a social problem of great concern: that of family violence.

In the area of provision of shelter to victims of spousal assault, the department has taken steps on two fronts. In the 1986/87 Contribution Agreement to Kaushee's Place, the Yukon Women's Transition Home, the department provided an additional \$26,000 for services in the areas of child care, case followup and support to women. In October, 1986, the department provided additional funding for a part-time position to support the newly developing second-stage housing. Also, an agreement was signed with the Help and Hope for Family's Society, a community-based group in Watson Lake, for the provision of a Safe House Pilot Project serving the Watson Lake area. Through this program, the society will provide emergency short-term shelter for family violence victims and their children.

In the area of elder abuse, the department has acquired and reviewed relevant resource materials from other jurisdictions.

As well, they have developed and delivered workshops on elder abuse to resource people working with seniors in order to increase awareness of the problem. In addition, the Social Workers for Seniors are also dealing directly with cases of elder abuse referred to the department. A protocol for dealing with victims of elder abuse will be developed by the department during the next year.

With respect to the physical or sexual abuse of children, the department in Whitehorse has provided new facilities and equipment for the interviewing of victims and their families. Introductory training sessions for teachers and others have been provided by the department. Training for day care operators is now available through the Day Care Coordinator for those dealing with matters of child abuse.

In order to satisfy the need for accurate statistics of family violence identified by the Task Force on Family Violence, the department Client Data Information System has been amended in order to identify clients of various services who are confirmed victims of family violence.

Although these efforts have gone a good way to better meeting some of the immediate needs of victims of family violence, clearly

this department has a longer-term interest in the promotion of conditions that will prevent incidents of family violence. Toward that end, this government is continuing to encourage the preventive and support services, such as the recent Home Care Program, and the use of family support workers to help families in providing or maintaining a level of care for family members that minimizes the likelihood of abuse.

Mrs. Firth: My impression from the rules was that a Ministerial Statement was supposed to be a short factual statement of government policy. The Minister of Health has come in today with two-and-a-half pages of information that is really old news from the 1986/87 O&M Budget, and I get the feeling they are somehow responding to criticism they received in the media about not responding towards the Task Force on Family Violence, so they have chosen this method to come forward.

All of this is old news. The \$26,000, as the Minister says, has been identified in the 1986/87 Budget, and the Safe House Pilot project in Watson Lake. The programs are really all continuing programs that the department has been following through with: the Public Legal Education and Information Association, and the Yukon Family Services Association.

I would like to ask the Minister what the new and different policy is in this Ministerial Statement, otherwise I perceive it to be an abuse of the Ministerial Statement privileges?

⁰¹ Government commitment to combating family violence

Hon. Mr. Kimmerly: In March of last year I stated that I viewed family violence as a serious problem. I would like to join with my colleague in restating this government's commitment to combating family violence and to outline some of the initiatives taken by the Department of Justice.

There are indications that the Anger Management Program provided by Probation staff is achieving some success. This program for men who batter their partners is continuing and, to date, 27 men have completed the program. The position of Victim/Witness Coordinator in the Court Services Branch has now been staffed, and the Salvation Army has also been providing victim support services under contract. The Crime Prevention Coordinator in the Community Corrections Branch is focusing towards the prevention of family violence in Yukon. The department's staff are continuing to participate in workshops and further training to assist them in dealing with those convicted of sexual offenses against children.

I will continue to consider family violence as a priority as I am sure the initiatives towards education, prevention and treatment will achieve significant results in reducing the incidence of family violence in Yukon.

⁰² **Mr. Phillips:** It is interesting. I, like my colleague for Riverdale South, find it very interesting that, in this Ministerial Statement, the only new thing I see here it to announce is the position of the Victim/Witness Coordinator and that the Salvation Army is going to be providing victim support. There is nothing new in the statement. Like the Member for Riverdale South, I just see the government responding to the Justice Review reports and echoing the kind of thing we have heard several times in the House here.

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

QUESTION PERIOD

Question re: Robinson subdivision

Mr. Phelps: I have some questions regarding land. My first question has to do with the proposal by the government for a subdivision at Robinson, along the Carcross Road, under their homesteader policy. I wonder whether the Minister of Community and Transportation Services can advise whether or not the government has made application for transfer of land in order to provide the proposed subdivision under the homesteader policy?

⁰³ **Hon. Mr. McDonald:** Application has been made for land in the Robinson area, about 35 kilometres south of Whitehorse. This

will, in part, accommodate a homesteader subdivision. That application has been approved by FETLAC in principle.

Mr. Phelps: Can we be advised whether or not the consultation has been completed with the Carcross/Tagish Indian Band and the Kwanlin Dun Indian Band?

Hon. Mr. McDonald: The Kwanlin Dun was certainly involved throughout the process. We consulted not only with both Indian bands but also with the residents of the Carcross Road south area. That consultation has essentially been completed. There have been concerns of a global nature expressed by the Carcross Indian Band. We expect that the land application will be proceeding through to Ottawa shortly.

Mr. Phelps: I am aware that many residents in the area had concerns with the initial plan, and there were some fairly intensive meetings held, as well as some correspondence regarding the various plans as amended. Can the Minister advise whether or not government now has a plan that meets with the approval of the majority of the residents in the area?

Hon. Mr. McDonald: I believe that the plans that have now been devised in cooperation with Lorne Mountain Community Association have met with the approval of the majority of those persons. There were some concerns with respect to the density of lots being proposed by the department, and the department and government have listened to the concerns. I believe that we have accommodated them satisfactorily.

Question re: Homesteader lots

Mr. Phelps: Can the Minister advise approximately how many lots, and what size the plans call for, in rough terms?

Hon. Mr. McDonald: If my memory serves me correctly, I believe that the lots that would be incorporated essentially into a homesteader area, plus those that would be incorporated into an in-filling exercise, would probably number in the neighbourhood of 20. I will have to check on the specific number for the Member, but I believe, at this stage, that it is approximately 20.

Mr. Phelps: With regard to the interest of residents in Hootalinqua, and I am sure in other parts of the Yukon, regarding applications made by the government for blocks of land, would the Minister be prepared to table the application maps in the House for the land that is being applied for in the Haines Junction area, and the Robinson Subdivision, as well as the Flat Creek ones?

Hon. Mr. McDonald: There is hardly anything secret about those applications. I am sure I could table them here. I would not want to table 16 copies, but I will file one with the Clerk.

Certainly when the applications are being sent to Ottawa we can table information detailing boundary outlines in a map form.

Mr. Phelps: I thank the Minister for that answer. When can we expect to have the results of the tests performed with regard to soils, percolation and the water for the proposed Flat Creek subdivision?

Hon. Mr. McDonald: In any case, the test would be performed prior to the application being made. I remember that the Member for Porter Creek East had asked this question, and I can say that percolation tests have been completed in the Flat Creek area, indicating that the major portion of that development is suitable for on-site sewage disposal and agriculture.

Question re: Flat Creek subdivision soils tests results

Mr. Lang: The Leader of the Official Opposition just asked if the information would be tabled with respect to the results of the tests that were taken for the purposes of soils, percolation and water in the Flat Creek area. It is an area of contention with respect to how that particular piece of land, being asked to be transferred, should be used. Could I ask the Minister if he would formally table the results from those tests and then we can all make up our own mind.

Hon. Mr. McDonald: I will forgive the Member for not remembering that this summer we passed a policy that indicated that all technical tests of all kinds would be made public in summary form. The Members may remember that we published documents for Willow Acres and Mary Lake which detailed test results of all technical testing done for those developments and this

will be no exception. We will make public all technical information associated with lots that will be sold by this government.

Mr. Lang: I want to follow up on this. The Member was to table that information. Can we expect that information to be tabled tomorrow if the results are in?

Hon. Mr. McDonald: I indicated that we would table all results. Now the Member wants me to table them all tomorrow as well. He is upping the ante considerably. I will table whatever results we have with respect to the percolation tests if the Member feels competent to read them — certainly with respect to that. Generally, as a matter of policy, as I have said, we will be making public all tests associated with those lots. I would hate to be put in the position where we would have to table them ad hoc, day-to-day, bouncing from pillar to post trying to provide information for the Members opposite. I would hope that the policy we had devised, which is to put all the information in a given area in a publishable form, would suit not only the Members opposite, but the public generally, because it will allow the public to see all the information with respect to a particular development and not simply a specific snapshot of one aspect of the technical tests.

Mr. Lang: The Minister has missed the point. We want this information to discuss how this land should be utilized instead of getting it after a decision has been made on what the property will be used for. I appreciate that he said he is prepared to table the percolation tests. Could we have the soils tests as well as the water tests that were done in the area as well?

Hon. Mr. McDonald: I will not guarantee it tomorrow, but I will guarantee it as soon as I possibly can.

Question re: Insurance for school children

Mr. McLachlan: Can the Minister advise the House if it is still the Department of Education policy to allow a private insurer to provide coverage of insurance for children at school who are either taking part in activities in school or while playing on the school grounds? This would be to ensure that the Department of Education and the Government of Yukon does not incur the liability in the case of injury or a serious accident involving those children.

Hon. Mr. McDonald: I will have to refer the question to the Minister of Government Services because the Department of Education does not directly insure government buildings; the Department of Government Services does.

Mr. McLachlan: The question is not in relation to government buildings. It is in relation to students registered at the schools, either while they are playing in school yards or involved in school-related sports activities.

Could the Minister tell me if the application forms have gone out? It is my understanding that it is the Department of Education that is involved in the distribution of the insurance forms at each Yukon school. Have those applications for insurance gone out to all Yukon schools?

Hon. Mr. McDonald: I will take that question under advisement.

Mr. McLachlan: I would appreciate it if the Minister does that. It has been brought to my attention that the applications are not getting to all schools or if they have been distributed to all schools, somewhere in the system the distribution of the insurance forms has broken down and people are not in receipt of them.

Question re: Office space study

Mr. Lang: There was a \$60,000 study commissioned and presented to the government last April on space allocation for the territorial government. Can the Minister of Government Services tell me why the decision was made to add more rental floor space when we have the old Yukon College presently being studied to see if it will be suitable for office space?

Hon. Mr. Kimmerly: Because the problem of overcrowding in the public service, which was a long-standing problem, was acute to the point that it affected the air quality in the building. The government took the decision to lease space on short-term leases, which would be needed in the event it may be that some of the moves that have occurred will be moved at the expiration of the lease and at the time that the old Yukon College campus is ready,

that move will occur.

I doubt that, but that is possible. The leases were planned with that flexibility in mind.

Mr. Lang: I want to jog the Minister's memory, which is difficult to do at times, depending on the issue. He may recall a press release that emanated from his office approximately six months ago that certain moves were taking place that would solve the air quality problem within this building, i.e., the move to the Justice building, the move to the building on Second Avenue and a number of other private leases.

We have now gone to the point where we will be renting two floors in another building. That is the new mall on Main Street, of which the Minister informed this House yesterday. Obviously, it is going to be of great expense to the taxpayers.

In view of the fact that the departments have grown in the past six months, could the Minister give us an idea of the cost of the rental of that accommodation, and if the government is also taking on some responsibility for capital costs for renovations to the building to meet their needs, in view of the fact they have rented it?

Hon. Mr. Kimmerly: The move of the Department of Economic Development to the new mall on Main Street is, in large measure, to make the public service more accessible to citizens. The question was asked yesterday. The leased space is 77,000 square feet at an annual cost of \$153,000, which is \$19.68 a square foot.

There is some capital cost, and an arrangement is made that the owner of the building will cover half of the capital expenditures on the initial move and the government the remaining half. The total amount is expected to be approximately \$75,000.

Mr. Lang: In this forthcoming year that is roughly \$230,000. I want to correct the record here. We started with the One-Stop Business Shop with three people and our estimates now are at 18 person years required for that particular element of the department.

Is it then safe to say, and I ask this in all seriousness in view of the fact that he refers to the Touche Ross Report, that over and above the 20 percent increase that was necessary to meet the requirements of last year, that the government has accepted the principle that there will be roughly a 7.5 percent growth in government floor space required to the total tune of 49,000 square feet that will be required for rent by 1991, which, in a quantitative sense, is almost the size of this building for office space?

Hon. Mr. Kimmerly: Again, in the Member's preamble, he attempts to bootleg wrong information. The point is that the government is planning for the devolution of federal programs and is planning for orderly growth, which is a responsible planning process to house the public service. We are planning along the guidelines and the principles established by private enterprise so we are operating the business of the government in a businesslike way.

Speaker: Order. I would like to remind Members to please keep your questions and answers short.

Question re Office space study

Mr. Lang: I trust that goes for both sides of the House.

I would like to refer to page 1 of the Touche Ross Partner's report. It states very clear and specifically, "To meet the political and administrative objectives of the government," it says, "To meet forecasted requirements to 1990/1991, a further 49,000 square feet of office space is estimated as being required." Does the government accept that, in principle, as their target for the purposes of meeting the size of government that they foresee in 1990.

Hon. Mr. Kimmerly: The short answer is: no. That is as clear as I can be.

I must explain the process. The consultants asked the public servants for their projections of the space requirements in the next years considering devolution, considering the pattern of growth in the public service that has occurred over the last many years. Those projections do not have Management Board approval and are not approved by the government. They are, in essence, the best guess of the public service.

Mr. Lang: It sounds like the Minister of Housing, when he was talking about his \$72 million five-year program for social housing. It is not his responsibility. It is somebody else's.

The Minister is responsible for the department. He tabled the document, and he should have answers to questions being asked with respect to what is a very important issue.

Has the government accepted the principle that the purchase of an existing downtown office building not be considered further?

Hon. Mr. Kimmerly: That particular principle comes out of discussions and the possibility, which was long-standing, of purchasing a downtown office building. The recommendation was that we not proceed that way. We have no plans to proceed that way. The answer is we have accepted that principle, and we have no plans to purchase a downtown office building.

We are responsible, and we do answer each and every question. I am responding to the statements made opposite. I may say that that is the first time that the government has proceeded in this responsible, business-like way.

Mr. Lang: I do not think the government has any other choice, in view of the increases in the bureaucracy over the last couple of years. You are going to have to house people somewhere. The question is how much and where. That decision has been made.

With respect to the \$230,000 that the Minister so blithely presented to the House and which, to my knowledge, has not been given budgetary approval, could the Minister tell us whether that is going to be money over and above the 1986/87 O&M Budget, as well as the Capital Budget that has been presented to this House?

Hon. Mr. Kimmerly: The Member opposite continues to ask two questions. In his preamble, he makes inflammatory political statements, and then asks an unrelated question.

In answer to both of those, as briefly as I can, the civil service is growing no faster than it always did. It grew under the previous government, but the space did not grow under the previous government. We have corrected that situation.

Question re: Office space study

Mr. Lang: He did not answer the question. I asked where the \$230,000 was coming from. I want a yes or a no. Has the money been voted or not?

Hon. Mr. Kimmerly: The money has not been voted.

Question re: Placer mining

Mr. Nordling: The Ministerial Statement made two days ago indicated that, at this time, the government accepts the position that effluent standards will be set pursuant to the *Fisheries Act*. Can the Minister of Economic Development tell me if the Yukon government is playing a role in negotiating that standard?

Hon. Mr. Penikett: Since the responsible departments for Fisheries and DIAND are both federal, we would be more accurate to describe our role as a watching brief. We have made our views known to federal officials and are doing so on a continuing basis. The discussions among federal agencies are ongoing, and I hope that they will reach a happy conclusion soon. I have not received any report in the last day or so that would provide any encouragement on that score.

Mr. Nordling: If the government has made its views known, are there any documents? Have any presentations been made to either DIAND or the Department of Fisheries about the government's position?

Hon. Mr. Penikett: Most of the communications between me and Mr. McKnight and between officials of this government and the federal government, especially those communications that have gone on locally, I assume have been in face to face meetings and by telephone. There may be some documents, but I am not sure what kind.

Mr. Nordling: My concern is that the Yukon placer miners are being left to negotiate on their own with the two federal departments. Their contribution to the Yukon economy is over \$40 million a year, and if this government does not play a role, I am afraid we may lose the valuable industry.

Will the government provide a written presentation on its opinion as to what the effluent standards should be? There is a standard that will put the placer mining industry out of business. I would like to know if the government will prepare a written statement on its position?

Hon. Mr. Penikett: I am not sure how useful a statement from us on a particular standard, which is a technical matter, would be. I certainly do not think it would be a useful exercise to do a Cabinet submission on such a matter.

Some kind of negotiations are going on between two federal departments that have split jurisdiction. In the end, two federal departments are going to have to agree on an acceptable standard that is acceptable to the Department of Fisheries and DIAND, which is responsible for the mining industry here, and, more importantly and more basically, to the interests in the Yukon Territory. We are going to try to help facilitate that process. I do not believe that it would be a useful exercise for us to suggest that this is the magic number and then suggest to everybody else that the process will fail if they do not meet our standards.

Question re: Northern Yukon National Park tour

Mr. Brewster: I have a question for the Minister of Renewable Resources. On December 17, 1986, I asked the Minister about his trip last summer to the northern Yukon to see the new park and visit Herschel Island. The Minister said the trip was put together by a private company. Can the Minister advise the House what company put the trip together and who actually paid for the charter of the aircraft?

Hon. Mr. Porter: The company that put the trip together was called Eco-summer.

All the individuals who were involved with the trip paid their own way, with the exception of the individual representing the Department of Renewable Resources and the individual representing the Department of Tourism. I paid for myself, as well, for the Firth portion of the trip.

Mr. Brewster: The Minister stated, in response to my earlier question, that Northern Native Broadcasting took a film of the tour. Can the Minister advise the House whether the Government of the Yukon later made use of this film or will purchase it?

Hon. Mr. Porter: The technical answer is that we have not made use of the film.

As to whether or not we are intending to use portions of the film in the future, that could very well be. They have the stock footage, and if we want to do a specific promotion and the footage they have obtained is relative to what it is we want, they, like anybody else, can put forward a submission or bid. In the future I would not rule out the possibility of some of the footage being used.

Mr. Brewster: Can the Minister advise the House, then, if any other film companies in the Yukon were offered the same opportunity?

Hon. Mr. Porter: Every film company in the Yukon and Canada has the opportunity to go anywhere in Canada and shoot whatever they want.

