

Whitehorse, Yukon
Wednesday, April 2, 2008 -- 1:00 p.m.

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

Prayers

DAILY ROUTINE

Withdrawal of motions

Speaker: The Chair wishes to inform the House of changes that have been made to the Order Paper. Motion No. 340 and Motion for the Production of Papers No. 9, both standing in the name of the Member for Kluane, have been removed from the Order Paper, as the action requested in those motions has been fulfilled. We will proceed at this time with the Order Paper.

Tributes.

TRIBUTES

In recognition of Yukon Biodiversity Awareness Month

Hon. Mr. Fentie: I know that the opposition benches will also be paying tribute to Biodiversity Awareness Month, but the government side wishes to present this on behalf of our Assembly.

Biological diversity or biodiversity is the source of the essential goods and ecological services that constitute the source of all life. Mr. Speaker, as we all prepare to welcome spring back into our lives we have the opportunity to celebrate the animals, insects, fish and amphibians that also call the Yukon home.

The Department of Environment is pleased to promote April as Biodiversity Awareness Month here in the Yukon. Department staff, volunteers and a number of environmental groups are offering a wide range of activities throughout the month that will educate and delight all participants. In fact, there are so many events that the department has prepared a detailed schedule that is being mailed out to all Yukon households and also to the Village of Atlin. A Celebration of Swans, National Wildlife Week and Earth Day are all part of the assorted mix of activities on offer. Copies will be delivered to the offices of MLAs as well.

The world is changing faster than ever before and so too is that the case in Yukon. The Yukon government's vision for the future calls for the protection and maintenance of biodiversity. We know that diversity between species increases the resilience of ecosystems, which, in turn, makes sustainable development possible. Biodiversity is the foundation for human well-being.

I would like to take this opportunity to commend the staff of the Department of Environment, who have contributed to the success of Biodiversity Awareness Month. What started just over 10 years ago as a small celebration of the swans returning to the Marsh Lake area has grown into a diverse observance of species and habitats that is fun, educational and often very inspiring.

Credit should be given, too, to the organizations that are involved in Biodiversity Awareness Month, as well as the events and the supporting effort overall. It is a long list which, in the interest of time, I cannot share with the members today, but their contribution is recognized in our flyer.

In closing, I would like to note that the Yukon's Biodiversity Awareness Month is part of a national and international effort to raise the profile of biodiversity issues and, indeed, opportunities.

Awareness is the first important step in changing attitudes and practices. Each of us can make a difference and we can each enjoy in our own way Biodiversity Awareness Month in Yukon.

Thank you.

Mr. Edzerza: I rise on behalf of the opposition parties to pay tribute to the Yukon's own Biodiversity Awareness Month: April.

Biodiversity is a concept that expresses the interaction of various species of animals and plant life on our earth. We live in a fragile environment in which this interdependence of species plays a vital part in the survival of all life on earth, including our own.

On January 29, 2000, Canada became party to the Cartagena protocol on biosafety. The protocol seeks to protect biodiversity from the potential risks posed by modified organisms resulting from modern biotechnology -- in other words, genetically modified organisms or GMOs.

The protocol points out that a precautionary approach should be used with new technology and that it is important to protect native species. We emphasize that approach.

Human activity is putting an enormous strain on the natural functions of earth. The ability of the planet's ecosystems to sustain future generations can no longer be taken for granted. We are too complacent about our vast wilderness and our wildlife. We are living on borrowed time, depleting natural assets as if there were no tomorrow.

In 1996, federal, provincial and territorial governments agreed on a Canadian biodiversity strategy that each jurisdiction would implement according to its own priorities and fiscal circumstances. Five provinces and one territory have developed a biodiversity strategy, including all our neighbours, the Northwest Territories, B.C. and Alberta. Traditional knowledge and inventories of species are key components of a biodiversity strategy. We look forward to the day when Yukon complements others' efforts with our own strategy. Biodiversity is not just an interesting concept; it is vital to all life and we ignore it at our own peril.

Thank you.

Speaker: Are there any further tributes?
 Introduction of visitors.
 Returns or documents for tabling.

TABLING RETURNS AND DOCUMENTS

Mr. Inverarity: I have for tabling a letter to the Conflicts Commissioner.

Mr. Hardy: I have for tabling 26 copies of the *Environment Act* preamble. I also have for tabling my Yukon pin, as well another 100 of them, which were made in China.

Speaker: Are there any further documents for tabling?
Reports of committees.

REPORTS OF COMMITTEES

Hon. Ms. Taylor: I have for tabling the fourth and fifth reports of the Standing Committee on Appointments to Major Government Boards and Committees.

Speaker: Are there any further reports of committees?
Are there any petitions?
Are there any bills to be introduced?
Are there any notices of motion?

NOTICES OF MOTION

Mr. Nordick: I give notice of the following motion:
THAT this House urges the Government of Yukon to continue:

(1) to showcase the territory to other jurisdictions through conferences and trade shows, such as the 2008 Prospectors and Developers Association of Canada in Toronto and Yukon Expo 2008 in Edmonton;

(2) to stimulate business development and export growth opportunities; and

(3) to facilitate the increased export of Yukon-made products and services, as well as the development and expansion of Yukon businesses regionally and nationally.

I give notice to the following motion:

THAT this House urges the Leader of the Official Opposition and MLA for Porter Creek South to explain how they can resign from the Public Accounts Committee when they were appointed by a motion of the Yukon Legislative Assembly on November 30, 2006, that has not been amended by a subsequent motion deleting their names from the committee; and

THAT the Leader of the Official Opposition, as chair of the Public Accounts Committee, remains in dereliction of his duties and responsibilities until such time as he is removed from the Public Accounts Committee by motion of this House.

I also give notice of the following motion:

THAT this House urges the Leader of the Official Opposition to explain his public statements that he didn't support the MLA pay increases when minutes of the Members' Services Board meeting of October 30, 2007, show that he was present and part of a unanimous agreement in favour of the report on MLA pay, and in fact moved a motion at the Members' Services Board meeting on December 14, 2007, that the minutes that the October 30 meeting be adopted as presented.

Mr. Inverarity: I give notice of the following motion:
THAT this House urges the Government of Canada to offer free postal service for family members of deployed troops serving overseas, regardless of their location.

Mr. Edzerza: I give notice of the following motion:

THAT this House urges the Yukon government and the Government of Canada to adopt a more comprehensive and effective approach to action on substance abuse and drug addiction by endorsing and committing to programs of harm reduction that will:

(1) increase the ratio of funding for harm reduction programs relative to enforcement actions, which currently stands at approximately 95 percent in favour of enforcement on a national basis;

(2) encourage and support addicted persons in overcoming their addictions by not requiring that they be drug-free before receiving treatment; and

(3) make better use of public funds, since harm reduction programs have proven to provide significant savings in health care and social service costs.

Mr. Hardy: I give notice of the following motion:
THAT it is the opinion of this House that:

(1) the contributions that non-governmental organizations, or NGOs, make to the health, wealth and happiness of our Yukon communities is immeasurable;

(2) NGOs work effectively in a variety of fields to address a great many issues -- in particular, helping women to flee violent relationships, providing outreach to Yukoners struggling with addictions, engaging youth in the arts, advocating for environmental conservation and many other areas; and

(3) because of a lack of stable, long-term, core funding, NGOs are forced to spend an inordinate amount of time raising funds and writing grant proposals rather than being able to devote more of their time, energy and resources to their chief missions;

THAT this House urges the Yukon government to provide stable, long-term core funding to NGOs so that they can concentrate their efforts on the important work of improving the collective welfare of the Yukon community.

Speaker: Are there any further notices of motion?
Is there a statement by a minister?

This then brings us to Question Period.

QUESTION PERIOD

Question re: *Liquor Act* amendments

Mr. Inverarity: I have some questions for the Minister of Energy, Mines and Resources regarding his involvement in changes to the *Liquor Act*. We know he was involved in those changes at the time he was the minister. His colleague told Yukoners that last week, and his colleagues said the same thing to a radio reporter. Yesterday, the Premier wrote a letter to the Conflicts Commissioner, asking him to look into whether or not the member responsible for the Liquor Corporation is in a conflict. I believe the Premier is asking about the wrong minister. The minister responsible for the Yukon Liquor Corporation is guilty of maybe spilling the beans, but nothing else, I think. It's the actions of the minister who owned the hotels that need to be examined.

Will the minister write to the Conflicts Commissioner for a formal investigation into his role?

Hon. Mr. Fentie: I have to say that the Member for Porter Creek South is totally confused on the matter and, frankly, what does he think the Conflicts Commissioner is looking into? He's looking into the allegations made by the members opposite in this House many days ago, and that's exactly what we'll allow the Conflicts Commissioner to do: conclude his work on the matter as alleged and referred to by the Official Opposition right here in this Assembly. That's what the request is and that's what the Conflicts Commissioner is doing at this time.

Mr. Inverarity: My question is for the Minister of Energy, Mines and Resources. Yukoners want to hear what he has to say for himself. Last week, his colleague confirmed this minister was involved in discussions about the *Liquor Act*. At the time of those discussions, the minister owned hotels. Any changes to the act would have a serious effect on his private interests. The letter that went yesterday must be some kind of an April Fools' joke. He's asking the commission to look into actions of the wrong minister. As I said, the minister who spilled the beans is guilty of nothing but thoughtlessness and probably nothing more. It's the action of the minister who owned the hotels that we need answers about.

Will the minister write to the Conflicts Commissioner for a formal investigation on whether or not the discussions he had were allowed under the act? Will he do that?

Hon. Mr. Fentie: The joke here is what the Official Opposition is inferring. There's no such thing. The Official Opposition made the allegations of conflict, and that's why I have formally requested that the Conflicts Commissioner look into those allegations. But if the member feels that strongly about this issue, why bother bandying it about in here where there's immunity? Take it outside of here and make those accusations. Name names. Stand up and be counted.

Mr. Inverarity: I know Yukoners want to hear from the minister himself. I think the Premier should let him do the speaking. The Premier has written to the Conflicts Commissioner about the actions of the wrong minister. It doesn't really matter if the minister responsible talked about the acts with others. What does matter is why members who owned hotels were taking part in backroom discussions. We know these discussions took place when the minister owned hotels. We think that should be looked at.

Will the minister himself write to the Conflicts Commissioner and ask that his role in this affair be examined? Will he do that today?

Hon. Mr. Fentie: What the Member for Porter Creek South is suggesting here is something of a very serious matter, and the member should have the intestinal fortitude, then, if he feels he has the evidence, to make the accusations outside this Assembly. Name names; make the accusations. Let's deal with it in that manner, but for now, based on the allegations they've made in this Assembly, the Conflicts Commissioner is now looking into the matter and we're going to allow the Conflicts Commissioner to do his job and report back on his findings.

Question re: *Liquor Act* amendments

Mr. Inverarity: The allegations were made by his own minister.

The Minister of Energy, Mines and Resources needs to demonstrate some accountability on the floor of this Legislature. He's being asked direct questions and he's refusing to answer them. Last week his colleague spilled the beans. He let the public know the secret. He said that this minister was consulted about changes to the *Liquor Act*. He confirmed those discussions took place when he took over the Liquor Corporation in 2004. This minister was asked for his opinion on whether or not changing the act was a good idea. We know that the hotel association was opposed to it, so it's up to the minister to clear the air.

Will he write to the Conflicts Commissioner and ask him to fully investigate his role?

Hon. Mr. Fentie: You know, as the days proceed in this Assembly, what really should be investigated is the source of information of the Official Opposition. The Member for Porter Creek South has just said that the minister in question took on this portfolio in 2004. Well, that is also incorrect because it was another minister in 2004 who had responsibility for the Liquor Corporation.

Furthermore, Mr. Speaker, this government, this side of the House, is not presumptuous enough in any way to predetermine what the Conflicts Commissioner's ruling will be. The members opposite, the Official Opposition, have already made the allegation of conflict. They have nothing further to say in the matter unless they step outside this Assembly and present their evidence.

Mr. Inverarity: Mr. Speaker, once again my question is for the Minister of Energy, Mines and Resources, and he is refusing to answer for his actions.

This letter, written yesterday, asks the wrong question about the wrong minister. It covers the wrong period of time. This minister took part in backroom conversations about changes to the *Liquor Act*, changes that could have had impact on his private interests. I want the Conflicts Commissioner to examine that question. The Premier says that he wants to get to the bottom of this. Will the minister do the right thing and write to the Conflicts Commissioner to investigate the backroom discussions?

Hon. Mr. Fentie: Mr. Speaker, the Member for Porter Creek South can write a litany of letters to the Conflicts Commissioner if he wants to, but I would caution him to make sure that he has the evidence to go along with those requests. The letter that he is speaking of -- I don't even think that the Member for Porter Creek South understands the content of the letter itself. It is asking the Conflicts Commissioner to look into the allegations levied by the Official Opposition right here in this Assembly. I would encourage the Official Opposition to allow the Conflicts Commissioner to do exactly that. It is their allegation. Let the Conflicts Commissioner report back and then they will know exactly what the facts are.

Mr. Inverarity: The minister responsible for the Yukon Liquor Corporation admitted he discussed possible changes with two ministers who owned hotels shortly after he

took over the portfolio. One of the changes would have a negative impact on the ministers' private interests -- namely, their hotels. They should not have been involved in these discussions, but they were.

We need to know whether they did anything wrong by participating in these discussions. The only way to get any answer is to ask the Conflicts Commissioner the right question.

Will the minister write the Conflicts Commissioner and request a formal investigation of his role?

Hon. Mr. Fentie: The Official Opposition, as represented by the Member for Porter Creek South, says now they need to know. They need to know what? They have already made the allegation. Is this the code of conduct that these members signed on to? They have made their allegation; now the Conflicts Commissioner is looking into that allegation made by them.

Question re: Yukon Council on the Economy and the Environment

Mr. Hardy: The Yukon Council on the Economy and the Environment is a requirement under section 40 of the *Environment Act*. Subsequent sections spell out the powers and duties of the council, including the requirement to make the council's reports public.

The government's Web site makes it clear that the council undertakes projects referred to it by Cabinet, among other things.

Will the Minister of Environment provide a list of projects Cabinet has referred to the Yukon Council on the Economy and the Environment since this government first took office in 2002?

Hon. Mr. Fentie: We recognize the role that the council plays and has played in the past. This government, however, took a much more active role in our economy and in our environment.

I will endeavour, at the department level, on an operational basis, to provide that list to the member through the department.

Mr. Hardy: When the Yukon Council on the Economy and the Environment was first established, it was recognized as a very important body for conducting research and for gathering input from Yukon people about economic development and environmental matters. In fact, I have first-hand knowledge of the work of the council since I was one of the early members on that council, and found it to be an extremely good and working council.

Unfortunately, for the past several years under this Yukon Party government, the council's work seems to have slipped below the radar. On the boards and committees Web site, it says the council meets approximately five times a year.

Will the minister tell us how often the Yukon Council on the Economy and the Environment has met in the past five years, and what recommendations Cabinet has received from the council in that time?

Hon. Mr. Fentie: In the past five years, a tremendous amount of work has been done on the environment. The government has proceeded with modernizing our biophysical database; it's out there protecting vast tracts of the Yukon land

base, through special management areas and habitat protection areas. We've proceeded with a climate change action plan we're developing today as part of our climate change strategy. We are reducing CO₂ emissions into the air with investments in hydro - - and the list goes on and on.

Over the last five years a marked improvement and increased emphasis on the environment has taken place under this government's watch.

Let's look at the economy. A few years ago when this government took office, in 2002, there was an exodus of the population and a disintegrating economy -- if you want to put it that way. Everybody was leaving the territory and going elsewhere to find work, as far as those who did not have jobs in that time in the Yukon, and they were limited with double-digit unemployment figures. Look at the dramatic turnaround: one of the lowest unemployment rates in the country, a growing population, a growing and diversifying private sector economy, one of the leaders in the country in capital investment -- I say no more.

Mr. Hardy: Well, let's look at some of the council's duties, because that's what the question is about.

Section 42 says, "... The Council shall table a report to the Legislative Assembly at least once per year ..." Section 46(1) says, "The Council shall conduct an annual review of the performance of the Government of the Yukon in the implementation of the Yukon Conservation Strategy and report its findings to the Legislative Assembly." Section 49 says, "The Council shall review a Yukon State of the Environment Report and submit a report of its review to the Legislative Assembly."

It is also an advisory council that makes recommendations to Cabinet. According to the Web site, the Yukon Council on the Economy and the Environment is supposed to have 11 members as well. As of this morning, there were only four current members listed.

How does the minister expect the Yukon Council on the Economy and the Environment to perform its important duties on behalf of Yukon people when it has basically been allowed to wither on the vine?

Hon. Mr. Fentie: Oh, I share the member's concern, especially about ensuring that boards and committees have a full complement of appointments. In this case, we're going to allow the standing committee, as we've agreed to in this Assembly, conduct that process. At this time I can't provide any report on the progress in that regard, but it is a standing committee involvement in making appointments, in many cases, when it comes to boards and committees, as we've all agreed to.

Question re: Diabetes programs

Mr. Edzerza: My question is for the Minister of Health and Social Services. Recently there have been indications that the rates of type 2 diabetes are increasing across Canada, including here in the Yukon. Can the minister tell us how we are tracking this trend and what the latest statistics are telling us?

