



The Yukon Legislative Assembly

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HANSARD

Thursday, February 5, 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 Penkett	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.

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New Democratic Party

Sam Johnston	Campbell
Norma Kassl	Old Crow
Art Webster	Klondike

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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

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James McLachlan Faro

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01 Whitehorse, Yukon

Thursday, February 5, 1987 — 1:30 p.m.

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

Prayers

DAILY ROUTINE

Speaker: We will proceed at this time with the Order Paper.
Introduction of Visitors?

INTRODUCTION OF VISITORS

Ms. Kassi: I would like to introduce a very special visitor today, Danny Joe and his wife Betty. Danny is the newly elected MLA for the people of Carmacks, Pelly Crossing and Little Salmon area.

I would also like to welcome him in my language.

Danny Joe you are joining us today in this House. I welcome you, my brother. *(Translated)*

I feel good to share your hand in working together with us for the people of the Yukon Territory.

We look forward to Mr. Joe taking his seat in this Assembly and we certainly welcome the strengths that he will give to each of us here.

Massi-cho, Mr. Speaker.

Hon. Mr. Penikett: I would like to rise today to call attention to the presence in our Gallery of a distinguished visitor from the east, the hon. Bill McKnight, the Minister of Indian and Northern Affairs, who is here today for an important announcement, with his party of officials. I would like all Members of the House to bid him welcome.

Applause

02 Speaker: Are there any Returns or Documents for Tabling?
Are there any Reports of Committees?
Are there any Petitions?
Introduction of Bills?
Are there any Notices of Motion for the Production of Papers?
Are there any Notices of Motion?
Are there any Statements by Ministers?

MINISTERIAL STATEMENT**Devolution to Yukon of Northern Canada Power Commission's Yukon Assets and Operations**

Hon. Mr. Penikett: I rise today to announce the realization of a long standing wish by Yukoners: The devolution to the Yukon of the ownership and control of all the Northern Canada Power Commission's Yukon assets and operations. I am happy to announce that an agreement has been reached between the Yukon and federal governments to complete the transfer of the utility by March 31, 1987.

I would like to first highlight some key features of the agreement:

Power rates for all consumers will be frozen at their present levels for a minimum of two years. Pending review at the end of that period, we are confident that the financial health of the new utility will allow it to extend the freeze for a longer period. Rate structures will be reviewed immediately with the intention of removing present inequities and anomalies.

All the Yukon-based employees of NCPC are assured of their job security and related benefits. Discussions have been ongoing for planning a smooth employee transfer leading to an efficient, motivated, and responsive organization.

The transfer will result in a commercially viable utility that will be dependable over time, bearing in mind the need to achieve fair and stable rates.

It is the Yukon Government's intention to place the ownership and control of the assets of the utility with the Yukon Development Corporation. The utility will be managed under the management

services agreement with Yukon Electrical Company Limited.

Yukoners will now be in a position to manage their own affairs and make the necessary decisions with respect to further development of this important utility. We intend that the utility carry out any possible cost effective investment that reduces our dependency on imported fuels, reduces power costs to consumers, and simultaneously creates jobs in the construction and operation of these investments. Specifically, the utility will proceed with the necessary engineering and feasibility analysis of two major projects: the upgrading or replacement of the Mayo Dam and the building of the North Fork Hydro Plant in Dawson.

03 I would also like to outline the financial components of the agreement. The value of the transfer of NCPC's used and useful assets was determined to be \$95 million as at March 31, 1987.

Equity in the utility is provided by a grant from Canada to the Yukon government of \$19.5 million through debt write-off. The Yukon government will also invest \$19.5 million cash. Our equity will earn a normal commercial rate of return.

Debt to Canada will comprise a \$16 million "hard" bond and a further \$40 million "flexible" bond for which the payment of principal and interest shall be dependent upon the sales of power.

I am pleased to further advise that the transfer arrangements and subsequent borrowings and/or earnings of the Yukon Development Corporation will have no impact on Yukon's formula financing arrangements with Canada.

Today marks the end of careful and detailed negotiations. The people of the Yukon have long desired control of their own affairs. The acquisition of NCPC provides us with control of a significant resource. We intend to use the acquired authority responsibly and responsively. We shall maintain a viable and financially accountable utility operation, while responding to Yukoners' wishes for stable and predictable power rates and the use of our hydro resources as an economic development tool.

I wish to sincerely thank my federal colleague, the Minister of Indian Affairs and Northern Development, the Honourable Bill McKnight, for his tireless efforts and assistance in making this major item on our devolution and development agenda a reality. We look forward to concluding further arrangements toward achieving our mutual objectives.

As well, while I am on my feet, I would like to particularly thank the Yukon negotiators, principally Shkir Alwarid, the Deputy Minister of Economic Development, Cam Osler, our Consultant from Intergroup, as well as Roger Kimmerly, the Minister of Justice, who chaired the working group of our government to achieve this goal.

04 Mr. Phelps: I rise to say that I am very pleased that a long-standing policy and the dream of Yukoners and of our Party is finally reaching the implementation stage. The devolution to Yukoners of the ownership and control of all of Northern Canada Power Commission's Yukon assets and operations was a top priority of ours.

We set the negotiations in motion back in April of 1985, and we are pleased to see that the present government has followed the basic plan we set out back then. The main features of our plan have been followed in these negotiations, and are as follows:

(1) This government used the same consultants who were engaged by us in April, 1985.

(2) This government went to the private sector, namely Yukon Electrical, to manage the operations.

(3) This government has obtained write-offs. We had expected more write-offs and a better deal, but the write-offs are consistent with our previous policy.

(4) The package includes what is, in essence, a replacement for the federal subsidies, namely the \$19.5 million contribution. That type of arrangement was something that we had set as a top priority.

(5) The government has created a Yukon Development Corporation to hold the assets. Such a corporation has long been a part of our Party's platform.

(6) The negotiated package has features that will ensure that ratepayers in Yukon will not suffer should the fourth wheel not be used. That was certainly one of our goals, and we certainly agree

with the use of a 40-year flexible bond as a mechanism.

Under our original plan, two main things remain to be resolved; namely:

- (1) The rationalization of assets between the Yukon Electrical Company and Yukon Development Corporation; and,
- (2) The issue of equalization of rates between rural communities and Whitehorse.

In summary, we are pleased overall with today's announcement, although we are somewhat disappointed that the overall write-off was not greater, particularly when the fault for the unnecessary and huge overall debt lies with the Government of Canada. We look forward to examining specific issues as we are given more details of the agreement.

Mr. McLachlan: I rise today to reply to the Ministerial Statement. I would like to say that I am very happy and very proud to be a Member of this Assembly at a time when an historic announcement of this nature is made, and on an occasion when this becomes a primary step in the devolution of federal control to territorial control.

There is no doubt in my mind that the \$95 million paid for the assets of the Power Commission is, indeed, a good deal, especially when one considers that the fourth wheel cost \$56 million to build. I am sure that that will be realized again when the cost estimates to rebuild the dam at Mayo and Dawson City finally do come in.

Whether the Commission can be run in a manner that reflects the \$95 million price tag remains to be seen. I realize that the kingpin in the whole deal is based upon the ability of the mining operation in my riding to continue a successful operation.

I want to assure everyone present today that I will do everything in my power to see that that remains a reality.

I have some further questions to ask concerning the nature of the management services agreement with the Yukon Electrical Company, but I will pursue those in Question Period and other avenues.

Hon. Mr. Penikett: I would like to briefly respond to the constructive comments by my colleagues opposite. I would like to say that, with respect to questions on rationalization, equalization, and management, there are still a number of significant decisions that have to be made by our Cabinet, the Development Corporation, and by Yukon Electrical, and subsequently by the Yukon Public Utilities Board. Those decisions will be coming in the next few months. They all flow logically from the conclusion of the announcement made today.

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

QUESTION PERIOD

Question re: Northern Canada Power Commission, devolution

Mr. Phelps: Because of the events occurring today I understand that Question Period is going to be rather short. We have a few questions, and I thought I would ask the Government Leader a question about the 40-year flexible bond. The question I have is, in the event that Yukon does not have to pay principal or interest, will the interest for that year be forgiven.

Hon. Mr. Penikett: The worst case scenario provided for in the flexible bond where there is no demand in the fourth wheel and no use for the power it can generate is that Yukon consumers will be protected by us being essentially forgiven the interest and delaying the payment of the principal in that bond.

Mr. Phelps: I thank the Government Leader for the briefing I got this morning. From that briefing, I was led to understand that the \$19.5 million federal contribution was to replace the federal subsidies for electrical energy that we presently enjoy. My question is: was that in some way a capitalized amount of the subsidies we presently receive?

Hon. Mr. Penikett: I am not sure exactly what accounting terminology I would use to describe it. It will allow us to continue for a considerable number of years the subsidies that are now

offered by the federal government, which, as the Member knows, are not guaranteed except for year to year. I want to say that while that the equity grant will allow us to continue those subsidies, we be looking at the particular structuring of the subsidies because there are things that we may want to achieve from policy goals by amending those arrangements, which we will now have it in our power to achieve.

Mr. Phelps: I thought it important to agree with the Government Leader on what the real write-off was in the negotiated package. The debt was approximately \$142 million and that was reduced by \$47 million as a write-off to \$95 million so the real write-off on the negotiated package would be \$47 million, or approximately 32 percent, leaving 68 percent of the debt outstanding. Would the Government Leader agree with that?

Hon. Mr. Penikett: I am sorry, I was distracted partly through the question by the Member, but the first part of the question about the \$47 million is correct.

With respect to the equity grant, which I would hasten to add is not directly related to the subsidies, but facilitates our paying them, there is, if you like, a further write-down of the debt, which will reconvert into equity.

Question re: Northern Canada Power Commission, devolution

Mr. Phelps: We disagree on the status of that \$39 million sum. Nineteen point five million dollars of it was there to replace existing subsidies so it really cannot be considered a debt write-down. The other \$19.5 million, as I understand it, is money being paid by this government to the Government of Canada, so the taxpayers of the Yukon are paying that. Accordingly, I would ask the Government Leader to agree with me that the real breakdown was \$47 million.

Hon. Mr. Penikett: I am not going to dispute the fact that there is a \$47 million write-down. It may be clear that given the equity grant from the federal government of \$19.5, and the advance of an equal amount from this government to the Development Corporation, we will have equity of \$39 million in the Development Corporation, and we will receive a satisfactory rate of return on that investment.

Mr. Phelps: Has the government embarked on discussions or negotiations with Yukon Electrical Company regarding the power generator that runs on waste forest products in Watson Lake and using that generator rather than diesel in Watson Lake?

Hon. Mr. Penikett: As you know, with the acquisition of Watson Lake Forest Products, there is some potential power-generating capacity in that plant that could use waste wood products as fuel.

We have had some preliminary discussions between our officials and the officials of Yukon Electrical as to the possibility of developing that power source, which could provide cheaper power for the people of Watson Lake. In that eventuality, I believe Yukon Electrical may well be able to find other use for actually what is quite a new diesel-generating plan in that town.

Mr. Phelps: I note in the Ministerial Statement that plans are going to be embarked upon to generate electricity from the North Fork in the Klondike River.

I am wondering whether or not this government has found a buyer for the generators that are presently in existence in Dawson City for which this government has paid some of this money?