Answer re: Office space study

Hon. Mr. Kimmerly: I rise simply to correct the record. I am informed that I answered a previous question about space at 77,000 square feet. The figure is 7,700. The arithmetic works out that way.

Question re: Chronic disease list

Mrs. Firth: I have a question for the Minister of Health regarding the chronic disease list. In her announcement yesterday, the Minister said that AIDS would be included in the list of new diseases to come under the chronic diseases. Could she tell me what the rationale was for including AIDS on the chronic disease list?

Hon. Mrs. Joe: Possibly because it is a chronic disease.

Mrs. Firth: Well, that is not an answer.

Can the Minister tell me if they do this anywhere else in Canada?

Hon. Mrs. Joe: I am not aware of whether or not they do. If the Member wants that information, I have no problem with letting her have it.

Mrs. Firth: Since the Minister does not have that information, can she tell me what kind of an analysis the department did before she brought this announcement forward to the Legislative Assembly? I would like to know about the cost implications and whether we are setting a precedent in Canada by putting this on our chronic disease list.

Hon. Mrs. Joe: I do not have that kind of information at my fingertips, but I have no problem with getting it and bringing it back.

Question re: AIDS

Mrs. Firth: Yesterday, the Minister made an announcement that AIDS would be included on the chronic disease list. I questioned her about the costs when I responded to the Ministerial Statement. I very clearly heard her response to the media that \$120,000 was sufficient to cover the cost of the total additions to the program. Now, I find out that the Minister does not have the information at her fingertips with respect to the implications of the cost of AIDS on the chronic disease list.

What kind of financial analysis was done for each of the diseases, particularly for AIDS? I do not know if the Minister is aware, but across Canada the estimated costs for one AIDS patient is within the vicinity of \$150,000 to \$200,000. Where did the Minister get the figure of \$120,000?

Hon. Mrs. Joe: There was a lot of work that went into putting together the regulations with respect to the chronic disease program. We looked at what we perceived to be the problem of those individuals who would be taking advantage of the program.

At this point in time, I do not believe that we have anyone who is getting any medication for AIDS.

Mrs. Firth: Again, that is not an answer. AIDS is on the chronic disease list now. We have an individual in the Yukon who has been diagnosed as having the AIDS virus. I am asking a question in all fairness to the Minister who made the announcement and who was very clear about the cost. I do not deny that we are helping people.

Can the Minister say where the \$120,000 figure came from, in light of the fact that one AIDS patient can cost between \$150,000 and \$200,000?

Hon. Mrs. Joe: She is wanting very specific information on one case of AIDS. At this point in time, no one is in the later stages where he is dying. We are looking at what we perceive to be the cost for next year on the information that we have right now of those individuals who will be able to take advantage of the program and those individuals who we know are getting medication for chronic diseases right now.

Mrs. Firth: I do not deny the emotional argument about chronic diseases. I am talking about one disease in particular, the disease of AIDS. According to my information, everyone who gets AIDS dies from it, but the Minister may have different information. I want to know if there is going to be a preventable disease education program for AIDS that will accompany this as it is done elsewhere. Will that come under this?

Hon. Mrs. Joe: Of course that will be done. We have individuals who have been going to workshops. The question of AIDS was on the agenda of the last Health Ministers Conference where it was discussed at great length. Of course it will be done.

Question re: Insurance for transportation of students

Mr. McLachlan: In April or May of 1986, we had a debate in this Legislature about having the Department of Education attempt to secure a means by which volunteer drivers, i.e. parents in most cases, could be insured in vehicles while moving children on education-related outings. At that time, the lack of insurance was inhibiting parents from taking part in extracurricular activities on a volunteer basis because they could not be insured. Could the Minister advise if the department has completed its study on that topic? What were the results?

Hon. Mr. McDonald: The review of that matter has not been completed. The general issue of insurance for transportation of students has been very much on our minds for bus drivers and for parents who take children on extracurricular trips. The matter is of concern to the government because we do want to encourage volunteer activity by the parents in transporting students.

It is complicated by the rules of the insurance companies with respect to the payment of insurance. As soon as the report is finished and the information is complete, I will transmit it to the Member.

Mr. McLachlan: It has been almost nine months since that took place. Does the Minister have any indication when he will be able to bring that information to the House? When will the study be completed?

Hon. Mr. McDonald: I hope it will be completed early this spring. We have tackled the problem more globally than the narrow question that the Member expressed. We wanted to tackle the issue of insurance for busing companies as well. That has been a matter of some discussion within department circles for some time now. When the report is finished, I will transmit it to the Member. I hope that will be early this spring. I hope, too, that the results of that report will make it easier for small busing companies to transport students to and from school.

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

ORDERS OF THE DAY

Speaker: Motions other than Government Motions?

MOTIONS OTHER THAN GOVERNMENT MOTIONS

Mr. Lang: The House Leaders have reached agreement on the order in which the Motions other than Government Motions should be called. That order is as follows: Motion No. 83, Motion No. 81, Motion No. 84, Motion No. 82, Motion No. 87, Motion No. 88, Motion No. 89, Motion No. 90 and Motion No. 91.

As such an agreement requires unanimous consent of the House, I would therefore request unanimous consent.

Speaker: Is there unanimous consent?

All hon. Members: Agreed.

Speaker: There is unanimous consent.

Motion No. 83

Clerk: Item number 2, standing in the name of Ms. Kassi.

Speaker: Is the hon. Member prepared to proceed with item number 2?

Ms. Kassi: Yes, Mr. Speaker.

Speaker: It has been moved by the hon. Member for Old Crow: THAT the Yukon Legislative Assembly express its support for the Parliamentary Standing Committee on Aboriginal Affairs and Northern Development Report entitled "The Fur Issue — Cultural Continuity, Economic Opportunity" and THAT the Yukon Legislative Assembly urges the Government of Canada to issue a statement of its intentions in response to the recommendations made in the report.

Ms. Kassi: This motion is very straightforward, and I am sure all hon. Members can support it.

It is unusual that we have seen a committee of the House of Commons make a report that northern people can support. Oftentimes in the past, we have seen these committees visit the north and find that their reports do not reflect the views of northern people.

It is a welcome change that the report of the Standing Committee on Aboriginal Affairs and Northern Development on the fur issue makes a lot of recommendations we, as northerners and as northern legislators, want to see acted upon.

One of the main reasons the Committee succeeded was due to the fact that it heard and listened to many northerners and to many eloquent spokespeople for our trappers, people such as Chief George Erasmus, representing the Indigenous Survival International.

It is clear to all who participated that ISI played a lead role in helping the Committee reach its conclusions and make the recommendations it did. Also, Rhoda Inuksuk is the president of the Inuit Tapirisat of Canada, Jim Bourque, chairman of the Fur Institute of Canada, as well as Mr. Johnny Charlie of the Mackenzie Delta. From the Yukon, we had excellent participation as well, most of all from our Government Leader, the hon. Tony Penikett, and our Minister of Renewable Resources, the hon. David Porter.

Our community people gave their input as well, including the Old Crow Band Chief and Councillors, the Council for Yukon Indians, the Mayo Indian Band and Chief Hammond Dick of Ross River.

We also saw participation from the Yukon Trappers Association and the Yukon Conservation Society. Nationally, in other committee hearings, there were a large number of native and non-native groups who participated.

The thing that I like most about the report was that it recognized and was able to explain the nature of subsistence living in the north. This is something of a breakthrough for Ottawa. It also recognizes the economic importance of trapping to northern communities and the important role it has in our culture.

I quote the report on page 15. "Trapping has always been, and should remain, an essential part of cultural and economic life in Canada."

¹⁷ What disappoints me about the report is that for all its important and good recommendations, few are being acted on. In particular, we need to see the Department of External Affairs agree to the recommendations about its role and what it should be doing to aid Canadian trappers.

The Committee recommends that the Department of External Affairs undergo an attitudinal change in favour of recognizing the legitimacy of trapping as an economic activity and actively promote the fur industry in overseas posts.

The new, more active role the Committee suggested for the Department of External Affairs requires thorough briefings of departmental officials so that they may be in a good position to present and document Canada's case.

The Committee, therefore, recommends that in cooperation with the fur industry, the federal government provides appropriate briefings to External Affairs personnel in the home office and overseas to assist them in providing the facts about trapping to the international public.

There are some specific actions the Committee believes can be taken to assist the efforts of groups like ISI. The Department of External Affairs could provide practical support to groups like Indigenous Survival International during international lobbies by offering use of its facilities abroad. Since the animal rights campaign moves around Europe, it might make sense to use overseas post facilities rather than setting up an office in one fixed location. Trade sections of Canadian embassies already contain offices for the use of visiting businessmen.

Although the External Affairs Representatives argued against involving the Canadian government so directly in the issue, the Committee does not share these reservations.

The Committee recommends also that the Department of External Affairs make facilities and other assistance available in its overseas embassies to aboriginal and fur industry representatives to counter the threat to the fur industry posed by the animal rights campaign.

I think all hon. Members can agree that these things need to be done.

Trapping is important to the Yukon and the people in the communities.

We have taken positive action as a government to fight the anti-trapping movement here in the Yukon.

Now we need Ottawa on our side to work together with us.

The report of the Committee is an important step. The rest is up to the Ministers responsible in Ottawa — of Environment, of Northern and Aboriginal Affairs and most of all of External Affairs — to make some decisions and to take a stand on our side.

I ask all hon. Members for your support.

Mr. Phelps: I would like to thank the previous speaker, the Member for Old Crow, for bringing this important motion forward. I want to advise at the outset that we, on this side, will have absolutely no problem in fully supporting her motion. We all know that trapping is extremely important to Yukoners, is virtually a way of life in many communities and certainly affects the way of life in virtually each and every community in Yukon, perhaps no community more than the community from which the previous speaker comes and represents in this House.

¹⁸ It is a way of life in Pelly and Burwash and a way of life among

many who live in the riding of Hootalinqua, which I am proud to represent.

There are a lot of individuals in the Yukon who have worked very hard to develop the trapping industry. The Member for Old Crow very capably pointed out the work done and the presentations made on behalf of the industry by certain individuals. She did mention the Yukon Trappers Association, but did fail to mention one of the people who has really been the driving force, not only behind that association but behind the development of trapping and the markets for trapping in the Yukon, namely Mr. Pete Berry, the president of that Association and a long time resident of Tatchun. That, I am sure, was simply an oversight, not a partisan mistake.

I think that the Member is well aware, as I am sure the other Members opposite are aware, of the contribution and the trips that he has made to South America and Europe, not only on behalf of Yukon trappers, but trappers across Canada. There are other individuals who were not mentioned as well. I think of Alex Van Bibber and Art Johns who have been travelling around the Yukon for many years giving workshops on trapping. These activities are important because a lot of assistance has been rendered to individuals, and the assistance is one that helps these people maintain a very independent lifestyle and one that brings them in close harmony with this great land and its wildlife.

I would also like to comment on the work that is being done by the Trappers Association regarding the film that is being made about the lifestyle of a trapping family. I thank the government for its assistance to the association. It centers on the lifestyle of a family in my riding, the Art Johns family of Tagish, and I am very much looking forward to seeing the end result.

The committee made some 36 recommendations in its report, and the Member for Old Crow has mentioned several of them. I have absolutely no problem with fully endorsing all 36 recommendations. I certainly hope that people in other parts of Canada and the world will hear loud and clear where all Members of this Legislature stand on this issue.

¹⁹

Hon. Mr. Porter: I guess, if I am taking my cue from the previous speaker, I should begin my speech by thanking people. I think the first group of people who should be thanked is the Members on the committee who have participated to make this thing possible. Of course that committee was headed by Mr. Schellenberger from Alberta, who is a member of the current government in Ottawa. It includes two northern representatives from the Northwest Territories, as well as the NDP Critic on Inuit and Northern Affairs, so I think my first round of thanks should go to that committee and its members for a job well done, and all the people who participated in the committee process, including the staff who assisted the committee.

On the question that the Member for Hootalinqua raised, with respect to the tribute to Mr. Peter Berry, I think that it can be construed as an effort to raise the individual's issue in light of the fact that he is a representative of that party in the by-election that is being held now. I would like to add my support to his comments because I think it is universally recognized in the Yukon that Mr. Berry, being president of the Trappers' Association for eight years, has contributed a great deal of time and effort to this issue.

By the same token one can say that the two other candidates in the by-election, Mr. Danny Joe, the former Chief of Selkirk, and Mr. Elijah Smith, the former President of the Yukon Native Brotherhood and Chairman of the CYI, did do a lot in their lifetime for the trapping industry. I think all Members would recognize that.

Applause

Hon. Mr. Porter: I have gone through the report. The one factor that pleases me most is that the report, in a way, very much supports what this government and this Legislature has advocated on this issue. The report comes down squarely on the kinds of positions that we have taken in the past. Specifically, the report calls for the Government of Canada now to take a position. That is the most crucial aspect of the report at the present time.

The committee has been struck and has gone about delivering its mandate. It has gone to the northern communities and invited participation in Ottawa from concerned Canadians and has delivered

a report that recognizes that it is now time for the Canadian government to make its voice known on this question.

I would like to quote specifically from the report and what it says on that question. I quote from page 4 of the report, "The Committee is concerned about the impact of the animal rights campaign on native and northern lifestyles. This report examines the importance of trapping in light of the committee's mandate to make certain that the needs and aspirations of Canada's native and northern peoples are met and imposes measures to enhance its viability. In order to hear the views of native and northern peoples, the committee held 18 hearings in Ottawa and travelled to hear 15 groups in the Northwest Territories and Yukon."

Further on page 4 it reads, "Countries like Canada, which harvest wild fur, cannot afford to be derelict in the protection of these animals. This country has established a reputation for managing wildlife well and native people have played their part in these endeavours. Fur bearers are harvested under sustainable yields so that the wildlife populations are growing steadily here. In fact it is estimated that the fur bearer populations in Canada are now at least as high, if not higher, than they were when the Europeans first came to this continent.

²⁰ Further along the lines of the Canadian government's role, on page 56 it reads as follows: "If, as the committee has noticed over the period of the hearings, the federal government is beginning to realize that efforts spent on humane trapping will not win the debate on harvesting and that it must gear its activities to counteracting a movement opposed not just to the leghold trap, but to all trapping, then government must make good use of the tools available to it.

"It is important that the government actively state its policies and disseminate accurate information to educate the public about the issues. It should be able to assure the public that trapping is an accepted traditional activity, that it is environmentally sound and in harmony with nature and that it is compatible with Canada's conservation of her wildlife resources, that it is morally acceptable to wear fur and that this practice should not be allowed to tarnish the image of Canadians here or abroad.

"If the government is not convinced that trapping is a legitimate economic option, the public certainly won't be."

I think that was the most fundamental issue of the report, that the report calls on the federal government to begin to take action on this issue, such as action that has been proposed and taken by this Legislature, this government and the Government of the Northwest Territories.

Furthermore, in terms of the specific recommendations of the report, another very important recommendation that the committee makes is that if the Government of Canada should make a firm statement on this particular issue, it should, as well, begin to play a more active role in the fur campaign itself. Toward that end, the Committee recommends that an interdepartmental committee of senior federal staff from the departments of Indian Affairs, Northern Development, Environment and External Affairs be created to develop and coordinate Canadian and international pro-fur strategies.

We support this recommendation and would like to see this interdepartmental committee established as soon as possible. We would anticipate that this proposed committee would work closely with the territorial and provincial governments to ensure that a clear and unified pro-fur message is sent out from Canada.

To that end, I am prepared to nominate an individual from the Department of Renewable Resources to liaise with this committee, should it be established.

I am also pleased to see that the standing committee recommends that External Affairs take a more active and more supportive role in promoting Canadian fur interests through that department's overseas facilities. This is something that has been particularly frustrating to not only me, but also to other governments that have been concerned with this issue. In the past, we have made legitimate criticisms that the Department of External Affairs has done its best to ignore debate over trapping and has not been an active supporter of the pro-fur campaign constituents.

This has not helped us to deliver our pro-fur message to groups in the United States and Europe, where much of the opposition to the

fur harvest is centred.

To that end, I had the opportunity to meet with the hon. Joe Clark, the Minister of External Affairs, last summer in Vancouver. Among other issues, we discussed at that meeting the very question that is before the House today.

21 I would like to put on the record that during the discussions in that Vancouver meeting, Mr. Clark stated that the government was not prepared to give a statement of its policy on where they stood on the fur issue. However, he did state that the government would reserve the right to make known its comments after this committee had reported to him. I think that my report is correct in terms of understanding what had been conveyed to me, and from that conversation I would now expect the Government of Canada to make a statement very shortly. This report is now public, and I think that that is in line with the commitment that he gave to me in Vancouver.

We also support the Standing Committee's recommendations about findings of various aboriginal trappers groups to help them carry out the pro-fur campaign to the public. It has been the position of this government, and it is the position of the Standing Committee that the best people to counter the anti-fur threat are those who are most directly affected by that threat, the trappers and the aboriginal peoples who depend on fur harvest both as an economic activity and as a way of life.

This is why we have funded groups like the Yukon Trappers Association, the Yukon Outfitters Association, the Council for Yukon Indians, ISI, and FIC. We have helped fund all of these groups with the intent of allowing them the resources to carry forward the pro-fur message. If the federal government helps to fund the programs of these organizations, I can say that it will only help to increase the effectiveness of the pro-fur campaign in Canada and abroad.

The Standing Committee's report provides solid substantiation of the social and economic importance of trapping, especially in the north. The anti-movement represents dual attack on the sustainable, renewable resource based economy of northern Canada and on the cultural values and the social fabric of many northern communities that we, as Members, represent in this Legislature. This is especially true of the aboriginal northern people whose traditional lifestyles and cultures can be devastated by the misguided and misinformed campaigns of the southern urban-based animal rights and anti-trapping groups.

The report's graphic depiction of the impact of the sealing ban on Inuit communities in the Eastern Arctic can only serve to reinforce our commitment to supporting trapping and the fur industry in the face of the anti-fur threat. I would like to go back to the report specifically and mention for the record that the report does an extremely good job of painting a picture of what has happened to the sealing industry. In painting that picture, it lays out for us the possibilities of what could happen to the fur industry in the north.