Hon. Mr. Cathers: I don't think that I have the statistics at my fingertips here, but as I have indicated to the member before, one initiative that the department has launched is work-

ing with health professionals. The diabetes collaborative is an initiative that has involved a greater collaboration of doctors and other health care professionals such as dieticians, in providing people with the information about how to prevent diabetes, or if they have diabetes, what steps they should be taking to keep that under control. That increased collaboration with those professionals enables better action and assistance to those people. As well, as the member will know, the telehealth network, as of January, is now fully up and running in all Yukon nursing stations, making us the second jurisdiction in Canada to do so. This support, counselling and information are now available in every community in Yukon through this network.

Mr. Edzerza: The minister is no doubt aware of the connection between diabetes and a range of other conditions including kidney problems. When the kidneys stop functioning normally, there are two types of dialysis used to clean the patient's blood. One of those is called hemodialysis. It requires the patients to be hooked up to a machine for up to four or five hours as often as three times a week. As the minister knows, hemodialysis is not available in Yukon. I have received calls from constituents who are very concerned that their families have to leave the Yukon so that they can get this intensive hemodialysis treatment.

Can the minister provide us with a breakdown of what it is now costing our health care system for Yukon patients to get this treatment in a larger centre down south and what it would cost to provide hemodialysis here in Yukon?

Mr. Mr. Cathers: The issue and challenge of providing him with hemodialysis is not primarily related to cost, but it is in keeping up the qualifications of the nurses who are providing that service. It is necessary to have a minimum number of cases to keep their national standards. That is something that, to date, has not existed in the Yukon. We are concerned about the increasing onset of diabetes. The possibility of purchasing a hemodialysis unit and running it is one of the matters that is being discussed in concert with the Whitehorse General Hospital, which would logically be the place to run such a project if it came to be. It would be premature for me to make any commitments to the member opposite, except to note that this is an area where I share his concern.

I am confident in saying that my colleagues on this side and I want to ensure that necessary services are available to Yukon citizens and that, at such point in time that it becomes appropriate to provide this service, we want to ensure that's being done. I have to emphasize to the member opposite that we have to work with the Hospital Corporation. We have to deal with matters such as costs, and primarily ensure that we have a viable program that keeps the people who are running that program to an adequate level of qualification.

Mr. Edzerza: While members in the territory can continue talking about this, as we speak there are some very stressful hardships put on families here in the Yukon. We know that our small jurisdiction cannot expect to have all medical treatment services that are available. We also are aware that there is a high cost involved in buying a hemodialysis machine as well as training and hiring of staff to operate it, as the minister alluded. However, there is also a high social cost to patients and

their families if they are forced to leave the Yukon in order to get the treatment they need. Just as recently as last week, I was contacted in my office regarding the hardships some people from the Klondike are experiencing today because of this issue. If our diabetes rates continue to rise, there may be a sufficient demand to justify providing this treatment here in the territory.

Will the minister agree to contact his counterparts in British Columbia and Alaska to explore the possibilities of some type of cost-sharing so that Whitehorse could offer this lifesaving treatment to patients from northern B.C. and Alaska?

Hon. Mr. Cathers: Again, I notice that I did answer some of the member's comments earlier. I realize that he hasn't had a lot of time to amend his question on the floor of the House. As he asked, and as I answered previously, this is a matter that we're looking into. It is one of the potential services that is currently being discussed by the department and the Hospital Corporation, as we look forward to the future and determine how the Yukon health care system should evolve, what services are cost effective to provide here. Based on the need for it and the cost to families of not having those services, it may be appropriate to look there as well.

As I indicated to the member, one of the primary concerns with this type of program is ensuring that it remains viable and that staff are able to meet the level nationally, in terms of number of hours for qualification to maintain proficiency. We have to respect those national standards and accreditation, of course.

In answer to the member's question about services to northern B.C. and to Alaska, those services are considered in any matter that we provide. We know that we do have some service through clients coming from Alaska and through B.C.; we have reciprocal agreements that deal with that already.

Question re: *Liquor Act* amendments

Mr. Inverarity: The Minister of Energy, Mines and Resources was a hotel owner until recently. Last week it was revealed here in this House that this minister received inside information about pending changes to the *Liquor Act* that would likely have a negative financial impact on his private business holdings.

Mr. Speaker, the Minister of Energy, Mines and Resources knew of the government's plan to make sweeping changes to the *Liquor Act* long before these plans were made public. Are we expected to believe that the public's interest was protected by this minister having this inside knowledge?

Hon. Mr. Fentie: Does the Official Opposition in this House have no shame? They've just made another accusation of insider trading. This is getting more and more ridiculous by the question.

The Conflicts Commissioner is looking into the matter. The government will allow the Conflicts Commissioner to do his job and report back. I don't know why the Member for Porter Creek South, as directed by his leader -- who is quite adept at this type of questioning -- is continuing with this. The member is starting to look quite ridiculous.

Mr. Inverarity: It's not this minister who is under investigation for conflicts of interest -- at least, not yet.

These are very serious concerns and they're not frivolous. We've been informed that this minister had information about

pending changes to liquor laws that would affect his business. The proposed amendments are, in effect, a threat to the existing hotel owners because amendments enable increased competition within the hotel industry and reduced revenues for existing hotel owners.

This minister could have used that information to get out of his business while the getting was good. Why was this information shared with this minister who owned hotels?

Speaker's statement

Speaker: Before the Hon. Premier answers, a word of caution to the Member for Porter Creek South. The Chair is uncomfortable with the way we're almost looking at 19(g), imputing false or unavowed motives to another member, or a member making financial gain from their actions in this House, and that's out of order, so please keep that in mind.

Hon. Premier, you have the floor.

Hon. Mr. Fentie: What's really at issue here is that the members on the opposition benches have levied an allegation. Now that the Conflicts Commissioner is looking into the matter, based on their allegation -- I repeat: their allegation of conflict -- they have now predetermined the outcome of what the Conflicts Commissioner's findings will be. They are standing on the floor of the House levying further allegations of wrongdoing. I would suggest the Leader of the Official Opposition get control of his caucus and recognize that this is nowhere close to the code of conduct agreement they signed on to.

Mr. Inverarity: I'll keep this short. The minister's colleagues revealed that this minister received inside information about pending changes to liquor laws.

My question is simple. How can we trust this government to do the right thing?

Hon. Mr. Fentie: I don't think there is a problem with trust with this government. I can suggest there is a big problem with trust when it comes to the Official Opposition and the information they bring to the floor of the House.

Let's go back to the beginning.

What about the misrepresentation of the Ombudsman's correspondence by the Leader of the Official Opposition in this House?

What about bringing citizens into the gallery as props, and then trying to recreate what really happened with the hospital pension fund, and with contracts in the Kluane region, whereby the individual in the gallery was actually in receipt of hundreds of thousands of dollars' worth of contracts?

What about the constant misrepresentations of what the Auditor General has said about the investments?

What about the Leader of the Official Opposition's public position regarding his role at the Members' Services Board on a motion that he moved, which raised MLA wages and made them retroactive?

The trust problem is with the Official Opposition, not the government side.

Question re: Watson Lake care facility

Mr. McRobb: I have some follow-up questions for the Health minister about this government's inability to manage

projects properly. The Watson Lake Health Centre was promised in 2005 at a cost of \$5.2 million. The minister himself confirmed yesterday that approximately \$4.2 million has been spent to date on this project, which has a long way to go before it's completed.

The new budget before us adds another \$6.9 million. I've taken him up on the suggestion to get out the calculator, which indicated that the cost of the new facility will now be more than \$11 million and counting. That's more than double the original estimate.

Can he tell Yukoners what the final bill for this facility is going to be and when it will be opened for the public?

Hon. Mr. Cathers: The Member for Kluane is continuing his approach of yesterday -- continuing in the tone set by his leader and followed by all of his colleagues, in bringing forward information that does not accurately reflect the facts.

Yesterday I indicated to the member opposite the cost to date on the Watson Lake multi-level care facility is \$4.179 million. Of course, there will be additional costs in bringing this up to date. The member can see what is in today's budget, but the member is failing to reflect on the revotes from previous years in funding.

The member is failing to reflect the facts. It's very disappointing to see him do so -- to see the member misrepresent the Auditor General, as he did yesterday, in quoting a report that addressed the Property Management Agency and did not address a review of this project, contrary to the member's assertion. The member has a lot of explaining to do to Yukon citizens.

Mr. McRobb: I know the minister is really touchy about this, but I was using his own figures.

It's rapidly becoming a textbook example of mismanagement. In her 2007 report on this matter, the Auditor General of Canada criticized this government for its handling of this building project. For the record, here's part of what she said: "The Department indicated that the roles, responsibilities, authority and accountability of all parties in the process were not clearly defined."

This poor management has led to major cost overruns that Yukon taxpayers will have to pay. The project is years behind schedule and more than double its original budget. We have already spent \$4.2 million, and another \$6.9 million is in this year's budget. That's more than \$11 million.

Again, what's the final bill for this facility going to be, and when will it be open for the public?

Hon. Mr. Cathers: The member has done it again. He refers to a report on the Property Management Agency and suggests it was a report on this project. The member knows what he is doing; I cannot quite call a spade a spade, as it is not allowable under our Standing Orders, but the member is not accurately reflecting the facts.

Yes, the original allocation for this project was \$5.2 million, but as the member knows full well, and as I have discussed with members in previous debate at the request of citizens of Watson Lake, the scope of the project was changed; the overall footprint of the project was significantly increased and, as a result, costs went up. As well, an engineering review and

analysis of the structural issues with the existing hospital resulted in increased costs in that area, which, by the way, will save us costs down the road. The member is not reflecting the fact that some of the delays in the project were as a result of listening to the public and changing the design through the structure of this project, which was done through -- as I remind the member opposite -- our construction management approach. We listened to the people of Watson Lake and we're moving forward.

Mr. McRobb: Obviously, the minister hasn't read the report; I'll send it over to him now and I draw his attention to section 54; it's all there. It speaks about the Watson Lake care facility.

One of the casualties of this minister's overspending in Watson Lake is the new Dawson health care facility. It has been sidelined completely in the new budget. It has been delayed indefinitely because of financial mismanagement. Yesterday we didn't get much of an answer. In fact, the minister criticized the very words of the Auditor General. Yukoners want to know the costs in Watson Lake, which have more than doubled.

What will the costs finally be? Why did the former minister responsible for the Property Management Agency unload this hot potato? Again, the Auditor General said the roles, responsibilities, authority and accountability of all parties were not clearly defined. Does the minister accept the criticism of the Auditor General or does he, too, dismiss these findings as just her opinion?

Hon. Mr. Cathers: Here we have the Member for Kluane doing it again. The member just stood on his feet and suggested I criticized the Auditor General yesterday. The member knows that is an absolute load of -- I'll censor my language, Mr. Speaker. The member knows he did not accurately reflect the facts and was, in fact, miles away from the facts.

Mr. Speaker, we have not even spent in Watson Lake to date, as the member knows, the original budgetary allocation provided for the Watson Lake multi-level care facility. As indicated, because of the change in the project scope and the engineering work done on the hospital itself, there will be increased costs beyond the original \$5.2-million envelope.

If the member would look at what's in the budget, he would perhaps come up with a more accurate figure -- if the member indeed wishes to do so.

Again, the member made the assertion -- which he knows is not true -- that the Dawson City multi-level care facility is a casualty. We will be moving forward with the health centre in Dawson City, addressing the needs of the residents of that town and those of the people in that area.

Speaker: The time for Question Period has now elapsed.

Government House Leader's report on length of sitting

Hon. Mr. Cathers: I rise pursuant to the provisions of Standing Order 75(4) to inform the House that House leaders have met for the purpose of achieving agreement on the maximum number of sitting days in the current sitting. The House

leaders have agreed that the current sitting shall be a maximum of 32 sitting days and that the 32nd sitting day will be Thursday, May 15, 2008.

Speaker: Accordingly, I declare the current sitting shall be a maximum of 32 days, with the 32nd sitting day being Thursday, May 15, 2008.

We will now proceed to Orders of the Day.

ORDERS OF THE DAY

MOTIONS OTHER THAN GOVERNMENT MOTIONS

Motion No. 346

Clerk: Motion No. 346, standing in the name of Mr. Mitchell.

Speaker: It is moved by the Leader of the Official Opposition

THAT this House urges the Deputy Premier to explain to Yukoners why she said in the Legislative Assembly that \$36.5 million in investments made by the Government of Yukon were guaranteed by a bank when in fact they were not.

Mr. Mitchell: I rise today to speak to my motion, Motion No. 346, which states that this House urges the Deputy Premier to explain to Yukoners why she said in the Legislative Assembly that \$36.5 million in investments made by Government of Yukon were guaranteed by a bank, when in fact, they were not.

I must say, that it is a privilege to finally have an opportunity to spend some time on this matter, Mr. Speaker. It is not a simple matter for many people because there have been lots of words and technical terms bandied about, and we will try to explain some of them today in the hope that the general public will be better able to follow along.

Mr. Speaker, the issue of Yukon's frozen investments in the asset-backed commercial paper market is a very important issue. It is important to all Yukoners -- both present Yukoners and, based on the fallout of these frozen investments, future Yukoners as well. It is important for several reasons: because Yukoners need to have confidence that their government is looking after their finances in a prudent and competent manner; because Yukoners depend on their government to have the financial resources at hand to pay for programs and services now and in the future that Yukoners depend on from government; because Yukoners need to trust that their government is not picking and choosing among laws and statutes as to which ones are important to enforce and follow, and which ones are benign -- as the Premier characterized regarding the Department of Environment -- and perhaps not worthy of worrying about.

Mr. Speaker, there is much that has been said by all sides of this House, both in this Assembly and within the media, about this Yukon Party government's ill-fated venture into the asset-backed commercial paper market.

Much has also been put on the record by officials, who too often have been left to explain actions for which they may not have been fully responsible. As has been mentioned here, unfortunately the vehicle that would have allowed us to question officials -- past and present -- as well as other experts, to shed

additional light on this critical issue -- the Public Accounts Committee -- chose, by a majority vote, not to investigate this matter -- not to hold public hearings into the Auditor General's report on the Government of Yukon's investment in asset-backed commercial paper. That leaves us to have to do it here today. It leaves us without the full basket of tools. It leaves us having to do it in the political arena, when it would have likely been better to have a full, impartial public hearing.

In our view it was the Public Accounts Committee's duty to do just that -- to hold public hearings. In fact, the Public Accounts Committee is charged with receiving all reports from the Auditor General of Canada, and it has been its practice in recent years to hold public hearings into each and every such report. That is why, as recently as February 12 of this year, the Public Accounts Committee held hearings into the Auditor General's report on the Government of Yukon's role in the 2007 Canada Winter Games -- not because there was necessarily anything done wrong, or any wrongdoing -- but without prejudging the outcome, to try to learn from the government's role in funding the Canada Winter Games, to ask questions of officials and, ultimately, to try to make recommendations for the future in the best interests of Yukoners.

Similarly, in early 2007, the Public Accounts Committee held public hearings into the Auditor General's report on the Property Management Agency of the Department of Highways and Public Works. Much was learned. The officials were asked to follow up with a further report, and that report was tabled in this House just yesterday. It will benefit future governments, as well as the current government and therefore all Yukoners, by holding government accountable and by providing recommendations on how government can do a better job.

The government as recently as today has made much about my resignation as chair and the Member for Porter Creek South's resignation as a member of the Public Accounts Committee. The fact is that after months of delays, after numerous requests on my part for the Public Accounts Committee to meet to consider this important issue -- perhaps the most serious issue ever referred to Public Accounts Committee by the Auditor General -- the majority of its members voted not to hold a public hearing.

In my view, and in the view of the Member for Porter Creek South, that made a mockery of the purpose of the committee. In fact, all that was being served by our membership on the Public Accounts Committee at this point was to have some use it as a vehicle for claiming I could not raise this serious issue, that it was a conflict with my role as chair to ask these questions publicly. There was also criticism of the Member for Porter Creek South when he asked questions about this issue in this House and in the media.

If I'm forced to choose between my responsibilities to chair the Public Accounts Committee and my responsibility to hold this government responsible in my role as Leader of the Official Opposition, my decision is clear. Yes, I, too, wish that the Public Accounts Committee was meeting to address this serious issue, and I will say right here that if any member from the government caucus who serves on the Public Accounts Committee will commit to reconsider their vote not to hold a hear-

ing, will commit to holding free and impartial public hearings into the Auditor General's report on the investment in asset-backed commercial paper, I will commit to returning and chairing those hearings. I'm certain that the Member for Porter Creek South, who wrote the Public Accounts Committee and requested such a hearing, will be pleased to resume his role on the committee as well. He has told me that is what he would like to see happen. While I don't hold out much hope for this outcome, the door is open, Mr. Speaker.

Not everyone in Yukon has a good or clear understanding of just what asset-backed commercial paper, or ABCP for short, actually is. One of the limits of asking these questions in Question Period, when we have only a minute to complete our question, and when the government has a minute and a half not to answer our questions, is that the Question Period format doesn't lend itself to detailed explanations of complex issues.