Hon. Mr. Penikett: No, that is a question that has not been joined yet. It is obviously a matter that will have to be dealt with by the Development Corporation Board. I would assume once they have made a decision to go ahead with a particular design in Dawson City, they would have to take into account what the demand might be in that town because we all know it fluctuates noticeably between seasons. They would have to make their calculations as to the utility or the need for the diesel plant that is there now, in the future. I would presume if there is sufficient hydro capacity there, they would want to put the diesel plant on the market.

Question re: Northern Canada Power Commission, devolu-

tion

Mr. McLachlan: I have a question for the Government Leader. In the past, the Minister of Government Services has resisted all previous efforts to provide any information on the particulars of the Letter of Understanding with YECL. Is it the intention of the Government Leader to table the Management Services Agreement with Yukon Electrical in this Legislature?

Hon. Mr. Penikett: I have to take that question under advisement. I believe we had an issue of commercial confidentiality earlier, which prevented us tabling the actual document. I believe as well, my colleague, the Minister of Justice, was as fulsome as he could be in the provision of information about the contents of that agreement.

Mr. McLachlan: Basically, Yukon Electrical is not in it for their health. There is a profit motive in there, and there is a fee for service. Certainly the cost of the entire transfer and its subsequent operation is based upon what we are going to be paying the company for their management.

Can the Government Leader indicate whether it is \$100,000 or \$250,000 or \$1 million a year? Is it small or large? What is the cost?

Hon. Mr. Penikett: The Member opposite is quite right. Neither Yukon Electrical nor its parent company are registered charities. They will be looking to make a profit on their business transactions in the Yukon Territory. I will assume we will have an arrangement with them that is good for them from that point of view, but, more important for us, it is the desire for us, in a small territory with a small plant and a small population with a large piece of geography to serve, to have a very confident management managing both utilities, achieving the economies of scale from that and the presumed virtues of private-sector management, making money, not only for themselves, but also for this utility, while serving the customers here by providing them with power at the best possible rates.

Mr. McLachlan: The Ministerial Statement today refers to two capital cost projects at Mayo and Dawson City with rebuilding the one in Mayo and the new one in Dawson City.

Can the Government Leader advise if there are any further studies that he is aware of for extending the grid system, the power system, north to Pelly Crossing and Stewart Crossing?

Hon. Mr. Penikett: There may be all sorts of studies from NCPG that we will inherit. As I understand, the short answer, given the economic choice of extending the grid or putting new power plants into the communities you have identified, is that it is a much more attractive proposition to build hydro plants on the scale we have talked about than trying to extend the grid.

Mr. Lang: In view of the time and in view of the statement made by the Leader of the Official Opposition, we will not have any further questions for today. I would just like to alert the Minister responsible for lotteries that we will be pursuing that particular question quite vociferously starting Monday again, giving him the weekend to come up with answers.

Further to that, I just want to inform the public, as well, that it would be the intention of the House, provided we get through the Budget this afternoon, that the very much talked about, notorious Bill before us, the *Human Rights Act*, will begin to be debated on Monday.

Hon. Mr. Penikett: On the same point of order, I am sure it will be our good fortune to discuss both matters on Monday. I would just like to say, under the same spurious point of order, that I would like to extend to both of the Parties opposite — I have to one of them already — that if they wish further technical briefings on the particular matter of today's announcement, I will be happy to have our officials, at a mutually agreeable time, give the same.

Mr. Phelps: I would like to acknowledge that offer and thank the Government Leader for his generosity.

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

Speaker: It has been moved by the hon. Minister of Justice that the Speaker do now leave the Chair and the House resolve into

Committee of the Whole.

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chairman: Committee of the Whole will now come to order.

Hon. Mr. Kimmerly: In view of the attendance of the Minister of Renewable Resources at the funeral of Mr. George Edzerza, it is the intention of the government to proceed with the Yukon Liquor Corporation, the Yukon Housing Corporation, and then resume Renewable Resources and Tourism, all in the Capital Budget.

Chairman: Is there agreement among Committee Members to continue right now, or would you prefer a recess?

Some Members: Recess.

Chairman: We will recess for 10 minutes.

Recess

Chairman: Committee of the Whole will now come to order. Yukon Liquor Corporation, general debate

Yukon Liquor Corporation

Hon. Mr. Kimmerly: The first thing is to point out a typo, which Members have probably already recognized, but on all of pages 84, 85 and 86. At the top it says Vote 18, it is in fact Vote 19 and on the first page, Page 83, it is correct.

Secondly, I will anticipate questions about the warehouse, which was voted last year and give a progress report. The approved Capital was \$900,000. The project will be completed before the end of this fiscal year and the costs are now as follows:

The costs attributable to the new warehouse are \$425,000. This is made up of \$410,000 to the contractor — the successful bidder was Trade North — and \$15,000 for trim and miscellaneous expenses and clean-up expenses at that particular warehouse extension. We are also, as part of the same project, purchasing shelving for the new warehouse for \$35,000 and are improving the office and the canopy at the entrance for a total of \$30,000. The charge-back to government services for design and inspection and administration is \$70,000, for a total of \$560,000.

We are estimating, for budgeting purposes, a contingency of approximately \$20,000. There was a discovered problem in the construction that was not foreseen. The sprinkler system, which was there, did not work when it was tested and looked at. There is a sprinkler system in the addition on the warehouse, which is also put in to the old warehouse. The total cost for all of that is \$185,000. For a total estimate, those figures all add up to \$765,000.

¹⁰ That was essentially last year's budget.

This year's budget is characteristic of the Corporation, and I will break it down and explain it. The Member for Porter Creek East and I discussed the expenditures for forklifts and pallet jacks, which seems to be coming up all too often. In fact, there is one here. I have carefully looked at that situation and looked at the equipment, and I have investigated our replacement policy. I am satisfied, and I will answer questions if I can as to the advisability of these machines. I am satisfied that it will come along almost every year considering the warehouses in the Junction, Watson Lake, Mayo and Whitehorse.

There is a forklift and pallet jack for \$44,000. This particular one is for Whitehorse, and it is to replace a 13-year old forklift.

There is, in addition to that, \$20,000 for the computerization. This is for the computerization, and the computer equipment essentially, of the stock control and inventory.

There is \$14,000 for additional shelving, which is not in the new warehouse, but in the old warehouse. Some of that, I believe, is also in the warehouses outside Whitehorse. The construction of other facilities is improvements to the docking ramps in Whitehorse, Dawson City and Watson Lake. For Whitehorse, \$20,000; Dawson City \$14,000 and Watson Lake \$14,000.

Now, a word about the one in Dawson City. The plan still is to move the facility in Dawson City. There is no money in this budget,

but there is expected to be — I cannot announce it, of course — next year. The plan is to acquire the land in Dawson City where the Red Feather Saloon is now situated from Parks Canada and to renovate that building and, using the old building, build a warehouse in back of it. There is little of it left, but we would want to renovate it so that approximately a third of the existing building is essentially a museum and the rest is an operating liquor store.¹² The plan is to utilize the expertise of Parks Canada and the Department of Tourism and to renovate that building essentially as a living museum. It will be an operating liquor store; it will not have a licensee capacity to sell liquor on the premises. It will only be a liquor store made out of that old premises. That essentially is the capital situation of the Liquor Corporation.

Mr. Lang: I do not intend to talk for a great length on this. I see that the \$900,000 that was budgeted for the new liquor warehouse was decreased to \$765,000 to meet the financial obligations preached in the House approximately one year ago.

I just want to make a point here. There was about a half million dollar expenditure, if budgeting had gone to form. Accepting the principle that the extension was necessary, which I still question, the reality of the situation is that we were presented a budget last year that was effectively almost 100 percent over the amount that was necessary to do the project.

I just want to reiterate my comments with respect to the budgets and the way they have been presented in respect to expenditures. It seems to me that we are almost asked to give our blessings to a bill of goods. In fact, we are almost given the impression by the side opposite that we should not even dare challenge or question the figures that have been provided to us. Then, at the end of the year, we see the government coming in saying, "Look how well we managed our affairs; we lapsed \$20 million or \$10 million." Then we find we are getting a budget that not enough serious consideration is given, either intentionally or unintentionally, to the projects in question, which, in turn, in my view, misleads the public in thinking there is going to be X amount of dollars supplied to provide X amount of jobs. The Government Leader, who is very good at statistics, stands up and gives us a sermon on how many jobs are going to be provided over the course of the year, knowing full well that he is going to have a lapse at the end of the year of \$20 or \$30 million because they have over-budgeted and over-estimated in every area. At the end of the year he comes in and says, "Look how well we managed."

I guess I want to emphasize my concern in respect to the responsibility that the government has in the budgetary exercise of providing as with close as possible estimates for scrutiny by the Legislature. In our haste for our own political ill-gotten gains, we will have, within a year, a civil service that has effectively got a license to spend as much money as they want and, yet, at the same time, appear to be reasonable — for example, \$180,000 for a house at Stewart Crossing. We have a responsibility in this House to question what is being done.

I just want to put the government on notice that we are going to be pursuing that area and looking at the overall budget from that point-of-view. If you are going to mislead the public, stand up and say you are going to mislead them; do not pretend you are not. You cannot have it both ways.

I just want to make an observation with respect to this liquor warehouse, as notorious and infamous as it is. This was, again, a situation where I feel the public was misled.

¹³ Forget arguing whether or not the project had merit. That is a separate issue.

I appreciate the overall brief that the Minister did give. We talked about Dawson City, and I was quite pleased to hear the prospective plans. In the communities where we do not have liquor stores: Teslin, Ross River, Beaver Creek, Destruction Bay, Burwash area and Carmacks, what plans does the government have with respect to liquor stores in those areas, if there are any plans?

Hon. Mr. Kimmerly: I can explain the direction, or explain where we are. No decisions have been made about those communities. The Liquor Corporation has investigated the concept of what they call the agency liquor store. This is essentially a privatization of the liquor retail outlet. It could be a new store run essentially

along a franchise line, but it would much more likely be an extension of an existing hotel or an existing store in the community. What would happen is the existing hotel would sign an agreement with the Liquor Corporation to be an agency store, and actually operate as a retail store. That is the general concept.

There has not been any decision to proceed with this concept in any particular place. The community of Old Crow is different. The community, through the Band Council, has expressed the position that they do not want an agency store; they want a legally recognized community-based committee to regulate alcohol. If they work out their terms of reference, we will be bringing that to the House, if it requires any legislation. That will only occur on the initiative of the community of Old Crow.

In the other communities, the direction I have given is that the Liquor Board should determine the wishes of the community. It is a sensitive issue in the communities. The way I see the decision being made is that the Liquor Corporation would probably have a community meeting and listen to whoever wishes to speak and make a recommendation to the government, or possibly simply make the decision, depending on exactly what the communities want.

¹⁴ So that is the way the decisions would be made. We are not planning to build or establish any government liquor stores as they now exist in any further communities. We have not been seriously asked for additional liquor stores, and we are not planning any.

Mr. McLachlan: The first two items in this estimate are understandable items within the building. Is the Minister saying that, when the original plans were drawn up for \$965,000, those plans did not include a docking ramp and the cost thereof for unloading and loading of trucks? Is that why it now has to be put in? It was omitted in the first budget estimate?