In the report, the numbers that are talked about are staggering. For example, in the community of Pangnirtung on Baffin Island, in 1983/84, they made \$42,146. That is compared to the two previous years when they made in excess of \$200,000. As well, in the community of Broughton Island where their collective income was \$92,000 in 1981/82, that dropped in 1983/84 to \$13,504.

22 I think that clearly, in terms of the economic impact that has been created by the dropping of the seal market, those communities have suffered tremendously. Further to that, along with the devastation to the economy of those aboriginal people, there have been spinoff effects in the socio-economic area. I would like to quote Miss Rhoda Inuksuk, the president of Inuit Tapirisat of Canada, who stated in the report that, "One of the disasters that happened as a result of that is youth suicide. We have a very high rate of suicide and the loss is due to the animal rights group. Some of the communities suffer more than others. I will take Pangnirtung for example, where many of the families depend on seal pelts. When that went down, a lot of the people had no other way but to go for social assistance because many of the families who depended on that were very badly damaged. That is just one community I am taking as an example, but many more communities have been affected by that."

Throughout the north, there is a recognition that many of the small communities are structured economically to depend heavily on the renewable resources sector. In other words, many of those small communities continue to live, maybe not a pure subsistence lifestyle in economic terms, but there is a heavy dependence that continues in those communities as to what the land can produce. The fairest assessment of their economic activity is that there is participation both in the industrial wage economy as well as the sustainable part of the renewable resource economy.

However, if we were to project a complete dislocation of the trapping industries on the same kinds of standards and devastation that has happened to the sealing industry, everyone in this room can understand and project what will happen in our small communities. Communities like Old Crow there is very little reliance on outside goods that have to be brought in, particularly meat, which they obtain from the Porcupine caribou herd.

Communities like Ross River have done a substantial study as to what the extent of their economic activity is in the renewable resource sector. All of these small communities, should they lose the ability to engage in the trapping industry and the hunting aspect of their lives, will suffer the same kinds of impacts that the Inuit communities of the high Arctic have suffered. It would be a tragedy if we were to allow that to happen because of attitudes and positions taken by people outside of the Yukon.

In terms of the summation of this government's position, and the position of myself as the Minister responsible for Renewable Resources, we think that the report entitled, "The Fur Issue — Cultural Continuity and Economic Opportunity", as put together by the Standing Committee on Aboriginal Affairs and Northern Development, is a timely report. We think it is a very comprehensive report as to what governments should be doing.

We have no problem supporting this report, and obviously we are relying on the speeches from the Members of the Official Opposition. They will also give unanimous support to it. I think, now that the report has been issued and our position has been made known, that the last and most important link is to determine where the federal government stands. I am sure that no Member of this Legislature will have difficulty, once this debate is concluded, sending very quickly to the Ministers responsible in Ottawa, the position of this Legislature, which I anticipate to be unanimous.

23 **Mr. McLachlan:** I will be brief in my remarks in supporting this motion brought forward by the Member for Old Crow. Because of what has happened to the fur industry — the battering of the trade, the industry and the way of life of Canada's native people by organizations that are much better equipped to lobby the purchasers of the fur product than are Canada's native people — I believe it is imperative that government take the necessary steps and act in a manner that is recommended by this report.

This summer I had the occasion to attend a conference in Toronto. On the particular weekend the conference was finishing, I had the occasion to witness one of these particular demonstrations in Nathan Phillips Square in Toronto. I believe it is pictured on page 39 of the report.

For those of us in this Legislative Assembly who are familiar with the natives' way of life, I want to tell all the Members that some of the demonstrations and some of the pamphlets and material that were distributed in downtown Toronto were not pretty, not knowledgeable and, to say the least, certainly not recommended to anybody in the Yukon Territory.

These people carried on a campaign of fear, of smear and one that was intended to do no good for any residents of northern Canada. It was not the most enlightening thing. The most enlightening thing that would take place that afternoon was the Toronto Blue Jays baseball game, which contrasted sharply with the pictures on page 39.

The report contains 36 key recommendations and, very importantly, the federal departments of External Affairs, Indian Affairs and Environment are urged, in no uncertain language, to do their parts in helping and assisting Canada's native people.

Not to be outdone by the Leader of the Official Opposition, I want to take this opportunity to commend a veteran of the Yukon's native population, Mr. Elijah Smith, who, in 55 years around the

territory, has done a great deal to enhance Yukon's native people and a way of life that he believes in. Further, I might also add, he had the occasion and some opportunities to apprentice with the Minister of Renewable Resources when he was learning the ropes of a trade other than that in which he is now involved.

I realize that this report has only been officially completed last month, December of 1986. Parliament has not sat since December 18, and I look forward to a definitive statement being issued by the Government of Canada, as this motion brought forward by the Member for Old Crow recommends for the Government of Canada to come forward with their position and to make it very strongly worded.

Motion No. 83 agreed to

Motion No. 81

Mr. Clerk: Item No. 4, standing in the name of Mr. Nordling.

Speaker: Is the hon. Member prepared to proceed with Motion No. 81?

Mr. Nordling: Yes.

Speaker: It has been move by the hon. Member for Porter Creek West: THAT it is the opinion of this House that the Government of Yukon should urge the Government of Canada to retain the existing flow-through share tax incentive program which is of great benefit to the Yukon Mining Industry.

Mr. Nordling: I bring this motion forward as there is an increasing concern that the flow-through share provisions of the *Income Tax Act* will become a victim of tax reform. To start, I would like to read from an article in the *Northern Miner*, January 5, 1987 because this article gives a bit of an outlook on what flow-through shares are and the benefit of them. The article is written by John Playfair and Barry Dent and is entitled *Flow-Through Must be Retained*.

"In a recent address to the Canadian Tax Foundation, the Minister of Finance, Michael Wilson, alluded to a proposed general curtailment of tax preferences that enable some high income earners to reduce their taxes.

"The message in Mr. Wilson's address reinforces the outline in the October, 1986 Department of Finance release *Guidelines on Comprehensive Reform*. The present income tax system is criticized for having high marginal tax rates with a narrow tax base because of selective write-offs and deductions. Since the Finance department's release on tax reform and Mr. Wilson's address to the Canadian Tax Foundation, there have been rumors circulating in the mining and financial communities that the use of flow-through shares could be curtailed or eliminated.

"The government should not take a wholesale approach to eliminating tax preferences. Some are worthwhile — others less so. Flow-through shares have contributed to a resurgence of mineral exploration in Canada. They have created jobs and have led to new wealth creating mineral discoveries that will add to our economic base in the future.

"It is time for the mining industry to make sure that the government knows the facts and acts in a way that will encourage further resource development.

"Flow-through shares are so named because the issuing corporation flows the tax benefits from certain mining expenditures through to the subscribers. Generally, these expenditures are exploration costs and are completely deductible in the year incurred. Flow-through shares are more attractive than conventional common shares, both to the issuing corporation and to the subscriber. The issuing corporation receives more capital than on a conventional share issue because it can demand a premium for the tax benefits that flow through to the subscribers.

²⁵ "The subscriber, on the other hand, has equity, participation and receives a tax deduction, which reduces the cost of the investment. The flow-through share concept has been in existence for more than 30 years. The popularity in the concept has increased significantly in the past five years. This popularity is largely credited to changes to the tax treatment of flow-through shares.

"Prior to the November 12, 1981, budget, flow-through shares issued after July 31, 1976, and before November 13, 1981, were

deemed to be inventory to the investor acquired at nil cost.

"The proceeds on disposition of these shares gave rise to ordinary income, 100 percent taxable to the investor. The November 12, 1981, budget changed this for flow-through shares acquired after November 12, 1981. These shares are now generally treated as capital property with nil cost. The proceeds on the disposition of these shares, accordingly, gives rise to a capital gain, one-half of which is taxable.

"For mining exploration expenses incurred after April 19, 1983, flow-through shares receive an additional incentive. The related earned depletion is deductible up to 25 percent of the investors income from any source, not just resource income. The popularity of flow-through shares was further increased by the introduction of the capital gain exemption effective for net capital gains realized after December 31, 1984.

"For investors at the maximum tax rate, whose flow-through shares qualified as capital property and the unused capital gains exemption available, the return on investment was increased significantly."

The article goes on to talk about the benefits of flow-through shares, and I will quote: "Flow-through shares have contributed significantly to Canada's growth in the mining industry. In 1985 alone, approximately \$250 million out of \$470 million spent in exploration was raised through various flow-through share financings. In 1986, this figure is expected to be approximately \$350 million to \$400 million, out of an estimated \$550 million of mining exploration. Many jobs have been created in northern Ontario and Quebec as a result of this increased exploration activity.

"The majority of flow-through share financing is being spent by mining companies in search of gold. Over the past three years, 53 discoveries have been made where exploration financing included flow-through share financing.

"If flow-through shares are so successful in creating jobs and generating economic growth and employment, why would this financing mechanism be cancelled? We believe the only reason that flow-through shares could be eliminated is as part of a wholesale reform to make the tax system "neutral" by eliminating tax preferences. What is the tax preference in this case?

"The ability to write off 100 percent of Canadian Exploration Expense?

"The availability of bonus deduction for mining exploration production depletion?

"The ability to transfer the benefits of these deductions to subscribers for flow-through shares?

"Given the risks associated with grassroots exploration, a 100 percent writeoff does not constitute a tax preference, but merely reflects economic reality.

²⁶ "The bonus deduction for mining exploration depletion is a tax preference, but a necessary preference that recognizes the need for continuous reinvestment in exploration, given the wasting nature of mineral resources. In our view, the ability to transfer the benefits of these deductions is not a tax preference, but instead is a needed mechanism that provides some measure of tax equity as between the taxable producer and the non-taxable explorer.

"At what cost?

"If the government moves to eliminate flow through shares, it would be acting contrary to its overall objective of encouraging economic growth in the mining industry by creating employment. It would reduce our ranking in the international markets because less funding would flow through to exploration with fewer new discoveries. This would lead to a decrease in exports.

"Furthermore, the elimination of flow-through share financings would curtail equity financing for many mining companies and result in the withering away of much of the junior resource sector. The cost would be too great.

"The ability to transfer tax benefits of mining exploration expenses using the flow-through share mechanism is simply too important to the long-term health of the Canadian mining industry."

The authors of that article, Mr. Playfair and Mr. Dent, are tax partners at Clarkson and Gordon in Toronto.

There has been support for this program from many sectors, many

areas of Canada, and good support from the Yukon. As was mentioned in the article, the flow-through concept has been around for years, however, the present program really came into its own in 1983 and grew through 1984. On March 26, 1984, the *Globe and Mail*, in its Report on Business did an article on flow-through shares and this will enlighten Members a little bit further to the benefits of flow-through shares and what exactly they are.

The article is entitled "Flow Through Issue Golden For Mine". It talks about Canamax Resources of Toronto, a Canadian exploration arm of Amax of Greenwich, Connecticut. Canamax felt that, "Being in exploration, non-operating mode, we felt the shares needed an extra incentive to attract participants, something with bells and whistles," said Canamax President John Hansell. "Some form of tax shelter or a high tax write-off situation would be ideal and we wanted an issue with broad appeal. A flow-through share financing nicely fitted the bill for Canamax because it intended to use the proceeds strictly for exploration. Also, it provided more bang for its exploration bucks. The Canamax issue was \$29,000,000 financing, consisting of \$13.2 million in common shares and \$15.8 million in units that earn flow-through common shares tied to exploration spending in 1983 and 1984. The shares to be earned from the spending were issued at a premium of 37.5 percent in 1983 and 16.7 percent in 1984.

²⁷ "Mining companies going the flow-through route receive more money than they would from an issue of regular common shares up to a 50 percent premium in some cases. They also acquire the funds at a significantly lower after tax cost. The premium allows them to obtain additional incentive grants because the company is able to spend more money than otherwise would have been available.

"On the other side of the counter, the investor is able to deduct the cost of purchasing flow-through shares. The deductibility allows him to defer paying tax or even reduce tax payable until he disposes of the earned shares. In addition, his after tax return will likely be significantly higher than if he invested in conventional shares. Because investors are funding exploration and development costs, they can deduct these expenses against all other income. They are also entitled to receive government incentive payments. When the shares are sold, the returns are taxed on a capital gains basis.

"Under recent amendments to the *Income Tax Act* and proposed revisions in the April 19 federal budget, mining companies doing exploration not now in tax paying situations and not expecting to be within the next several years, may issue tax sheltering securities.

"The benefits accruing to purchasers of flow-through common shares enable issuers to price them at significant premiums relative to issues of conventional common shares, said Arnold Hoffman, Corporate Finance Association Associate with Richardson, Green-shields Canada Ltd. of Winnipeg."

The article goes on to say that "Flow-through share financing is a significant factor in helping small companies to raise money for exploration. It is especially important, in view of the fact that smaller companies have found most of the mining deposits in Canada. Investors coming upon flow-throughs for the first time may be startled at the size of the premiums. That was the reaction of one small shareholder of Campbell Resources Inc. of Toronto. He wanted to know why Campbell, after completing a private placement of one million common shares at \$10 a share, was able to sell another 600,000 shares at \$25. Why would someone be willing to pay \$25 for common shares that seem to have a market value of only \$10."

Campbell president, Richard Lister, said the \$15 million raised by the 600,000 share issue is earmarked for exploration at the company's Chibougamau Mines in northwest Quebec. The article goes on to explain the tax benefits of the flow-through shares.

"Flow-through shares regulations enable investors to take deductions which qualify as Canadian Exploration Expense, CEE, and Canadian Development Expense, CDE. Qualifying CEE incurred in a year is added to the investor's cumulative CEE pool. In computing tax, you may deduct up to 100 percent of this CEE pool.

"Similarly, the CDE incurred in a year is added to the investor's cumulative CDE pool, he may deduct up to 30 percent a year of the cumulative CDE pool on a declining balance.

²⁸ The article goes on to talk about the percentage rates of yields and

Speaker's Ruling

Speaker: Order, please. Pursuant to Rules of Debate, Article 19(1)(d), "A Member may be called to order by the Speaker if that Member, in the opinion of the Speaker, refers at length to debates of the current session or reads unnecessarily from *Hansard* or from any other document, but a Member may quote relevant passages for the purposes of a complaint about something said or of a reply to an alleged misrepresentation."

I would ask that you just keep with the motion.

Mr. Nordling: I believe that it was in December, 1985, that the Finance Minister Michael Wilson announced possible changes. To date, it is not clear as to the future of the present flow-through tax incentive provision. This is indicated in an article on Wednesday, December 17, in the *Whitehorse Star*, entitled "The Industry's Still Worried about the Future of Vital Flow-Through Shares".

In that article, the BC/Yukon Chamber of Mines representative expressed the opinion that the future of flow-through shares was not clear at the time and that they would be working toward keeping them. In the same newspaper, there is an article entitled, "Northern Minister to back Shares". The article indicates that flow-through shares were a hot topic at the recent Northern Mines Ministers conference, but there is no federal decision on their fate in sight.

The article goes on to state that Northern Development Minister Bill McKnight supports this measure, and that Yukon Mines Minister Tony Penikett agreed. "The most important factor (in maintaining a stable investment environment) is flow-through shares. That is something that will bear most heavily on the federal government."

I expect that when we hear from our Minister, he will tell us about the Northern Mines Ministers conference and developments to date in this area.

The Yukon Chamber of Mines has also taken a strong position with respect to the flow-through share incentive program. On December 18, they wrote to the hon. Michael Wilson, expressing their concern. There has also been support from individuals and individual companies in Whitehorse to Michael Wilson with respect to flow-through shares, including a letter from White Pass Petroleum Services urging the Minister not to eliminate the flow-through share tax incentive program.

At the same time as the Yukon group was making their feelings known, the Mining Association of Canada presented a lengthy brief to the hon. Michael Wilson, Minister of Finance. In a letter to the Minister, they attach their report. Part of that report deals with flow-through shares.

²⁹ I would say it is only a small part of the report. I will read part of their position. On flow-through shares, the Mining Association of Canada states, "The Minister and finance officials are well aware of the high regard in which the mining industry holds flow-through shares. This measure has permitted both independent junior mining firms and large mining corporations to maintain exploration programs during the current slump in metal prices." They go on to say that, "It is early to look for the announcement of many confirmed discoveries, since the program only appeared in 1983 and grew through 1984. Normally, 10 years may elapse from grassroots exploration to mine development. Nevertheless, much prospective grounds are being explored from Newfoundland to British Columbia and observers believe that discovery announcements will follow."

The report goes on to say that, "Officials may be concerned that the rapid growth in flow-through utilization, which has occurred since 1984, may continue indefinitely. If so, this could represent the unacceptable revenue leakage. The Mining Association of Canada has sympathy for this concern, as such leakage could seriously damage the government's goal of deficit reduction. However, we believe there are several self-limiting factors which will cause uptake to level off and then decrease in the future.

They are as follows: once major companies return to a taxable position, they will prefer to explore using internal funds. As majors withdraw from the pooled exploration funds, the latter will lose

some of their sales appeal. Junior companies require a pool of non-flow-through funds to meet administrative costs for flow-through activities. These non-flow-through funds are hard to raise today and existing pools are depleting.

There is some practical limit on money that can be spent. For example, the diamond drilling industry has only certain capacity. Lastly, reduction of personal income tax rates under tax reform will reduce the incentive for high income individuals to invest in these tax shelter activities. Depending on the assumptions chosen, it may be speculated that a personal tax rate of 25 to 35 percent may make such investments completely unattractive.

"For all of the above reasons, we project that the use of flow-through mechanisms will not grow uncontrollably and will, in fact, decline in future years. Nevertheless, the program is a valuable, counter-cyclical measure for the exploration industry at present. We urge its retention for mineral exploration."

Also, the federal Mines Minister, Gerald Merrithew, was interviewed and reported in the *Northern Miner*, December 15, 1986 as urging support of the flow-through program and backing the flow-through financing mechanisms. The *Northern Miner* urges any Members interested to write to the Finance Minister, Michael Wilson, with their feelings.

There is also a letter in the January 5, 1987 edition of the *Northern Miner*.

Speaker: Order. I would like to remind the Member again that it is improper to read at length from documents under Standing Order No. 19.