So let me start with some definitions. I'll try to define ABCP for the members opposite, who may or may not have a clear understanding, and for the general public. As I have said, Mr. Speaker, the explanation of what ABCP is is neither simple, nor is it overly complex. The key is to understand some of the vocabulary of the world of finance. Not widely used by the everyday citizen, many terms are bewildering and, at times, just plain intimidating. For the record, I will attempt to give a rather bare-bone explanation and leave much of the foreign vocabulary for others.

Before there was asset-backed commercial paper or ABCP, there was simply CP or commercial paper. Commercial paper is an unsecured, short-term debt instrument issued by a corporation, such as General Electric, typically for the financing of accounts receivable, inventories and meeting short-term liabilities. Maturities -- meaning the period of time before the note needs to be repaid to the lender -- on commercial paper rarely range any longer than 270 days and are often shorter, as short as 30 days. The commercial paper is secured by the good credit rating of the company issuing them. CP has the advantage of not having to be registered with an SCC or a security and exchange commission as long as the terms of the commercial paper do not go over 270 days.

What, then, is ABCP? Asset-backed commercial paper is like traditional commercial paper, in that it's issued with maturities of one year or less -- typically, less than 270 days, and many are issued for 30 days, or periods just beyond 30 days, such as the Yukon government's investments into the three frozen trusts of Opus and Symphony, which were issued for just over 30 days. Such instruments were highly rated.

So commercial paper is used as a short-term vehicle for investing cash, and the ABCP market goes the way of the underlying asset market. If market disruptions occur in the underlying market, this can have real effects in the asset-backed commercial paper market.

For example, asset-backed commercial paper can be created from any type of asset-backed security, such as student loan asset-backed, credit cards, such as VISA asset-backed or residential mortgage asset-backed, including prime or subprime securities.

If there are significant negative developments in any of the underlying markets, this will affect the perceived quality and risk of the ABCP that holds these securities. Because commercial paper investors may be risk-averse, concerns about ABCP should cause them to seek other short-term cash-equivalent investments, such as traditional commercial paper, T-bills, et cetera.

This means that the ABCP issuers will not be able to roll over their ABCP -- that is, to get new investors, or the same investors, to reinvest, as they will have no investors to buy their new issuance.

Mr. Speaker, asset-backed commercial paper, as I've said, is a type of short-term security, through which investors buy a slice of a package of debts, such as a car or mortgage loans or credit card billings. Now, in Canada, the asset-backed commercial paper market, or some \$33- or \$34-billion worth of it, has been frozen since last summer, when it was learned that U.S. subprime mortgages were part of the mix in some ABCP.

That caused a real crisis of confidence in a whole basket of these investments, because the investors were not able to determine which ABCP were tied to subprime mortgages in the States and which weren't.

There were, however, early signs and warnings that the more astute investors noticed and picked up on.

The important thing is that Yukon's *Financial Administration Act*, or FAA as we refer to it, was intended to be a control and a protection for Yukon so that our money would be protected from the overzealous, the careless or the less informed investor.

That would have worked for Yukon if the act had been followed. Unfortunately, as the Auditor General determined, it was not. Once you circumvent the FAA, you leave yourself wide open for disaster.

I will elaborate on this shortly.

One of the conditions stipulated in the FAA is that investments should be guaranteed by a bank. The Deputy Premier assured this House, as did the Premier, that our investments were, in fact, guaranteed by a bank.

Let's listen to some of what she said and some of what the Premier said: "First, the investment had the highest rating available. Second, it's backed by the banks."

Hon. Premier, from *Hansard*, November 7, 2007: "The litmus test was met. This investment was backed by the banks."

Hon. Premier, November 7, 2007. "The investments here have been made based on the litmus test. They are backed by the banks, and they have the highest rating in the marketplace. The member is talking about loss. This is not a loss. We are making money in the millions."

Hon. Premier, *Hansard*, November 7, 2007: "As well, the banks have provided guarantees to the investors."

Hon. Premier, *Hansard*, November 8, 2007: "At the risk of being repetitive, Mr. Speaker, I'll repeat, but not verbatim: Yes, it's backed by assets. Yes, it is still reconfirmed for November 6, 2007, and has the highest investment rating. Yes, the banks have said they are providing guarantees to the investors."

Let's listen to some of what the Deputy Premier had to say: "Again, in response to his question, the asset-backed commer-

cial paper is backed by the banks. It is also backed by assets, unlike any other commercial paper. The arrangement for the backing by the banks is between the banks and the trusts, Mr. Speaker." There is a slight difference there.

Hon. Deputy Premier, *Hansard*, November 19, 2007: "As I mentioned earlier, these investments are backed by the banks and also backed by assets, unlike other commercial papers."

Hon. Deputy Premier, *Hansard*, November 19, 2007: "The asset-backed commercial paper is backed by the banks. It is also backed by assets that are highly rated by Canada's primary rating agency. The arrangement for the backing by the banks is between the banks and the trusts, not with the Government of Yukon." There is a slight change there; a better briefing, perhaps.

Hon. Deputy Premier, *Hansard*, December 3, 2007: "As I have reiterated on a number of occasions, the particular asset-backed commercial paper is backed by the banks. It is also backed by the assets, which is unlike other commercial paper. Assets, as I have mentioned numerous times, which have received the highest rating possible -- and again, the arrangement for the backing by the banks is between the banks and the trusts, not with the Government of Yukon. The banks have agreements with the trusts. The member opposite is fully cognizant of this. The information between the trusts and the banks, as I mentioned -- the trust deals specifically with the banks directly, not with the Government of Yukon and, in fact, the Montreal Accord, to which the Government of Yukon is a signatory, does not place restrictions on the disclosure of that particular information as to the name of the banks."

That's an interesting quote, because recently on many occasions the Premier has indicated we're not a signatory of anything yet. The Deputy Premier indicated that we are -- that we are a signatory to the Montreal Accord. Those are her words, Mr. Speaker -- right from the record of this Assembly.

Let's look at what the Auditor General has said. The Auditor General in her report clearly took exception to the statements by the Deputy Premier assuring this House -- as did the Premier -- that the investments were in fact guaranteed by a bank. The Auditor General said and I quote: "We noted that the information memorandum for each trust included a clause stipulating that there was no guarantee from the trustee or other parties." Elsewhere in the report the Auditor General states: "The asset-backed commercial paper in which the government invested was not one of three types of investment permitted by Yukon's *Financial Administration Act* -- it was not guaranteed by the Government of Canada or any provincial government, was not issued or guaranteed by a bank, and was not issued by a company, incorporated federally or provincially and given the highest rating by at least two recognized security institutions, although one rating agency had provided the highest rating of the trusts' commercial paper. Prior to making these investments, the Government did not obtain a legal opinion on whether the investments would comply with the Act."

They didn't get a legal opinion on whether they would be in compliance; they didn't comply with the act. Those are pretty damning words, Mr. Speaker; they're not ambiguous; they're not expressed as an opinion, the way it was referred to by the

Hon. Premier -- that's just her opinion; we have others -- but as a finding of fact. It says in this report -- and we don't have to read very far -- it's on page 1: "What we found". We found that it wasn't in compliance with the act.

Now, Mr. Speaker, the appeal of ABCP was that it offered a higher yielding alternative to treasury bills and other short-term securities. Rates on safer investments were approximately some 50 basis points, which is half of one percent lower at the time that this Premier and this Deputy Premier decided to invest Yukon's money in these riskier investments, Mr. Speaker. We've had assertions on the other side of this House, on the government side, that there was no additional risk and that they were the same risk, as safe as houses -- we've seen how safe that is south of the border, Mr. Speaker.

Let us remember the law of super-safe investing: with higher yields comes higher risk. There is no free lunch; that is a fundamental principle. The markets reward risk with a premium. If you are receiving a greater return, a higher interest rate, then you can expect that there is greater risk involved, regardless of the stated rating. That is fundamental. Otherwise, there is no reason to pay it. That is the way markets operate.

T-bills, high-interest savings accounts, bonds, and guaranteed investment certificates are the places to invest money that you can't afford to lose. We shouldn't be talked into other products and not expect there to be a greater risk. As the Member for Klwane mentions, there is a risk premium -- that is what it is called.

Some Hon. Member: (Inaudible)

Mr. Mitchell: Well, that is interesting, Mr. Speaker: how much more were we making? That is a question that we asked again and again in this House last fall. We asked what were we gaining from this? We asked on numerous occasions - I don't have *Hansard* in front of me, but I'm sure that I can read the quotes later into the record if required -- we asked of the Deputy Premier, when she was Acting Finance Minister, during Finance debate last fall: = what was the additional premium?

The Premier confuses the issue when he talks about \$20 million made under his watch. Yes, but how much difference would it have been if the government had invested as they were supposed to, in investments that were allowed under the *Financial Administration Act*?

How much different would it have been? Not that much, Mr. Speaker. Certainly not as much as what we're losing, and continue to lose each day, as the interest is not paid.

Let me say this for the record: the Premier continues to say, and the Deputy Premier continues to support, that we haven't lost any money; there has been no loss. We're going to get all our money back down the road -- 2016 or 2014 -- because we're certainly not getting it back now. We certainly didn't get it back on September 7, when it was due. We didn't get it back on October 7, November 7, December 7, but we should trust the people who have our money and we should trust the Premier that all will be well in 2016, if we just hang on -- if we just hang on.

Let me tell you, Mr. Speaker -- based on the Auditor General's report, on page 3, where she indicates the \$36.5 million

invested in these three trusts -- \$36,349,045, to be precise -- according to Finance officials, there was \$10 million at face value -- it's always invested at less than face value because that's how the interest is generated; you invest a little less than the face value and you get back the face value -- was 4.65 percent in Symphony Trust on July 30, 2007. On August 1, 2007, another investment was made into Symphony Trust of \$13,447,755, which was supposed to be repaid when it matured as \$13,500,000, for an effective annual rate of return of 4.73 percent; and to Opus Trust on July 31, 2007, some \$12,941,890, which was to be repaid some 30 days or so hence as \$13 million. We were supposed to get back \$36.5 million; the rates were all in the vicinity of 4.65 percent to 4.73 percent.

If you do the simple math, Mr. Speaker, we were to earn some \$140,000 a month, plus or minus, on these investments.

Now, Mr. Speaker, some eight months have gone by. I would suggest that there is over \$1 million in interest payments that we have not yet received. Now, again, there is this group trying to restructure these investments. The outcome is certainly in doubt at the moment. The Premier indicates that the Yukon government has not yet decided whether we will sign on to that final agreement.

But to date we don't have the money. He can't show us the money because it hasn't been paid. We don't have the interest, and we don't have the principal.

I hear the Member for Southern Lakes saying, "Show me the money. Show me the money." He wants to see it. Well, he's looking the wrong way, Mr. Speaker. He's looking at the Deputy Premier and the Premier, and they can't show it to him because they don't have it back yet, and if it comes back, it will be in limbo until some eight years down the road, according to the statements we've heard in this House from the government side to now. It won't be available to spend on programs and services for Yukoners.

Bear in mind that if anybody was watching the store, was supervising, was doing their due diligence as the minister responsible, perhaps an advisor might recommend something like ABCP with the best of intentions. The problem is that advisors don't always 100 percent understand what they sell, and sometimes they sell things that their firms are pushing.

But the old cliché is warranted here: caveat emptor -- buyer beware. That is why this government should not have short-circuited the *Financial Administration Act*. If they had followed the act, we wouldn't be talking about this today -- plain and simple, this wouldn't be a problem for Yukoners.

Now, what were the warning signs? The Hon. Premier has indicated on a couple of occasions that he found out about it at the same time as other Yukoners when he heard about it in the media. That was the informed supervision that the Minister of Finance was making of Yukoners' investments.

He said it here in the House, Mr. Speaker, that he found out at the same time. He said it in the media. Well, there were warning signs. ABCP has been around for some years in Canada, but the subprime mortgages had not been around in Canada. Anyone remotely following financial news was well aware of the problems that were developing in the subprime market as early as 2006 and certainly before mid-2007.

I know the Premier is aware of it, because he made references to it here in this House just a few days ago. Instead of answering questions, he asked me what I thought, what my opinion was, of the Federal Reserve's role in the subprime mess in the United States. Well, it shows one thing; it shows that he was paying some attention, because he apparently was aware of the subprime problems. Now, if his government didn't know that some of their assets, through collateral debt obligations and through derivatives, might be invested -- and "collateral debt obligations" is another fancy term that just means what you see is not necessarily what you get, because it's second-hand, it's third-hand; it's kind of like a cheque that one person writes to another and then it gets re-endorsed and re-endorsed until you're not too sure after awhile whose cheque it is and who owes you the money.

If the Premier wasn't aware that there could be ties to the subprime market, then he should have been. Investors should always review their latest account statements and go down their list of investments. If there's anything in there that they don't feel comfortable with, they should find out what the risks are. Going through this exercise gives you a chance to avoid the trap too many investors fall into and that is to learn about the risk in their portfolios only after they have lost the money. That is what has happened to this Premier and this Deputy Premier; that is what has happened to this government. However, as we've said, if the *Financial Administration Act* were being followed, there would be little need to do that.

Let's have a look at some of the history of this, because the Premier likes to try to defray his responsibilities by pointing to his predecessors. He says that everybody was doing it, Mr. Speaker. He says that former Finance ministers did it and have been doing it for years in Yukon. He says that they did it in Ontario and they did it in Quebec. You know, Mr. Speaker, the taxpayers and the voters in Quebec and Ontario will make their own decisions about the people who are accountable to them. But I call this the kindergarten excuse, Mr. Speaker, because this is the excuse of someone who tries to defray responsibility by saying that others did it too -- why blame me when the people to the left of me and the right of me did it also?

Mr. Speaker, it is the Finance minister and, in his absence, the Acting Finance minister, the Deputy Premier, who are responsible here, not the Finance minister in Quebec or the Finance minister in Ontario or Alberta and not former Finance ministers who may or may not have erred in their times in this Assembly. They are not answerable to us, Mr. Speaker. We can't interview them; we can't ask them to explain their actions because they are no longer in this House.

Because the members opposite, the Premier and the Deputy Premier, have talked about how much of this was done by their predecessors, I'm going to read off a few names. We'll take a look at the former Liberal government, the government that I didn't have the pleasure of sitting with, but it is the predecessor government to this government's first mandate. They did invest in some trusts and that is a fact. I'm surprised that the Premier hasn't named them, but I'll name them. It is not that long a list: Prime Trust, Sound Trust, Franchise Trust - Series 1997, Sears Credit Receivable Trust, MACRO Trust, Franchise

Trust Series 1997 -- again -- Core Trust, RAC Trust, Darwin Trust, and Darwin Trust -- again.

That's commencing May 16, 2000, and the last investment on the list is February 1, 2002.

There's something interesting that these investments have in common, and I'll tell you what that is, Mr. Speaker. Not one of these investments, not one of these trusts, is among the list of the frozen asset-backed commercial paper trusts that are part of the \$33-billion fiasco -- none of them. That's the common denominator: none of them are frozen.

This government decides the final eleventh-hour, ill-fated investment -- and you know, Mr. Speaker, had they been paying attention, had the Premier not been asleep at the switch, had the Deputy Premier said to Management Board, "Wait a minute; we should get out of this," they would have gotten away scot-free and none of this would be happening.

Let's look at just a few names on the list this government invested in: Apollo Trust, January 5, 2004, just under \$5 million; Apollo Trust again, January 20, 2004, again almost \$5 million; Apollo Trust again, January 22, almost \$4 million; Apollo Trust again; Apex Trust; Rocket Trust; Rocket Trust again; and again and again; Planet Trust; Rocket Trust; Planet Trust; Planet Trust; Rocket Trust; Rocket Trust; Planet Trust; Apollo Trust; Rocket Trust again; Planet Trust; Apollo Trust three more times; Planet Trust; Rocket Trust; Symphony Trust -- they invested in it before it was frozen; Rocket Trust; Planet Trust; Symphony Trust two more times; and so it goes. The list is so long that I can see the eyes are glazing over across the way, but there are two more pages of it.

What do these ones have in common? I mentioned what the others had in common with their predecessor.

What these investments have in common is that every one of these trusts, at their last rollover date, every one of these names appears on the names of those asset-backed commercial paper trusts that are currently frozen in this crisis.

This government invested, over time, some \$245 million in trusts that appear on the frozen list. That's what the common denominator is there. It's not a very happy one.

What's happening now? Pension funds and banks recently agreed on a plan to try to address the frozen ABCP market in Canada, but there is nothing in it that specifically addresses the situation of individual investors.

Those investors who can't afford to wait six, seven or eight years to get their money back -- farmers, pensioners, construction workers -- are left without the resources of what they thought were their retirement funds. Perhaps governments like Yukon can wait seven years or eight years, but others can't.

Certainly, the Premier has made reference to the subprime market in the United States. In July of 2007, the U.S. subprime mortgage market worsened. Investors in Canadian ABCP became increasingly concerned about the possibility that, as a result of some U.S. subprime exposure, Canadian issuer trusts could face credit quality issues. Many investors took that opportunity to sell their investments and move on. Did the Yukon? No, the Yukon, under the watch of the Premier and the Deputy Premier -- the Finance minister and later the acting Finance minister -- reinvested. That's what Yukon did.