Hon. Mr. Kimmerly: The issue is in the accuracy of estimates. The original estimate was derived, I am informed, by multiplying out the square footage needed times the dollars per square foot that buildings historically have cost. That is a very inexact way of estimating, and the reason I did not respond to the comments of the Member for Porter Creek East earlier is that I think all of us recognize that that is not a particularly exact way of estimating.

Let me assure Members that there is absolutely no intention on anybody's part of giving misleading information. The question is how do you get a realistic estimate before the actual bids come in? That is the general situation.

Mr. McLachlan: The only two comments I want to make to conclude my discussion are that I find it funny, when we are dealing with a situation that relies on trucking, loading and offloading for distribution to outlying communities, that the docking ramp part of the cost estimate was not included in the original estimate.

Last year when the subject of a liquor store warehouse came up, I asked the Minister if anything had ever been done about studying the arrival and dispatch pattern of trucks. It is certainly my experience that the trucking industry arrives for unloading in Whitehorse at eight o'clock on Monday morning, and the departure for the outlying communities is at four or five o'clock in the afternoon to Dawson, Mayo or Faro. I think that the government, because of its volume of liquor purchases and its purchasing power, is literally able to tell them to arrive and dispatch when it is most convenient for us. I simply want it put on the record that in any future cost estimates or handling of the liquor thing, that the inventory control system of monitoring when the shipments arrive and depart, should be very carefully studied because it is very possible we can save a lot of money on inventory holdings if we closely look at the arrival and dispatch patterns.

¹⁵ **Hon. Mr. Kimmerly:** I thank Mr. McLachlan for those comments.

Mr. Lang: I just cannot let the Minister's comments go by with respect to the projected estimating of budgets. I am prepared to admit that maybe up to 20 percent, in view of how the budgetary process works, is acceptable. What I do not understand is when we go through the budget and see major areas where we are well over by 100 percent, 50 percent. Even when we go to our appropriation Supplementaries, we had a number of budgets that were well over

and the Ministers could not explain to this House why they were asking for 20 percent more than what they had estimated their major costs for.

They also had a contingency allowance already built into most of those budgets. I do not accept the principle that it is impossible. I recognize that they are estimates; I recognize that they are projections, but I give enough credence to the civil service capabilities within the government to know what costs are and what we are looking for. It is not as if this government is unsophisticated within the capabilities of projecting capital costs. I do not accept the premise that the people of the territory will accept anything, whether it be 20 percent over or 100 percent over. I do not accept the principle of allowing the civil service, no matter how good they are, a *carte blanche*, a blank cheque, to go ahead and do whatever they want and then try to give the appearance, at the end of the year, that there was good, capable, sound financial management; it does not make any sense. You would not run your business that way, why are we running the government that way?

Chairman: Stores, Warehouse and Retail.

On Stores Warehouse and Retail

On Stores Facilities and Equipment

Stores Facilities and Equipment in the amount of \$126,000 agreed to

Store Warehouse and Retail in the amount of \$126,000 agreed to

Yukon Housing Corporation

Chairman: The next department is the Yukon Housing Corporation. The information appears on page 77. General debate.

Hon. Mr. McDonald: I would just like to correct the record briefly. It is not quite a department; it is a Crown corporation.

The expenditures to be voted here are \$2,740,000. It is broken out in the following ways:

Staff housing, construction and acquisition, \$900,000; Social housing, capital upgrading and replacement, \$1,050,000; Social housing, renovation and rehabilitation, \$480,000; Rural Native Demonstration Program, \$150,000; Staff housing, capital upgrading, \$100,000; and, Central Services, \$60,000.

Members will note that much of Social Housing itself is undertaken through mortgage financing and shows up on the O&M side. Capital construction is undertaken through 100 percent mortgage financing, and it is the O&M budget where the impact is felt. The staff housing totals \$1 million, both capital upgrading and the construction requisitions. As Members know, and as I have said in the House before, generally what happens is that the Corporation seeks out available units in the community, and if the units are not there to be had through actual acquisition or purchase, they will then contract.

The social housing upgrading is primarily for 43 units of row housing projects in Whitehorse, Taylor, Hoge and Lambert Streets, and for units around the territory with an emphasis placed on the rental-purchase bi-levels and the public housing duplexes. That is to do with energy efficiency, energy RAPs and to just do general renovations and repairs.

¹⁶ Social housing, renovation and rehabilitation, essentially, is either an enhancement on RAP or a new program that the Corporation is considering, given the problems that are being experienced with the RAP for renovations.

As the Rural Native Demonstration Program members are aware, they are scheduled for 11 units around the territory at \$150,000 to us. The total project cost would be \$600,000 — 75/25 cost-shared.

Staff housing, capital upgrading is primarily for repairs to staff accommodation. It is an expenditure that is made generally every year and Central Services is miscellaneous equipment, et cetera.

Mr. Lang: I have indicated to the side opposite that I do not intend to get into a major debate today on the question of Yukon Housing. I think, in view of where we are in the order of business, that I just want to alert the Minister that I do intend to pursue it at great length in the O&M meetings. As he has already indicated in his opening statement, there is definitely a correlation between the capital expenditures of the government and the operation and maintenance.

I have a number of questions that I would like to ask the Minister,

and if he cannot answer them today, I would demand that they be answered in the O&M Mains a month or two from now, and that is the question of the five year projected costs of becoming the new czar of housing for Yukon. Is it going to be \$72 million five year projected pending annual approvals by the Cabinet of the day, or what is the projected five year capital estimate for these new housing projects that are going in in Yukon?

Hon. Mr. McDonald: The Member does not have to demand answers; I am generally very giving with information. The answers that I have given in the House before are applicable today. The capital program that this government has approved is the capital program that I have just mentioned. The five year capital plan by the corporation is a creation of the Corporation board and not approved by this government. They saw fit to mention that their wish list was quite extensive, and I have communicated not only publicly in this House but also privately to the board that that wish list will not come to fruition because, in our view, it is unrealistic, but they can keep that in mind when they present capital plans for the government's consideration in the future.

In any case, we believe that the proposals they have put forward this year are reasonable. When we do get to the O&M budget, I will certainly be able to provide the O&M impact from the housing program because I think that is not only a legitimate question, it is probably the essential question when we are talking about the budgetary expenditures by the Housing Corporation. I think it is important to note, because most of the work is done through mortgage financing, as I say, that the O&M budget is the significant budget. The capital budget, generally speaking, is relegated to either staff housing or repairs and maintenance capital and seldom to new construction.

¹⁷ **Mr. Lang:** I want to say to the Minister that I would like to see the revised 5-Year Capital Program put by the Corporation. I hope it is not being run in a hit and miss situation that, depending on how the Minister feels on any given day of the year, will determine how much money they are going to get.

Last night the Minister of Renewable Resources gave us a breakdown of exactly how much was projected to be spent on Herschel Island. He gave us an ultimate cost.

In view of what is said, there is a responsibility to report to this House not just what exactly is going to be spent this year, but projected costs pending approbation of the government in respect to what the 5-Year Program is. This is an area of vital concern to this side with respect to where we are going with housing, because it has a major effect on everybody's lives. Those are participating in the allocation of those houses and how they are going to be allocated. We saw a major situation develop in the Carmacks area which pitted neighbour against neighbour. For what good cause or reason?

We had a motion in this House because of the amount of money, through the financial formula, primarily through the Government of Canada, to set up a revolving mortgage fund of some kind for those communities that cannot avail themselves of the normal institutions.

There are some very fundamental social questions attached to this — the responsibility of the individual. Why should the people in Porter Creek East be expected to go and work seven days a week to pay their mortgages, pay their bills and feed their families, and yet you have another sector of the population that expects a free ride and every time you turn around the government is prepared to give them a free ride.

There has to be a built-in responsibility. I put the Minister on notice. The way I feel right now we could get into a real heated debate this afternoon, but I want to make that point. These are very real questions. I have concern when I hear about the question of public housing in Whitehorse. Here we are going with 43 units, correct me if I am wrong, but I do not believe that is the senior citizens unit. These are strictly public housing units, in the downtown core of Whitehorse. It would seem to me that it would be advantageous if we, as government, would look for proposals to see if somebody wanted to build an apartment block of some kind and we could be in a situation where you could guarantee X amount of rentals for X amount of years to make such a project viable. Leave the responsibility to the private sector as opposed to once

again the government growing. If we are getting 43 more government units, once again we are going to be hiring people and the government grows and grows. It is like a big umbrella encompassing all of us. I do not know when it is all finished and done who will pay for all of this.

The other area that has to be generally debated is the staff housing. The Minister says there is approximately \$1 million a year spent on staff housing. That is wrong. The last year or so there was a number of dollars spent in Pelly Crossing and communities like that. To say every year we spend \$1 million on staff housing is incorrect.

18 Maybe I misunderstood what he said, but the point I want to make on staff housing is that the government is becoming the preferred company to work for in Yukon. There is no question about it — wages, benefits and everything else. At the same time, the public is expected to provide housing for them. I will accept the principle that there are a number of communities that can be designated for housing. I will accept that. Others I cannot. I do not understand why we are not looking at our territorial buy-back scheme. If it has to be revised, look at revising it. Try to do everything we can to encourage an employee to purchase or build a home, as opposed to the taxpayer not only paying their bi-weekly cheque, but providing them with housing.

Hon. Mr. McDonald: I thank the Member for resting for a moment so I can respond to some of the remarks he has made.

I want to get one thing on the record, too. I do not mean to be argumentative or threatening in any way.

Mr. Lang: You better not be threatening.

Hon. Mr. McDonald: Because you want to be threatening.

There is no hesitancy on the part of this government to go on in the direction they are going at all. We are quite confident that the programs that we are going to be sponsoring, in part at arm's length through the Yukon Housing Corporation, are something that we can support. There is some of what the Member said that is legitimate and true. There is some of which I would take issue with. I think it is worthwhile that we have a good, reasonably placed, knock-down, drag-out discussion on all these various principles. I would prefer to have it during the O&M debate. If the Member is offering that, that is fine. Let us have it once, not 20 times. Have one good one. The Members are quite capable of dragging the thing on forever and saying everything 50 times. I have experienced that over the last couple of months.

I can tell the Member that there are certain things the government is doing that will allay some of his fears, not all of his fears, because there is a philosophical difference between the two parties.

First of all with respect to the expenditures on staff housing that I mentioned that were essentially ongoing and traditional, that was the capital upgrading or repair program to staff units. That is traditional. What is not traditional is the new construction, which is the \$900,000.

I would like to mention to the Member, I assumed that he was aware, with respect to staff housing the rent reflects any O&M costs that might be borne by the Yukon Housing Association, but also the amortization of the actual cost of construction. Essentially the government builds the house but they rent the house as a landlord would. They would cover their costs, not only the construction, but insurance, taxes and the works. It is not fair to say the burden on the taxpayer is as atrocious as he, the Member, wants to make out. 19 It is also true that there is a good deal of emphasis put on using the private sector. I will indicate to the Members during the O&M debate, that there is a good deal of emphasis on increasing or enhancing the rent supplement program, which is to take private sector landlords and, assuming that there is a certain market rent for a landlord's unit, the government would cost-share a subsidy with CMHC to allow social housing clients — people who have targeted incomes — to move into those units. I think that Members will find that there is an enhancement of that function.