Mr. Nordling: I refer to the *Northern Miner*, January 5, 1987, a letter from an individual, C.M. LaLonde, Lalonde Geological Consulting Ltd., stating that his income and his career depend, to a large extent, on flow-through share programs.

The Prospectors and Developers Association of Canada have also taken up the cause and have sent their summary of the case for retaining flow-through share rules to the Minister of Finance, Mr. Michael Wilson. I will not read from that document, although it does have very valuable points and basic information on the flow-through share rules and the value of flow-through shares.

Lastly, just to illustrate how close this topic is to home, United Keno Hill Mines has used the flow-through share program very successfully. I will quote very briefly from an article, January 5, 1987, in the *Northern Miner*. The article is entitled "United Keno Hill optimistic on high grade silver hunt". It discusses the quality of the ore at the Keno Hill Mine. That article states that, "Since about 1984, United Keno Hill has been putting money into exploration on a much bigger scale than in previous years, and most of it has been coming from flow-through financing."

It goes on to talk about the tremendous benefit that United Keno Hill Mines has received from this program. I am sure that when we hear from the Member for Mayo, he will enlighten the House on this issue further. I am sure we can look for his support.

I would, therefore, urge all Members of the House to support this motion in order that we can send a message to the federal government, to the Minister of Finance, that this House unanimously supports the program, as it is of such benefit to the Yukon.

Hon. Mr. Penikett: The government is pleased to be able to support this motion, since we recognize the importance of the flow-through share funding mechanism to mineral exploration in the Yukon Territory.

As the Member for Porter Creek West has said, the federal government introduced flow-through shares in 1982 as a means of promoting oil and gas and mineral exploration, particularly by junior companies. Prior to 1982, major producing resource companies were allowed to write off their exploration expenses against income. The smaller companies, the junior or non-producing companies, with no resource income were not able to take advantage of this deduction.

During the late 70's and early 80's, juniors found that risk capital had essentially dried up, while most majors were in the loss position and cut back on exploration work. Hence, the overall levels of exploration dropped dramatically. That was felt here, as it was in many other parts of Canada.

The advantages of this new financing mechanism were that the right to deduct the exploration expense would flow through to the individual investors who purchase the shares. As an added incentive, investors may write off the cost of these shares at a rate of 133 percent — 166 percent in Quebec — although that level is under review.

³¹ This provision has proved to be immensely popular, for obvious reasons, with resource industries. The sale of such shares now is the principle means of raising money to carry out exploration work in Canada.

It has never been officially announced that the federal government intends to do away with this important provision. However, announcements by the federal Conservative government by the Minister of Finance, Mr. Wilson, that he would be tabling comprehensive tax reform measures as a part of his next budget, has led to widespread speculation that flow-through shares may be abolished as part of a tax reform package.

For reason partly described by the Member for Porter Creek West, in the Yukon, in 1986, it has been estimated that between two-thirds and three-quarters of the mineral exploration money expended was funded this way in the immediately past exploration season. It follows, therefore, that if this program were cancelled the benefits derived by the territory as a result of this program and others put into place by the Yukon government would be greatly reduced.

We do know, and we have already seen, the benefits that can come from this program. It is not entirely true, as the Member for Porter Creek West suggested, that it takes 10 years to show the benefits. Canamax, for example, is very close to a production decision on its gold property in the direction of Mr. Speaker's constituency and the Member for Faro's constituency. United Keno Hill Mines at Elsa has already expanded and will be going through further expansion as a result of this program. There are several other properties that I think will have seen investment as a result of this program in the Yukon Territory, and we will see the results of that work fairly soon.

As has been mentioned by the Member for Porter Creek West, at the Northern Mines Ministers Conference held here last December both the industry executive and myself, on behalf of the Yukon government, told the Minister of Indian and Northern Affairs that we felt that this provision was vital to the health of the exploration sector and that it should be retained. This government will continue to actively lobby the federal government to have this provision maintained, as we have in the past.

We should, however, indicate some understanding of the facts as they will no doubt be perceived by Mr. Wilson. The advice that he is getting on this question is not all in one direction. The Nielsen Task Force was quite critical of the federal government's tendency to "give with both hands". They pointed out that the subsidies to business through grants and tax expenditures amounted to a major drain on the federal coffers. The Task Force did recommend that there be much greater accountability of these kinds of expenditures.

³² They did also point out that these kinds of tax expenditures were the fastest growing of all forms of expenditure in the federal government, and the least accounted for.

It should also be pointed out that the Nielsen Task Force did not, however, recommend doing away with these programs, and in that sense the report's recommendations are somewhat contradictory. At the same time, Members, who are astute readers of newspapers as the Member for Porter Creek West, will have noticed that the Auditor General, a gentleman well known to us, Kenneth Dye, has been extremely critical of the tax expenditure pattern that has been going on in Canada and has been calling for audits of this kind of mechanism, because there is the delusion that somehow this does not show up in the government's books. You simply reserve the expenditures, there is nothing that goes into the government's books, there is no accounting for either the lost revenue, or, and this is an important point, the potential benefits that may be measured. I take it that the Auditor General's concern is that if you are going to justify a tax expenditure policy in some area, you ought to be able to measure the benefits and, therefore, evaluate the program fairly. I think it is only useful to understand that the

federal government is also receiving pressure, if you like, or also advice, of that kind from people in high places.

At the Northern Mines Minister's Conference I think it is true to say that this issue was the one which was addressed most enthusiastically and most forcefully by the industry executives. Mr. McKnight, of course, because of the rules about Cabinet solidarity in this system in which we operate, could not commit the federal government to the continuation of this program. He obviously indicated, in the subtle ways, that Ministers have his support of it, but he could not state for the federal government what the future of the program would be. He did urge the industry to do what has been done, which is for industry executives and industry associations to communicate very directly and to lobby Mr. Wilson very forcefully. That has been going on.

I think, as I said, there will be people who will be giving contrary advice to Mr. Wilson. However, I think there are very good reasons why the federal government may well retain this measure. I think they are likely to do so because, firstly, it is obviously tremendously successful, and even though you may not be able to measure every economic benefit it is producing results. It is not just putting money into some very affluent people's pockets. It is generating jobs and activity in areas of the country that need it. It is increasing exploration activity.

The other point is that the program has apparently had a positive effect, financially, for the federal government, that there are, already, additional revenues resulting from the increased exploration activity. It is possible that these revenues have exceeded the lost revenue due to the flow-through shares. Of course, because we do not have the kind of accounting instruments that the Auditor General would have put in place, we have no perfect measure of that, but I think there will be instruments available to the federal Department of Finance that will allow them to assess the efficacy of this program, and I think they will be able to show that the net benefit for not only the people of Canada, but the government of Canada, has been positive.

³³ I do not intend to speak at length. There are other people who want to participate in this debate. I thank the Member for bringing forward the motion. Our government will be happy to support it. In addition to an address that may be communicated from this House to the federal government, I am sure that Members who care to communicate as individuals to the federal Minister of Finance will not be misusing their time if they do so.

Mr. McLachlan: I want to thank the Member for Porter Creek West for bringing forward the motion today. It is very topical, both to the state of economic development in the territory at the moment and given the current method of tax reform that is presently being knocked about from one direction to another in the Department of Finance.

Coming from a mining fraternity, I believe in the whole concept of the flow-through tax share financing for mines but, especially, for junior exploration companies. I fully realize the benefits it has and could continue to have to the mining industry if this program is kept.

I will be brief, because the two previous speakers have covered the topic very well. A couple of comments that are specifically related to the situation, which the Government Leader did not mention, was that other industries — agriculture and forestry — are pressuring the Finance Minister for similar types of tax concessions, because they can see a helping hand being given to their industry which, in a number of instances as we are aware of, is in trouble. They are also looking for assistance of this kind.

There is no doubt that it has been proven to be very helpful in the mining industry in Canada and, most especially, in the Yukon Territory.

The Yukon Chamber of Mines is on record as preferring a number of small type deposits being brought into production in diversified areas of mineral activity for other than the large operation at Faro. That is to say, 10 mines employing 100 people, of various mineral extraction may be of greater benefit in certain areas than two large mines of 500 people each. The relevant fact here is that those particular small operations of 100 people may be the most difficult

ones to fund from their initial stages of development through to production. It is this method of flow-through tax share financing that is able to give those smaller operations the greatest break.

The other significant fact is that I believe the industry figure is that one or two percent of actual mineral occurrences ever get through to the production stage. Any mechanism that is able to assist the development of mines of any nature in financing the most difficult initial stages of exploration and development are ones that must be encouraged, especially in the Yukon Territory, to enable them to carry through to that stage of production that will inevitably translate into jobs and industry development.

The Liberal Party has no problem with supporting the motion of the Member for Porter Creek West, and I look forward to the other comments of Members of this Assembly in this respect.

³⁴

Mr. Phelps: I welcome the opportunity to speak to this motion that, of course, we all support.

I can recall the first mining company to really take advantage of this incentive when the program first came into being. I believe it was Geddes Resources. They raised a substantial amount of money that they expended in the area along the Haines Road where the Windy Craggy Property is located. At that time they were buying into a share of that property which had been held by Falconbridge. If I can recall correctly, they raised and spent in the neighbourhood of \$6 to \$8 million and that was largely because of the mechanism that was made available back then.

That is a huge property, mammoth in size. It is primarily cobalt and copper. More recently they have discovered large amounts of gold within the deposit. They are, as everyone here knows, going back in to do some extensive and intensive work with an adit and all that that entails.

United Keno Mines has been mentioned, because they have been very successful in utilizing these exploration monies in the Elsa silver camp. They have also expended a large amount of money at the Venus Mine Property just south of Carcross along the Carcross/Skagway Road, the property that is on the verge of coming into production should gold continue its rise.

This incentive is being used by numerous small companies in the Wheaton River Gold camp: Omni Resources, Island Mining, Shakwak, Tally-Ho, just to name some of the smaller operations that have been extremely active in that vicinity.

Of course it has been taken advantage of for exploration purposes in the Rancheria silver camp, the Dawson Range gold camp, and it has already been mentioned that Canamax has had very successful results from the exploration activities they financed through this mechanism.

It is already been estimated that of \$30 million spent in exploration in the Yukon in 1986, approximately 80 percent, or \$24 million, was raised through the flow-through share mechanism. There have been nine significant deposits discovered as a result of this activity, and I am sure that we will be seeing, aside from continued life for United Keno Hill Mine, new mines coming into being in the near future.

This money, as we all know, has a ripple effect. An awful lot of people and companies are dependent upon the activities of the mining companies that are exploring for minerals in the Yukon. ³⁵ Drilling companies, linecutting outfits, expeditors, grocery stores, hardware stores, clothing stores, hotels, restaurants, helicopter companies, float plane companies, road construction companies, building contractors: the list can go on and on and on. All of these sectors depend to some extent on, and receive benefit from the activities that have been engendered because of this mechanism.

So, I take a great deal of pleasure in adding my support to this motion, and I look forward to hearing comments from other Members.

Hon. Mr. McDonald: I do not have a lot to say that has not been said already. I do very much support the motion put forward by the Member for Porter Creek West and thank him for the timely presentation of the motion to the House. The issue of flow-through shares has been an investment mechanism for the major industry in the Mayo riding.

I speak as one who has seen the value of the flow-through share program in practical terms. I have even been paid a wage as a result of this investment mechanism in my previous incarnation as a miner. I have found that the investment and the development that is the direct result of this program has been of tremendous help to the community of Elsa and the Yukon.

There have been times in the past where that community and its major employer have lived from year to year in terms of the proven resources that they know can be mined. Quite often the insecurity of that year to year life span has caused a considerable hesitancy on the part of the mining company to develop beyond what they can afford through the operation itself. This investment mechanism has allowed new money to enter the operation beyond the earnings that the operation would generate in a year. That aspect of this program is more than laudible.

I know, as well, that the results of the company's exploration activities in the past have been somewhat curtailed by low silver prices. Quite often, any mining operation that has to look at its monthly balance sheet and has to consider profit and loss on an immediate basis will often see mineral exploration as being a luxury when wages and bills have to be paid.

³⁶ Quite often, when times get tough in the mineral industry, the companies will sacrifice that which is their lifeblood, out of necessity, and that is the exploration for new resources. In Elsa, of course, the major adit work, which is responsible for a large number of jobs in the community, is a direct result of this program. Further to that, the proposals for developing or driving the ramp at Bell Keno and driving the shaft at Husky Southwest, which will be multi-million dollar investments in this territory this coming spring, I would hope, would be the direct result of this program, if it should proceed.

I do not doubt for a second that there is a unanimity of opinion in Elsa and in the mining industry generally that there needs to be tax reform, and there needs to be some resolution of our tax expenditure program, which plugs loopholes for those tax incentives that generate no jobs and generate no new wealth.

At the same time, an investment mechanism such as this, which proves to be so incredibly effective in producing new wealth, in generating jobs and in ensuring the long-term health of the mining industry in the territory, is something I think they would support whole-heartedly.

The community of Elsa, with which I am so familiar, has had some major shocks to its system, as I have mentioned in a previous debate in the Legislature in our discussions on northern benefits. I said at that time that the implementation of a new northern benefits program would be another blow to that community because it would mean money out of people's pockets.

At that time, I expressed the desire that that community, so resilient over the years, could withstand another shock to the system, namely northern benefits. It could not withstand a shock such as the elimination of this program, and that community would die. They have suffered silver prices, which have dropped as far as \$4.90 in the last couple of years from an average mean of over \$7.00 to \$8.00 per ounce US. They have cut costs through efficiency mechanisms and through the very significant cut in wages of 25 percent.

Clearly, number two, there is no doubt that the community of Elsa would not be able to withstand such a shock as the elimination of this program, as so many miners and their families depend directly on the investment resulting from it. It is good for the mining industry and it is good for the existing mines that generate wealth and provide the wherewithal so that this Chamber can pass expenditures on behalf of all of our society. They do so willingly. They do work hard to generate that wealth. I think it is incumbent on this Legislature and, more importantly, the federal House of Parliament and the federal Minister of Finance, to recognize that shocks to the system cannot be borne daily, weekly, monthly and annually. There has to be some recognition that the hard work that the people do in the mining industry, both in exploration and in production, is something that we should value for its obvious benefits to our community.

³⁷ I should also mention that the benefits are not strictly those that

would be realized by the community of Elsa. As other Members have mentioned, in more detailed fashion than I, there are a number of mining companies that have engaged in exploration activities around the territory in search of mineral wealth that will ultimately be the bread and butter of this Legislative Assembly in years to come, at least in major part. If the exploration proves up, adits are driven and production commences, then this territory, our communities and this government will have the financial wherewithal to do the many things we would like to do. I think the mining industry deserves a tremendous vote of confidence from this Legislature and hopefully from the federal Minister of Finance to recognize the true role in this community and the general wealth they do create.

Mr. Lang: There are a couple of comments I would like to add to the debate that has been presented thus far. I would like to begin by complimenting the Member for Porter Creek West for bringing the motion forward. I would also like to compliment the Member on the work that has also gone into preparing for the course of the debate and providing information that I am sure a lot of Members here would not have been knowledgeable about if the Member had not done the work that is necessary to provide information for the course of the debate.

A couple of concepts were touched on over the course of the debate by Members, and I want to zero in on the question of junior mining companies. It was mentioned earlier that prior to this particular type of tax incentive coming into place, the only ones that could really afford to go out for the purposes of exploration and have the ability, through the tax laws, to get some recognition were the major companies. I think it would be a shame to see this particular tax measure repealed by the government of Canada, and it would have an adverse effect on the junior companies.

When you take a look at the Yukon and what benefits we are enjoying to date, as far as the mining companies are concerned, in good part, the initial discoveries were made by the junior companies. I think that governments, at no matter what level, should be doing everything they can to encourage junior companies to take part in exploration. I think it is important that the young people of today who are interested in the mining industry have an avenue for forming a company. They see opportunities they can take advantage of and hopefully provide for the public at large and our communities the opportunity of an exploration program that will provide a discovery and a production decision such as the one that took place at Mount Skukum. If you take a look at the final phases of the decision-making process of the Canamax discovery in Ketz, just for the record, I think it is safe to say that particular discovery would be in the riding of Campbell, not in the riding of the Member for Faro.

³⁸ These are very important issues that face governments. We recognize that the Government of Canada has a major problem confronting it with the deficit. The Government of Canada is going to have to face it. There are very many government programs in place. If one wants to apply for a grant, some people being innovative and going into business for themselves, a book has been compiled with all the information about government grants. It is for sale. It is not a pocketbook, it is a book about 1 1/2 inch thick in small print.

There could be a situation where there is a system that has grown over 35 years of granting dollars to various groups, individuals and companies versus a mechanism that can be utilized through tax laws as a tax incentive for the investor who is prepared to put up his own money. It is not often that I agree with the Member for Mayo, but I do agree with him that this is a better method of generating the necessary capital investment in our part of the country instead of going through the system of grants as governments do because of the various political kudos attached to them. The bureaucracy obviously would have a stake in that as well, because some jobs within government would be at stake.

The flow-through share concept in some of the provinces could be put into effect by the provincial governments. Quebec was mentioned in an earlier debate. Quebec put it in, and they are up by 166 percent. It was a major step by the government of the day to encourage the mining sector. It also helped the government to

provide jobs at a very critical time when the recession hit them so hard. That mode of taxation incentive, in technical terms, is available to the Government of Yukon.

The reality of the situation, however, because of our small population, because of where we are in Canada, would not work. We need the necessary federal legislation to encourage the necessary work that is done under the present system.

I am pleased to see the government supporting the motion from the Member for Porter Creek West. I hope that all Members will take the time to write to the Minister of Finance of the Government of Canada, Mr. Wilson. I would also like to see the Government of Yukon take a number of initiatives, for example, raising the issue not only under its letterhead, but also seeing that this issue is on the agenda at some of these national conferences.

³⁹ We have the ability to provide input to the agendas at the national conference level when they are interprovincial, as well as federal/provincial. There is no reason this particular topic should not be raised in profile by steps taken by the front bench across the way.