I see the members opposite think it's funny, but Yukoners don't think it's humorous. This is serious stuff. It reminds me of an old quote from a long-ago financial bubble -- because this is nothing new -- the South Sea bubble of 1720. That was another case like the subprime housing market in the U.S. and the ABCP bubble in Canada, where smarter investors made money at the expense of others.

It led to a financial meltdown at the time that hurt many, based on the fictitious value that evaporated. A pamphlet from the time -- from back in 1720 -- defined "fictitious value" as follows: "One added to one, by any rules of vulgar arithmetic, will never make three and a half. Consequently, all the fictitious value must be a loss to some persons or other, first or last. The only way to prevent it oneself must be to sell out betimes, and so let the Devil take the hindmost."

Well, Mr. Speaker, it appears that we will be left taking the hindmost because we weren't paying attention. Our Cabinet ministers, the people responsible, weren't paying attention, and so we stayed invested for too long.

By mid-August 2007, a number of sponsors of non-bank-managed ABCP announced that it was not possible to place new ABCP due to unfavourable conditions in the Canadian markets. In response, many sponsors of ABCP elected to extend the maturity date on extendable notes and requested funding under the liquidity facilities.

However, most of the requests for liquidity were denied by the so-called liquidity providers, who took the position that either a market disruption had not occurred or other conditions to funding had not been satisfied. This situation resulted in most trusts being unable to pay holders of maturing ABCP, creating a liquidity crisis for many holders.

The Premier has referred to this. He said that the problem was the banks. They didn't honour their liquidity agreements. These are the liquidity agreements that the Premier likes to refer to.

They were, alas, clearly not guarantees. How do we know that? First of all, it's obvious. We know it because we have not been repaid the money. That, *prima facie*, shows that there must not have been a guarantee. Second -- as already stated -- because the Auditor General of Canada has found so in her report. So again, that raises the question of today's motion. Why did the Deputy Premier assure this House otherwise? I'm sure she will have an interesting explanation and we certainly look forward to hearing it.

There is more that has been said in this House. There were many references made by the Deputy Premier and the Premier last fall about the so-called "Montreal proposal". What exactly was this proposal, Mr. Speaker? A marriage proposal? Well, in a way it was, because it married everybody who had been suckered in to these investments; it married everybody who had found themselves in this leaky boat -- to each other -- holding hands and whistling *Dixie* -- praying, says the Member for Kluane. We do pray we see the money again, while we have need of it to build Yukon's future.

What was this proposal? On August 16, 2007, a group of financial institutions comprised of investors in ABCP -- institutions that provided assets to the trusts and shareholders of cer-

tain sponsors -- agreed to what is known as the "Montreal proposal", or at other times it has been referred to as the "Montreal Accord". Under this arrangement, these institutions and other holders who later signed on agreed to a 60-day standstill period, during which each party agreed that it would roll over its non-bank sponsored ABCP, on or following its maturity date and would not take any action that would precipitate an event, a default, under the trust indenture governing the ABCP. That's very interesting.

In effect they said, "We'll let you keep our money and we'll promise not to sue you for it." This agreement, as I said, includes a pledge by asset providers to refrain from making any collateral calls on assets held by the trusts and a pledge by trust sponsors to refrain from calling on any liquidity provider who signed on the proposal to fund liquidity facilities. In addition, participants in the Montreal proposal agreed in principle to a proposal that would see ABCP eventually converted to rated floating-rate notes with maturities matching the maturities of the underlying assets.

This proposal is subject to the approval of the requisite number of holders of ABCP in each trust, of which Yukon is but one.

As I say, one of the interesting components of this proposal was an agreement requiring each signatory to waive their right to sue the financial institutions involved -- in other words, a sort of no-fault arrangement. Because we in Yukon were part of this proposal or accord, we were waiving our rights in Yukon to take legal action against the banks or the trusts involved -- this despite all the Premier's strong words about the banks not living up to their agreements and despite the Deputy Premier's words about the banks not living up to their agreements.

I find that surprising. What is our recourse when a party to a contract fails to meet their legal obligations? It's the courts; it's the right to take legal action. If we stay in the accord, if we sign the final agreements this spring, that recourse will be gone.

So after both the Premier and the Deputy Premier told us on numerous occasions that it's the banks that are at fault -- the bad banks; they said the banks didn't live up to their obligations; we've heard that again and again. They will waive our rights to pursue legal action in order to stay on side in the hope that in 2016 we will get some or much of our money back.

Again, this was promised by the same banks, financial institutions and trusts that originally promised to repay our money in early September of 2007, and then, according to the Premier, reneged.

Let's look at some of the other things we heard in this House. There has been a lot of talk about the Auditor General. I'll read some of those comments back into the record.

"It would be irresponsible of the government to make any sort of assertion to the public. What we did is to disclose to the public, through the appropriate mechanism, the public accounts as audited by the Auditor General." Hon. Premier, November 6, 2007.

Hon. Deputy Premier, *Hansard*, November 21, 2007: "Again, Mr. Speaker, the government has been fully forthcoming with information regarding this matter. We will continue to

work very cooperatively with the Auditor General to seek clarity, to seek finality with respect to this matter.

"...something that we on this side of the House will never do is politicize the good work of the Auditor General of Canada. In fact, Mr. Speaker, the government very much welcomes the assistance that the Auditor General can provide in further reviewing these particular investments." That was the Hon. Deputy Premier, *Hansard*, November 21, 2007.

"I don't think that this side of the House is taking issue with the Auditor General of Canada and her good work. In fact, we fully support her work as we have in the past..." Hon. Deputy Premier, *Hansard*, December 3, 2007.

What happened when the Auditor General presented her report to this Assembly? The Premier announced in a media scrum that this was her opinion and we had others. These words are in marked contrast to the words put on the record earlier last fall by both the Premier and the Deputy Premier.

Let's hear some more.

"As the member opposite is fully aware, the Auditor General is conducting a further review of these particular investments, as I have mentioned. We look forward to the review. I think that she has articulated from her office that perhaps the review will be done in early 2008, and I think the sooner the better. We certainly welcome that feedback. As I have mentioned on many occasions, we, the Government of Yukon, will welcome the feedback, the findings and the recommendations made by the Auditor General of Canada." Hon. Deputy Premier, December 3, 2007.

Mr. Speaker, I don't have this quote in front of me, so it shouldn't be in quotation marks. After the Premier of Yukon made his comments about it being just her opinion, the media spoke with some of her officials. They were so outraged by those comments that they said, if there is a guarantee -- and I'm paraphrasing; I don't have the quote in front of me, although I think it was referred to in yesterday's *Whitehorse Star* as recently as yesterday -- if there is a guarantee, then where is the money? It's pretty unusual for the Office of the Auditor General to make those kinds of responses, but it's because they were so outraged over the disparaging comments about the Auditor General and just her opinion.

What else did the Deputy Premier say? She said, "As the member opposite is fully aware, the Auditor General is conducting a further review of these particular investments, as I've mentioned. We look forward to the review. I think that she has articulated from her office that perhaps the review will be done in early 2008, and I think the sooner the better. We certainly welcome that feedback. As I have mentioned on many occasions, we, the Government of Yukon, will welcome the feedback, the findings and the recommendations made by the Auditor General of Canada." Hon. Deputy Premier, *Hansard*, December 3, 2007.

What happens when it comes out? Members of the Public Accounts Committee are too busy to meet. They respond both in person and by letter that they're too busy to meet, and when they finally meet, they say that this time there's no reason to look into the report. This time, despite the requests made by the Member for McIntyre-Takhini and the Member for Porter

Creek South, we don't need any public hearings. The Auditor General has said the act wasn't followed, and we'll accept that.

Well, that's fine, Mr. Speaker, but the tradition has been to bring in officials and find out what else we can learn from it. Perhaps the officials could answer the questions about what supervision was or wasn't coming from the political side, from the executive, from the elected members, that led them to feel it was okay to carry on with these investments.

That would be interesting to know, Mr. Speaker, but we can't find out because we don't hold hearings. What else did the Hon. Deputy Premier say? She said that, "We fully support the Auditor General, as we have in the past. We look forward to the findings and to the outcome of the review, which, as I mentioned should be in early 2008... We certainly look to the Auditor General of Canada for her advice and sound reviews. We have received great recognition of the principles used in administering our finances over the years." What else? That was Hon. Deputy Premier, December 3, 2007.

"I think that it's important to recognize the importance of this particular institution, to let them do their good work. After all, it was at the request of the third party and we very much appreciate that -- so let the Auditor General's Office do its good work." That was the Hon. Deputy Premier, December 3, 2007. Actually, it was at the request of the Official Opposition, Mr. Speaker. It was in my letter of early November.

"I have full and utter confidence in the officials in the Auditor General of Canada's Office, and we look forward to the outcome, which will be occurring pretty quickly." That was the Hon. Deputy Premier from *Hansard* on December 3, 2007.

That brings us back to the Auditor General's report. There are some other interesting things that the Auditor General says in her report. First of all, to reiterate, in section 13 she said -- and this is pretty clear, Mr. Speaker: "We found that the investments in the two trusts were not obligations of, nor were they guaranteed by, the Government of Canada or by any provincial government." In section 14 it says, "We also found that the investments in the two trusts were not issued or guaranteed by a bank." So there was not a bank guarantee.

There is another thing that is interesting in the Auditor General's report -- Mr. Speaker, it is amazing how much she accomplished in nine pages. In section 20, she refers to the restructuring and here is how she views the restructuring -- the chief financial auditor of the land: "The market for asset-backed commercial paper issued by trusts set up by non-banks effectively froze in August 2007. A group of financial institutions met in an attempt to resolve the liquidity problem that was affecting the market. They agreed to take steps to restructure about \$33 billion in asset-backed commercial paper that was stranded in 21 trusts. The restructuring aims to replace the short-term, asset-backed commercial paper with notes that mature over longer terms.

"The restructuring process is expected to be completed in March 2008. As the financial terms of the restructuring have not yet been made available, the government has not yet quantified what the financial impact will be. We will be reviewing the government's analysis of this financial impact when we

audit its financial statements for the year ending 31 March 2008."

Mr. Speaker, March 31, 2008, has come and gone. We certainly don't have the financial statement that will be presented in the fall, after they've been reviewed by the Auditor General, and we don't have the version that will go to the Auditor General and then to public accounts.

What we do have is the 2008-09 main estimates and we have the second supplementary estimates for 2007-08. There are no notes in those estimates; there are no references to the \$36.5 million out of the projected \$130 million net financial resources, or cash surplus, for the end of 2007-08. We don't have that, but we don't have anything in those reports, budgets or estimates that even refers to this. It's just all listed there.

Governments across the country and corporations across the country make provision for estimated loss. They make loan loss provisions. The Premier, the Finance minister, told us just a few short days ago that one of the purposes of the second supplementary estimates for 2007-08 is to present a more accurate picture of Yukon's fiscal situation, of Yukon's finances.

There is no reference to the fact that the value of this \$36.5 million is unknown. It's unknown because right now it doesn't trade in any financial marketplace -- there are no buyers for it -- and this committee has been trying for some seven months now to unravel these underlying assets and make heads or tails out of it.

Mr. Speaker, there are all kinds of estimates we've seen in the financial presses that have estimated that if there were an attempt to liquidate these trusts at this point in time, the losses could be as high as 40 percent or higher.

The Premier has indicated that we're not going to have a fire sale. Of course, I concur with him -- we're not going to because we don't want to take that loss. But we may well be rolling that loss over for some future government. We're leaving some other government to inherit this mess.

As I've said, since September 6, 2007 -- and I raise this point because the Premier has started to refer to this individual in his remarks -- an investor committee chaired by Purdy Crawford, a Toronto lawyer, was formed to oversee the proposed restructuring process resulting from the Montreal proposal. The investor committee includes investors who are signatories to the Montreal proposal, plus other investors. I understand that the investor committee does not include institutions that provided liquidity lines or assets to the trusts.

The investor committee has indicated that holders of over 80 percent of the outstanding non-bank-sponsored ABCP listed in the Montreal proposal have signed acknowledgements indicating their support for the standstill provisions of the Montreal proposal. I believe the Deputy Premier indicated in one of the statements I quoted earlier that we were signatories to that.

Indeed, several times in the fall in this Assembly, she indicated that because we're signatories to the Montreal proposal, there were questions she couldn't answer. Among the questions that she would not answer at the time was the name of the bank that she felt that was providing the guarantee, although as we've learned from the Auditor General, there was no such guarantee. The name of the bank becomes somewhat irrelevant,

because no guarantee was ever provided by a bank according to Madam Fraser.

A big question in many investors' minds is whether this was just a liquidity crisis only or whether the underlying assets have been either impaired or subject to termination or collateral calls by swap to other parties that could lead to a transfer of trust assets and a sale of trust assets at reduced prices, should that be allowed to occur.

Current consensus in the marketplace ranges between 60 and 80 cents on the dollar; that's what might be recoverable. But all of these questions may only be answered when detailed information regarding the underlying assets behind each trust are made available to holders of ABCP. By the way, there is a reason for these concerns. Although the Premier and the Deputy Premier were quite pleased to repeat over and over again in this House last fall that these trusts they invested in had the highest possible ratings, the highest ratings -- triple-A, R-1(high). In fact, they're currently rated D, and that's because they're insolvent. The Premier will no doubt say that that's just a technicality. They're just rated D because they're currently in bankruptcy protection. He was willing to cite the rating that existed when he purchased them; he should be willing to accept the rating that exists now, and that is D. It's the lowest rating possible -- the lowest.

Many investors are concerned about the continuing delay in providing the information to them about the underlying assets, and they're also concerned about the extent to which -- when eventually made available -- it may only be high-level information that will be insufficient to allow holders of ABCP to assess the credit risks properly.

At this point the overall situation remains very fluid and, as the expression goes, the final chapter has not been written.

Let's just turn again to the *Financial Administration Act*, which was written to protect Yukoners from the very mess this government has put us in. The power to place investments, section 39(1): "If money in the consolidated revenue fund, other than money in a trust fund, is not immediately required for payments, it may be invested in any of the following

"(a) securities that are obligations of or guaranteed by Canada or a province;

"(b) fixed deposits, notes, certificates, and other short term paper of or guaranteed by a bank including swapped deposit transactions in currency of the United States of America;

"(c) commercial paper issued by a company incorporated under the laws of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions."

It's pretty clear. What did the Auditor General find? None of the above. She said, "We found that the investments in the two trusts were not obligations of, nor were they guaranteed by, the Government of Canada or by any provincial government."

She also said, "We also found that the investments in the two trusts were not issued or guaranteed by a bank."

She went on to say that they also were not rated by two separate rating agencies. What she said was, "... was not issued by a company incorporated federally or provincially and given the highest rating by at least two recognized security rating

institutions, although one rating agency had provided the highest rating of the trusts' commercial paper."

As I've said, she said, "Prior to making these investments, the Government did not obtain a legal opinion on whether the investments would comply with the Act."

The government side, the Finance minister and the acting Finance minister, in his absence, have said this has happened before; it has been done by other governments. Other governments did this; other governments failed to follow the act properly. That may well be, or it may not be, because the Auditor General, in this specific report, cites this government and this government only, although it does indicate it looked back several years, and, "The government also made investments in asset-backed commercial paper that was issued by trusts set up by domestic banks. At the end of the 2005-06 and 2006-07 fiscal years..." and she goes on to say when it had made other investments previously.

She cites this government. But you know what? I'm going to use words that have been used in this Assembly before regarding whether or not previous governments may or may not have contravened the act. These are words that came across from this government and the words are very brief: "So what?"

So what? So what if former governments also did this? It doesn't matter, because those governments are not sitting here today; they're not here being held accountable today. They've come and they've gone. They've had their tenure; they've been judged -- for better or for worse by Yukoners -- and they're not here now. So what, is what I say. What does it prove if previous governments did invest in bank trusts? The Auditor General didn't talk about it in this report; she didn't specify the time when governments did so, but what if they weren't in compliance? That's not for us to resolve. If the Premier wants to refer the actions of governments over the past 25 years to the Auditor General and ask for her to describe what they did or didn't do, he's free to do so. We referred the actions of his government, and they were found sorely wanting.

There is a lot more that this government -- this Premier and this Deputy Premier -- has put on the record. Before I go there, I want to point out one other thing. When the Auditor General conducts a report, there is back-and-forth discussion between her officials and the officials of the subject agency. They are provided with an opportunity to answer questions, to offer explanations. Perhaps the Premier had learned that the Auditor General's report wasn't going to be a very happy one.

It wasn't going to be a bright day for this Yukon Party Premier. It wasn't going to be a shining moment in his career. What did he do? Well, he called a press conference and announced that the policy was being changed. The policy would be changed and no longer would the Yukon government be allowed to invest in asset-backed commercial paper.

Well, I would suggest that the Premier was putting in place a policy to protect him from himself. He was putting in place a new policy, when all he had to do was follow the existing one. If he had followed the act -- if he had followed the act, we wouldn't have \$36.5 million in frozen investments, and we wouldn't be out there trying to explain every day that we're

negotiating a deal that we hope will get Yukoners back their money in 2016.