One thing that I did mention that the Member might have gotten a little bit wrong is with respect to the upgrading of 43 units. What we are talking about here is not the construction of 43 units. We are talking about energy RAPs and general upgrading of the units that currently exist. Any new construction in Whitehorse would not be

willy-nilly, but would only be done on this basis. Firstly, there would be a determination from the wait lists as to how many people would traditionally qualify for a social housing unit. There would be a canvass through the private sector of what landlords had units available that they would make available to social housing clients. That would be the first option and the option that we would normally go to, because it is the least cost to the Corporation and it gets the job done.

If there were no units like that available — and they have dried up considerably in the last year, I am told — only then would we consider new construction. The new construction, as I say, is undertaken on the basis of 100 percent mortgage financing. The costs, including the mortgage financing, payments, insurance and all the work that the Housing Corporation does, are cost-shared, after the applicable rent is taken, with CMHC 75/25 percent. It is almost entirely on the O&M side that you see a significant impact there, except in those areas where we own the houses and we are upgrading the houses to make them more energy efficient.

In terms of the housing programs, I am acutely aware, and have been for some time, of the impact of housing programs generally on the private sector market. I think it is fair to say that the decisions made that ultimately caused Carnacks so much concern were regrettable, and, if I have anything to do with it, it will not be repeated.

It is important that the private sector be considered in a couple of ways.

20 However, there is the private sector housing market. First of all, there is the point that the Member makes, which I would agree with to a certain extent: we have to encourage home ownership and people, if they can afford housing, then they should be encouraged to buy housing themselves. If there is a private sector market out there, then they should be encouraged to use that. You have to consider the impact on the private sector market.

There is also the problem that if you are too active too quickly then you could heat up the housing market and make it miserable for everybody; not only people who have purchased a new house, and if there is one agency or one private sector person who is putting in funds, building new units, and heating up the market, then it drives the housing market up. It also drives the rental rates up. The Housing Corporation has to be acutely aware should they drive up rental rates through their own actions on another area of the balance of the balance sheet because they are going to be faced with costs on the side of increased rental rates. They would have to cost share those with the CMHC, but it will be an ultimate cost to the Corporation and, ultimately, a cost to the taxpayer. They have to be very aware of. I have had discussions about that very item with the Housing Corporation Board, and I feel that they have certainly taken that in hand.

With respect to the good cause: what is the good cause? That is the essential part of the debate that I would like to enjoin with the Member and all Members when we get to the O&M discussion. I think there is a good case to be borne here. Firstly, I have handed out practically everything there is to hand out some weeks ago, but I invite Members, firstly, to come prepared for the discussion having read the Housing Needs Study and some of the other background documents that I have provided. I think that would make it an informed debate, and I think that is useful for us all. In any case, I do look forward to that. I know it will be a useful debate no matter how excited people get.

Mr. Lang: I definitely hope that the Minister comes prepared, more prepared than he was for Lotteries. Would the Minister be prepared to provide us with the cost of each one of those studies that were done? I think we should be debating those at the stage of the O&M debate. I think there are some very questionable figures in there. Just because a report has been done, it does not necessarily mean that it is right. I am concerned that every time we have a report, all the government does is either hang its hat on the essence of the report, or it is a corporation at arm's length, and we did not know anything was going to go on or happen, although it is all public money that is going into it.

That just reminds me of the Janitorial Report that we got. I see the Minister of Government Services smiling softly to himself, and

he should. He should be ashamed to table a document like that. That was a pathetic effort with respect to trying to provide a number of alternatives or options with respect to that particular issue. What concerns me is that every report seems to be based on what the government's basic position is and tries to justify that position as being presented.

I think we have to be very concerned, forgetting our partisan politics, that every MLA has a responsibility to read through the lines to try to see what, in essence, are the real facts as opposed to what has been prefabricated. With respect to those reports, I think there are a fair number of elements that really have to be questioned with respect to the fact that they say that the Yukon is the worst area in Canada for housing. I really question that, and I have lived here a long time.

²¹ I also want to know whether those particular studies were tendered, how many tenders were brought in, how they were selected in respect to those particular documents we have before us, and also the background of the people who did the analysis on behalf of the people of the Yukon Territory. Those are all factors. I think they are something that should be considered in light of the seriousness of what we are discussing. I would appreciate it if the Minister would undertake to get that information and, hopefully, maybe provide it quite some time prior to the O&M budget debate so that we can do an analysis of it.

I am please to hear the Minister's observations in respect to the question of rental accommodation, and maybe the consideration being given to the encouragement for somebody to build privately a complex of some kind to provide some social housing. I recognize that there is a problem out there, primarily in the area of single mothers with kids. It is a real dilemma for the government, any government, of how to handle that. My concern is that the government gets into a situation where it gets into more direct housing as opposed to looking at the situation where we can go out for proposals. I am primarily talking about Whitehorse right now because we are into a situation where basically there are no vacancies. There is no rental accommodation — very little — and that, of course, complicates the situation for the Whitehorse Housing Authority, which is responsible for the allocation of the units when they do come available. I really think that there has to be consideration given to seeing how we can get out in conjunction with the private sector to see if investments, if necessary, can be made. It is my understanding that waiting list that is presently out there is close to 50, I believe — in that neighbourhood — and that is substantial. There are some social concerns that have to be met if possible. I want to point out that the government is in the fortunate position of having the financial wherewithal to make certain moves, and I would like to think that it would be indirect, whether it be through loans or whatever, but make some moves in that direction to provide some service that is necessary and it is out there are the present time.

On the question of staff housing, I still would like to think that the Minister would consider looking at the territorial buy back scheme, other than designating a number of areas where we know there is no private market, making it maybe a condition of sale of employment especially in the area of management in the community that part of their deal is, in view of the fact that they have a territorial buy back scheme, that they have to buy the house. The Minister says we are going to recover all of these costs, but we do not recover all of those costs. You are a landlord, now you have a maintenance crew, you have to collect the rent cheques. You have to do all the things that are required of a landlord plus a little bit more because the government is always expected to do a little bit more.

²² My point is that I do not think that if somebody is making \$30,000 to \$50,000 they can own their own home. The other thing is that it provides stability in these small communities as opposed to giving 30 days' notice. There is a commitment to the Yukon as well. That is an area that should be explored and considered further with respect to the O&M debate we are going to have.

Those are my comments, and I am prepared to get into the line-by-line items of the budget.

Mr. McLachlan: I am wondering if you can tell us if the

Corporation has done any studies or any comparisons for looking at a number of alternative methods of types of construction for the houses that may be built in communities that have a large proportion of Indian population. I ask this because I have been in some situations where the normal insulation, vapour barrier, gyproc and interior finish, as we know it, becomes damaged, broken and cracked from settling of the house. In many cases the people do not have the knowledge or, in certainly some of the cases, do not have the materials to repair the holes and damage to the gyproc. Yet, if the 1,200 square foot home had been built of 8" or 10" log construction, when you set up the exterior structure you also set up the interior structure, except for the chinked insulation, and that is the end of it. There was a time when I thought that was not the best construction, but I am beginning to wonder now, especially if we can get logs big enough to have the insulation factor. I know in the Member's own riding there is a band hall, I believe, built out of what looked like 10" logs; it is a beautiful structure and the log size is huge.

I wondered if the Corporation, in its best possible analysis study, has looked at this one particular option?

Hon. Mr. McDonald: At a Housing Ministers Meeting last year, this item of trying to remove some of the rigidity in CMHC programming was probably the premiere item on the agenda. One of the concerns was that CMHC, for administrative ease, was insisting that all houses could be built anywhere in any rural or urban setting and meet the needs of the community. What that meant is, essentially, single style construction; any house built in Old Crow would look just as good in downtown Vancouver. That creates a lot of problems.

Firstly, the people in Pelly Crossing, or elsewhere, do not have the financial wherewithal to maintain such an elaborate unit.

Secondly, the building materials are not always easy to acquire; they may be easy to acquire in Vancouver, but not always in Yukon, and certainly not in a place like Old Crow. Building logs are easy to acquire. In some places, like Pelly Crossing, they are very cost effective.

²³ The Band Hall, mentioned by the Member, with those huge logs was built from timber that came from the Pelly Crossing burn. We know that the materials are available. There was a period where CMHC permitted only just the construction of housing units with logs, but the logs had to come from 100 Mile House. They had to be just huge in order to meet CMHC standards. It was next to impossible to build units reasonably with local materials, to meet local conditions.

What is suitable in downtown Whitehorse may not be desirable in Pelly Crossing. I know there are people in my riding who want to build a house that they can leave and let freeze while they go out on the trapline, or whatever. Their income is low enough that they cannot afford to keep a house heated and watched while they are out doing other things. It made abundant sense for us at the Ministers' meeting to encourage the new federal Minister, Mr. McInnes, to consider changes to CMHC's rules of operation to allow for regional and subregional differences to happen.

We got a commitment from the Minister that that would be the new direction for CMHC. That would be his mandate. If he could change that one thing, we would have thought that he had done a good job. In my view, he would be right.

In any case, we are only now starting to see the fruits of that labour and just barely. I recall the Rural Native Demonstration Program. There was once a time, even a year ago, that if the Yukon Housing Corporation had made representation to CMHC to change the terms of reference just for the Yukon, we would not have been given the time of day. They would not have bought us lunch if we had gone down there to visit them. It would have been impossible to change the terms of reference unless there was a major policy conference in which everybody agreed. I think times are changing a bit and CMHC officials are becoming more accommodating of regional differences. That is without question, I would think.

With respect to the Member for Porter Creek East's comments, I will certainly provide the reports and the costs of those reports. I do not have them here. It is important to note here that reports cannot always be taken at face value; you have to be critical of what they

say. It is one person's view, or a number of people's view, of a particular situation.

At the same time, if the consultant is good, and if the work the consultant does is thorough, then it is an informed person's view. That is why consultants are used in the first place. I agree that you have to be discriminating, especially at this level in a community, to ensure that you take things from a report you like, and you think are well substantiated, and other things you do not like and are not as well substantiated, you do not have to accept.

²⁴ The Member brought up the matter of single mothers with kids in Whitehorse and the problem that that creates. I am sure the Member probably knows the housing situation in Whitehorse on the ground level a lot better than I do and, as his alter-ego deals with this very matter, I am sure, regularly. As the Member would know, of course, that was not an insult; alter-ego means a person's other life.

Chairman: On a Point of Order.

Mr. Lang: I take exception to that. I am talking as an MLA with people coming to see me who have major problems in respect to housing, and I want to make that very clear.

Hon. Mr. McDonald: I am somewhat flabbergasted that the Member has taken that as an affront; in fact, I do not even understand it. I am not even sure whether I should apologize for anything because I simply do not understand what he is talking about.

The point I was trying to make before the point of order . . .

Chairman: Before you do make your point, on the point of order there is no point of order.

Hon. Mr. McDonald: The point I was trying to make was that it has been the Housing Corporation's experience that not every landlord wants social housing clients to be tenants. Some feel, rightly or wrongly, that they do not make the best tenants. Even at times when there is a vacancy out there, sometimes it is quite difficult to get landlords to do it and you have to attempt to talk them into it, actually, in some cases. Some are willing, some are more than willing, others are not, and so there will always be some concern that in meeting the social housing needs the private sector might not always want to participate willingly, even if you can give them a commitment up front that you will be able to use their units for a certain period of time if they should commit to build them. Then there is the whole issue of contracting procedures and all that sort of thing we have got to be concerned about, too. In any case, I think the point the Member makes with respect to the wait list is one that we have to address and respond to, and that is what I hope we are doing.