I recognize that it was raised to some degree at the Northern Mines Ministers Conference. I think it would have much more impact if it was raised interprovincially at the numerous conferences that take place. I think it would bode well for the Yukon to have this particular agenda item pushed to see whether or not there could be some unanimous consent by the provinces to at least raise it, even as high as the First Ministers Conference. I throw that out as an idea for the side opposite to take as a suggestion that would further carry this particular issue, as opposed to us discussing it today and it being forgotten, except for those who wish to read *Hansard* and for historians in years to come.

On behalf of the people whom I represent, I know they believe it to be a very important issue. It is one that I think we have to continue to push so that the system in place is not taken away with the intent to meet the national objective, which is a debt that is owed by all Canadians.

Speaker: The hon. Member will close debate if he now speaks. Does any other Member wish to be heard?

Mr. Nordling: I am pleased that there will be unanimous support for this motion. As the Member for Mayo mentioned, it is a timely motion, as a decision on this may be made very soon.

As the Government Leader pointed out, there is pressure from opponents of this program, and it is important that we make our position known at the earliest possible opportunity. I also appreciate the fact that the Minister of Justice did not see fit to make a cute amendment today, and that the government will stand on its own feet with respect to this motion and contact the Minister.

Motion No. 81 agreed to

Motion No. 84

Mr. Clerk: Item number 6, standing in the name of Mr. Phelps.

Speaker: Is the hon. Member prepared to proceed with item number 6?

Mr. Phelps: Yes, Mr. Speaker.

Speaker: It has been moved by the hon. Leader of the Official Opposition: THAT it is the opinion of this House that the Community of Carcross should be provided with an adequate pump house and fire pump system as soon as possible.

⁴⁰ **Mr. Phelps:** What led me to bring this motion forward were some recent occurrences that I found somewhat dismaying. The situation in Carcross — I think most people in Yukon are familiar with that community — is that the community has a great deal of historic significance. There are a great number of old buildings, some of them log, virtually all of them wood structures of one sort or another. Fire, as in many Yukon communities, has been a possibility of grave concern to the residents who live there. Like some other towns in Yukon, Carcross was wiped out in the early days by a major fire.

The situation now is that there really is not an adequate pumping mechanism that would do in cold weather, should fire break out in

certain parts of the community. Of particular concern in that regard is the area across the river down to the Indian reservation, and the downtown core.

The Department of Community and Transportation Services hired an outside engineer, UMA Engineering, and a pump-house was designed and a pump-house was to be situated on the railway bridge. It was to house a pump and appurtenances that would have the capability of pumping 500 gallons a minute either way. So it would be a very valuable source of water, particularly on a cold winter day or evening, should fire break out. It was a solution that would have had a great deal of merit. After the design was developed the contract went out for tender.

I am advised that the engineering cost of the outside firm was in the neighbourhood was \$20,000. Of course, on top of that are the usual department costs of the engineering department and the costs of advertising it and so on.

I am advised also that the engineering firm or the engineering department in the government estimated that \$93,000 approximately would be the price that they would like to see and the lowest bid came in at \$108,400. That is approximately \$15,000 more than the rough estimate. There were three other bids I am advised, the second one was \$122,000 and the other two are in the neighbourhood of \$150,000.

⁴¹ The government made the incredible decision to not award the contract. I say incredible because I just cannot understand how the government could eat its engineering costs of \$20,000 and the other associated costs, and not proceed.

Something has to be done. The government has gone to the trouble and expense to design the proposed solution, and then decided not to proceed. We are in winter. We could be looking at cold weather at any time. Most of the alternatives that might come forward from the Minister in this debate will not be adequate to meet the needs in extremely cold weather.

If the alternative is to place a pump on the trailer, I think we should ask ourselves if that would work at night in extreme cold.

Whether the government decides to go ahead with this contract, or has some other idea, a satisfactory option must be outlined and must be proceeded with.

I would like to say that I am sure, in my mind, that the Minister has the best intentions toward the community of Carcross. I am sure, in my mind, that he can understand the great fear that many residents have, should a fire start and, in the prevailing winds of Carcross, spread as quickly as it undoubtedly would, given the nature of the buildings in that community.

This motion is straightforward. I ask all Members to support it. I look forward to hearing the comments of the Minister.

Hon. Mr. McDonald: It would be foolhardy of anyone to suggest that they would not want an adequate system to provide water for consumption or for firefighting in the community of Carcross as soon as possible. That would not only be foolhardy, but it would be irresponsible.

The government has recognized that the community of Carcross requires better services, a better system, a more reliable system, to be employed as soon as possible to provide for water for consumption and for firefighting. Duly, we did identify funding in this past year's Capital Budget to attempt to resolve the situation.

There were engineering concerns that had to be addressed. I was aware, as the issue proceeded through the various stages of the progress made, that a solution would have to be found as soon as possible.

⁴² We do recognize the increased activity around the centre of town in terms of investment put into the town, into people's homes and business. The *SS Tushki* has been upgraded, and it would be a true tragedy to see that vessel burn into oblivion because people did not have the foresight to provide proper firefighting capabilities to the community.

In so doing, the department had to ensure that a system was designed that was reliable and that could stand the test of time and weather in a sense that it would provide a service in the winter months for many years to come. There is a significant capital investment that would have to be made in the community to ensure

that that would take place.

In the past few months, it has become clear to us that the lowest bid was 50 percent higher — and my information is not the Member for Hootalinqua's information — than the engineer's initial estimate. That resulted in a shortfall of approximately \$60,000 on the project. That is not the sole reason for determining whether or not a system would be put into Carcross or into any small community, because safety is the significant factor to be considered within reasonable financial limits. Even with the discrepancy between the Member for Hootalinqua's figures and mine, I think the reasonable limits would be met.

There is the major concern, however, because the best solution found, which was to put the pump on the White Pass Bridge to provide good service to both sides of the river, could not be met through an agreement with White Pass and still cannot be met at this time, unfortunately. We took the obvious position, therefore, that a capital investment of that significance could not be jeopardized because we were unable to get agreement with the persons who owned the bridge.

As a result, we are continuing to press for an agreement with White Pass. The conclusion to build the pumping apparatus on the bridge is one that we support. We will continue to pursue that option as it is technically the best one. We are also examining the viability and costs of several other options in the event that this one fails.

The significant problems that we are experiencing are that they wish the lease to be of very short term. They have also asked to roll in a number of unrelated issues into this package.

Essentially, I can say that we are more than prepared to vote for the motion. We have shown good faith and have acted quickly to try to provide the adequate fire pump and pump system for the community of Carcross. It was we who identified the need in terms of providing a funding request to this legislature for this service. We are more than aware of the dangers of fire in small communities. I certainly am, and I realize that a pumping system has to be employed in order to reduce the potential for tragedy in the communities. We are trying to do that in a level-headed, responsible manner, and I would hope that we would be able to find a resolution very soon.

Speaker: Are you prepared for the question?

Are you agreed?

Motion No. 84 agreed to

Mr. Clerk: Item No. 5, standing in the name of Mr. McLachlan.

Motion No. 87

Speaker: Item No. 9, standing in the name of Mr. Brewster.

Speaker: Is the hon. Member prepared to proceed with Item No. 9?

Mr. Brewster: Yes, Mr. Speaker.

Speaker: It has been moved by the hon. Member for Klouane: THAT it is the opinion of this House that the Government of Yukon should initiate measures to clear out the channel of Silver Creek near Silver City in order to safeguard and protect this historic site from spring flooding.

Mr. Brewster: I seem to have a little problem with the Minister of Transportation. Last time I stood my motion aside and he scowled at me, and this time I did not stand it side and he still scowled at me. However, I cannot always win at these things.

I put forward this motion for several reasons. The first reason is to protect the historic site that is in danger of being washed away. Although Silver City itself is presently under private ownership, this House passed a motion on December 10, 1986, "THAT it is the opinion of this House that the Government of the Yukon should initiate measures to acquire ownership of the historic buildings at Silver City in order that they can be protected and preserved for the benefit of future generations of Yukoners and the tourist industry."

Also, a copy of an unsolicited letter arrived on my desk today. It is to the Minister of Renewable Resources. It deals mainly with the motion that we had already passed before the letter arrived. However, the last part of it deals with this motion.

An initial step in this preservation would be to return Silver Creek

to its original channel so it again carries its sediment to the lake rather than into Silver City. A couple of months work in the summer would reorient the creek and reinforce it sufficiently. Then just a few days a year would maintain it from then on.

The problem is, as the letter states, that Silver Creek continues to push large amounts of gravel down the creek channel each year. As the main channel is blocked off, new channels are formed because the area is very flat and the creek runs all over during the high water.

The Department of Highways does clear part of the channel now and constructs dikes in order to protect the highway. What I am asking for in this motion is an extension of that work to complete the job. It calls for the channel to be cleared to the lake area and to form dikes with the gravel that is removed from the channel.

Another reason for the motion is to protect the Arctic Institute Airport and some other private property that could be damaged by flooding. I have been advised that one end of the airport is now being glaciated over and, if this process continues, it could become unsafe to use this airport. The Arctic Institute uses this airport as a base camp to fly into the Klouane Glacier areas for studies all during the summer.

I know I can count on the support of the Member for Klouane. I can assure him that this undertaking, compared to the Dawson City dike, will be a very small undertaking. The purpose, however, will be much the same: to protect and preserve historic structures. I can assure the Members opposite that the protection of Silver City is as important to the people of Klouane as the protection of Dawson City is to the people of Klouane.

Hon. Mr. Porter: In responding to the Member's call to other Members of the Legislature to support this, I would like to indicate to him that we are going to vote to support this measure, but I would like to raise the caveats that were announced by the government in debate of the first motion that was brought before us with respect to Silver City. That is, to clarify for the record, the Government of the Yukon does not own the site at the present time. The site is owned by individuals residing outside of the Yukon in the State of Alaska. We have mentioned that we have attempted in the past to negotiate an agreement with those private individuals, so that the government could purchase that site and, thereby, have it within the assets of the Yukon government.

Should we achieve that, then it would become a responsibility of the government to restore and protect that site.

We also mentioned in the previous debates that we have had on this question that, in the Capital program that we have put forward to the House, there is funding available for private individuals to restore historical sites for the benefit of all the people of the Yukon. We did mention that the private individuals who own this site would be eligible to apply for this particular program, so as to restore Silver City, or begin the work of restoration for Silver City.

Furthermore, just to reiterate for the record, our plan with respect to historical sites development is to conclude an inventory of all known historical sites. In the process of an inventory, we would also develop management guidelines as to the process by which we would go about restoring sites. That was brought about because, over the years, there has not been a coherent, logical process by which government makes decisions in terms of historical site restoration projects.

In that evaluation process, we would be looking at those sites that are in need and those that are supported by community residents and those that enhance or complement other areas of government. For example, the obvious question is that any site that would assist the tourism industry would logically be one that would be given preference in the future policy of government. Those are the caveats that we remind Members of.

It is also important to note that because this expenditure was not budgeted in the Capital Program that we now have before the Legislature for consideration, we would have to cost the work that is called for in this motion. Should we decide to go ahead, keeping in mind the caveats that we have been talking about, we would have to bring forward a separate submission before Management Board. Then Management Board would have to decide on the merits of the

proposals regarding the protection of the site of Silver City by clearing out the channel of Silver Creek.

With those remarks, I commend the Member for winning yet another motion by receiving support from this side. We will be voting in favour of the motion.

Speaker: The hon. Member will close debate if he now speaks. Does any other Member wish to be heard?

Mr. Brewster: I am getting confused again. This motion asked to clear a channel of Silver Creek, which is not Silver City. I thought that the Minister of Community and Transportation Services would talk on this one since the Department of Highways has been looking after this creek and keeping it clear to protect the highway. I intend to be around for quite a while, and I thought that, by putting this motion forward, I could save Silver City from future battles in this House. It was quite apparent that I would not get anywhere this year, so I thought I would save it.

I was unaware that the money would come from the Minister of Tourism's budget. I thought that the Department of Community and Transportation Services would do this, because it is in their budget and they also must have some responsibility to the Arctic Institute Airport. Maybe I am saving the Minister of Tourism a little money by putting it into another department. I am a little surprised that the Minister of Community and Transportation Services did not talk on this.

I am very glad that I will receive support on this, and they can sort out between themselves who does it.

Motion No. 87 agreed to

Mr. Clerk: Item No. 10, standing in the name of Mr. Brewster.

Speaker: Is the hon. Member prepared to proceed with Item 10?

Mr. Brewster: Next sitting day.

Speaker: So ordered.

Mr. Clerk: Item No. 11, standing in the name of Mr. Phillips.

Speaker: Is the hon. Member prepared to proceed with Item 11?

Mr. Phillips: Next sitting day.

Speaker: So ordered.

Mr. Clerk: Item No. 12, standing in the name of Mr. Phillips.

Speaker: Is the hon. Member prepared to proceed with Item No. 12?

Mr. Phillips: Next sitting day.

Speaker: So ordered.

Mr. Clerk: Item No. 13, standing in the name of Mr. Phillips.

Speaker: Is the hon. Member prepared to proceed with Item No. 13?

Mr. Phillips: Next sitting day.

Speaker: So ordered.

Bills Other than Government Bills:

BILLS OTHER THAN GOVERNMENT BILLS

Bill No. 101: Second Reading

Mr. Clerk: Second reading, Bill No. 101, standing in the name of Mr. McLachlan.

Mr. McLachlan: I move that Bill No. 101, entitled *An Act to Amend the Home Owner's Grant Act (No. 2)*, be now read a second time.

Speaker: It has been moved by the hon. Member for Faro that Bill No. 101, entitled *An Act to Amend the Home Owner's Grant Act (No. 2)*, be now read a second time.

Mr. McLachlan: I have proposed this Bill to correct an injustice. There is a problem by way of definition of "home owner" presently specified in legislation. I believe it is almost a case of systemic discrimination, to coin an expression from the Minister of Justice. That is a type of discrimination that is

unintended but happens to materialize from the way the legislation is written.

Presently, the definition of a home owner is specified in three ways: a purchaser of a property under an agreement for sale; the registered owner of a property; or, a mobile home on a trailer park stall or Crown leased land.

It was never envisioned that there could be any other kind of home owner in Yukon; that is, until a unique type of purchase agreement that is characteristic of the type of deal arranged in Faro came to light.

This arrangement was necessary because of the refusal of a federal Crown corporation to fulfill its mandate as specified by the Parliament of Canada to provide guarantees of mortgage financing on conventional bank mortgages. I am referring to the Canada Mortgage and Housing Corporation that, for reasons of its own, has refused to provide this type of financing, at least for the present, in Faro.

New residents of Faro must rent or sign a rental option to purchase agreement for their accommodation. The rental option to purchase agreement requires a lower monthly payment than the straight rental agreement, hence it is naturally more attractive.

The reason for calling it rental option to purchase agreement is that there was protection built in for a number of new people coming to town who were uncertain if they wanted to commit themselves to purchase a home in a town where the principal employer was struggling to come back up off the mat. There were often questions asked about its ability to do that.

Each month that a person stayed in the house, they acquired more equity in it where, if one wished to leave after one year, the home is simply turned back to the vender, without prejudice, and the money paid is simply credited to good rent.

The same principal of increasing equity has been recognized by the insurance companies that carry the paper on the housing owned by tenants.

"The term "insurable interests in the event of a loss" is used throughout that agreement to describe the home owner's ever-increasing equity in the home.

During Committee of the Whole debate, we will be considering further information on a mortgage schedule of an annual payment required on each anniversary date that will further show the home owner's decreasing amount owing and his or her increasing equity.

However, the whole issue is simply this: 11 years ago a new piece of legislation was introduced in this Assembly to provide financial assistance in the form of a rebate of tax money from the taxing authority to someone purchasing a home and paying his or her own taxes. I would like to read into the record the relevant comments of the Minister at that time, a Mr. McKinnon, who introduced the Bill in 1976.

"Mr. Speaker, the purpose and desire of this *Home Owners' Grant Ordinance* is to initiate a program of home owner grants in an attempt to provide some relief to home owners of residential property taxes in Yukon. All schemes are a means to direct senior government revenues to precise target groups, namely residential dwellers. Initially, at least, Mr. Speaker, the recipients under this proposed program are restricted to owner-occupiers of single-family residential dwelling units. It is our intent to make payments directly to owner-occupiers of residential dwellings upon verification that the current year's property taxes are paid in full."

This is exactly the description of the people in Faro who have entered into a rental-option to purchase agreement to buy their home. They are making a payment each and every month and are acquiring an increasing equity and are paying their own taxes, albeit on a monthly basis, instead of one lump sum. That, however, is certainly not illegal as many now do that on a regular basis through their bank.

However, Faro people do not get the Home Owner's Grant at the moment. I believe they should. The type of agreement they have entered into is not covered by existing legislation. The changes that I have proposed would do that. The role of Faro Real Estate in this matter is simply to act as a vendor. In the absence of involvement by CMHC and the chartered banks, Faro Real Estate has simply purchased the stock of housing from Curragh Resources for

eventual resale to the people who wished to buy the homes.

However, since the banks do not wish to participate, Faro Real Estate then must carry the paper and sell the housing stock on the previously mentioned rental-option to purchase agreement. They simply act as a buffer between the home owner, the banks and CMHC who do not wish to participate.

I have been approached by members of all three political parties in Faro who were somewhat dismayed at not being able to receive the home owner grant monies they believe they are entitled to.

For the government Ministers who may feel somewhat uncomfortable with this type of wording proposed in the amendment, I wish to say this: I have provided a sunset type of clause that would see this particular amendment recede into history once conventional mortgage financing becomes available in Faro.

⁴⁸ I believe this will happen soon. It takes time and stability for the operation in order to ensure that.

I want to reiterate that I am not asking for anything different for the people of Faro that is not asked for or sought by those in the rest of the territory who are already qualified under the Home Owner Program.

Hon. Mr. Kimmerly: It is interesting that at a time of debate about human rights, all these issues become human rights issues. There is the phrase systemic discrimination. That is not the case, but I will not explain why. I will do that during the debate on human rights, if I am asked. It is also interesting, after considerable time as a government Member, to take on the role of an opposition Member about a Bill. It is an easier job, I think, to be in opposition.

The opposition gives the wrong impression because the government is not really in opposition with the Member for Faro's aim. We do have some concerns about this Bill. I will explain them in point form.