2016 -- long beyond the date of the latest, most delayed announcements about when we'll have a new Correctional Centre, and long beyond the date for the upgrades to the Robert Campbell Highway, and likely long beyond the date when something is going to need to be done to replace the aging F.H. Collins Secondary School -- long beyond the date at which we might have some call for this money.

After all, Mr. Speaker, the Premier has told us it's not a problem. He's had Finance officials come forward. He pushes the officials forward when he doesn't like the nature of the questions that are coming his way. He brings forward officials, and they said that we're okay -- don't worry; be happy, that we're fine. We don't need the money. We have lots of money on hand.

Well, if we had no need for the \$36.5 million, why didn't the Premier look to investing the money in long-term notes? Why wasn't he putting it into notes that would mature in eight years? Because it wouldn't have been prudent -- because there is no way of knowing which federal government -- what Government of Canada might, between now and 2016, cut back on transfer payments. There is no way of knowing whether there could be an international crisis of some sort that would affect the price of minerals and cause a downturn in Yukon's economy.

So the prudent thing would be to have our assets liquid and on hand between now and then, not tied up until 2016. That excuse just does not hold water.

Telling Yukoners they should not worry, we don't need the money, we are not going to need it until 2016, doesn't add up to making much sense.

Let's look at some of the statements that were made about keeping the Auditor General informed. After all, the Auditor General is not some kind of fiscal detective. She has to rely on information that's provided.

"I would just also like to inform the member opposite that the Auditor General is fully cognizant of the government's investment policies and was advised in detail of the actual third party asset-backed investments and the proposed restructuring and that the Auditor General states that, in her opinion, the transactions of the government that have come to her notice have in all significant respects been in accordance with the *Financial Administration Act*." Hon. Deputy Premier, *Hansard*, November 13, 2007.

I believe that the quote was an accurate quote, but it was certainly out of context.

The members opposite have said that we on this side have misrepresented statements by the Ombudsman, have misrepresented statements by the Auditor General, have brought misinformation to this Assembly.

Hon. Deputy Premier, *Hansard*, November 13, 2007: "Again, the Auditor General has stated that, in her opinion, all transactions that have come to her notice have been in accordance with the *Financial Administration Act*."

"The Auditor General -- again, for the member opposite's reference -- states that, in her opinion, the transactions of the

government that have come to her notice have in all significant respects been in accordance with the *Financial Administration Act*. That was the Hon. Deputy Premier, *Hansard*, November 13, 2007.

"The Auditor General again states in her opinion that, from what has come to her notice, these investments have in all significant respects been in accordance with the *Financial Administration Act*." Hon. Deputy Premier, *Hansard*, November 13, 2007.

"Well, Mr. Speaker, more important, the Government of Yukon has brought this to the attention of the Auditor General of Canada. As I mentioned yesterday, the Auditor General of Canada stated in her opinion the transactions of the government that have come to her notice have, in all significant respects, been in accordance with the government's powers under the *Yukon Act*, under the *Financial Administration Act* and regulations and the legislative authorities and bylaws governing the organizations. So, Mr. Speaker, the Auditor General and Finance officials within the Government of Yukon have been fully engaged in discussions over this matter, and they will continue to be fully engaged as they have in the past as a recurring practice." Hon. Deputy Premier answered on November 14, 2007.

Well, Mr. Speaker, clearly, these statements made in response and in reply to our questions asked in this Assembly were made to try to indicate to this House that the Auditor General was fully knowledgeable and fully informed about all of these matters at the time she wrote the letters of transmittal that are included inside the public accounts from prior years -- at the time that she made those -- and she was giving a clean bill of health to this fiasco.

That's not what was happening, and I asked the Auditor General, when she was here in Whitehorse, that question, one on one: was she, by those previous statements, saying that she was, at that time, fully informed about the investment in non-bank trust ABCP that only had one rating from one agency and ABCP that was not an instrument of either the Government of Canada or a province. She said, "No, that's not what I meant. If anybody said that, that was misrepresenting what I was saying." So let's all be careful when we quote the Auditor General.

Again, "For the members' opposite information, I will articulate very closely -- we certainly take the direction and advice of the Auditor General of Canada in this particular regard. The Auditor General of Canada is fully aware of the government's investment policy, has been fully aware of each of these transactions that have been made over the course of the year, has been fully made aware of investments over the last five years, and in turn, the Government of Yukon has been able to receive five consecutive years of healthy financial surpluses within the bank of the Government of Yukon -- as well as unqualified audits for five consecutive years. The Auditor General of Canada has stated in her opinion the transactions of the government that have come to her notice have been, in all respects, in accordance with the government's powers under the *Yukon Act*, *Financial Administration Act*, regulations, legislative authorities and bylaws governing the organizations." That was the Hon. Deputy Premier, *Hansard*, November 15, 2007.

I have one more, Mr. Speaker; they are endless and I know that others want to speak.

"As I have stated though -- and I'll just repeat it for the third party member's information..." This was in reply to a question asked by the third party leader, the Member for Whitehorse Centre, "-- the transactions that have come to her notice have in all significant respects met up to the letter of the law. That is the *Financial Administration Act*, the *Yukon Act*, bylaws, the regulations, overseeing organizations and so forth." That again was the Hon. Deputy Premier, *Hansard*, November 15, 2007.

Well, that is not what it turned out to be. That is not what the Auditor General said in her nine pages. What did she say in her conclusion? "Yukon's *Financial Administration Act* prescribes the investments that the Government of Yukon can make. We found that the Government's investment in summer 2007 in two asset-backed commercial paper trusts that were set up by non-banks (total value: \$36.5 million) did not meet the requirements of the Act. When this report was written, the government had not yet received any payment of principal and interest from these two trusts, and it has not determined the financial impact this may have. We also found that the government has made prior investments in asset-backed commercial paper issued by trusts set up by both banks and non-banks. These investments also did not meet the conditions set out in the Act. It is important that the Department of Finance manage the investment of public money prudently and in accordance with legislation."

When we refer to the Department of Finance, to whom are we referring? We're referring to the person who bears the ultimate responsibility -- the Premier of Yukon who has made himself the Minister of Finance -- and in his absence, the Deputy Premier who acted as acting Finance minister. The buck stops there -- \$36.5 million bucks stop there. His own words: "the buck stops there" -- not with officials who have no opportunity to be questioned by members of the opposition, to be questioned under oath in this Assembly, to provide their information as to how they were being used or fronted. The Premier thinks it's funny; the Premier thinks it's laughable, but in effect, when there are public hearings held, it is the effect of being under oath. What happened there? It was blocked by the Yukon Party.

What did they say about potential loss on investments? "The government has not lost one penny." Again, the Hon. Premier, *Hansard*, November 6, 2007. The Premier says that we haven't lost one penny. We haven't received any interest over the past eight months; that's a loss. Perhaps it will be recovered in the restructuring, but it's a loss now.

Hon. Premier, November 7, 2007: "Secondly, we're not talking about a loss here at all. This member is actually standing on the floor of this House informing Yukoners that we've lost \$36.5 million. That is incorrect. We have merely extended a maturity date."

Mr. Speaker, can you imagine if you invested money in a short-term investment at the bank, if any member of this Assembly invested some of their savings in a savings account where they thought they would have ready access to it, and

then suddenly found out that other people, who they had provided their funds to, couldn't repay it, that they merely extended the maturity date? There would be outrage -- merely extended a maturity date from 30 days to eight years? How many times does 30 days go into 360, never mind eight?

The Minister of Education has provided the simple math. I didn't think we needed to provide it because I thought it was self-evident, but apparently he feels that perhaps some of the members on his side couldn't do the math, as they've demonstrated, and I appreciate his support.

Some Hon. Member: (Inaudible)

Mr. Mitchell: Perhaps he should be the Finance minister, as the Member for Kluane says.

One thing we'll say about the Minister of Education: we see him taking notes when there are questions about his department in this Assembly. We don't see him with his feet up and his eyes on the ceiling, looking disinterested. He stays interested; he stays focused; he takes notes and, therefore, he can answer questions. Perhaps he should be the Finance minister and perhaps we'll support him on this side.

We previously asked the Finance minister to do the honourable thing and resign. If he wants to propose the Member for Southern Lakes as the next Finance minister, that might find some support over here. We know he has a background in it and can do simple math -- simple arithmetic, as the Member for Porter Creek South has pointed out.

Here's another statement we heard -- another reassuring statement from the Minister of Finance: "The facts are: on December 14 we will know the information on the maturity date going forward. The facts are: the Yukon government has not lost one nickel." That was stated by the Hon. Premier on November 7, 2007.

Mr. Speaker, the facts are that on December 14 we learned nothing. Actually, that's not quite so. What we learned is that the date would be further into the future, when we might learn something. But what we did learn on December 14 is that we no longer had the previously announced date for the restructuring. That's what we learned.

And we have lost one nickel, Mr. Speaker. If the Member for Southern Lakes wants to assist me in dividing nickels into \$140,000 a month, I suspect that it would be 20 times that number. Then we will know how many nickels we have lost. That's how many.

"There has been no loss on the investment and the third party asset-backed commercial paper is secured by assets, unlike other commercial paper, which is not, and is backed by the banks." That was stated by the Hon. Deputy Premier on November 13, 2007. Why did she say, "...and is backed by the banks"? The Auditor General of Canada, in fact, says it was not -- it never was. The banks say it wasn't; she agrees with them.

Now, if the Hon. Deputy Premier and the Hon. Premier think that the Auditor General is wrong in this, and if they think it was backed by the banks, then why were they signatories to the standstill agreement, the Montreal Accord, which includes the provisions of not taking legal action?

If we sign the final agreement at the end of April, or in May, or whenever Mr. Crawford is finally able to herd these

investors together and get them to sign, there will be no lawsuit. There will be no suit. And if there is no suit, then in fact the banks won't be paying the loss.

Some Hon. Member: (Inaudible)

Mr. Mitchell: Well, I don't know if I can say that here, Member for Kluane. But he refers to the fact that the emperor has no clothes, and that's what the situation will be, when we finally see what happens.

What did we hear from a finance official on the radio just a day or so ago? He is off to the next set of meetings down south where he hopes to learn more about what amount of interest might be recovered by the members of this accord, should they sign on. There is a lot of uncertainty here, Mr. Speaker, and all of this uncertainty wouldn't exist if they just followed the rules -- follow the rules.

What is happening now? *The Globe and Mail*, on March 29, 2008, there was an article entitled "DBRS has its neck on the line in rescue plan" and I'll read a few excerpts and I'll ask that since I'm reading from an article of which I only have one copy, I'll ask that the Speaker allow me latitude for my officials in the office to provide copies for other members. It talks about Canaccord Capital, the largest independent broker having a bruised reputation and it talks about the investors. It talks about: "And let's not forget the ones hurting the most: 1,800 individuals, plus some corporations, pension funds and others, whose pain can be measured in one number: \$32-billion. That's the amount they put into asset-backed commercial paper that was supposedly ultra-safe. The odds of recovering all of their money seem slim. They are upset. Who can blame them? Much of the anger is directed at Canaccord, the biggest seller of the stuff. Perhaps more ought to be aimed at credit rater DBRS Ltd., which told everyone ABCP was low risk. But DBRS is a key link in Purdy Crawford's effort to rescue some of that \$32-billion. If the rating agency screws up again, there's going to be trouble."

Further on this article says, "A perfect solution, it's not. But at least there will be a market for the new bonds and those who need the cash can sell -- albeit at a significant loss. That's when the really fun part will begin. How do you value a bond when you can't understand what's behind it?"

Further on -- because Mr. Crawford has been cited here as this great authority: "So Mr. Crawford asked the credit agencies to step up: Put a letter grade on these new bonds so that those nice folks from Sarnia can sell and put an end to this nightmare. Forget it, said Moody's. No thanks, said Standard & Poor's. Both firms have been battered by their own public relations fiascos. They don't need another headache."

I would suggest that Mr. Crawford has a headache. I would suggest that the Finance minister has a headache, because he got us into this mess. It happened on his watch.

As I have said here before, people ask what happened; how did the *Titanic* sail into an iceberg? They don't ask what the third mate or the cook or the bosun's mate or any other member of the crew did to cause that to happen. They ask where the captain was. Where was the captain?

When the *Exxon Valdez* ran aground on the shoals causing a huge environmental disaster on the Alaskan coast some 20

years ago, what did the public say? They asked where the captain was. As it turns out, he was asleep in the bunk.

The *Queen of the North* is another one -- on the shoals. What happened? Where was the captain?

The captain sits right across from me in this Assembly. The captain apparently wasn't at the helm. The captain wasn't steering the ship.

When it's convenient, this captain says that he puts his arms around the Finance officials and says, "We don't blame the officials. We don't blame the good, hard-working officials. We don't want to see the officials incarcerated," -- as if we do on this side of the Legislative Assembly, as if we've ever asked for an official to be incarcerated.

We've asked for this minister to be accountable. That's what we've asked for. He is the one who's held accountable. He is the one who should be held accountable.

When these officials see the strong support they are getting from the Finance minister, they must cringe because they see the buck being passed, the \$36.5-million worth of Yukon bucks being passed. That's what they see.

There's so much more that I could go on to talk about here. The Member for Kluane encourages me, but I want to leave time for the Member for Kluane to speak to it. I'm sure that this will be an interesting afternoon; I'm sure that we may see amendments to this motion that may try to suggest that the Deputy Premier was doing a fine job when she was temporarily at the helm; that she was right when she said that there was a bank guarantee; that she was right when she said that the Auditor General was fully aware at all times and that the Auditor General always knew about the nature of these investments. But, Mr. Speaker, nine pages really say it. It doesn't find fault; that's for sure. It doesn't say who is responsible. I see that the Premier is waving across at this side of the House, but this side of the House isn't responsible. These decisions were made by that side of the House; they were made by this government -- this Yukon Party government -- and it will be some other government that will have to be here to clean up this mess down the road. Some future government will be here to find out -- after eight years -- how much money and how much interest they get back. Or we may get promises between now and then.

Mr. Crawford may pull his rabbit out of the hat; he may convince the thousands of independent investors who have their retirement funds tied up in this that they have no choice but to go along -- because they have the votes to wreck this deal -- or he may take another way out. Perhaps he'll cut a deal and will say, "I'll tell you what. It's only a few hundred million dollars out of the \$32 billion that is owed to you independent investors. We'll let you get all your money out now. We'll make you independent investors whole again. We'll pay that off and we'll leave the Government of Yukon or the Alberta Treasury Branch or the Caisse in Quebec holding the bag. After all, these politicians come and go; they'll never be held accountable."

That's what may happen, but one thing is for sure: we will now be dependent upon the group of people who sold these investments to us and promised to pay them back to make good on that promise eight years from now. I might point out that

Mr. Crawford is 76 years old now so, in eight years, we'll hope at 84 years old, Mr. Crawford is here to stand behind his deals, and we're relying on this Finance minister to make good. I don't think he will be here eight years from now either. I don't think he'll be in a position to make good on this.

He messed up; he misinvested; he wasn't paying attention; he wasn't supervising the department; he wasn't doing his due diligence; he was neglecting his responsibilities, which he could and should have been doing, which would have provided the guidance to our Finance officials that, no, this is getting too risky. What did he do instead? Dozens and dozens of ventures into these frozen trusts, going back to January 5, 2004.

In fact, dozens and dozens of times, he authorized these investments because, ultimately, his signature is always there, along with the deputy's. If you get a paycheque from this government, the Hon. Member for Watson Lake's signature is on that cheque. That means he is responsible; he's the one who let Yukoners down; he's the one who quit on Yukoners by not doing the things he was responsible for as Finance minister. That's where the quitting was. The quitting was the Finance minister deciding he had better things to do mid-summer of 2007 than to worry about a mere \$36.5 million. Just let the bet ride, Mr. Speaker; just roll it over, let it ride; we're making a great rate of interest, so why should that worry me? There can't be anything wrong; we don't have to worry about it; we have lots of money. And that's what happened.

The Deputy Premier simply came into this House. I do feel sorry for her. What happened to her last fall? She was in an acting capacity and she was fed advice from the Premier and the Premier's advisors, and probably in all good conscience, she came in here and read these statements out, read the briefing notes about there being a bank guarantee, about there being no loss and, as a result, she now has to answer for those words.

I thank you today, Mr. Speaker.

Hon. Mr. Fentie: Unfortunately so much misinformation that has been tabled here during this long regurgitation of nonsense that I'm going to have to dignify this motion with some rebuttal, although I'm loathe to do so.

Some Hon. Member: (Inaudible)

Unparliamentary language

Speaker: The Hon. Member for Kluane, on a point of order.

Mr. McRobb: On a point of order, Mr. Speaker, really. The term "regurgitation of nonsense", I believe, contravenes Standing Order 19(i), and it's something that could definitely lead to discord, and it's not very becoming for the Premier to use such language in this House.

Speaker: There is a point of order. Hon. Premier, do not use that terminology, please. You have the floor.

Hon. Mr. Fentie: I think the adjective that I used was incorrect, of course, but the issue here is that it's a repetition of the same misinformation the Leader of the Official Opposition has presented to the public and in this House time and time again, and it is truly unfortunate. I am going to rebut this, because I'm responsible for doing that.