With respect to the staff housing question and the territorial buy back scheme, as I mentioned, I believe last year, it was the government's view — and it still is the government's view — that for staff in rural Yukon, because there is no staff housing in Whitehorse, if there is a possibility to provide a buy-back scheme to enhance it, we should try, because we should try to encourage home ownership. There is an ongoing policy to encourage people to purchase their own homes, as I mentioned last year, to provide that stability in the community. What happens, unfortunately I guess, in some respects, is that when people first come to a community to work for the government they do not always view it as being prudent to build a house when they are getting a new job.

²⁵ They either rent the house or they expect the government to provide some sort of accommodation. What the government does is to try to recover the costs of providing that accommodation. In most communities that I am aware of, the amount of rental accommodation available at any one time is extremely limited. In places like Mayo, there is none at all, and has not been any that I know of for about 20 months. That creates problems. The Mayor told me on the weekend that there is no accommodation at all for people coming into town. That was inhibiting the growth and development of the community. I indicated that this was an ongoing problem and the government tried to respond to it to a certain extent, because the private sector was not doing anything. People do not make decisions lightly to build homes in small rural communities, because when they do make that decision they are committed to that community. There are teachers and government employees around the territory who do make that commitment, and they are solid

citizens who want to be in the community for some time to come. It is very difficult for the new employee coming in to do the same thing.

I understand the point the Member is making with respect to the buy-back scheme. I do not know how much more attractive the buy-back scheme can become. We could agree to provide financial incentives for purchasing the house back by offering a higher price than we offer now, but then there would be some costs to the taxpayers with that scheme, and we would have to consider it very carefully.

I repeat, I do understand the point the Member is making. It has always been my desire for people to own their own homes and to put down roots in these communities. That stability is incredibly important when you realize that even one or two families leaving a particular community can be somewhat traumatic for local business. It is nice to have people make commitments for the good of the government, in terms of the service they provide, in terms of providing continuity and commitment to the community, and knowledge to the people and all that sort of thing; also to the taxpayer himself.

Mr. Brewster: I have a couple of questions I would like to ask. I recall having conversations with the Village of Haines Junction councillors. I believe I had a letter, and I am not too sure but I think the Minister had a letter or two about the same thing, where they expressed very grave concerns about Yukon Housing, which apparently just moves in. Do they ever consult with these villagers? Do they ever listen to these town councils, or do they just move in and do what they want to do? Is it that a Crown Corporation does not have to obey the rules and the laws? They have to obey the building laws and such things, but do they ever listen to the advice of the councillors?

I can point out an apartment in the Haines Junction area that was built by two people who were encouraged and begged to borrow money from CMHC, and the Yukon government guaranteed to rent six of those apartments until they got it paid for. In a very short time the government pulled out of it because Yukon Housing had extra houses with nobody in them. The poor individuals who built the apartment went broke. They nearly lost their homes and everything else, because there was no room for Yukon Housing to compete with them after encouraging them to build. CMHC now owns that building and loses thousands of dollars every month on it.

I would also point out that the National Parks have finally smartened up and come up with a scheme. As of this spring, anyone working casual must find their own home — in other words, they are not going to give them a home. This is very good for a community because the local people will get a job, not somebody from Quebec or Ontario. Now the people who live there stand the best chance of getting the job. They may not have quite as good an education, but they live there and have a home.

²⁶ They have also gone further than that. They have also notified all their game and wildlife officers that within 10 years they will all be in their own homes. There will be no subsidized homes for any of them. This has turned out very well. Already, two have started to build, one has built already and another one is planning to build this spring, and if the others do not build they will be renting from other people. I know contractors who went in there and had to fold up, could not rent their houses or anything because they could not compete against the government, yet they pay taxes to that government and everything else and the government just folded them up.

Hon. Mr. McDonald: I remember when the occurrences took place, and I have some recollection of the problems that the Member mentions. First of all, let me just say briefly that, globally, what I think I would envisage the Corporation doing in the next 12 months — and this would probably be a discussion for the O&M debate when we get there — there is going to be a discussion paper. Of course, the housing discussion paper is coming up very shortly and it was developed primarily by the Board of Directors. They also incorporated all the housing associations and chairpersons of the housing associations into the discussion.

One of the things that became very apparent, not so much from the staff of the Housing Corporation but from the housing

associations themselves, is that they would like more control over what happens in their communities. That certainly met with the government's desire to decentralize certain kinds of decision making, bearing in mind the financial efficiencies that you can have through a sort of central corporation. Certain decisions have to be made with community sensitivity. You just cannot ram things down peoples' throats and expect to be doing a service for the taxpayer and for the people in those communities.

It is my wish, of course, that the Housing Corporation, as part of that social housing policy discussion, speak very much to the issue of decentralization of the decision-making of the Corporation. There are a number of avenues along which you can go, but, clearly, I would like to see, in terms of allocation and the design, construction and perhaps even a veto over what is going to happen in a community, if there is some central decision making, be worked into the plan so that certain decisions that might be perceived as being insensitive in the community can be avoided. There are all kinds of decisions that could happen. I think one of the things that has to be kept in mind, of course, is to speak to the very issue of competition with private builders. It is my considered view that if there is a housing market and it is providing a service to the territory generating resolutions to the problem all on its own, the Housing Corporation should not at all step into that situation.²⁷ That is the reason why there is no staff housing in Whitehorse and why certain things can happen within Whitehorse such as the rent supplement program, where you can use, to a certain extent, a privately constructed building to meet your housing needs. It is not quite so easy to operate that way in some of the small communities. If there is a community that has a viable housing market then that should be encouraged through a hands-off attitude. Those communities that do not have that vibrance still require housing, and I think there is an option the Yukon Housing Corporation should consider participating in.

I only have a vague recollection of the problem the Member mentioned, but I would certainly hope that if any building was built at the encouragement of YHC or CMHC, with the promise that there is going to be clientele for those units, then that promise has to be adhered to. They cannot be left hanging when demand drops down. When a commitment is made, it should be honoured. I would hope that in the future if the Housing Associations were put more in control then many of these items could be avoided.

Mr. Lang: I would concur with what the Minister is saying. If there is a commitment made, a formal contract should be drawn up between the proponents to ensure who has the responsibilities and adhered to for the duration of that contract. Is that what the Minister is saying?

Hon. Mr. McDonald: If the Member is trying to draw this discussion into a discussion on lotteries, then I can join that debate again. If what I am saying is that the Housing Corporation of the day had made a long-term commitment to provide clients for a contractor who is going to build some units and then did not honour it, I would presume there was some legal loophole that allowed it to get out of it, but there should be an honouring of that commitment in my book.

Mr. McLachlan: In the situation where there are R2000 homes being built by the federal government in Pelly Crossing, Carmacks and other locations, does the Yukon Housing Corporation have a similar involvement there as they do in the Rural Native Demonstration Program; that is, 25 percent in the R2000? Or is that solely a federal program?

Hon. Mr. McDonald: An R2000 home is a home design. I think we will find that all programs will be targeted to building houses to the R2000 standard, no matter what the housing program is. It is to all clients' benefit and people's benefit to be encouraged to move to a design that keeps the O&M costs down. It is interesting, in some of these communities, where there is a choice between electric heat and wood heat, that when you build an R2000 unit, it is sometimes more cost-effective to heat with electricity than to engage the capital cost of providing a wood furnace. There is no question that the R2000 design should be encouraged at all times.

Mr. McLachlan: In a discussion from a previous project presentation, we talked about some of the chairpersons of the local

housing association finding themselves, at times, in unfortunate positions when people could not pay their rent. I know that the corporation has had, at times, some problems filling vacancies on boards and filling the chairperson's position.

I can remember the former Member for Tatchun saying that nobody wanted \$100 a month to kick your friends out of housing when they could not pay. I am wondering if the Minister has been able to address this problem of making a more responsible reporting group, or a group that is based on a little more definite objectives instead of having a group that you sometimes had to railroad into sitting on the board who then found themselves in a position where they had to administer a program that they were not always keen about and found themselves running up against the problems with those who did not pay their rent.

Hon. Mr. McDonald: That is a symptom of a general problem. That is the problem of local control, I guess. The Member is quite right; many people could take or leave whatever honourarium they received if it only means that they have the right to advise the Corporation in only an advisory capacity on many of the important things that are part of the Corporation's business. They make recommendations on evictions. I am sure that that has to be one of the more painful aspects of their job. Meanwhile, the more interesting aspects such as program design, program delivery and managing a more full range of the Corporation's activities in the community still remains with the Housing Corporation central office.

Certainly, the answer, in my view, is not to increase any honourarium and try to bribe people to do something they do not want to do, but to make the Housing Corporation more responsible for what goes on in the communities. One consideration was to initially start them working on social housing policy development and consideration for decentralizing the Corporation, because it made them participate. This is essentially what is going to happen in the future with the Corporation. I think that has kept people very active and excited about maintaining their positions.

I remember, when I first became Minister, that we were appointing hosts of new members every month because the turnover rate was dramatic.

²⁸ The person would come into the Housing Association very excited about getting involved in housing and trying to improve the situation, realize that it was only a bitch-session for the people who were sitting around the table having coffee, and every once in awhile they would take the pleasure of evicting somebody, and they would go home. They resigned in droves. There is still a turnover of Housing Association Members, but I think in the future, with their participation, hopefully, in leading discussion in the communities of the housing policies, they will take their responsibilities more seriously and there will be more responsibility for them to take.

On Social Housing

On Family and Single Parent Housing

Mr. Lang: I would appreciate it if he could break down each figure for us, or if he does have a copy of the breakdowns of each item if he would provide it to us, that would be sufficient.

I want to impress upon the front bench again that it would be a lot easier because these particular documents do not give us much information. I am sure the Chairman would agree with me that looking at page 81 and seeing Family and Single Parent Housing at \$1.3 million does not tell you much. In fairness to ourselves, if the Minister would just give us the extra paper that is required it would sure help debate and expedite business.

Hon. Mr. McDonald: I have given consideration to providing as much information as I could both in Education and Community and Transportation assessments. What I do have here is two figures, the capital upgrade of the units in Whitehorse — and we are talking primarily about the rowhouse projects worth \$650,000 — and the general upgrading program for units around the territory at \$400,000.

It is in accordance with primarily the needs analysis that was conducted. I do not have the cost per unit. There are 443 units around the territory and 80-some of those units are in Whitehorse, so it is broken down among the balance of the units. There is

general upgrading, energy retrofits for those houses that do not have them. That is the primary goal this year, to complete energy retrofits and to do general capital upgrading. I can always ask for a breakdown of how much is going to be spent on each unit and bring it back. I do not have those figures, but I will certainly try to provide those.

Mr. Lang: Perhaps they could be provided at the O&M debate.

Could I ask the Minister if the \$400,000 and the \$650,000 he refers to are going out to public tender?

Hon. Mr. McDonald: A good deal of the minor capital maintenance work is done by people who are already working for the Corporation. The Corporation does generally tender that work out on a contractual basis. They contract out to a local contractor who will, in turn, sub-contract out to certain trades for certain projects in a given community. That person is also responsible for the maintenance of the units in that community as well.