Firstly, the Member for Faro has said that he is not asking for anything different for the residents of Faro that is not enjoyed by other residents of the territory. I simply cannot agree with that. The Bill, on its face — the principle of the Bill — clearly sets out a different provision for residents of Faro than for other residents. It even talks about a relationship with a particular company, that is Faro Real Estate Limited. That kind of a provision in an act is discriminatory, not in the sense of discrimination about human rights at all, but it is discriminatory between people who have a relationship with a company in Faro and other citizens in the territory. Therefore, I would initially disagree, in that this Act is asking for something different for Faro.

The next question is: is that legitimate, or is that a cause that the government, which must represent all of the people, should accede to? We looked at the situation in Faro, and we have considered it very seriously. We have considered various alternatives to solve this problem.

⁴⁹ One of the alternatives is to allow tenants to take advantage of this grant. We have investigated that possibility.

Were we to do that, it would first of all be essentially a contradiction of the principle of the Act, generally. The Act is designed as relief for home owners. It is clearly intended as an incentive, or as an encouragement, to increase home ownership in the territory. That was more of a problem when this Act was introduced than it is now, but it remains the basic principle of that Act, which is to encourage home ownership and to give a benefit to persons who own their homes and pay property taxes and live in those homes. It is not available for landlords who own more than one home or apartments or whatever, because that does not promote the basic underlying policy of this program, which is to support and encourage home ownership, which is a laudable goal, which I am sure all of us will support.

Were we to extend the benefit to tenants, the program is very substantially changed in its objects and goals. I would suggest if that were the government's intention, to give a benefit to home owners and to tenants, it includes all family-housed units, and it would probably be administratively easier — and easier for the individual — to give a grant to the municipalities, allowing the municipalities to reduce their property taxes.

So, the individuals involved would not be in a situation of paying taxes and then receiving a grant back for a portion of their municipal property taxes sometime later. It would be easier on the individual citizens involved.

One can consider the possibility, instead of going the route that the Member for Faro has gone, of making a special grant to the Town of Faro, to allow them, or to make it possible, to charge less in taxes. There are obvious problems with that. It would treat the Town of Faro differently from other communities in the territory. The other communities would all have something to say about that. That would achieve the same result for the Member for Faro's constituents, that it would be an example of the real effect of this measure, which would be treating some people, or some community, differently from the rest of the Yukon.

⁵⁰ Now we could also consider the financial costs to the territory. The Members opposite frequently talk about the cost of programs. We have a preliminary estimate of the cost of the territorial-wide application of this concept of applying the grant to tenants as well as owners, and that is estimated by the Department of Finance at approximately \$276,000 per year.

I see by a news report that the Member for Faro is claiming that it would apply to 50 or 60 homes in Faro, say at approximately \$300 a home, but the provision in the law would provide for all future renters in Faro as well, so it could be substantially greater.

Also, when this Bill is discussed at length in Committee, there is a potential loophole in the drafting here that is perhaps the proper discussion matter for Committee, but I will identify it here simply as the identification of a problem, in that the way the Bill is written it provides an exemption for persons who have a rental-option agreement with a company, that is Faro Real Estate Limited. It would be entirely possible for Faro Real Estate Limited to enter the rental-purchase market in any other community, including Whitehorse, which is certainly a possibility, and if this were passed in this form there would be a substantial commercial advantage for that company to do exactly that. It would not be illegal, it is something that could happen. I would suggest, given the commercial interest of everyone involved, it probably would happen if passed exactly as it is written. So that is a potential issue with the principle of the Bill.

I have another concern. I forget the numbers — this is perhaps three or four — but the principle of the sunset clause, as it was explained by the Member for Faro, is confusing to me because the way it is worded here is that it clearly says that the Act will have no force or effect at such time as conventional mortgage financing is made available to the residents of the Town of Faro. On that wording I think it is clear that conventional mortgage financing is available at the present day, there is simply no one, or very, very few people, who are able to take advantage of the conventional mortgaging programs.

In effect, as I read this, the sunset clause would take effect immediately and consequently there is no benefit at all in changing the law. That is a concern that we might discuss in Committee. Those things might be changed by amendments.

⁵¹ The principle of this Bill is twofold. There is special consideration for Faro, and there is a sunset clause not relating to the agreements but to the availability of the conventional mortgage financing. The principle probably intended is the availability of conventional mortgage financing or, properly speaking, mortgage financing concerning these rental option to purchase agreements in Faro. It may be possible to convince a mortgage company or a bank or even CMHC to provide mortgage guaranteeing to these kind of arrangements; however, those arrangements would probably need to be changed.

The next point is the most important one of all, I think. The Member opposite has proceeded to ask the government to change the law to provide for a contractual arrangement that currently exists for 50 or 60 persons. That contractual arrangement should obviously be looked at. I am aware, and I hope the Member opposite is as well, that there are some problems with that contractual arrangement.

The first problem has been identified by the government Consumer and Corporate Labour Affairs branch to Faro Real Estate.

Perhaps the Committee stage is the proper time to make the letter available. The letter is written by the rentalsperson under Yukon's Landlord and Tenant legislation. It notifies Faro Real Estate that several provisions of this agreement are contrary to the *Landlord and Tenant Act*. I will not detail those, but I identify that concern as it goes to the principle. In Committee, we can discuss the problems that that may cause.

Speaking about that agreement, it would be far more to the point to redraft the agreements as opposed to redrafting the law. I am sure that Faro Real Estate Limited will have something to say about that because their commercial interest is involved. However, speaking from my own experience, I have looked at these agreements, and I can identify very easily that they are not agreements for sale. They are rental agreements or leases, and there is an option to purchase. As they are identified in the amendment Acts; they are rental-option to purchase agreements. That option to purchase is dependent upon many factors that are not traditionally contained in option agreements.

There was an attempt, at one time, to get them interpreted as agreements for sale, but it is clear on the face of these documents that they are not. They are lease agreements, and there is an option as well.

⁵² It is possible to draft these agreements so that they would be agreements for sale, which would accomplish the purpose of making the people who sign them and occupy the houses eligible for home owner's grants. Under the parent legislation, it is not only owners in the legal sense who are eligible, but people who have a proprietary interest by virtue of an Agreement for Sale. Those people are also eligible for the home owner's grant.

I would submit that the agreements should be drafted as Agreements for Sale. Were they drafted as Agreements for Sale, this whole problem would not exist. I recognize that that particular option has been thought of by Faro Real Estate. I would be interested to explore, in Committee, the reasons that the real estate company, as the Member opposite may know them, refused to change the agreements to make them Agreements for Sale.

I would reiterate that were they Agreements for Sale, they would fall within the government program, or the legislative mandate of the *Home Owner's Grant Act*, as it would encourage home ownership and would be a form of home ownership.

I understand the principle very well. It would certainly be in the public interest, in the government's view, to have the majority of residents in Faro taking advantage of this program, as a majority of residents of most communities are able to do.

That result is in the public interest. To achieve that objective, the government should work hard and work diligently. It is because we are interested in achieving that objective that we do not feel that we should vote against this particular principle, as flawed as it is in its wording and its presentation. We should strive to correct this particular problem, if that is possible. So, we are not, in any way, opposed to the principle of achieving the result of having the majority of residents of Faro, who have wished to be home owners and take steps to be home owners, to take advantage of this program. We have concerns about the way it is being proposed here. We will address all of those in detail, I would expect, over the next little while.

I would recommend to the Member for Faro that he renew his efforts to plead the case of his constituents with his constituents' major landlord, being Faro Real Estate which, it seems to me, to be the most likely place that this problem will be solved.

⁵³ **Mr. Lang:** I will be brief with respect to the issue before us. We have a lot of sympathy for the people who have been put into this situation. We feel there could, perhaps, be efforts or ideas that could be explored in the Committee stage to see whether or not we can come up with a solution that not only may affect the people in Faro, but the people throughout the territory.

The Minister of Government Services enumerated a number of areas that I think should be discussed at length with respect to what the financial implications would be. One area I would be interested in hearing more about was that the Minister said he had explored the concept of territorial-wide tenants being made eligible. It would

be interesting to see the information the government has in the course of debate.

There are some reservations on the overall territorial side, recognizing the situation specifically in Faro. We are going to support the legislation into the Committee stage because we believe it warrants discussion as opposed to strictly the government standing and giving a response and perhaps not full details on the reasonings for their decisions. That is our position.

Speaker: Are you prepared for the question?

Mr. McLachlan: I was waiting for the Minister of Finance and the Minister of Community and Transportation Services to jump to their feet. Perhaps they have something further to add.

The Minister of Community and Transportation Services, most specially, because at the moment he is investigating a project or scheme whereby the government could perhaps provide government-backed mortgaged financing, not only for Faro, but for all the territory. That could provide some of the answers.

In closing debate, there are a couple of things I would like to bring up. The Minister of Justice has raised the issue of defining Faro Real Estate Limited as operating only in general. The intent was that it would only be in the Municipality of Faro and that could be corrected by amendment to include the boundaries of the municipality of Faro and those are defined really well.

I find it just a little interesting that this type of speech — this type of presentation — is coming from the Minister of Justice, who at the moment is the proponent of a bill designed to prevent discrimination.

Number two, I would further ask the front benches of the government, all of them, who at one point or another may have dabbled in financing or purchasing of a home, which among you was able to purchase a home without getting that bank to ask for a guarantee? I think it is a little ridiculous and a little foolish for the Minister of Justice to stand up and say that maybe CMHC could be appealed or talked to. I am putting forward that that type of conventional mortgage financing is not available in Faro. That is a national policy decision. Far be it from the Member for Whitehorse South Centre to suggest that he or any Member of the front bench is going to alter a decision made in Vancouver or Ottawa.

⁵⁴ I am distressed with it. Many people in Faro are distressed with it. We hope that changes will be made soon. At the moment, it does not look like it is forthcoming in 1987, that is, unless the Minister of Community and Transportation Services can come pounding to our assistance on his white steed and say he has solved the problem. So far he has not said or indicated that. We hope he has some golden goodies to put forward at some point.

I ask the the Minister of Finance if, when he purchased the home that he is in on Sunset, he was able to do it without the cooperation of a bank. I say "cooperation" because that is a very loose term with banks these days. They will only get involved when there is someone to guarantee them. The risks that a charter bank takes is titled by one three letter word: zip.

I am most distressed by the response from the government side. They could have done better. The Minister talks about dealing with all people of the territory fairly, but that that appears to be 15 ridings, not 16.

Motion agreed to

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

Speaker: It has been moved by the honourable 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

⁵⁵ COMMITTEE OF THE WHOLE

Chairman: Committee of the Whole will now come to order. Is it the wish of the Members to continue or to take a brief recess? We will now recess until 7:30 p.m.

⁰¹ Recess

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

Bill No. 99 — Human Rights Act — continued

Mrs. Firth: I just know that the Minister of Justice is dying to have someone ask him what his explanation of systemic discrimination is. So if he could be so kind as to tell me what systemic discrimination is, I would appreciate it.

Hon. Mr. Kimmerly: The concept of systemic discrimination is now well established in Canadian law. The question is to explain it. Really the best place to start is in the guide where it is explained. I will not read that as it undoubtedly will be an insult to Members. It is section 11 for Mrs. Firth's benefit. I think it is explained very well there.

The best examples have been in the application of height and weight qualifications for jobs. There certainly are some height and weight qualifications that can be justified as reasonable for some jobs. It is clear that some races, specifically Orientals, are generally not as tall as most Caucasians. It has been the case in Canada that height restrictions have, in effect, resulted in certain races not being eligible for jobs, and when it is looked at objectively, those height qualifications are not necessary.

A good example here is a Canadian National Railways case where there was a qualification for the job of being able to lift 300 pounds, I believe it was, which disqualified most women. Looking at it objectively, the job did not require that degree of physical prowess, and it was absolutely clear that many incumbents who were in the job for years performing perfectly adequately could not lift 300 pounds.

⁰² Those kinds of qualifications are called a systemic discrimination. It is a discrimination that exists because of a system.

Mrs. Firth: That is what I understood so I gather that is what the big lecture to the Member for Faro was about, how his Bill was not really systemic discrimination and he had it wrong. Maybe we will get it right in Committee of the Whole.

Mr. Brewster: I am going to give a couple of examples. I have a little problem with what this discrimination is all about. I was in the outfitting business for about 28 years. If there was a guide who was completely qualified above everybody else who did not fit in with the rest of the staff. They did not like him, but there was another person who was less qualified, but everybody worked for him. If I took the other person out and replaced him with the less qualified man, is that discrimination and could he take me to court for that? Remember we are out there for 90 to 100 days and this more qualified man did not fit into the camp.

Hon. Mr. Kimmerly: No. It is clear that in that situation one of the qualifications for the job is to be able to get along with other people in that kind of a camp setting. The Member is saying that the person who is "less qualified" is in fact a better employee. If that person is a better employee, they are more qualified if the qualifications are written properly. It will be the employer who determines the reasonable qualifications.

⁰³ **Mr. Brewster:** I am glad that we are getting a little bit settled here. However, that is just the Minister saying that. It is nowhere there and, as I understand the Bill, if this man feels that I have been unjust, he can drag me through court. Who makes the decision if he goes to the Commission or a few other things? They are making a decision and I, as an individual, and all the outfitters and all construction outfits would end up in front of the Commission justifying who they hired and why they hired them.

Hon. Mr. Kimmerly: The Member for Kluane, Mr. Brewster, is known as a fair man. He has been in the outfitting business. I am sure that there were no complaints about the way the Member hired when he was an outfitter.

There may have been one or two, which the Member would know, as being unreasonable or unjustified for particular reasons. For fair people, and I am not implying that the Member for Kluane is not, I am saying that he is known as a fair man, and I am sure that if he had a reason to employ one person over another, he had a

reason for it. He is able to express it. I am sure it is a reasonable, fair reason. That is all that is required of any employer.

Mr. Brewster: When you get a compliment, I guess you are not supposed to say anything back on it. Let us put it this way: I have been dragged into court three times in my life. All three times, the court cases were thrown out, and I put in the bills for my lawyers and everything else. They were brought in on frivolous things, and there was not near the regulations or the discrimination things that there are now.

⁰⁴ There are people in this world who spend their time running around on something like this. As Mr. Lang pointed out, there is now a book out where people make a living at running around showing how to get grants and live off them. People would run around dragging you in.

I have also read a little article where a man made a statement, that is quite true, that most of us, rather than be dragged through court, will turn around and pay these people off or give them things. This is true, and he says I am an honest man. I can name four cases in my business in the lodges where I paid people off rather than be dragged into Whitehorse 100 miles to go to court. With this new law, it is going to be five times as bad.

Before I sit down, I have one other thing. The Minister keeps saying that I am an honest man. Well, that is fine. He has known me for four or five years. Maybe we know each other a little better, but the Commission does not know me, and there is a lot of people who do not know me, and the judges do not know me. They do not just say, "Well, he is an honest man; what he did is right." Let us not play around with this. I would be dragged in front of those Commissions.

Hon. Mr. Kimmerly: That is a one-sided view. There certainly are persons who are not fairly dealt with in the community, and there should be a place for those people to turn and to get a determination by other fair-minded people as to who is right. Mr. Brewster talks about being in court four times, I believe he said, and that is not unusual. I am sure it were done under, perhaps, legislation, perhaps disputes between individuals do not involve any legislation.

⁰⁵ The statement that I made that he was a fair man is borne out because he won those cases. I do not see how that is in any way a criticism of human rights legislation.

Mr. Brewster: It is nice to live in a dream world, but when you have had your fingers burned as many times as I have in this world, you face the reality that everybody is out for the quick buck, or everybody is out to get even with you if you do not turn around and pay off when you do not really have to pay off. I have been to court, I might say, quite a few times more than four; I have won quite a few of them. Some of the others I have lost, I guess. I am not going to continue to argue this, but it has certainly been made very plain to me that outfitters and construction outfits who refuse to have certain types of people in their camps because they do not fit in, they do not belong there, are the troublemakers to start with — we know them, we lived, and I have worked for years with this type of people — and I can name one heck of a lot of them right in the Yukon now who go around and cause disturbances for construction camps and outfitters. They will be dragging you in.

You say that nothing happened because I won all four cases. Yes, I travelled 100 miles and someone else had to run my business, I had to pay my lawyer, I lost a whole day's work, but yes, I did well, the judge said I was innocent, but nobody helped pay my way.

Hon. Mr. Kimmerly: Those are good arguments to support providing a cheap and efficient way to solve disputes, as opposed to going to court, which is one of the things that this Bill will do.

The Member talks about people who are known troublemakers. If you are not hiring a person because of their known record of inability to do the work, or disruption or something, that is not in the list on page 6. It is the same as if you are a landlord and you do not wish to rent premises to people who have wrecked the premises that they came from.

⁰⁶ If you do not rent to them, that is not a discrimination. It is reasonable and prudent business for landlords and employers to ask for references. The references are reviewed and a judgment is made

based upon past performance. That is not discrimination; it is reasonable and is a practice that exists and will continue to exist.

Mr. Brewster: I have no problem, now, and I know now how I will be voting on this issue. The Minister is living in a dream world. People who are in business do not have time to run around over these things. There are a lot of people who do not have references. A man could have all the references in the world, be one of the best guides in the Yukon, but if he does not fit in with the rest of the people, he is not wanted. However, if it went before a Commission, they could refer to his good references. He could bring his employer before the Commission because he has the references, but he does not fit into the crew.

Mrs. Firth: I think the issue that the Member for Kluane has raised is a very serious issue. I do not think that it is only outfitters who have expressed this concern, but I believe that Indian Bands have also. It seems that the employer, he or she, is going to be losing the ability, whether or not the Minister thinks he is, to make a determination as to who their employees are and on what basis they are hiring individuals. That is the concern that the Member for Kluane is expressing.

The example that he cites is of one guide who is less qualified, but gets along better with the other guides and with the owner of the outfit, as opposed to another guide who is more qualified and does not necessarily get along with anyone, is appropriate. The outfitter hires the individual who is less qualified for reasons of his business interests.