The Leader of the Official Opposition is going to be held accountable for his statements, every one of them, as we go forward here. Frankly, the only factual statements made in the last two hours plus are the quotes attributed to me and the Deputy Premier that were read from *Hansard* by the Leader of the Official Opposition. The rest of it is useless information taken out of context; furthermore, in many cases it is entirely incorrect. I'm going to point to a couple of examples and make reference to a couple of examples that demonstrate that.

First, I want to delve into a couple of matters that the member seems to continue to refer to. He refers to the Auditor General's report, but conveniently ignores some of the other content in the report. He refers to a long list of investments, but conveniently only mentions a date as far back as 2004. I have the same list and I can tell you that the investments in these kinds of trusts date back to February 5, 1990.

The member also fails to recognize that 200 investments have been made in this particular area, at a clip of \$1.7 billion. So the member can't ignore the facts of the matter. And we all know what this is about, though to mention what this is about would be ruled out of order. But we all know, and so do Yukoners, what this whole approach by the Leader of the Official Opposition is about.

Now, one of the examples: the member stood on the floor and started to link this whole situation to the U.S. subprime mortgage issue. And, you know, here again is a glaring example of how the Leader of the Official Opposition conducts himself in this House. There is no attachment of these investments to the U.S. subprime mortgage issue -- none whatsoever.

Yet the member refers to that, right here in his dissertations, in trying to discredit a member of the government side with this ridiculous motion that the Official Opposition has tabled. And I say "ridiculous" because that's exactly what it is -- it's nonsense. It serves no purpose.

And, by the way, the Deputy Premier's statements were factual -- every one of them. And the member opposite cannot in any way manufacture some perception that they were not. The facts will speak for themselves.

So the issue of subprime, as created by the Leader of the Official Opposition's brother-in-law in the United States, has nothing to do with this. So it brings one to wonder: does the member give his brother-in-law the same lecture?

Some Hon. Member: (Inaudible)

Point of order

Speaker: The Hon. Member for Kluane, on a point of order,

Mr. McRobb: All members of this House are aware that it contravenes the Standing Orders to make a personal attack on another member. And that's what this Premier just did again, and he shouldn't be allowed to do it. He should be trying to set a good example, not a bad one.

Speaker's ruling

Speaker: There is no point of order. It is simply a dispute among members. Hon. Premier, you have the floor.

Hon. Mr. Fentie: Mr. Speaker, for the Member for Kluane to stand up on such a frivolous point of order when we just sat here for two hours, two plus hours...

Speaker: Order please.

Hon. Mr. Fentie: ... listening to the same rhetoric...

Some Hon. Member: (Inaudible)

Speaker: Order please. Order. I'll call order. Do you understand that? Member for Kluane, do you understand who calls the order here? Thank you.

Speaker's statement

Speaker: Hon. Premier, be careful with your words. You have the floor.

Hon. Mr. Fentie: Thank you, Mr. Speaker. I think that the members opposite understand fully what I'm alluding to.

Now, let me move on to some of these examples. This Leader of the Official Opposition has done something here that is very disturbing. He has tried, in his presentation of this ridiculous motion, to do something that I find irresponsible and unacceptable, and the member must be held accountable.

This member stated that officials in the Department of Finance, in making these investments since 1990, have been overzealous and careless, and I think that the Leader of the Official Opposition should stand up in here and apologize to those officials for that damning statement of individuals who, as the Auditor General has said, were all along making investments in good faith.

Mr. Speaker, I move on now to the issue of inquiry. Does the member not recognize what he is suggesting? He is suggesting that there was criminal intent here and his demand for an inquiry is reflective of that very fact. That is not what the Auditor General's report says. Furthermore, when the Auditor General discussed this with the Public Accounts Committee -- though I'm loathe to bring this up, but it has to be placed on the public record -- even the Auditor General's Office asked what purpose an inquiry would serve. None -- every one of these investments has been fully disclosed each and every year-end since 1990, and the member knows that.

The member goes on to say that they were no guarantees in place. The Leader of the Official Opposition doesn't even know what he is talking about. There are liquidity agreements in place. If the member were doing all his homework, -- he certainly brought in enough information here that has nothing to do with the matter at hand -- he would know that the federal regulator said so. Liquidity agreements can be conditional guarantees. They did that themselves. I am talking about OSFI, the federal regulator that has deemed that liquidity agreements can be a conditional guarantee. If the member had done his homework, he would have come up with that very important fact. So to suggest there is no guarantee is, again, a misrepresentation of the facts.

I think there's so much more here, but I also want to delve into some issues with respect to how the member has been portraying this.

The Official Opposition stated by press release in the public domain that there is an investigation. The member is telling the Yukon public that there is an investigation and that the

Premier is under investigation. For the Member for Porter Creek South, who was quoted in that press release, I don't have to delve into what that really means out there in the public domain, but I will put this point on the floor. It has a linkage to libel, and these people across the floor, the Official Opposition, have stated by press release that an investigation is happening and that the Premier is under investigation.

I need go no further on that point.

Unfortunately, instead of dealing with issues in this House that are important to Yukoners -- because, frankly, any rational Yukoner understands exactly what's happening here, as the Province of Ontario does, as Quebec does, as Canada Post does, as Alberta does, as Air Canada does, as Canaccord Capital does, as so many others involved here understand and that's why today in eastern Canada, actually, they are discussing this.

Another point is about loss. The facts are that the government has to date accrued earnings of almost \$20 million of investment.

The discussions in eastern Canada related to this issue include discussions about what to do with the accrued interest on these investments -- another misrepresentation by the member opposite. The list goes on and on. Nobody else on this side of the House has any interest in this ridiculous charade. Frankly, Mr. Speaker, I have no further interest in it myself. I understand fully what the Leader of the Official Opposition was attempting to do.

In closing, my point is that there is a lot of explaining to be done by the Leader of the Official Opposition and the members of the Official Opposition on so many areas -- not just this one. The list is growing. Each and every time those members of the Liberal Party stand on the floor in this House, release press releases and speak in the public domain, they are increasing that list of statements that they should be explaining to the Yukon public.

Furthermore, how does the Leader of the Official Opposition in any way believe that his members, who have signed on to their code of conduct -- how does the Leader of the Official Opposition explain that? How is this a demonstration of treating officials and members of this House with respect?

The motivation behind this is a clear contradiction of that very important proviso in their code of conduct. What this discussion should be about is not the Deputy Premier explaining the facts that she tabled in this House -- it was a full disclosure to the Yukon public. This discussion should be the Official Opposition explaining this continued misrepresentation of fact and why they are doing it. What is the motivation? What is the purpose?

We have a good idea, on this side of the House, and many Yukoners do too, of what it's all about. This is not an institution or a place for that kind of conduct. The time has come for the Leader of the Official Opposition to stand up and demonstrate leadership and explain these many instances of misrepresentations to the Yukon public.

Mr. Edzerza: I listened to this debate with some interest and, I must add, probably with even more disappointment. I find it almost unbelievable that the conduct of MLAs has to go

to this level. I can assure you that members of the third party do not have to develop a document to make our caucus respect the credibility of every member in this House. We will continue to realize that everyone has a spirit and everyone deserves respect.

Having said that, I will put on record that, as a member of the PAC, I feel somewhat confused as to where to go with being a member of that committee, because we have our chair and members from the Official Opposition resigning, and we have accusations flying back and forth between the Official Opposition and the government side. This basically leaves the third party in limbo, because we do have the least elected members. Our desire would be that these two parties that have the majority of seats settle this dispute between them. I believe that we were all elected to work in the best interests of every citizen in this territory and there is no place on the floor of this Legislature for personal disputes. It speaks volumes to why the third party has been consistently pushing the issue of seeing some improvement in how this Legislature is conducted.

It's unfortunate that we even have to be here today discussing this issue. I believe it could have been thoroughly discussed in a Public Accounts Committee meeting. As I said earlier, the third party doesn't have the numbers to hold all other members here accountable.

Again, it's up to the individual. We strongly feel the individual MLA has a responsibility and we sincerely hope we can go beyond bringing this kind of issue to the floor of the House and spending a whole day discussing it when, in fact, at the end of the day, we don't really see any merit coming from it. I believe there are a lot more pressing issues that I'm sure the citizens of this territory would sooner have the members in this Legislative Assembly discussing today.

Mr. Speaker, I have no more to say to this motion than I sincerely hope we can just move on.

Mr. Inverarity: I'd like to start off on this whole debate today. It causes me a great deal of concern, I have to say, to look at the amount of money we have invested in this asset-backed commercial paper, and to put it at risk in any way, shape or form is a significant issue for me.

I look at my role here as a member of this Legislative Assembly as one of an individual who is to provide some accountability to the individuals I represent in my constituency of Porter Creek South.

I take this role seriously and when I see issues and when I see concerns being raised by the government that I have questions about, I like to look at them. A lot of people call me a critic, but really my role here is to critique the information, acts and bills that are coming across the floor from the other side. I look at it in a positive way. That is how I view my position here and my role as a member of this Legislative Assembly.

When I see the accusations and concerns that are being brought back and forth across the floor here, I'm distressed by what I see. The member from the third party has alluded to PAC. I had great hopes for the Public Accounts Committee. I talked about it last week in my address in reply to the budget speech. I didn't get a chance to finish it at the time, but I will talk a little bit more about it here in the near future as I move

into my speech. I think that it is important to note that the Public Accounts Committee is supposed to be there as an independent committee and we are all supposed to be there as individual members. We had an opportunity to move forward and look at this particular issue, and what came out of the committee in February caused me great concern.

I would like to talk a little bit first of all about asset-backed commercial paper. I have to admit that, prior to last September or October, I didn't really understand what asset-backed commercial paper was. I knew that there were people that bought and sold transactions, but the whole concept seemed to be fairly aloof -- fairly out there -- and with what little investments that I had, I certainly didn't qualify for purchasing these types of things. It was something in the realms of hundreds of thousands -- if not millions -- of dollars that were required to purchase these kinds of things. Those people who had those skills did those kinds of investments.

What I have learned is that there are actually two types of asset-backed commercial paper: one that had a bank guarantee and one that did not. In fact, they called them that -- they called them bank-backed asset-backed commercial paper and then they had non-bank guaranteed asset-backed commercial paper. Clearly, there is a difference.

So when they go out and purchase asset-backed commercial paper, they would have a choice as to which one they were going to purchase. Well, when they have information like that, one would think that if there are rules and regulations regarding investments -- and a lot of Yukon's Crown corporations have rules, just like the government has rules for investing in asset-backed commercial paper. What did they do? They ignored the rules. They went out and purchased non-bank-backed ABCP.

So, right there, off the bat, you would have thought it would have raised some kind of flag -- this doesn't meet the *Financial Administration Act*. But no, it didn't. They just went merrily along. I understand there has been a list floating around here of 200 investments made since 1990. Well, as a point of clarification, non-bank-backed asset-backed commercial paper wasn't actually around until 2002. Everything prior to that had bank guarantees, from what I understand, and it seemed reasonable for everyone to invest in them. They were a good investment -- no doubt about it -- prior to 2002. I believe that we were probably following the *Financial Administration Act* prior to that. The problem we have is that the Auditor General didn't look back that far to see whether or not those met the regulations.

The statements that are being made here in the House are really not that valid, because they weren't looked at. We know that from 2004 through to last September, 2007, they did not meet the criteria that the *Financial Administration Act* laid out.

So that's the single biggest concern I had. I think it's important for us to understand that there were different types of asset-backed commercial paper and that some were guaranteed and some were not. The minister -- the Premier -- alluded to "conditional guarantees". Well, what is a conditional guarantee? I mean, either a guarantee is a guarantee or it's not. Is that like a "maybe guarantee"?

It reminds me of my days in the airline business. We had a thing called "guaranteed freight". Well, it was only guaranteed if it got on the plane and arrived at its destination. If it didn't -- believe it or not -- the airline didn't have to give you a refund. And they were talking about stuff that was guaranteed. Here we have even more wishy-washy stuff.

Conditional guarantees -- I had better not say that statement. Something came to my mind and I think it would have been inappropriate, Mr. Speaker.

The other comment that bothered me, which was said here in a recent debate I was listening to, is when some minister alluded to the fact that these were not part of the subprime mortgage fiasco that's going on in the United States. I have before me, and I'll leave it here, a report from economic research that talks about the ABCs of Canadian ABCP. In this particular report they are explaining that the Bank of Canada or the governor said that, "... given recent events in global credit markets, we need to assess the extent to which the risks around our July projection have shifted." He goes on to say, "Around two-thirds of the Canadian ABCP market are bank-sponsored conduits (run by the large domestic banks), with third-party conduits making up the remainder. Auto-related loans and leases are the largest single asset class, followed by collateralized debt obligations and mortgages ..."

Clearly, mortgages are part of this whole ABCP, and that is contrary to what we heard earlier here today. I think it's important that we understand these issues around what ABCP is and how we are affected by it here in the Yukon. The government needs to 'fess up to the fact that there is risk involved in this and say, yes, we have problems and we need to work them through. It would behoove us to admit that so we can all move forward and see exactly where our money is going to end up down the road.

The next item I mentioned earlier, which was the Public Accounts Committee. I've been reluctant to speak openly outside of the Public Accounts Committee about things that happened within the committee. Members here have voiced a number of opinions on it. Certainly there has been press coverage regarding votes taken within the Public Accounts Committee and I think they're fairly well out there in the public. I don't think the roles of the individuals have necessarily been covered within the PAC. Let me say for the record that I think the Public Accounts Committee has a very clear role to play within this government. It is the watchdog of the government. We take reports from the Auditor General, we review them and we hold our own independent hearings, because we have an opportunity then to ask the government officials the questions that we have.

The illusion that all the questions have been asked within 10 minutes of when the Auditor General appeared here in the House in February is not a valid statement. Yes, we were able to ask questions of the Auditor General and we did, but she couldn't answer all the questions. Public Accounts Committee gives us the opportunity to go back and ask the government officials what happened -- when, where and why. Those are all reasonable things for us to do within PAC. It requires one unique thing that virtually no other committee within government has and that is that all members in this House walk into a

room, take off their party partisan hat, hang it on the door and say that they're here for good government; they're here to look at how we can make this better.

I don't think that is what happened. I would be more than happy to go back to PAC if we were to pick up where we left off and have hearings into the report from the Auditor General. In fact, it would behoove us to have some standing order that says all reports from the Auditor General automatically have hearings, so that there is no dispute. This whole issue could have been avoided.

The biggest single problem that I think we had within the Public Accounts Committee was a breakdown in communication.

I will admit, Mr. Speaker, that I had an abscessed root canal and my mouth was sore that day, and perhaps I didn't communicate as effectively as I would have liked to, but I do remember some of the comments that I made. One of them was to ensure -- I felt that it was really important, and I've said it here in the House -- that Public Accounts Committee be seen to be above everything else. We have to appear -- just like conflicts of interest -- to be above and beyond the call of duty. We have to look good in the eyes of the public.

Even if we stand up and say that we have to have hearings and we're going to hold these hearings, and even if the results are similar to the Auditor General's, we have to be seen as doing the right thing. I don't think that we've accomplished that to date, Mr. Speaker. I would like to accomplish that, and I would offer an olive branch.

There are other comments that I could make that have not made in public regarding the role that I played within the Public Accounts Committee that day and I'm more than prepared to do it at some point, but I'm not prepared to do it today. I will hold off on those comments for another time because I think that it is important that we're all given an opportunity. In the spirit of trying to cooperate with the other members who sit on the Public Accounts Committee, get together and look at the good work that we can do and that we should do within the Public Accounts Committee.

It comes back to this asset-backed commercial paper. It is about doing the right thing, Mr. Speaker. We have a problem and we know that there is a problem. We know that the problem probably isn't going to be solved here by us. It is going to be solved by the thousand little individual investors who may or may not get their money. It is going to be solved by big banks and big corporations that have a whole lot more money to lose than we have. But what do we have to do? We can look after ourselves. We can say, "Yes, we have problems," and put them on the table. Let's get them out and quit this running around that is going on. We can make the public look at us like we are responsible individuals and honourable members of this House.

That's what I think is important for us to recognize, as we move forward within this debate regarding the asset-backed commercial paper and individual roles in it.

I am not going to take too much more of our time here today. I think I've said my point. I think I've offered an olive branch here in terms of trying to get committees back together

again. I would like to see them go forward. Someone has to make the first step. I am prepared to make that step.

Thank you.

Mr. McRobb: I thank the Member for Porter Creek South, as well as the Member for Copperbelt, for taking the time this afternoon and the work involved in properly laying out this very important matter for Yukoners. In doing so, it demonstrates that the Official Opposition is doing its job. Of course, its job is mainly to hold the Government of Yukon accountable to the public, and that's what the public has asked us to do. That's what the public expects us to do. Sometimes doing it is unpleasant. I am sure that members would often prefer to discuss more pleasant matters -- for instance, how great a place the Yukon Territory, and especially the Kluane region, are. However, I'm afraid if this House were full of cheerleaders, then we'd be failing the public trust.

Accountability is a critical part of what makes our political system work. It's critical to providing the correct checks and balances, for bringing public accountability when mistakes are made that affect the public interest -- as in this case, where \$36.5 million of taxpayers' money is in limbo. Certainly it's important to raise this matter on behalf of Yukoners.