I have not got the construction bylaw here, maybe I do, but I am sure that anything over a certain size is tendered out. I will check that particular fact and bring it back for the O&M debate.

Social Housing in the amount of \$1,680,000 agreed to On Staff Housing

Hon. Mr. McDonald: There are essentially seven units here. The seven units are broken into one unit, and they are all single family units. There is one for the Department of Education in Old Crow, two in Watson Lake and two in Carmacks. The reasons for the two in Watson Lake and two in Carmacks are because the staff are occupying social housing units. There are wait lists for social housing clients in both those communities.

The reason why it is not preferable to have staff in social housing units is that it is the way the housing unit is financed. There are mortgages on the social housing units, and when staff are in those units, the mortgages are not cost-shared with CMHC, so the cost to the Corporation is more expensive when they are in those units.

There are two units to be built in Teslin, because there is a phasing out of the staff units at the airport reserve. There is a long-term goal — I do not know how long term, but certainly this year we are starting two units to move off the airport reserve and to vacate the old war surplus buildings.

Mr. Lang: Going through it very quickly, we have seven units for \$900,000, which gives us roughly \$130,000 a unit. Could the Minister explain to us why he has estimated the costs that high.

Hon. Mr. McDonald: Well, it is an average cost. Firstly, the houses in Faro were built for how much — maybe the Member for Faro can remember, four or five years ago. I know that United Keno Hill Mines had a package deal for the houses they put up in 1981-82, and they were just over \$100,000 a piece. They were just standard single family units; I think they were two or three bedroom units. As I say, this is an average cost. Presumably the house in Old Crow would be more expensive than the houses in Teslin or Carmacks. I am not sure what the square footage would be.

Mr. Lang: The Minister better go back and have a hard look at what he is doing here. I was talking to a friend this morning who had a cost estimate done for a five-bedroom home, probably one of the nicest homes in Whitehorse if he goes ahead with it, and he estimates \$135,000.

³¹ Now, I recognize that things might be a little different in some of the communities, such as Old Crow where you are going to have some costs over and above; I will accept that argument. I would suspect that to be, hopefully, a log home built out of the area and met accordingly. It seems to me that these estimates are, once again, way out of line.

You can go down to Watson Lake and buy a home right now for \$60,000, which would cost you \$80,000 to replace. I do not understand what we are dealing with here in Watson Lake. You are saying that you are going to build two new homes for social housing when you just have to drive around the community and see for sale signs all over the community on the private market. Once again, here we are going because of no policy firm guidelines with respect to what our obligations are. As the employer, we are expected to go and build a house. I think it should be clearly stated to an employee that maybe they rent for six months and at that stage, in certain communities where you are starting to get a private market, they

can do one of three things: they can buy the house they are in, they can go and get their own house, or they can find their own rental accommodation.

I am trying to assist the Minister here. I do not think that you should accept the fact that \$130,000 is an average cost of a house. To use Faro as a comparison is really out of line, because Faro had to do special things with the foundations. That is part of the reason for the very high cost, and the permafrost. My colleague from Whitehorse Riverdale North has pointed out that they are very large homes to begin with. You are talking single family homes, the way you outlined it. I think that the Minister had better sit down and get the Corporation to reassess exactly what we are spending there and look at Watson Lake, perhaps even in Teslin, to see whether or not we can encourage people to build their own homes as opposed to us going in the area of staff and saying, "Look, we are going to provide this".

Hon. Mr. McDonald: We can discuss staff housing again. I have already indicated what my view of staff housing was. It is preferable to encourage people to buy their own homes, but you cannot always do that.

Mr. Lang: It was just pointed out that you can in Watson Lake.

Hon. Mr. McDonald: In some communities you might be able to. We have no way of assuming that what the Member is saying about Watson Lake, whether it is from a friend, brother, whatever, is something that is, in fact, the case. I would have to check it out. I am told by the people who are involved in the Housing Corporation and the housing associations there that these are required. I am prepared to support the need.

If the Member, off the top of his head, says that he has new information, then I can respond to the new information.

Mr. Lang: *(Inaudible)*

Hon. Mr. McDonald: I am not finished yet.

The cost per unit in places such as United Keno Hill Mines and Elsa were, in 1981, \$100,000 per unit. There are no foundation problems up there. The land was already there. They did not have to purchase the land. I presume that there may be some cost in some of these communities to purchase land. They built those homes, and they thought they got a good deal for three-bedroom homes at \$100,000 a unit.

³² The Member may be a contractor who may have new or different information, but, from my experience, \$100,000 five or six years ago may have been inflated to \$130,000 today. One hundred and thirty thousand dollars is the average figure because we include Old Crow, and you can top that up by \$30,000 right away just for flying in materials.

If the land is given to the government or if the government can purchase the units, that is the preferable option. If you can purchase them for a low price, you can save money. If you have to build them you have to pay the price.

With respect to staff housing needs, it is definitely my preference to encourage people to purchase their own homes in the communities. Recruitment for staff is next to impossible when people go into a community and not only do they have to move from someplace else to go into the community, but they have to somehow organize the building of a house, because they have to make a long-term commitment. Most people do not buy and sell houses for a living. It is a pretty intimidating thing. That is family investment and they think in terms of it for the rest of their lives.

The Member for Riverdale North makes a completely ridiculous statement that there is a house for every Yukoner. I wish the Members would please try to understand some of the intricacies of some of these issues, because it is important as legislators to understand these intricacies.

The Member for Riverdale North says, of course, you have to have reasonable estimates. I am saying here that the estimates, in my view, are reasonable. If Members take issue with that, I am prepared to go back to the Corporation and say that the Member for Porter Creek East and the Member for Riverdale North think that your estimates are absolutely outrageous and want you to justify why you came up with the estimates in the first place. It is to keep costs down, of course. I would not be surprised if they said that the cost of doing business out there is more expensive than you think.

There are people in the private sector who have been building houses in places like Elsa. They were putting them up for \$100,000 six years ago. Now we have to acquire the land and put up the house. If you are going to do it you are going to have to pay the going rate today. If an individual wants to do it they have to pay the going rate today.

The Member for Porter Creek East says "Jesus Christ". I presume that is an exercise in frustration. Let me tell you, in my view this is a reasonable approach. If the costs can come down, we would like to encourage them to come down. If the costs are this much and we are prepared to make the commitment to provide the units, which we are, then we are prepared to pay the price, recognizing that we want to make the price as low as possible and at the same time provide the service.

Mr. Lang: I just want to make a couple of points here. I apologize for the Minister for repeating something that I did not say in the course of debate. I really take affront with the Minister's attitude that because we have raised a number of issues and had the audacity, had the audacity, to question the figures before us. I mean, we even had the nerve to go to the Minister who is so arrogant that he does not say, "Look, that might be a valid observation." That might be a valid observation that is being put forward from this side with respect to \$130,000 of somebody else's money that we are in charge of.

We made an observation about Watson Lake, and maybe the MLA for Watson Lake has not been down there for awhile, but I happened to have been down there at Christmas and there was quite a number of homes there for sale. I do not believe that there was one there asking one hundred and thirty thousand bucks. They were nice homes. Here we are going to go ahead and build two new homes and basically run around and accept the principal that we are going to spend \$130,000. Even the Minister stated that there was one built for \$100,000 in Elsa. What was it? A duplex? I take a look at Teslin where there was a house on the market for, what, \$50,000 or \$60,000, and we are going to budget \$100,000? I think that maybe somebody had better look at the what they are planning to do.

I agree with the Minister that if you want to spend \$130,000, you can, with no problem. All I am asking, from this side, is for some prudent management. Look at the plans and say is it necessary to spend \$130,000 to get a two or three bedroom home. Why not? Why not have a look at the plans? Maybe you can get a builder to go in and say, "Look, can we scale this down, meet our objectives and provide the necessary housing" wherever it has to be constructed? That is all this side is asking. And, the Minister wonders why we question the figures. One hundred and thirty grand here and in the other, Stewart Crossing, they were going to cost \$180,000. That was for 960 square feet.

I am not going to belabour this. All I am asking the Minister, and I am making a representation here, is that he has a responsibility to go back to those communities and to the Corporation and say, "Look, if this housing is required, let us get some reasonable costs as far as what the taxpayer is prepared to invest." That is all that I am saying.

Hon. Mr. McDonald: I am not going to belabour this. I am still looking forward to the O&M debate. I can tell the Member that I resent, quite considerably, the charge that I am being arrogant in defending the estimates here. It has nothing to do with being arrogant, or responding negatively to what the Member refers to as the audacity. I take the Member's points; I do not want to be an obstructionist. I do take what the Members say seriously. No matter what charge the Members make, I do bring it up with officials, and I demand explanations when I believe the Members have made a convincing point. I will report back in the O&M.

It is the Corporation's preference, by policy, to purchase units if they are available. Take Watson Lake. They say they have enough budgeted here to purchase, but if there are houses available, when the time comes, to meet the demand, then the preference is to purchase. That is true not only in Watson Lake, but in Teslin or any place in this territory. I remind people that if funds are lapsed here because, when it came time to actually meet the need, they could make a better deal with a private home owner who are putting their

house up for sale, they will take that deal.

Mrs. Firth: I would like to ask the Minister what size the houses are going to be. How many square feet are they going to be?

Hon. Mr. McDonald: I do not have any blueprints with me. I would suspect that the client departments will indicate the size of the family that they project will move in. They generally opt for three bedroom units, because they want to be able to design it for a number of clientele who might come in in future years. If you build a house with only one or two bedrooms, sometimes they are not suitable for a larger family, so they have tried to go to three bedrooms, is my understanding. I think there is a standard style of unit. They have a number of designs on the shelf and they take one, and they try to blend that with whatever local materials there are in the area to build the unit.

Mrs. Firth: I did not really ask for the blueprints. I just asked for the standard square footage of what kind of house was going to be built. I wonder if the Minister could tell us if his department has a chart, or a graph, or some kind of documentation within the Housing Corporation to indicate what the standard square footage of houses are that the Housing Corporation builds, and what the costs per community are per square foot for building those units. If he does have that, could we have a copy, please?

Hon. Mr. McDonald: I presume that there is standard style, a number of styles. Anybody who has been out to the rural communities knows when he sees a staff housing unit. He certainly knows when he sees a social housing unit. I hope that will change. I am sure there are some standard designs in units.

That would be a useful question for Public Accounts Committee, too, I am sure. Maybe if I provide the information, maybe the Member would want to bring it up there as well.

Mrs. Firth: I think it would be of use to the Members on this side if we had that information in advance to the O&M discussions. It might not hurt for us to have it even before that, so we could do our research on it and do some comparative costs so that we are well prepared for the O&M debate.

35 On Staff Housing

*Staff Housing in the amount of \$1,000,000 agreed to
On Central Services*

*Central Services in the amount of \$60,000 agreed to
Yukon Housing Corporation in the amount of \$2,740,000 agreed to*

Chairman: Before we proceed to the next department, which is Renewable Resources, we will recess for 15 minutes.

Recess

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

Department of Renewable Resources — continued — On Campground Development

Hon. Mr. Porter: Yesterday I made a mistake. I said there was a \$10,000 expenditure under Recreation Access Development at Congdon and Tagish Creek and the correct information should be we are spending \$15,000 at Tagish and \$10,000 at Congdon Creek. At Tagish we will be spending \$5,000 for the development of a parking lot, posting, signage and boat launch facility and the money will be taken up with contract for equipment and labour and travel materials.