I do not see anywhere where that employer is going to be protected because of this Human Rights Bill. That person is going to be able to make a claim of discrimination against that employer. It is going to be up to the employer to give valid reason to a Commission. As the Member for Kluane has pointed out, he may not know the merits, strengths and character of the business person in question. The business person is going to have to defend himself or herself and prove that an act of discrimination has not been committed.

⁰⁷ The Minister says that cannot happen. Could he please tell us why that cannot happen and where in the Bill it prevents it from happening?

Hon. Mr. Kimmerly: It is odd. Mrs. Firth claims that she supports human rights, and she comes up with such a lame excuse as that.

Employers will hire the person who is best qualified for the job. The employers will determine the reasonable qualifications for that job. Employers who do not do that risk their competitive advantage, and well they know it.

The Act has no provision that is contrary to the proposition that employers may and should hire the person who is best qualified for the job. The employers will determine the reasonable qualifications for that job.

Any employment situation is two-sided. There is the employer's interest and the employee's interest. Reasonable legislation will not interfere with the ability of the employer to hire the person who is best qualified for the job. This Bill does not do that. There is no quota, or anything like that, about hiring under-privileged people at all. The employer will hire the person who is best qualified for the job.

There are people in this territory who cannot get a job with some employers because they are Indian, or because they are of a different religion, perhaps, or because they are not Indian — it works both ways — or because of their political beliefs, or because of their sex. Those people have a right to compete along with everyone else for a determination of if they are the person who is best qualified for the job. That is all that the Bill is asking for: the right to compete, to see who is the best qualified.

That is a human rights principle. If Mrs. Firth truly believes what she previously stated, she is opposed to human rights and opposed to a policy of nondiscrimination in obtaining and retaining employment.

⁰⁸ **Mr. Lang:** I just want to make a point here. I like the way he says somebody is opposed to human rights. I recall a meeting he went to and because some people spoke against the Bill he blamed them as being all Conservatives.

This man across the way who so sanctimoniously stands up and says because somebody asks and quizzes what exactly a section of the Bill or the general principle of the Bill says, obviously you are opposed to human rights.

I think the Minister better give his head a shake.

Mr. Phelps: The Minister obviously does not understand the concern of the Member for Kluane or the Member for Riverdale South, it would appear to me.

Take the situation of the outfitter who does not choose a person who happens to be gay. There is a heck of a good chance that that will be tested. That person will say, "You know the only reason he did not hire me was because ... because I have good qualifications" and that will happen if this Bill ever gets through. That will happen.

People will be dragged into the position that the Member for Kluane found himself in and forced to spend a lot of money. How do you prove that it was not, all things being equal? Then you have Section 1, and the way it reads is that you have to provide special accommodation, special provisions in connection with employment, for these people. That will be argued. It is bound to be argued. Whether the argument will be successful or not in each and every case is not the issue. Whether people like the Member for Kluane who spent all this money and has been hassled by all these new Commissions, whether they win or not is not the issue. It is going to be awfully expensive and a hassle, and that is the feeling of a great many people in a small business. A great many people are going to be awfully careful before they hire anybody, thanks to the Minister.

Hon. Mr. Kimmerly: The Members across the way have said on numerous occasions that Yukoners generally are fair-minded people and are not discriminatory people. I agree with that. I think that is right. I think that we are, on the whole, a fair-minded, reasonable group of people up here. Employers, when making decisions, in the vast majority of cases, decide to select a person for the job because they recognized that that person is the best qualified for the job. That is exactly what should happen. That is what does happen and that is what will happen.

There are cases where discrimination occurs on all of the grounds listed in Section 6. Where a complaint is made about those issues there should be a procedure to follow to solve the dispute, to decide the complaint as to who is right and who is wrong. That is all we are asking for and we are laying out the procedures to do that and it is a procedure that is simple. It does not involve courts unless there is an appeal, or lawyers, although there is a right to have a lawyer if a person wants one. That is all the principle of the Bill is.

⁰⁹ What is so bad about that?

Mr. Brewster: I am going to give a couple more examples, and the Minister should look at these, too, of what he creates and what happens.

I know of two very large companies in the Yukon that put out applications for people for certain jobs. When the applications came in, there were two people they did not want. They took a look at it, destroyed the applications, cancelled it and there are now two jobs that people could have had, but nobody is working, because they did not want to get in the hassle with the present laws the way they are, let alone with these laws. They cancelled those jobs. There are now two jobs that young people could have had and gone to work there. There were people qualified on that thing but, when they took a look at it and there were two other guys more qualified than them that they did not want around their company, they just closed the job down, and there is nobody working there. That is an example of what is going to happen. It is happening right now.

Hon. Mr. Kimmerly: I fail to see the logic of the Member for Kluane. If it is happening now, under I do not know what law — would it be the Employment Standards law, the Workers' Compensation Board — but it is occurring now, let us fix it. I am interested in what law, but it certainly could not be Human Rights, because this is not the law. I fail to see the logic.

Mr. McLachlan: I have a few questions with respect to the Minister's interpretation of the prohibitive grounds under pregnancy and pregnancy-related conditions. It comes to mind because of the example the Minister used earlier this evening of someone who had to pass a qualification for lifting 300 pounds.

I have seen a case where I believe that the woman should have been in the period of pregnancy leave but, human nature being what it is, this particular individual wanted to work right up until the final time to draw a paycheque to cover the time when she would not be at work, I guess. It involved a case where the individual was employed in a warehouse and was lifting heavy shovel teeth and shovel adapters onto shelving from the shipping and receiving area.

Is it a reasonable ground for exception in the particular case related to pregnancy that an employer could put in an individual may not work past the eighth month or seventh month, or is that too restrictive? How does an employer protect himself against a lawsuit by the employee, or potential internal damage, in this case, for the unborn child? What is reasonable in this case?

Hon. Mr. Kimmerly: It is impossible to give an absolutely specific answer. I can answer about some jobs, for example, as an airline pilot. I think that the physical restrictions in the cockpit of the airplane and the possible danger to the fetus, there is probably a limit, which everyone will easily agree that the pregnancy becomes a disqualification to perform the job. There may be other jobs.

For some particular jobs, it is probably relatively easy to pick that limit. However, my suspicion is that, in most cases, it will depend on the health and the ability to perform of the pregnant person. If it is an office job requiring relatively little physical exertion, the ability is hardly impaired or, I would argue, is not impaired whatsoever until the day of the delivery, if the expectant mother is healthy.

¹⁰ The test that should be applied, in my view, is an individual one, much like the test on age. As people get older, their physical ability declines. The test should not be an arbitrary age. It should be an ability to perform the job exactly as the ability to get a driver's license ought to be based on the ability to see, to understand the road signs and drive the car. I see it an individual test.

Mr. McLachlan: Would the Minister agree that it is a reasonable request of the job that the employee undergo a medical examination? If the woman's doctor makes the suggestion that she no longer continue work, and that employer asks the woman to abide by that medical recommendation, are those sufficient grounds?

Hon. Mr. Kimmerly: I am not sure if I agree with the precise wording, but I do agree with the concept. If there is danger either to the pregnant person or potential danger in which the employer may be involved, the answer is yes. There is a controversy over the possibility of damage to the fetus of operating video display terminals for long periods of time. There is a Government of Yukon policy on that issue. Those kinds of issues can be solved by applying common sense rules to these situations.

Mrs. Firth: I can see the Minister is taking a whole new approach tonight. He is coming out tough and strong. I guess he is going for the offensive approach instead of the defensive approach. However, he does get in the odd shot in talking about oddities, lameness and so on.

We are getting into a very interesting area of the whole Human Rights Bill, and that is the one that is going to deal with the concept — the Minister likes to talk in concepts — of equal pay for work of equal value. Some of the work that the Commission is going to be doing is conducting education and research on the principle of equal pay for work of equal value in the private sector.

The Minister talked about some of the examples that were raised tonight on potential areas of discrimination between employers and employees. The Minister, as well as the Member for Faro, used the word "reasonable" tonight. I have been through this debate with the Member for Whitehorse South Centre before under different circumstances about the interpretation of that word.

¹¹ I believe we both arrived at the conclusion that what one considered to be reasonable was not always the same as what another considered to be reasonable. I am sure that on this Commission that is going to consist of some three to five members, there could well be three different opinions of what is considered reasonable. I heard the Minister talk about the employer hiring employees based on reasonable qualifications. I am sure the example that the Member for Klwane brought forward was a reasonable set of qualifications that he felt his employees were to

have. However, that does not mean that the Commission, which will be making the decision once there has been a complaint of human rights violation, will be looking at the case and they will be determining whether they think it is reasonable or not. Then the Minister talks about this Bill being reasonable legislation and that it would not interfere with employers being able to hire employees based on reasonable qualifications. It just leaves too much open to interpretation. I recognize that we cannot, in a line or five, put down everything that is going to be considered reasonable or unreasonable in the different circumstances.

In order to further the debate, I would like to ask the Minister, since he is dealing in concepts, what the government's concept is, or how they see the whole pay equity, equal pay for work of equal value concept, functioning in the Yukon Territory when it comes to relationships between employers and employees particularly.

Hon. Mr. Kimmerly: The government's policy, as expressed in this Bill, or to use another phrase, the government's concept, which was the phraseology of the question, can be demonstrated practically and in its particular because the previous Conservative government, under Mr. Pearson at the time, was far-seeing and progressive enough to have a Job Evaluation Study performed on the public service of the territory. This Job Evaluation Study evaluated all the jobs. There were actually a few they did not: Deputy Ministers, Yukon College and all the casuals, which are now auxiliaries, and those categories. They evaluated all the other jobs and they put them into ten categories and they used a point form to evaluate the skill and the effort and the responsibility, all those things.

When we came to power, we were fortunate enough to benefit from that progressive decision of Mr. Pearson and his then Cabinet, and we have all this information. The Cabinet of the day applied the principle of pay equity, or the job evaluation, and that is the situation today, so we have a very practical test.

Many municipalities have already done this. I believe 20 of the states in the United States have, Australia has and New Zealand has, many of the countries in Western Europe have, and for governments there is a substantial technology already established and it can be demonstrated.

I could talk about the general policy. If Mrs. Firth wants something more specific, we can get very specific.

¹² I recommend it be done in Committee, if at all, here in the House. The public service here has the expertise now, because we have done it. I am not the Minister, but I am sure I can convince the Minister to supply more specific information if the Member would like it.

Mrs. Firth: I have no doubt we are going to get very specific before this debate is finished. The Minister has just got up and uttered a whole bunch of comments that really need to be responded to in order to clarify the issue for people who are new to the Yukon, particularly the media, who are responsible for reporting the debates in this Legislature and the past history.

For the Minister to somehow allude that we, as the former government, almost implemented the JES is wrong. In a way, he was skirting around and trying to say that we made a very progressive, responsible decision.

The history of it is that a Job Evaluation Study was done, but it went no further. Nothing had been implemented, and it had not been acted upon at all by the previous government. The Minister says that is what he said, but I am sure that when he reads *Hansard* tomorrow it will look very much like possibly it could have been done.

I will be fair to the Minister. Maybe I am being overly sensitive, but it is only about the third or fourth time I have heard the government Members say that in reference to the Job Evaluation Study so, perhaps, that is why I am getting a bit sensitive to the fact they are trying to make it sound like maybe we were partially responsible for implementing it.

Now that we have that straight, the former government commissioned the study. This government implemented it on January 1, 1986. I do not have to get into the specifics with the Minister about the Job Evaluation Study and the impact it had on the civil servants, because I have been briefed by the Public Service Commissioner.

The Government Leader was kind enough to extend to us a briefing session with his officials, and I took advantage of that briefing session. I feel that I am familiar enough with the process of how the jobs are homogenized and how the salaries are arrived at and the 10 levels and the different percentages, the scale and how the whole study works and has impacted on the civil service. I understand that concept.

The Minister talks about how this has been done all over the rest of the world. I do not know where, whether it is global or whatever. I am familiar with some of the places the Minister mentioned and a couple more that have been left out.

Again, the Minister tries to give the impression that this was implemented as a blanket solution everywhere, that it was consistently the same everywhere as it is here in the Yukon and that everything is fine. That is not true. I can give just one example of equal pay for work of equal value, pay equity, the concept that the Status of Women and people lobbying for this and the NDP Members across the floor like to just drop out pay equity. How can you disagree with it? It is motherhood and apple pie; it is equality of wages for women, and if you disagree with it, you believe in the economy growing on the backs of women, and all the rest of the things the Members opposite are going to say.

Let us just keep in the back of our minds the concept of pay equity for a moment, because we are going to discuss more about pay equity. So, this pay equity that has been established everywhere else, I can give an example of the system of pay equity — this point system, and I will get into that further later — about some of the results that it has produced.

¹³ For instance, in Wisconsin, the system dictates that nurses' jobs are worth 50 percent more than those of electricians. This is the comparison of jobs, pay equity. Nurses' jobs are worth 50 percent more than those of electricians. In Minnesota, which borders Wisconsin, the nurses are deemed to be worth 20 percent less than electricians. Where is this concept that the Minister is saying is working just fine, and it is therefore going to work for the Yukon Territory? That is just not so.

When I asked the Minister about getting into the specifics and the concepts of what this government believes in, the government's philosophy when they talk about pay equity, I want the Minister to tell me what they believe pay equity is. It is a very emotional term that is put out to the public. Each one of us is either for or against it. A total description of what it means is not given, but everyone is either for or against it. If someone is against it, they are somehow against women. I want the Minister to tell me what this pay equity is that makes me against women if I do not agree with what the NDP's version of pay equity.

Hon. Mr. Kimmerly: Mrs. Firth says "if she does not agree". She is on record as not agreeing and voting against pay equity on the *Employment Standards Act*, where I am on record as agreeing and voting for it. She makes the point that the previous government did not implement pay equity. That is absolutely right, they did not. She is somehow ashamed of the process.

We are not ashamed of it at all. We applied it, and we are proud of it. Almost all of the women in the territorial government got a raise. We are proud of that, but it should have happened a long time ago. That is the principle that we are now proposing to put into legislation as a legislative guarantee for something that we have already put into place administratively.

Different States in the United States have used different systems. I would not be one to tell any particular government employer to use a particular system. All we are stating in this legislation is that that principle of pay equity be put into the law as the proper principle to evaluate government jobs, not private sector jobs. The systems that are used will be chosen by the municipalities, in this case. That is the practical issue. The municipalities have a range of systems to choose from or they can make their own as long as the guidelines in the legislation are honoured.

¹⁴ We are legislating the policy guideline, not the specific system. That is exactly the appropriate level for the legislature to enact as a law and the specific systems ought to involve the particular administration or the suitability of a particular system to whichever government applies it.

Mrs. Firth: The Minister is wrong and he knows it. He is wrong and he is inaccurate. He is just presenting it the way he wants to present it, the way he wants people to hear it, the way he wants women to hear it.

From what the Minister has said, I get the feeling that, to them, there is pay equity that is just purely pay equity and the only purpose of that pay equity is to raise the salaries of working women. That is my understanding of what the Minister is saying. They are going to have pay equity and that is what they are going to do and that is all there is to it.

This whole issue of pay equity is far more complicated than the Minister would like to let on. It has been found all across Canada, or anywhere that the concept of pay equity has been discussed, that legislators and legislatures have been very reluctant to debate the whole issue of pay equity. What happens is that the politicians are lobbied and they are pressured to accept the term "pay equity" without asking any questions.

I am not prepared to do that. I am not prepared to say, "Politically, I better accept pay equity or else I am going to have the women mad at me. After all I am a woman and I should agree with the concept of women's salaries going up, and if I do not accept this, and if I do not agree with it, then I am against women."

That is wrong; that is absolutely wrong, and the Minister knows it. I am not going to be a legislator who is going to be the kind of politician who just backs into a corner because there is going to be too much public pressure if I question this. I am going to stand up and question it, and I am going to do it in very great detail.

These are the facts. This is the whole fact about pay equity. We have three concepts, not one like the Minister would like to talk about. We have equal pay for equal work. I know the NDP say that is all passe; that was a trend that happened a long time ago. Pay equity is the latest trend. Equal pay for equal work, number one, which means that both men and women doing the same job get paid the same salary.

According to women's groups, that is no longer an issue because evidently that is supposed to be happening. It is happening. The Status of Women tell me that that is no longer an issue for them. That issue has been resolved. Number one concept, equal pay for equal work.

¹⁵ There is a second concept called equal pay for similar work.

That concept means that if you have a man and a woman doing similar jobs, that the man can no longer be paid more than the woman because he is head of the family or is the breadwinner; or you have two women doing the same job and she is the head of the family or the breadwinner; and if they are doing similar jobs, they must be paid the same salary.

The former government put that clause in their *Employment Standards Act* when they amended it.

I am not embarrassed about the record of the former government when it came to women's salaries and looking after opportunities for women in the employment sector.

I want to read the clause into the record from the *Employment Standards Act*. It states it very clearly about equal pay. It is on page 28 of the *Employment Standards Act*.

Chapter 25, part 7, clause 43(1): "No employer or person acting on behalf of an employer shall discriminate between his male and female employees by paying a female employee at a rate of pay less than the rate of pay paid to a male employee, or vice versa, employed by him for similar work performed in the same establishment under similar working conditions, and the performance of which requires similar skills, effort and responsibilities, except where such payment is made pursuant to . . ." — now, that takes in equal pay for equal work, and it takes into account equal pay for similar work — ". . . except where such payment is made pursuant to . . ." — and this is significant — ". . . to (a) a seniority system, (b) a merit system, (c) a system that measures earnings by quality or quantity of production, (d) a differential based on any factor other than sex."

Now we are going to talk about the concept of equal pay for work of equal value. That is the third concept, number three. The concept of equal pay for work of equal value is a process by which jobs are

compared on the basis of worth. Someone has to set the schedule of worth. In this circumstance, I am assuming, or it is my clear opinion from reading this legislation, that it is going to be the Human Rights Commission that does that.

Whether they take it one step further and have what is called a pay equity commission, we will just have to wait and see. That is usually the standard procedure. The Human Rights Commission establishes a pay equity commission.

How does this point system work? They compare jobs — a head nurse or a nurse to an electrician — and they assign a certain number of points for four main areas. The areas are this: knowledge and skills, mental demands, responsibility, working conditions, and that is it.

¹⁶ That is it. They total the points, and the jobs are paid accordingly.