Sometimes it can be rather unpleasant to raise these matters, but we in the Official Opposition are up to it. We're not like the third party; it sounds like they're prepared to roll over and die on this one. That's fine; maybe there are other things they're interested in talking about, but we fully appreciate the importance of this issue to Yukoners and how we as the Official Opposition are charged with the responsibility of holding the government accountable. If that sounds to the third party like kids fighting out on the street, so be it.

I believe the Leader of the Official Opposition laid out the case in a very responsible, organized and temperate manner, and it was only with the Premier's response that I believe things went below the bar, shall we say? I would point out that I don't think any Member of the Legislative Assembly responds well to threats. I think a lot of what we heard from the Premier fell into that category, and certainly his tone was there for most of its duration.

Speaker's statement

Speaker: Order please. The honourable member is intimating they were threatened by the Hon. Premier, and I don't believe that is in order. I would ask the honourable member not to do that.

Mr. McRobb: Thank you for that ruling, Mr. Speaker.

Mr. Speaker, we all know sometimes what we say in here becomes misrepresented by the other side. I suppose we all have to live with that. That was a primary reason why this motion was brought forward today. It provided us in the Official Opposition with a rare opportunity to lay out, all at once, what happened in this case.

We know that Question Period does not allow that opportunity, nor does any other instrument I'm aware of in this Assembly, and that's why, even though private members' day is sometimes scoffed at as "Wasted Wednesdays" and there has

been discussion to perhaps do away with them, this is a reason why I still believe private members' days are important to our democracy. Without them, there simply would be no opportunity for private members on the opposition benches to properly lay out matters in the public interest.

I am not just saying that because I'm here on this side here today. I'm saying that for any member who is on this side in the future of this Assembly and governance in this territory, in particular.

I promised I would be short and to the point. Once again, I believe the Leader of the Official Opposition, the Member for Copperbelt, did an excellent job and he should be commended for his efforts, for doing all the homework, putting it all together, connecting the dots and making it clear for Yukoners in a one-place location they can refer to for what really happened to date -- I must add -- because it's not over yet on this matter. Thank you very much.

Mr. Fairclough: I, too, would like to speak briefly to this motion as brought forward, Motion No. 346. I am surprised that the government side doesn't wish to speak to this. It's understandable why they would not speak to this motion, because the message is pretty powerful. I would like to thank my colleague, the Leader of the Official Opposition, for bringing this forward, for laying out very clearly for the government side -- and we've been working on this for awhile -- to see exactly how things unfolded in the past and present regarding these investments.

We have many reasons for bringing a motion like this forward -- 36 and one-half million reasons. People want answers and they want to know why the government keeps repeating to the public that these asset-backed commercial paper investments were in fact guaranteed by the banks when the Auditor General says otherwise.

This is troubling people and that's why we're bringing it forward. Let's clear it up; let's hear what the acting Finance minister has to say in her explanation. It's a very simple motion to explain her statements in this House. That's why we brought the motion forward.

It also gave the Leader of the Official Opposition the opportunity to lay this argument out very clearly. I did see there was a lot of attention paid to this. The government side has listened very well it seems. They have paid attention, and perhaps have clearly seen how things could have been a bit different by a simple action they could have taken on their side.

Although the public is quite interested in having some results to this investment, over and over we're told by the acting Finance minister that these were guaranteed. The Finance minister said it was a low-risk investment and a short-term investment. As was said in this House, how did that short-term investment turn into an extremely long-term investment, one we haven't seen before -- eight or nine years with a major amount of money tied up?

Any other jurisdiction in Canada would see the Finance minister have to resign over such a thing. What happened here is the Finance minister simply did not pay attention to what

was going on, or did not relay the message to the rest of Cabinet and his caucus colleagues, and Management Board.

The latter may be the reason why we got the answers from the acting Finance minister in this House. It troubled me too, Mr. Speaker, to hear those words come out from the acting Finance minister. The same message that was given by the Finance minister was repeated by her in this House. I was surprised, because I really don't feel that it is in her nature to do that. Today, by not saying anything, it is just not her nature to do that either.

So what is going on here with the \$36.5 million? The government doesn't want to say anything about it any more. It is frozen. There are no guarantees. We can't call it back; we can't use it or invest it. Believe me, there are a lot of people in the general public who are paying attention to this. The last time that I was in Pelly Crossing at the Northern Tutchone bonspiel it was brought up to me again. What is happening with this money? Can we access it? Can we get just a little bit out for a recreation director? Nothing. No, we can't; it's frozen and it's unbelievable. People cannot even think that this would happen here in the territory -- it is the taxpayers' dollars, and they should not be put in that type of position. It is frozen and there are no guarantees. The Auditor General said that.

This government chose to ignore that message and put their own spin on it to try to cover up, as far as I can see, exactly what is happening here. The money is gone and it is not accessible; it is put on hold, Mr. Speaker, and that is unfortunate.

There is much we could do with this. I'm sure the government side -- I don't believe they really knew what was happening from the beginning, but it sure caught their attention. I'll bet you, Mr. Speaker, that their constituents are coming up to them and asking for funding for small things, whether it's NGOs or just some aid in addressing the priorities of their communities in small ways. It could have been a few thousand dollars.

It's difficult for government to say much because a lot of their money is tied up -- frozen, with no guarantees. That's why the motion was put forward on this floor. Let's hear the explanation for her words from the acting Finance minister. It can't be the same as the one from the Finance minister, I'm sure. I'm sure the members opposite feel the same way too.

So why the silence? Why the silence from the government side? Why is the Premier doing all the talking here? Why? You know, over and over, we've been asking questions of ministers in this House, and the Premier has taken the questions. It's as if some of the ministers have a muzzle on them from the Premier. It's their choice how they want to run government and their caucus and Cabinet. It's their choice of the ministers.

It's unfortunate we had to go down this road, and it's frustrating to the public. We can ask the questions here; it's the public directing us. We're hoping that the Yukon Party government changes the way they conduct themselves here in this House and how they conduct the spending of taxpayers' dollars -- and be forthright with Yukon taxpayers on this. There's no need for it. If a mistake was made, it should have been said. It should have been said a long time ago, instead of the public finding out this information through documents and having the

Auditor General get involved. How much higher can you go to get answers? It's just not the acting Finance minister's way of doing things. We thought this would give her an opportunity to explain why she said what she did in this House -- to be open and accountable to the public on this issue.

I just want to be very short on that, and I'm hoping that perhaps government will learn from this huge, huge mistake. We have never before seen this in the Yukon, and it's bad. And if the members opposite think that this is going to wash away over time, it's not going to happen. This is really, really serious, and it's really bad. It's a lot of money, frozen away somewhere. The government isn't able to access it for quite a long time, and we shouldn't be there.

Somehow, someone dropped the ball. They didn't pay attention, and it's the government side. And the person who has to be accountable for all of this is the Finance minister. Members on that side of the House know it. Pulling together as a team just makes it look bad on all those members on that side of the House.

Things have to change, and I think they know it. We want to see that change.

Thank you, Mr. Speaker.

Mr. Hardy: A lot has already been said. I agree with a lot and, without a doubt, there are many questions regarding this that a lot of people want answers to.

I don't necessarily agree with the wording of the motion, although I do agree fundamentally with the intent of the motion. Last fall I had questioned the Finance minister as well as the acting Finance minister. I do know that the Leader of the Official Opposition had asked some of my questions as well as pursuing his own in trying to find the status of these investments and the assurances around them. I'm not going to go over it all over again; I think it was well covered, but the answers we received at that time didn't necessarily coincide or jibe with the Auditor General's report. The choice people have to make of course is why they didn't jibe. Was the acting Finance minister not properly informed and was speaking in good faith? Was the acting Finance minister speaking from information that was given to her that was not supported by the Auditor General's report and just held to that line in the sitting for political reasons or whatever?

Those are serious questions, and I think we still would like an explanation. I had made it very clear that when the Public Accounts Committee was unable to move forward in doing its work in regard to the Auditor General's report, I had indicated to the public through the media that I looked forward to the spring sitting where I could question the acting Finance minister in regard to that.

She has been questioned quite extensively by the Official Opposition. I'm not that focused on that part of it. My greatest concern right now is what impact these investments will have on the future of the finances of the Yukon Territory, how that affects projects in the future, and how it affects future governments. There will be changes in government; it always happens. It's not like Alberta where, 37 years later, they're still the same. I don't even know if they have to run anybody any more.

They can probably just get people out of the graveyard headstones and put them on the list, and people would vote for them there. They vote for an ideal and a party; I don't think they vote for people there any more.

I say that because in that election there was a slight deviation -- please allow a little bit of tolerance here. Only 40-some percent of the people came out and voted. If anything, that is one of the scariest signs I've ever seen for democracy in Canada, when people have given up on the democratic process and don't feel it's even worth voting any more.

I hope that never happens in the Yukon and I hope we continue to see a rotation of political ideas, viewpoints and different parties and different people running and getting elected and bringing forward their views, values and principles, and bringing forward really intelligent and interesting debate into the Legislative Assembly. That's what democracy is about.

Unfortunately, some of the debate we become engaged in here can be very negative and destructive and can lead to people just tuning out. We have to take that responsibility. We have to be careful in some of our motions and how we word them. We also have to take the responsibility that what we want to do is engage the public, engage people -- young, old, seniors, working class, working people -- in the decisions that are made in here and hopefully influence the decisions we make in here.

We also want to engage other levels of government. It's extremely important that we conduct ourselves in a manner that inspires confidence and not turn them away by our behaviour.

Unfortunately, this whole investment has caused a lot of emotional debate -- sometimes personal -- that I don't think should happen. We are all guilty of it. We have to try to stay focused on what happened.

As I have said before, I take the Auditor General's report on ABCP seriously. In doing that, I take the whole report on what she said. Sometimes we overlook the fact that she said there was no malicious intent.

That statement alone, from my perspective, should be enough for a person to stand up and say that there was a mistake made, that we are doing our best to correct it, that we were victims of investment policy and we did overlook a couple of points in how we invested, such as bank guarantees, which were not there -- we know that. It does not matter what the government says. The bank guarantees were not part of that portion of the investment. That was overlooked. There was no legal opinion that was required or requested by the minister or the deputy minister, obviously, when they started going down in that direction. Therefore, the *Financial Administration Act* was violated.

There were some mistakes made. Were they done maliciously? Obviously not. I would never point my finger at somebody and say that there was malicious intent.

I agree with her whole report, not just parts of it. I am not going to pick parts out that support my opinion, or arguments, or concerns. I am very much distressed over the fallout that has happened with the Public Accounts Committee over this.

This is a financial action and this is where the Public Accounts Committee could have shone, but it didn't. The fallout of the ABCP is that we don't have a functioning Public Ac-

counts Committee any more and that might be a bigger cost to pay than whatever percentage of money we lose in our investments in the long run. We are once again in a situation, as happened in 1991 -- the last time that the Public Accounts Committee met over an extremely contentious issue -- but they did it. Unfortunately, it really affected the Public Accounts Committee back in that period. It was a very contentious issue and I will mention it: it was the Watson Lake sawmill.

Some people would remember the investment the government made in the Watson Lake sawmill, and that investment did not materialize. It was meant to stimulate the economy in that area when it was really a depressed economy. The Public Accounts Committee looked at the investment by the territorial government of public money and it became extremely political. The fallout, of course, from that was that the Public Accounts Committee didn't meet for about 11 years. That was to the detriment of good government practice and a detriment to the people who are elected, because it wasn't functioning any more.

I don't want to go through the whole history of it. We had one meeting to deal with the meltdown of all the computers when the clocks turned over at 2000, and that was the only thing that brought the Public Accounts Committee together for one analysis of a situation that could or could not have happened. Of course, everybody knows that it didn't happen -- billions and billions of dollars were spent throughout the world on this supposed crisis that never materialized.

But we did do our work. I was a vice-chair at that time, so I remember that one. It didn't meet for another few years, for some strange reason, because it had the opportunity from there to start building again. It did meet for three and a half years in the previous period before this election and it dealt with another very difficult issue, which was, of course, the Mayo-Dawson transmission line -- again, cost overruns on a project in the tens of millions of dollars. Again, that was difficult for people to look at, but we were able to do that as well. We rose to the challenge on that one, and we did our job.

Now, another big issue has come forward and that's ABCP. Frankly, we should not be spending this amount of time debating ABCP in the Legislative Assembly. Sure, ask some questions -- but this really belongs with the Public Accounts Committee to do its work, file a report with the Legislative Assembly, and then we could have a discussion based on that report.

But we failed. The members on the government side voted, with a majority, to block it -- block the job they're supposed to do. So they weren't doing their work.

The members of the Official Opposition, of course, reacted to that but took a step I can't support -- they walked away from the Public Accounts Committee. I won't say they quit -- even though that was the language used -- or resigned, because they haven't and can't officially until it's done in the Legislative Assembly. But they have walked away.

So now we have a Public Accounts Committee that can't meet, can't trust each other, and can't do the work they're assigned to do. I say to those who have done this: none of you are doing your job.

Frankly, if I were on a construction site running a construction job and this kind of behaviour happened, I would

probably have fired you and hired some people who were willing to do the work, because you've done a disservice to the people of this territory. It's not about one person or one party; it's about what both sides have done. Our member is still willing to meet, still willing to work and still wants to review this. That's where it should be; that is what should be happening and it's not happening.

I'm going to conclude my statements; I have my piece about the Public Accounts Committee off my chest once again.

I'm very concerned about our investments, as everybody in here is. I'm not into pointing fingers at anyone, but I really would like to know, and I would like to have some answers to the questions I have. I don't see that happening in the Legislative Assembly, and that's why I am very judicious about the number of questions we ask in this area and what type of questions we're going to be asking.

Interestingly enough, that's the same attitude that the NDP are applying in regard to the supposed conflict with the minister responsible for the Yukon Liquor Corporation and other ministers who had ownership in hotels. There are questions that need to be answered. If they were answered, we could move on. As long as they're not answered, it's extremely frustrating for this side of the House. There are also huge issues facing the Yukon, and these are not the only two issues out there. They're important, but are they more important than trade deals, where people are dying? Are they more important than people not having a dialysis machine -- as the question was asked today -- having to leave the territory or die? Are they more important than youth shelters? Are they more important than social assistance rates? Are they more important than the environmental issues that are facing this territory today? Absolutely not. We have a lot of work to do in this Legislative Assembly. We have a lot of questions to ask. I really don't like to see so much time taken up around one or two issues, when all these other issues are just as important to so many people in their lives.

If we would allow our committees to do their work, we hopefully wouldn't be so tied up with this. Where there is the perception of conflicts of interest, we need to get some answers that are consistent. Maybe then we could all move on and do the broader work that is necessary in debating a budget of over \$900 million involving the future of this territory.

Speaker: If the member speaks, he will close debate. Does any other member wish to be heard?

Mr. Mitchell: Thank you, Mr. Speaker. I would like to thank the other members of this Assembly who have put their thoughts on the record today. I particularly want to thank the Leader of the Third Party. While I think he may have disagreed with the position that the Member for Porter Creek South and I took when we announced that we would be resigning from the Public Accounts Committee, I still appreciate the fact that he recognizes the importance of the matter and recognizes, as did we, that we wish we could have done this within the Public Accounts Committee venue. He correctly stated that the Public Accounts Committee has done good work in the past

and it could have done good work on this matter. I wish that could have transpired.

I still hold out hope that the message will be sent to us that it may still transpire, because the format is less acrimonious. When we get politicians dealing with officials, we have seen that there is respect in both directions. Sometimes in the partisan arena, that respect is not always shown or provided.

I also want to thank the Member for McIntyre-Takhini for indicating that everyone has a spirit and for recognizing the importance of the issue and wishing that it could be done again in that arena, and that he is prepared to do so. I want to thank my colleagues who spoke to the issue today, particularly the Member for Porter Creek South, who took the opportunity to put his thoughts on the record regarding what he had hoped to see achieved in Public Accounts Committee, and my colleagues from Mayo-Tatchun and Kluane who also tried to talk about the importance of the matter.

I will say that I am disappointed that on the government side, with the exception of the Premier, no one chose to speak to the motion. If they disagreed with it, I would have liked to have heard their reasons. In particular, I would have liked to have heard the thoughts of the Deputy Premier who served for a period of time last fall as the acting Finance minister. I believe -- to paraphrase the words from the Member for McIntyre-Takhini -- that she very much has a good spirit and I believe that she has a good heart. I know her from outside of this Assembly, in terms of her being a family person, and I think that I would have liked to have heard her explain these comments that she made last year. Perhaps others mislead her; perhaps that is what happened.

Now there are a couple of things within the Premier's remarks. He was, as usual, dismissive of the remarks of anyone from this side and he was certainly dismissive of mine. I'm not going to go over his points in great detail, but I will say -- and I want to state this for the record that he is suggesting that we want to see criminal prosecutions of the officials involved. Those are his allegations. He says that they should be in here under oath. Exactly, so that they have the opportunity to tell their story without the fear of reprisals or repercussions from the political side, but rather to feel that they have an uninhibited opportunity to put on the record the facts as they saw them unfold, and what advice and what supervision they either were or weren't provided from the elected members. That's what this is about.

We don't want to see criminal prosecutions of officials. That's absurd. We never wanted to see that; we've always said that. The Premier keeps putting words in our mouth. It's not the case.