We are going to move the existing boat launch at Congdon Creek and relocate it to a more sheltered area. The bulk of the cost would be for rental of a bulldozer, gravel, rock haul, moving concrete ramps and rock rickracking and material supplies, signage.

The question was asked by the Member for Riverdale South with respect to the breakdown of the people that visited Herschel Island. The private individuals who visited the island were 175; government personnel were 33 people.

Another question was asked by the Member for Riverdale North with respect to the area alienated by the four parks. The number is for parks, campgrounds and sanctuaries including lands reserved is 7 percent total, including the national parks, territorial parks, proposed parks and others.

Mr. Brewster: I would like to ask the Minister why they do not consider moving the dock from Congdon Creek to Destruction Bay where it can be used, instead of them being without one. It is less than 10 miles from there. The people in the area say that it has never worked at Congdon Creek. It has been a flop completely from the time it was put in there; nobody has ever been able to use it. If it went to Destruction Bay then that lake would have at least one decent launch. They have some money and they have been fighting for two years to get a water break up there. Why not look at getting this all combined. It is certainly not that far out for tourists and it is really questionable as to how many tourists use these things compared to local people and the RCMP, Conservation Officers. We have had tragedies up there when the police and conservation officers could not even get their boats in there; they have to go to Burwash and use an old wooden one that was built before I came, and I have been here for 37 years, so it is a little wobbly, but that is all they have. So, combine these things since we have not got the money to build two, and I agree that we do not need two. Why do you not just look at this?

Hon. Mr. Porter: I will take the Member's remarks seriously and if in fact the community is looking into plans for dock facilities, ramp facilities, at Destruction Bay and they have gone through building a breakwater, I think it would make good sense to look at that as a location for the boat launch. I will discuss that with the department.

Mr. Brewster: I would like to thank the Minister for that. It puts us into a nice day, and we will probably get by to 5:30 with everyone smiling.

When you say there is only seven percent of Yukon taken up in parks, does this include the North Slope, Herschel Island and the National Parks, game sanctuaries and other such things?

Hon. Mr. Porter: Yes, that includes both of the federal parks — Kluane and the North Yukon and Herschel Island — Coal River and the two game sanctuaries — Kluane and McArthur.

Mr. Brewster: Thank you. I had not intended to carry this on, I thought you were going to pass it right away. I would just ask one more question. On the Select Committee, as I recall, and I am recalling it by memory, I remember the debate on this. Conservationists were saying seven to eight percent and Chamber of Mines, I believe, was saying 12 or 15 percent. I realized there was an argument about it, and it seems kind of peculiar that you come up with the conservationist one. I just wondered really. I will have to check on that myself to see where the Chamber of Mines got its figures from.

Mr. Phillips: I would just like to add to what the Member for Kluane said, as I was a member of the task force on northern conservation. We drew some maps to determine how much land was alienated, and they also came to the conclusion that, including land claims, approximately 12 percent of land was alienated in the territory. I would suggest that the Minister and his officials go back to the drawing board, because they have leaned to the conservation side of that question. I think that there is a real fear out there that more land is going to be alienated. We have the Minister talking about parks and there are people out there who are genuinely concerned about what is going to be left when all of this is over. A lot of people come to the Yukon because of the outdoors and the wilderness and the privilege they have to hunt and fish and trap, and we have to be conscious of that in these kinds of decisions. There are a lot of areas in the territory that the average Yukoner cannot get to, and it appears that the ones that are accessible are slowly being taken up by one means or another, either a park or land claims, or other things. So people are really concerned about what lies ahead for us in the future.

Hon. Mr. Porter: The figures I gave the Members did not include lands selected.

Campground Development in the amount of \$823,000 agreed to On Departmental Services

Hon. Mr. Porter: As I told the Members the other day, this particular area is largely for replacement of equipment in the various outlying offices. The bulk of the expenditure will take place in the community of Old Crow. As Members are aware, we have established a new conservation officer position there. We are going

to have to stock that particular community. We also created another CO position in Teslin.

We are talking about VHF radios, four-wheel ATCs, boat motors, replacement skidoos, walk-in freezers, chest freezers, metal detectors. They are not going to be looking for rare coins; they use them for investigations to determine where shells are located on the ground.

Mr. Brewster: We are prepared to clear that line item.

Departmental Services in the amount of \$174,000 agreed to Renewable Resources in the amount of \$1,147,000 agreed to On Recoveries

Recoveries in the amount of \$395,000 agreed to

Department of Tourism

Chairman: The details are on page 73. General debate?

Hon. Mr. Porter: Specific budget items under this vote within the development branch: expenditures for the signs in the interpretation program will increase from \$50,000 to \$100,000. This will provide for increased signage, necessary maintenance and replacement of existing signs, and contract employment of resources for delivery as existed until 1985. The streetscape program will increase by \$175,000 from \$300,000 to \$475,000. This is to complete activities in Watson Lake, Haines Junction and Carcross, and to do more planning in three more communities — Burwash Landing, Beaver Creek and Destruction Bay.

This program has proven to be extremely beneficial to the communities as well as popular with our visitors. It is our intention to expand the streetscape program for future years.

The special events incentive program, which provides up to \$5,000 to organizations who sponsor attractions, is being increased from \$75,000 to \$100,000 due to increased demands and to encourage visitors to extend their length of stay in the Yukon.

Wilderness tourism continues to be a priority with \$75,000 for trails, campsites and interpretive development in remote areas. There is \$50,000 for assistance to operators in the areas of product development and marketing; \$30,000 for implementation of recommendations from the study by the wilderness travel industry in the Yukon recently completed by tourism development and marketing consultants. It is our commitment to facilitate development of this sector and bring it to a level where it is a viable segment of the industry as well as a full participant in the normal cooperative marketing process.

Within the Heritage Branch, new for 1987/88, the Heritage Properties Assistance Program will provide \$75,000 toward stabilization and restoration of privately-owned heritage sites. As the Member will recall, when he introduced the motion for Silver City, I said that we would have a line item in this budget that would speak to the ability for private individuals if they would like to upgrade their facilities that are historic facilities. That will done under that program.

Also new for 1987/88, the major exhibit development project has \$175,000 set aside for the Dawson City Museum, as well as a mobile exhibit to travel to communities.

The overall decrease of \$2,888,000 in the 1987/88 budget is due primarily to the completion of the old Territorial Administration Building. \$2,667,000 has been set aside in the current year for the completion of this project, with \$75,000 set aside in 1987/88 to landscape the grounds.

The balance of the decrease is due to the completion of the justice art project, for which \$225,000 has been set aside in this year. The Heritage Branch will continue this year with assessment assistance to Yukon Museums, the Yukon Heritage Inventory Project, with completion of stabilization and restoration projects commenced in prior years.

New for 1987-88 is \$100,000 to determine the extent of the need and design for archeological conservation lab and storage facility. Within the Marketing Branch a number of new initiatives are planned, recognizing the necessity of effective and continued presence or visibility in markets; an overall budget increase of \$221,000.

New for 1987-88 is \$100,000 to produce new vignettes for television from current film footage. The previous series of

vignettes were produced in 1983 and 1984, and those vignettes are clearly dated. Our intention is to continue funding in future years to provide for increased use of electronic media and allow us to take advantage of film opportunities in cooperation with other producers. Cooperative Marketing supports this particular move and Members on the other side of the House have been urging the government in previous debates to step up our efforts in this area. I am happy to report that we are taking advice of that nature and producing this film.

The travel film produced in prior years will be edited to produce a 12-minute film, then transferred to video format and distributed to television stations through commercial film distribution networks in both the United States and Canada, and Tourism Canada offices abroad.

The Visitor Reception Centres Landscaping equipment budget, as we discussed earlier, had to be cut back this year to provide funds for upgrading and correcting deficiencies at the Watson Lake and Dawson Visitor Reception Centres. Next year an extensive landscaping program will be carried out at Watson Lake in conjunction with, but separate from, the streetscape program. All the grounds of the Visitor Reception Centre will be reconfigured to allow for creation of another line of signposts along the highway and at 9th Street corner to allow signs to be seen by westbound motorists. A properly designed pull-off area for traffic off the highway will also be built. Research into a design and new location for the Whitehorse Visitor Reception Centre will be done to make the centre more accessible to visitors. Each centre will be equipped with video display equipment so that visitors may benefit from tourist-oriented audio visual material.

In addition, low-frequency radio transmitters will be provided so that drivers can obtain information on highway conditions, weather, local attractions and special events. These transmitters will be located in the communities. We will put signs up, and as motorists approach communities it will tell them to tune in to a certain frequency to hear information about the community. There will be a continuous loop program giving information about the community so that motorists know in advance what is awaiting them in that community. Those are my remarks.

» **Mr. Lang:** I do not intend to have a long prolonged debate over this. In fact, I do not think it is really that necessary to have people here quite frankly. As I indicated we would be looking more on the O&M side in respect to this.

I want to begin by commending the government on their steps in the area of vignettes and also more use of the electronic media. I think it is perhaps long overdue, I think in view of the fact that the financial wherewithal has been provided to the government and that is an area that we should be looking at and moving into.

The last concept that the Minister outlined very briefly I find very interesting, and I think it could well help be the catalyst to help people stay within the community if they know what is being provided. I am sure most of the travelling public and RV vehicles will definitely tune in; obviously their vehicles are equipped to do that. I think it is a real good idea and whoever thought of it should be commended, because it is obviously not going to cost a lot of money yet it is going to provide a really good service for the travelling public.

On a couple of other areas, I just want to make a general observation. I see a number of line items that basically are grants again. I want to go back and just make the point that we seem to be coming a region of grants. The first initiative for anyone to go into business is to see how much money they can get out of the government, and I find that kind of alarming. I think that we as legislators should start looking at what we are doing with the finances that have been made available to the government and really analyze where we are going and what we are doing, and if we are not really setting back the initiatives of people by providing them with, what effectively is, free money. I just had a conversation with an individual the other day, and I was informed that there was one person who had seven different departments going on grant applications. I will bet you that four of those departments did not know what the other three were doing these.

I find that, as an elected official and as a Member of the

Legislature as well as a private citizen, alarming. I think that we had better be very careful where we are going with respect to all the so-called grant programs. I see a number of the things here that I can see some reason for them — the Streetscape Program and that type of thing — but also, obviously, there are other programs that people are going to be eligible for that they are going to apply for and you cannot blame them for applying for them. What is going to happen and, I guess this is philosophical more than anything else, we are becoming a legislature of interest groups, how much money can we give away, how many promises can we make for people to apply for as a sector of our population or as an interest group or as an organized lobby can get out of the politicians. I really question whether that is in the public interest. We lose sight of the public interest and in the long-term it is everybody who suffers, including those who are initial beneficiaries. I make that as a general observation in respect to the budget that is before us, and I think it is one that we have to watch.

I want to say also that we are maintaining a working relationship with the Yukon Business Association. I recognize it has changed to some degree with change of personalities and the change of governments, but I think it is awfully important that we continue to encourage that responsibility within that organization by them providing X amount of dollars to go in conjunction with the government to do things. I think it is a format that has worked well, but I also think that we have to be very careful that we do not start to split off into community organizations where we effectively, indirectly, intentionally or otherwise, emasculate the Yukon Business Association, where it is not to the interest of a business in Mayo or in Dawson or Watson Lake to participate in the Yukon Business Association.