I have discussed this with many people within the civil service, with many business people, with employee and employers. They do not realize that there are three different concepts to the whole innocuous little phrase "pay equity". Frankly, I am getting a little tired of people throwing around the term "pay equity" when it takes into account three different concepts. Those are equal pay for equal work, equal pay for work of similar value and equal pay for work of equal value. The Minister is right. I am against the concept of pay for work of equal value because I do not see it working. It cannot work. It has been proven that it is not a benefit. The Members are now shaking their heads, no. Maybe they should talk to a few of their employees about merit and whether or not they think that counts, about seniority and whether or not that counts or not.

Maybe the Minister of Health should talk to people in her department. Some people think that counts. Some people think that legislators have to be responsible and examine all the concepts, not just one that the government throws out and that is reinforced by another group. They are told that they have to accept this because it is politically unwise not to.

There is a great concern within the Yukon Territory about what this government is doing when it comes to employee-employer relationships. It is a big concern. The Members chatter amongst each other, shake their heads and smile. They obviously do not think it is. It is what they see as the new socially reformed Yukon Territory, the total world, the Utopic society in the Yukon. Everyone is going to be equal.

Let us be realistic. If this has not worked in other places, why are we contemplating doing it here? Why are we not listening to the business community who has a real concern about it. The Minister will now say that the Commission is going to conduct education and research on the principle of equal pay for work of equal value. We know it is their intention to have it imposed on the private sector. Both the Minister of Justice and the Government Leader have said that.

How can the Minister tell me that the legislative policy will be a guideline, not the system, when this law is going to affect the system, and it will affect the system. Someone is going to have to make this decision as to what jobs are worth.

¹⁷ It is fine for the civil service to make it. It is fine for the employees in the Public Service Commission to make that decision based on precedents that have been set elsewhere and files and files full of examples, comparisons and point systems. What is going to happen to the private sector when it comes time to impose this on the private sector? We are not just talking about pay equity, we are talking about a concept where an example like the Member for Kluane brought forward, where the employer is not going to have the ability to determine whether their qualifications are reasonable qualifications. They are not going to be able to make that judgment anymore, or make that determination because the Commission is going to determine whether it is reasonable or not. They are going to determine it based on pay equity and whether they think the jobs are being paid on a fair basis and a comparatively worthy basis.

How then does it make the legislation reasonable that it will not interfere with employers abilities to set their qualifications as to what they desire in the employers who are going to be representing their businesses and working in their businesses? I am looking

forward to hearing the Minister's comments, and I hope they are going to be constructive and we are not going to talk about oddities and lameness. I am looking for some concrete answers. Again I say to the Minister: please do not get up and explain the whole Job Evaluation Study to me because I am familiar with that process. I want to know about the concept of pay equity.

Hon. Mr. Kimmerly: I thank the Member opposite for the question.

Let me first say that the phrase "pay equity" was first used by Judge Rosalie Abella in Ontario, or first popularized and recommended by her. It does not refer to equal pay for equal work and it does not refer to equal pay for similar work or substantially similar work.

Pay equity refers to equal pay for work of equal value, which is a concept and a principle that we have debated here in my lifetime in the legislature five times. I believe this will be the sixth.

I wish to quote — I will read the quote — and this is all about pay equity: "As the women of Canada know, there is some distance between the principle of equality, widely accepted, and its reality, still far short of achievement. It is the duty of Parliament and government to help ensure that Canadian society travels that distance as quickly as possible.

"This will sometimes require the exercise of your power and it will always need the power of your example. Economic equality is the vehicle through which women will come to full partnership and participation with men in our society.

¹⁸ "Parliament has committed the federal jurisdiction to equal pay for work of equal value. My government agrees that this concept is one of the keys to achievement of economic equality for women. My Ministers will enlist the cooperation of women and men in the private and public sectors in seeking to define further, and to implement, this concept. My government will also accelerate efforts to increase employment opportunities for women in the federal government and its agencies, boards and commissions."

The author is that great Canadian socialist, Brian Mulroney, in the 1977 Throne Speech in the Canadian Parliament. Before the last federal election, I watched the three federal party leaders on national television all tell the people their party's position on pay equity, on equal pay for work of equal value. Those positions were remarkably similar. They were all supporting that principle before the election, and the Conservatives federally, God bless them, after the election. It is one of the promises that they kept in the second-last Throne Speech, clearly and forcefully.

The principle of pay equity was adopted by the Canadian Parliament by a unanimous vote in 1977. When are the dinosaurs across the way going to wake up?

The government supports the principle of pay equity. The government is proposing in this Bill that the principle of pay equity apply to the public sector in Yukon, the territorial government, its boards and commissions, and the municipalities and their boards and commissions. That is a principle that we stand for, that we stood for before the last three elections. It is a principle that the Conservatives oppose, we know. It is a philosophical difference. It is time to vote on the issue and proceed.

The principle here is a principle that is well accepted, and is accepted by the European Economic Community and in over 100 states and local governments in the United States. The real issue, or the modern issue, is pay equity in the private sector, which is not imposed in this Bill. There is a provision in section 15(2) to do research and study that particular issue. The Province of Ontario has recently proposed legislation. I would like to quote a reaction to that legislation from that great socialist, the Conservative Leader Larry Grossman.

¹⁹ On November 25, 1986, the *Globe and Mail* says, "The Conservative Leader, Larry Grossman, panned the Bill for failing to cover many workers such as those in libraries and child care. The Bill is not unfair in requiring businesses to stop a practice that has been going on for years: the undervaluing and underpaying of women. By and large, the principle of private sector pay equity is the right principle, and I think most businesses will be able to cope."

We have the Prime Minister and the Conservative Leader in

Ontario, the Provinces of Quebec and Manitoba way ahead of us on this issue. The principle of obtaining economic equality for women is a principle on which we campaigned in the last three elections. It is a principle that we hold and one that we are proposing to enshrine in legislation in the public sector.

Chairman: Is it the wish of the Committee to recess?
We will recess for 15 minutes.

Recess

²⁰ **Chairman:** Committee of the Whole will now come to order. Bill No. 99, *Human Rights Act*, general debate continued.

Mrs. Firth: The Government Leader starts out, "Let us hear it for the 18th Century." If this government is going to lead the Yukon in the direction of the trendy little things that everybody else is doing, I think they are going to find out that pretty soon the trends are going to wear off — the trendy little phrase, "pay equity". Do not stand up and discuss it. Do not stand up and tell us what you think it is. No. Do not do that. Just sit there and smirk and snicker and laugh.

The Minister of Justice and his colleagues have a way of absolutely lowering the level of debate to I do not know what. The Minister thinks that is funny. He is going to sit and laugh. He thinks it is hilarious. He thinks it is really comical.

The Minister stands up quotes Brian Mulroney and he quotes Larry Grossman. His smart remarks do not elevate the quality of debate. They bring it down. I would never be as presumptuous as to compare myself to Brian Mulroney.

If they have a concept within the federal government that they are agreeing to that they want to apply to all of Canada, or whatever they want to do, that is fine. Let us get back to the Yukon Territory and what is best for Yukoners. Let us talk about the Yukon Territory and the people who live in the Yukon Territory, and we, as politicians and legislators, who are responsible for making the laws that Yukoners are going to live by.

Now that the Members have settled down, maybe we can get back to some constructive debate and talk about what is best for the Yukon people and how things are going to affect their future.

I get tired of the Minister doing it over and over again. When he does not want to tell us something, or he has no answer for a question, he comes back with some of the most inane, rhetorical statements ever.

²¹ Sometimes he gets a little on the nasty side. He likes to do that, he likes to be that way.

We are talking about something that is going to affect the businesspeople of the Yukon. It has already affected the civil service; it is going to affect all Yukoners really, all Yukoners — young people who are graduating from school or going to university who are going to be going into the job market, people who are already in the job market.

I remember in May of 1985 when the NDP formed a minority government. We had all this talk in the media. The media were going on that the Conservatives were using scare tactics. They were saying that the NDP are socialists and are going to socialize the whole Yukon Territory, and that is not going to happen. A year later we hear that that was all talk and bluster and that has not happened. They are not socialists. They are for what is in the best interests of Yukoners.

What is in the best interest of Yukoners? Look at how Yukoners lives have been affected so far. We have the JES that has been implemented. Sure, the majority of people's salaries went up. I am sure all of the employees whose salaries went up were women. I do not know if any men's salaries went up or not. That is fine. We have the JES homogenization, equal pay for work of equal value within the civil service. That is a start.

In the meantime, the civil service is growing and expanding with more and more employees. Then we get free Medicare in the Yukon. That is another social reform to the Yukon Territory. We move along and we purchase a couple of private homes, 501 Taylor Street — now I understand there has been a six-plex purchased on Hanson Street or somewhere.

Hon. Mr. Kimmerly: Point of order. The Member opposite is talking about Medicare and 501 Taylor. Those are not contained in Bill No. 99.

Mrs. Firth: I believe I am talking about concepts, as the Minister uses the word so freely, and I am comparing one set of concepts to another. If the Minister would be so kind to allow me to finish — I will wait for your ruling to see if I may finish — I would like to carry on with my debate.

Chairman: There is no point of order.

Mrs. Firth: As I was saying, again this is another tactic the Minister uses when he does not like something that one of the Members in Opposition are saying, he jumps up on a point of order. Mind you, his colleagues have had him in better control this time. I have noticed he has not been doing it quite as much in this sitting of the legislature as he was before. The Minister of Community and Transportation Services laughs and thinks that is funny, but that is a tactic that is used.

²² **Chairman:** Order, please, order.

Mrs. Firth: May I may get back to my debate about social concepts. We had the job evaluation study implemented. We had free medicare. We purchased a couple of private residences. I will not mention the names of them if it offends the Minister. Then we moved on to the government continuing to grow. Now we are getting the Touche Ross Report that says there is going to be an annual growth of 7.6 percent, spreading government all over Whitehorse. There will be more employees all the time.

We find out that there is a \$72 million social housing program coming, another new social reform for the territory. We purchased Watson Lake Forest Products.

The Members all get annoyed when their record is put before them. Now, we are coming to equal pay for work of equal value, the height of social reform for the whole Yukon Territory, the height of social reform for the business people of the territory.

Who are these people to come and impose their social values and reforms on the Yukon? The Government Leader is shaking his head. He will say that they were chosen by the people in the last election: "We were chosen. We have a mandate." We have a minority government with a Liberal red rump, or whatever it is that they refer to it as when the Liberal Party supports a minority government. The Liberal Party is not here right now.

Chairman: Order, please.

Mrs. Firth: If that is unparliamentary, I will withdraw that comment.

Chairman: Yes.

²³ **Mrs. Firth:** We have another vacant seat for the riding of Tatchun.

Chairman: Order, please. The Standing Orders state that you should not specifically refer to the absence of a specific Member.

Mrs. Firth: Thank you, Mr. Chairman, for reminding me of that. I knew it was coming in your mind. I was just about to withdraw it before you called order.

We have a seat that is vacant. The Tatchun riding is not represented. I believe, according to the Standing Orders, I am at liberty to say that. We have a vacant seat that we, as the six Conservative Members, wished to see filled before we proceeded with this debate, but the other Members of this Legislature did not wish to see it filled.

We are talking about concepts. The Minister keeps talking about his concepts in this human rights legislation. We are talking about two different concepts. We are talking about the concepts that the Members opposite are bringing forward to the Yukon public and the concepts that we are bringing forward to the Yukon public.

I do not care what the Minister says about Rosalie Abella saying what pay equity meant. There are people out there in the Yukon public who have different interpretations of what pay equity is. It involves all the three principles I mentioned.

Whether the Yukon public is not well enough informed for the Minister, as they are not well enough informed about the legal system, is something I am sure the Minister will be addressing in his education program, in his efforts to educate the Yukon public.

We feel that the majority of Yukoners have some difficulty with this concept of equal pay for work of equal value. I honestly feel

that. I have talked to my constituents. I have talked to many business people, and I feel that there is a great hesitation and a reluctance to accept equal pay for work of equal value.

²⁴ The side opposite does not seem to be prepared to accept that. They say they are going to do it anyway just as they are doing with the sexual orientation clause. I think the Minister himself said that the majority of Yukoners were opposed to the inclusion of that in the Human Rights Bill. He may have said that they were opposed to homosexuality. The fact is that they are opposed to it being included in the Human Rights legislation; however, the Minister is insisting that it be included anyway. Perhaps he could tell me why?

Hon. Mr. Kimmerly: When this government came to power, there was 20 percent unemployment. There is now 10 percent. When this government came to power, the Faro Mine had been closed for nearly two years. The Faro Mine is now opened. In the last year, Watson Lake loggers were not being paid, and the mill shut down. We have put the Watson Lake loggers back to work. Business is prospering. Profits are up. Building permits are up. Fuel taxes are lowered. The Medicare tax is removed.

Now we have pay equity. This government is proud of its record. We were put here to achieve these things, and we have done it. Pay equity is something that will benefit approximately half the workforce. I believe it is 42 percent of the workforce. The general public, I believe, support pay equity, not marginally, but in very substantial numbers.

²⁵ It remains an issue of some controversy, largely because Members like Mrs. Firth continue to oppose it. It is supported by the majority of the population, and I will go into any election supporting pay equity. I have gone into three elections in my time here. I have supported pay equity in each of those three elections and I am here.

Mrs. Firth: Only time will tell. We all take our turn. Unfortunately, that is the fate of politicians.

I did not stand up here and say that the government did not have some accomplishments. If the Minister wants to cite his track record I will go through the whole thing and say that they were very fortunate to have stepped into some very rosy situations. Let us face it, they stepped into a whole pile of money. They stepped into all the groundwork having been done for the Faro mine to open up. Come on, who are we trying to kid?

We had an interview in here from one of the former Deputy Ministers of Economic Development and Mr. Frame. We had an opportunity to talk to them and basically after that discussion we had found that a lot of the work had been done. We are not here to discuss Curragh Resources. However the Minister raised it — it was the Minister who raised it, going on the track record of this marvelous government and why they were put here.

I believe the term "hand-out haven" is being used very loosely now. This is the territory of money. It is not money that is being totally generated by Yukoners because of their prosperity and their new increased profits, it is federal government money.

²⁶ We recognize that this government stepped into a very lucrative rosy situation where they found themselves with a lot of money. We know that. There are three Ministers who sit on a committee every week to hand out \$3 million to the communities. We are aware of that.

There is a lot of job creation going on in the territory. I have debated with the Government Leader whether it is really jobs that are permanent jobs or temporary jobs. We are going to have more debate about that to respond to the 10 percent unemployment rate now. The Minister does not clarify whether those are permanent jobs or not, or whether they are Local Employment Opportunity temporary jobs.

We were not born yesterday. I understand how the government works with its job creation programs.

The Minister of Justice gets up and he says that generally the public supports pay equity. Sure they do. They support the words "pay equity". When they ask me what pay equity means and I tell them, they have some questions about it. They say, that is not what I thought it was. I thought it was equal pay for equal work. I think a man and a woman should be paid the same salary.

The public does not know what the whole concept is. When the

Minister stands up and uses women and says if you do not support this concept you are against women, what does he expect the public to do? That is exactly what I am raising here.

²⁷ So the public just blanketly accepts this concept, "not marginally," he said. The public supports pay equity, not marginally but generally they understand the concept. I do not think that is true. Before we make a law that will make it lawful for people to abide by a certain way of life, I think it is incumbent upon us, as legislators, to ensure that the public understands what they are getting in to.

The Minister is making accusations about me saying differently. The government Members criticize us for being Opposition Members and explaining to our constituents what the concepts mean. I remember when the Member for Whitehorse South Centre was an Opposition Member. He went to his constituents and told them what the concepts were, what the government was doing. I read the newsletters that he sent out to his constituents. I am doing the same thing. I am doing what I feel I was elected to do to represent the constituents of Riverdale South.

It is presumptuous of the Minister to say that the public understands this and that they are in favour of pay equity. If there is the least doubt in his mind that the public does not know what pay equity is, does he not feel that he has a responsibility to see that they do understand what it is, if it is a law that they are going to have to live by. It is a law. There is no reasonableness; there is no open interpretation of what is and what is not reasonable. It is a law. If someone does something that is not consistent with it, whether one knows it or not, they have broken the law.

²⁸ I come back to the Member for Kluane's concern where it is up to him now to defend himself because he thought he was being reasonable and someone else did not, and he has been accused of breaking the law, or a complaint has been laid that he has broken the law.

Hon. Mr. Kimmerly: Let us talk about breaking the law, or that irresponsible accusation made opposite. This principle of pay equity applies to governments. It applies to the territorial government and municipal governments. The municipal governments are all very well aware of this principle. I know because I have spoken to them about it in the past several months.

They understand very well. It is true that some councillors did not understand a few months ago, but the principle is well understood by councillors around the territory and, I think, most Members here in this Assembly. The law applies to those bodies. The Member opposite conveniently ignored that in making her irresponsible accusation.

It is true that some Yukoners do not understand the concept of equal pay for work of equal value. Many do. It is presumptuous and arrogant to assume that people do not understand.

²⁹ Mrs. Firth will remember a day back in 1982 when she attended a meeting, just before the election, that was sponsored by the Status of Women. I attended on behalf of the New Democrats to speak about womens' issues, as I was the spokesperson on womens' issues before Mrs. Joe was elected.

We discussed that issue and indeed in that room — this was what, four years ago now — there was a substantial understanding of pay equity, except for Mrs. Firth, who did not understand, who asked me what it meant and I explained it to her at the time. This is a concept that is readily understood by, certainly, most women. It is interesting that the people who are arguing against it and resisting it are primarily male, of course.

In light of the time I move you report progress on Bill No. 99.
Motion agreed to

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

Motion agreed to

Speaker resumes the Chair

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

Mr. Webster: The Committee of the Whole has considered Bill

No. 99, *Human Rights Act*, and directed me to report progress on same.

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

Some hon. Members: Agreed.

Speaker: I declare that the report has carried.
May I have your further pleasure?

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

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

Motion agreed to

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

The House adjourned at 9:29 p.m.

The following Sessional paper was tabled January 14, 1987

87-3-98

Sample calculation re purchase of dwelling in Faro (McLachlan)