« They know that they can scratch somebody else's back over here, they do not have to go through the YVA. Effectively, what happens is that you do not have a strong organized body representative of the tourism industry, which is so vital in the long term, as well as short term, for Yukon. That is the other area, grants, again, that I think you have to be careful with. If we are talking about the general wellbeing of tourism, the general wellbeing of marketing, I think that, basically, we should be going through the cooperative marketing process and the Yukon Visitors Association and building in that responsibility there as opposed to government directly intervening.

I caution the Minister there, because I know what happens that when you are in that position you get numerous requests for a lot of people quite able to give you ideas on how to spend other people's money, especially if they can spend it and let you take the rap for it. We would like to see a really strong spokesman for the tourism industry through the Ministry and in conjunction with the Yukon Visitors Association. I think it is in the long term best interest of the present people who are in business and their employees. It does mean people and it means jobs. With those comments, I am prepared to get into the line-by-line items.

On Development

On Destination and Regional Development

Hon. Mr. Porter: This is broken down as follows: Signs and Interpretation, \$100,000; Streetscape Development, \$475,000; Wilderness Travel Improvement, \$75,000.

Destination and Regional Development in the amount of \$650,000 agreed to

On Private Sector and Community Support

Hon. Mr. Porter: The breakdown is as follows: Special Events, \$100,000; Wilderness Resource Assessment, \$30,000; Wilderness Product Development and Marketing, \$50,000.

Mr. Lang: In a general, conceptual way I can see some money being spent in the wilderness area, but I want to caution the government with respect to, perhaps, going too far into that area. I really have to question, to some degree, how much of a return we get in general in our economy. I am sure the Minister can ream off a bunch of statistics and saying there is X amount of dollars here. I recognize that it is an area, but I think that we had better be very careful that it does not become the major priority. The reality of the situation is that the people who can afford to travel are over 60, retired in most cases, and do have the money and the wherewithal

and are expecting the services in conjunction with the dollars that they are bringing forward. I would just put that word of caution out with respect to that area. I know that there is some reason to do some things in there, but I would proceed cautiously so that we do not get into a situation where we are looking at not really a lot of return for the dollars that we are putting forward.

Hon. Mr. Porter: The trend has been in the last few years for more of an interest in wilderness. The monies we see here on a percentage basis are representative of a total expenditure for marketing and are rather miniscule, and I think it is in anticipation of that increased interest in wilderness development. I would like at this point to respond to the earlier question regarding the YVA. Clearly, we have continued the policy of recognizing the YVA as the spokes-organization, if you will, for the industry. It has been my intention all along to encourage the other groups that make up part of the tourism industry to participate in that process. We are actively discussing with YVA ways in which they can change their constitution to include more groups so we can hopefully one day have a single organization that speaks for the entire tourism industry in the Yukon. When that happens that will only benefit industry and government. Toward that end, I have invited the president of the YVA to travel with me this summer, and together we are going to visit a lot of the small operators throughout the Yukon who have, for some reason or another, in the past shown some hesitancy in participating in the YVA, and make joint representation to them and speak to them about the benefits of that participation.

Mr. Phillips: With respect to the wilderness study that is going on, does the government plan to set aside any area strictly for wilderness, non-consumptive users? Is that in the plans?

Hon. Mr. Porter: No. We are not planning in any way to simply designate a certain area. For the most part, parks developments and those issues are handled by Renewable Resources. At the present time there are enough areas that are wilderness in character that we can simply assist the wilderness operators in getting more access to them and bring more people to view the present areas we have at this time.

Private Sector and Community Support in the amount of \$180,000 agreed to

On Canada/Yukon Tourism Sub-Agreement

Canada/Yukon Tourism Sub-Agreement in the amount of one dollar agreed to

On Development

Development in the amount of \$830,000 agreed to

On Heritage

Hon. Mr. Porter: Under Heritage Properties, the total expenditure is for \$75,000. As I indicated to the Members earlier, this \$75,000 expenditure will allow private entrepreneurs to be able to access some funds to be able to assist them in stabilization work with the buildings or artifacts that they hold. This would protect against further deterioration. The two areas that we are looking at are Silver City and Moosehide in Dawson. As Members are probably aware, the Band in Dawson is looking at developing Moosehide. They did the Church last summer, and they are looking at doing some work at the school and buildings that are there.

On Historic Properties Assistance

Historic Properties Assistance in the amount of \$75,000 agreed to

On Historic Sites Development

Hon. Mr. Porter: This is broken down as follows: Old Territorial Administration Building, \$75,000; the *SS Tutshi* in Carcross, \$160,000; Fort Selkirk, \$275,000; Herschel Island, \$60,000; Yukon Heritage Inventory, \$200,000; Capital Maintenance, \$50; and, Planning and Feasibility, \$50,000.

Mr. Lang: Why are we spending \$60,000 in the line item for Herschel Island, when in the Renewable Resource side we are spending \$360,000?

Hon. Mr. Porter: As the Member will remember, over the years the Department Tourism has had the archeological responsibility, and we have had a full-time archeologist, over the past few summers, doing work on the old sites there. I believe one of them is called the Tooli site. Some of the problems experienced with those

sites is that they are quickly eroding because of the actions of the ocean. We are going to continue, as well, the survey and recording of the major buildings and the features in the area. As well, integration of the historical significance of Herschel Island. Herschel Island, at one time, was one of the major wailing centres in the Arctic. We think it is important to continue to preserve that aspect of the Island's historical past.

Historic Sites Development in the amount of \$480,000 agreed to
On Local Museums Development

Hon. Mr. Porter: Every year, we give direct grants to our local museums throughout the Yukon. This year, there is no change. There will be \$100,000 spent again. Conservation Security, \$150,000; Major Museums Development, \$150,000; Major Exhibit Development, \$175,000.

Local Museums Development in the amount of \$575,000 agreed to

On Heritage Facilities Development

Hon. Mr. Porter: Under this expenditure item, we are looking at Archeological Conservation Laboratory and Storage for \$100,000. What we will be doing there is we are looking at funds for doing the feasibility study and a production of archeological designs and drawings. In terms of all the research that has been done in the area of museums, it has been very clearly pointed out that we need such a facility. We are losing a lot of artifacts. The Nielsen Task Force Report very clearly stated that a lot of artifacts from the Yukon have been displaced and that there should be a move to bring those artifacts back into the Yukon. When we look around, we do not have the necessary buildings to house those artifacts. We are going to spend the money to determine feasibility and do architectural design works for such a building. Our estimate for the necessary storage facility is that it would require 5,000 square feet.

Mr. Phillips: Where is the government looking at building that facility?

Hon. Mr. Porter: We have not determined the site for the building.

Mr. Lang: Maybe you could get the same contractor who is going to build this to seriously look at the housing through the Housing Corporation. Maybe they could give some bids on the projected housing units.

Hon. Mr. Porter: The one thing I think we would seriously discuss with the Minister of Education is the possible usage of the old college site as a location and the feasibility of transferring it. Is it possible to retrofit that site for use in this area?

Mr. Phillips: I think that is a good suggestion from the Minister. It is probably a good building to use. I was at the same seminar that the Minister was at where they pointed out there should be a central area. There were about three options given to us at that seminar. One was to have different facilities throughout the Yukon and one was to have one main facility where you gathered, stored and took care of it. What is the plan right now for the government? Are they looking at the option of moving facilities all over the territory? There was a bit of a difficulty then of transporting artifacts to and from various communities.

Hon. Mr. Porter: The government has not made a decision as to what option it will take as policy. We have received the final Lord Report on Museums; it is being condensed now. I will be reading it. If Members would like, after I have taken the issue before Cabinet, I will provide that information to them. Any way you look at it, there will be a need for one central storage facility. One of the ideas that they talked about is the definite need for the central storage and then have some ability, a mobile museum, to transport from the central storage to local museums so you can have a changing exhibition in the various museums throughout the Yukon.

Heritage Facilities Development in the amount of \$100,000 agreed to

On Heritage Artifact and Art Acquisition

Hon. Mr. Porter: This is a visual arts acquisition for \$5,000. As Members know, we provide funds in the form of a grant, on a matching basis, to the Friends of the Gallery to purchase art.

Heritage Artifact and Art Acquisition agreed to in the amount of

\$5,000

On Northern Oil and Gas Action Program

Northern Oil and Gas Action Program in the amount of one dollar agreed to

Heritage in the amount of \$1,625,000 agreed to

On Marketing

Hon. Mr. Porter: As I stated earlier, under marketing, we will be spending \$60,000 for local frequencied radio transmitters, \$5,000 for displays, \$35,000 for television equipment, \$120,000 for landscaping and development.

On Visitor Reception Centres

Mr. Lang: Why are we getting into this sophisticated TV equipment ourselves? Are there not people in the business who are capable of doing that?

Hon. Mr. Porter: We will be purchasing TV monitors, video cassette recorders and ancillary speakers so that we can equip each visitor reception centre to handle all of the videos we are developing so that they can show them to the tourists as they come in.

Visitor Reception Centres in the amount of \$220,000 agreed to

On Travel Marketing Equipment, Displays and Productions

Hon. Mr. Porter: Production distribution and versioning of films, audio visuals, shows \$67,000, and also production of new tourism films, TV vignettes, distribution and versioning for \$100,000.

Travel Marketing Equipment, Displays and Productions in the amount of \$387,000 agreed to

On Expo '86

Expo '86 in the amount of nil agreed to

Department of Tourism in the amount of \$2,842,000 agreed to

On Schedule A

Chairman: We will carry all the totals in Schedule A by departments.

On Executive Council Office

Executive Council Office in the amount of \$44,000 agreed to

On Community and Transportation Services

Community and Transportation Services in the amount of \$56,291,000 agreed to

On Economic Development: Mines and Small Business

Economic Development: Mines and Small Business in the amount of \$12,652,000 agreed to

On Education

Education in the amount of \$22,618,000 agreed to

On Government Services

Government Services in the amount of \$9,068,000 agreed to

On Health and Human Resources

Health and Human Resources in the amount of \$5,996,000 agreed to

On Justice

Justice in the amount of \$178,000 agreed to

On Renewable Resources

Renewable Resources in the amount of \$1,747,000 agreed to

On Tourism

Tourism in the amount of \$2,842,000 agreed to

On Yukon Housing Corporation

Yukon Housing Corporation in the amount of \$2,740,000 agreed to

On Yukon Liquor Corporation

Yukon Liquor Corporation in the amount of \$126,000 agreed to

The total of \$114,302,000 agreed to

On Schedule B

Schedule B in the amount of \$380,000 agreed to

On Schedule C

Schedule C agreed to

On Title

Title agreed to

Hon. Mr. Porter: I move that you report Bill No. 7 without amendment.

Motion agreed to

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

Motion agreed to

Mr. Speaker resumes the Chair

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

Mr. Webster: The Committee of the Whole has considered Bill No. 7, *First Appropriation Act, 1987-88*, and directed me to report the same without amendment.

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

Some Members: Agreed.

Speaker: I declare that the report has carried.

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

Speaker: It has been moved by the Hon. Government House Leader that the House do now adjourn. Are you agreed?

Motion agreed to

Speaker: This House stands adjourned until 1:30 p.m. Monday next.

The House adjourned at 5:00 p.m.