In fact, the Auditor General clearly said that the officials acted with no bad intentions, without any intended malfeasance. Obviously, we accept that. We do. We know that the officials simply didn't get the political leadership that they were deserving of, or were entitled to.

In fact, in those opportunities that we have had to be briefed in any way on this matter by officials -- for example, in budget briefings -- every official right up to the deputy minister of the department has been extremely straightforward and ex-

tremely candid and forthcoming in what they were able to tell us.

We won't know what they were not able to tell us because of the fact that things didn't go forward in Public Accounts.

The other point I'd like to make, very briefly, is that the Premier had his "aha" moment over subprime, and if he takes the opportunity to look at *Hansard*, I think he will see quite clearly what I said, because it has been stated publicly in the marketplace that some asset-backed commercial paper was tied to subprime market loans in the United States.

I did not say that the particular trusts Yukon invested in were tied to it because we don't know that. I said that some were tied to it. There was a fear that the whole marketplace was poisoned from that, and that is part of what led to the meltdown in Canada. It was a loss of confidence based on the meltdown in the United States. Let's just clear that up for the record.

The principle that we were trying to get to today is the principle of ministerial accountability. The Member for Whitehorse Centre, the Leader of the Third Party, has made reference a number of times to the good work that has occurred in the Public Accounts Committee, which started under his watch as the former chair, when it got reconstituted. I commend him for the work.

I will point out that one of the reports that the Auditor General referred to the Public Accounts Committee -- and this is not the official title because I don't have it in front of me, but I presume that *Hansard* will assist me in correcting this -- was the report into the Mayo-Dawson transmission line, the *Mayo-Dawson City Transmission System Project*.

I would point out that that was a very interesting scenario because when the Public Accounts Committee met at that time, it was certainly a very controversial issue, but the constitution of the House at that time was such that one member was from the Liberal Party, the former Member for Porter Creek South, who held a seat in the House at that time. She was the Leader of the Third Party, and the Member for Whitehorse Centre was Leader of the Official Opposition and chaired the Public Accounts Committee. And then, as now, a majority of members on the Public Accounts Committee were from the government side. Because of the fact that this occurred under the former Premier's watch -- the events occurred while she was in some ways responsible -- she felt obliged to recuse herself from many of those deliberations.

In effect, what happened was that you had the current government and the then Official Opposition coming together to discuss something that happened under the watch of a former government.

While that was controversial -- the events were perhaps controversial and it was certainly a difficult thing for the former Premier -- Public Accounts Committee members were able to discuss it because there was no member there from that former government. It was a different dynamic, which I think the Leader of the Third Party will probably recognize. I'm not in any way diminishing or denigrating the work that was done, because I think there was good work done. I will say, however, that many times in this House, members opposite -- particularly the Premier, but other members as well -- have made reference

to the Mayo-Dawson power line. They have used it as an example of what they say was mismanagement by the former government, a government of which none of were members but, nevertheless, a former government, and certainly we share the political affiliation. By those very statements repeated here many times in this House and thrown across the House toward us -- how about the Mayo-Dawson power line -- they, including this Finance minister, are accepting and underlining the concept of ministerial responsibility.

Some Hon. Member: (Inaudible)

Mr. Mitchell: But as the Member for Klwane says, it was from a former government. It would be as if we were to try to hold them accountable for the two-percent rollbacks of a former Yukon Party government. These members didn't sit in that government. How are we to hold them accountable and responsible for it? You can't.

Nevertheless, it underlines that, when it suits the Finance minister and the Premier, he believes in ministerial accountability. When it doesn't suit him, he says it must be the officials and members on this side are blaming the officials. That's not what we're doing; we're looking for ministerial accountability; that's what we're doing.

Now, to complete the discussion of the Mayo-Dawson power line, there was a disconnect in terms of ministerial accountability to a certain extent, because we were talking about actions of a Crown corporation -- an independent Crown corporation -- but nevertheless, there is a minister responsible for the Yukon Development Corporation, so there is a linkage. We understand that; we accept that. In this case, the Premier signs the budget book, the financial documents; he signs off on it; he is therefore responsible. The buck stops there.

What have we found? Well, what we have found is that, while the Premier and the Deputy Premier -- and I'm not going to go through the quotations again -- while they frequently told this House last fall -- and since then -- that there was a bank guarantee, in fact, the Auditor General said that there was not. Those are the facts, and they are not in dispute, Mr. Speaker. They may be in denial, but they are not in dispute. The fact is that the Auditor General found that there was no bank guarantee and she found that there never was a bank guarantee on these particular investments. It is in her report and we've all seen it. I don't think that there is much discussion that needs to be had about it.

I think that the points the Finance minister tried to make are hollow points. They are empty points because all that he needed to do at any point along this venture, or this misadventure, all that the Deputy Premier needed to do, was stand on their feet and say, "We made a mistake. We are human and we meant well. There are consequences for Yukoners and we are going to try to mitigate those consequences. We have now instructed our officials to be very diligent in supervising these investments and we've changed the regulations to try to ensure that no government -- us or any future government -- will make the same mistake again. We apologize to Yukoners for the mistake we made and let's move on."

You know what, Mr. Speaker? We would have moved on. All that was needed was an admission and an acceptance of

responsibility. Over all of these many months in this Legislative Assembly, within the media, there has never once been such an admission. There has never once been such an apology by the responsible elected members for their shortcomings. There has never once been that admission to the public of the fact that they made a mistake and that they didn't mean to do it. We don't think that they meant to do it and we could have moved on.

I know this is going to come to a vote. I don't expect that we'll necessarily have the votes to win the vote, but I think the evidence is clear: the Deputy Premier could have, and should have, explained to Yukoners why she said in the Legislative Assembly that \$36.5 million in investments made by the Government of Yukon were guaranteed by a bank when, in fact, they were not. The lack of response from so many members opposite speaks volumes to the issue.

With that, I will thank all members today for their participation -- those who did participate -- in trying to get some information out on this issue, and I will thank you, Mr. Speaker.

Speaker: Are you prepared for the question?

Some Hon. Members: Division.

Division

Speaker: Division has been called.

Bells

Speaker: Mr. Clerk, please poll the House.

Hon. Mr. Fentie: Disagree.

Hon. Mr. Cathers: Disagree.

Hon. Ms. Taylor: Disagree.

Hon. Mr. Rouble: Disagree.

Hon. Mr. Lang: Disagree.

Hon. Ms. Horne: Disagree.

Hon. Mr. Hart: Disagree.

Mr. Nordick: Disagree.

Mr. Mitchell: Agree.

Mr. McRobb: Agree.

Mr. Fairclough: Agree.

Mr. Inverarity: Agree.

Mr. Hardy: Agree.

Clerk: Mr. Speaker, the results are five yea, eight nay.

Speaker: The nays have it. I declare the motion defeated.

Motion No. 346 negatived

Motion No. 355

Clerk: Motion No. 355, standing in the name of Mr. Hardy.

Speaker: It is moved by the Leader of the Third Party THAT this House urges the Standing Committee on Rules, Elections and Privileges to adopt clear rules that would allow members of the Yukon public who will be directly affected by any significant new legislation that is being proposed to appear as witnesses before the Committee of the Whole when that legislation is being considered; and,

THAT the Government House Leader make appropriate arrangements with the opposition House leaders to facilitate the appearance of witnesses during Committee of the Whole debates on such legislation.

Mr. Hardy: Thank you, Mr. Speaker. I don't plan to spend a lot of time talking about this, because I really do want other people to at least make some comments, so that I can get an understanding of where they stand in this area. We do not have very much time left on the clock, unfortunately, to allow a lot of people to comment on this motion, although I think that it is extremely significant. It could have a very significant role in how we conduct our business in the Legislative Assembly. It is really only just one part of legislative renewal that the NDP has been trying to bring forward for quite a few years now.

There are many changes that we need to make within the Legislative Assembly to open up this chamber to engage the public more. I don't mean through the government; I mean through all of us as elected members.

One change I think that happened that was fairly significant, of course, was on the *Smoke-free Places Act*: the select committee that went out among the communities, came back and submitted a report to the Legislative Assembly. I felt that was a step in the right direction in changing age-old laws that we still work under. I wouldn't necessarily say they date back to the 1600s, the Statute of Westminster and stuff like that, but they originate from that. There has been evolution in the changes of how we conduct ourselves in here and the rules and regulations that we operate under and the privileges that we have, but there is a change in society out there.

Earlier on in the former motion, I had referred to Alberta and of course, in Alberta, when you only get 40-some percent turning out to vote, you know there is a failure in our system. That's a very clear indication that people are so disengaged. How do you make people more engaged and how do you actually ensure that all Members of the Legislative Assembly have the same information and consultation in order to make sound decisions that are necessary for the future, especially around new legislation or any significant changes to legislation that we already have?

We have the public consultation process that all governments are using, we have what was a very innovative and unique step forward -- as I already made reference to, the *Smoke-free Places Act* -- in which a member from each party went out on a community tour and solicited comments in public meetings, as well as through e-mail and written comments.

That is democracy. That is direct democracy. We also have to continue to create more opportunity in this area. We need clear rules that members of the public can understand for them to be able to appear before the Committee of the Whole as witnesses when legislation is being considered and to be able to contribute to our debate. The debate shouldn't just be focused around 18 elected members.

What this motion is about is nothing new. Municipal governments do this. If we go to a council meeting on Mondays, I believe, we will often find a representation of individuals and groups that come before council to present their case. I stand to

be corrected, because it has been a few years since I've appeared before city council on an issue, but I think the time allocated is five minutes each to make their case. We don't have to follow those kinds of rules or timelines, but this is what happens.

The interesting aspect of it is that people feel like they're engaged with their government -- the people who are elected -- and they feel they have a venue not just to phone them and talk to them, but to talk to council itself to present their positions and then watch democracy in action. It's the elected members who make the decision and people feel like they've played a part in making that decision.

The very interesting thing, though, is that their gallery often has quite a few people in it. They're there to listen, hear and support the position. Look at our gallery. We presently have one person in our gallery -- yes -- and no media. One person, I would say, is actually a compliment to us right now.

Often in the course of the four days a week that we sit, there's no one there listening. There's just really not that great an interest. There is a disconnect between us -- the decisions we make, the actions we take in here -- and the people. How do we make that connection again?

One way -- it's just one of many changes that we need to make in here -- is to allow the witnesses to come before the Legislative Assembly to present their position, their opinion on the legislation that we pass or not pass.

I think that by doing so there will be far greater attention paid, first by individuals, but also by many of the groups out there that are being affected by the legislation that is brought forward. They will want to make a presentation to the whole Assembly, not just to committees that are formed -- which may entail three people or five people -- but all elected members because, ultimately, we are the ones to make the final decision on any legislation that is brought into the Legislative Assembly. We are the ones who vote on it.

This is their opportunity to make their appeals, their comments, their direction known to us, from their perspective. That would be very significant and, most importantly, it would be re-engaging the public into the institute that the people who came before us have fought so hard for.

There have been wars fought over democracy. There are wars being fought today. Anybody who has followed the elections in Zimbabwe will recognize how tenuous democracy can be and how engaged people can get. People give up their life for it today -- not 50 years ago or 100 years ago. People are lying down in the streets, giving up their lives for the right to have a say in what kind of government they are going to have.

We have become complacent here because we've had it for quite awhile. The people have become complacent. How do we re-engage them? How do we reinvigorate that debate? How do we convey to them the importance of their involvement in the future of their lives and their territory? Change has to happen and we can be instruments of that change. If we continue on the way that we are going then maybe we'll just need to tear down the gallery and put some offices there so that we can have more workspaces for people because, frankly, no one is showing up any more.

I remember demonstrations in this gallery. I remember people chaining themselves to the guardrail up there in protest - I notice members nodding their heads around this particular issue. I remember the protest, the march from Kaushee's Place into the legislative building, because I was part of it. This gallery was overflowing on issues because the government was going in a direction that they felt that they didn't want them to.

There are still demonstrations, but they don't come here. They demonstrate elsewhere, because they don't feel that they are being listened to. Let's give them a chance to be listened to and let's do it in a civil manner. Let's have witnesses come forward and let's do it in a good manner in which the House leader can make the appropriate arrangements with the other House leaders to facilitate the appearance of witnesses during Committee of the Whole debate on legislation.

Like I say, this is nothing new -- other elected bodies do it at various levels. I use the municipalities as one example, but there are elected bodies around the world that allow witnesses. This isn't just in little committees off to the side but actually right in the chambers themselves.

Like I said, I don't want to talk a long time about this. I really do want to hear people's comments, because unfortunately we don't have a lot of time. I would hope that the comments are not too long, and someone doesn't talk so long that other people don't have an opportunity. It's unfortunate that it's at the end of the day, because I think this is extremely significant. There are a lot of other changes I'd like to bring forward over the next while, but this is one significant one.

It's not that we can't have witnesses right now, but I really want to know what the feeling of members in here would be if witnesses did come forward.

So, saying that, I think I've made my point very clear, and I'm not going to belabour it.

Thank you.

Hon. Mr. Cathers: I want to thank the Leader of the Third Party for bringing forward this motion today. As the member noted, of course, we are getting rather late in the day, so I won't spend a lot of time discussing it either. I have a number of points I want to make in reference to it, but will attempt to provide the opportunity for others to have their say on this motion today.

I do thank the Leader of the Third Party for bringing forward his suggestion in a constructive manner. I appreciate his intent. I think it's a laudable one. I don't share his opinion about the effectiveness of it. I think that, in fact, it's a nice idea in theory, but when translated into reality, there is a risk of it becoming a situation that has the opposite effect of what the member wishes, or what I believe he wishes, and what I would wish -- that this process may reduce the opportunity for the average citizen, so to speak.

While such a process would allow a certain number of people to register as witnesses, or come in through whatever process the member proposes, the amount of time this Assembly is ever likely to have to sit and review legislation and hear from witnesses -- even by virtue of the limited number of calendar days -- creates a situation where I think it is likely to re-

sult in primarily being a select number of interest groups that typically have the time to comment on legislation.

While I don't want to diminish the role of the interest or lobby groups or organizations that come together for a purpose, it's also important to provide the opportunity for the common Yukoner, the grassroots citizen, who is typically not likely to be an active member of an organization that is taking a particular policy position on legislation.

I recognize that, certainly in the Yukon, there are a great number of people who are involved in some community activity and perhaps in an organization taking policy positions. But there are also a great many whose lives focus on the family or other areas, and I would not want to see their opportunity or the level of importance of their input diminished by the change to a process of how government receives information from the public through consultation on legislation.

As members will be aware, typically right now, the majority of consultation is conducted by staff of departments on legislation relevant to that department or on policies or regulations relevant to that department. When those officials go on tours of the Yukon or host public meetings in Whitehorse and the rural communities, a benefit is that they have technical information and an understanding of that subject. They do provide that information through the government process, which comes into the government side and the government makes available information particularly on significant areas that are common among a significant number of stakeholders. The government makes that information available to the public typically, and other parts of it that are not normally spread by press release or posted on the Web site are also available to MLAs and others through a request or through a request under the *Access to Information and Protection of Privacy Act*.

Another point here that I would make is I know the member is likely thinking, "Well, that doesn't provide MLAs the opportunity to interact," and I agree. MLAs are not typically part of that process. However, I engage with constituents, and many, I think, if not all or most members of this Assembly engage with constituents, provide ability through public meetings, newsletters and other venues to try to inform constituents about matters they may have missed through the media or other venues.

Secondly, to provide the opportunity for those constituents to have feedback, I know that my door is open and I know that the doors of many members of this Assembly are likewise open to constituents who have a particular concern with legislation or a policy that is being proposed by government, noting, as the member will be aware, that typically when the majority of legislation and policies are developed they undergo some type of public consultation or stakeholder consultation at the very least. These avenues then provide people the opportunity to either participate in that process or contact their MLA or a number of MLAs regarding their views.

Some of the examples of these processes that we've talked about and will talk about in this session include the *Children's Act* review process that we embarked upon. As members know, that was a unique process at the time. Perhaps "historic" would be a better term today, in that the Yukon government worked

with First Nations to jointly conduct public consultation, jointly develop policies and jointly form the legal drafting. Other examples of similar cooperation with First Nations include the education reform and correctional reform that has been conducted by this government.

As well, of course, there is the work that the Legislative Assembly as a whole did in striking the all-party committee -- composed of three members, one from each party -- on the *Smoke-free Places Act*, a piece of legislation that was proposed by the Leader of the Third Party. As the member knows, I was one of the three members on that committee and we toured the territory, advertised meetings and provided the ability for input via the Web site and other areas. I think the level of feedback was not as high as most of us expected it to be on that type of significant legislation.

I don't want to diminish the importance of potentially having such processes in the future or suggest, with regard to the Leader of the Third Party's proposal, allowing witnesses to come forward. I would not want to suggest that there is never a time or a place when it might be appropriate.

However, there is a limit to the resources -- not only of government, but of opposition, and any individual member -- and there is a limit to the amount of time that can be spent on such tours. Every bit of time I know I found -- and I am sure that other members of that committee found -- that we spent touring the territory was time when phone calls and e-mails that were coming into the office had to be dealt with at a later date or had to be dealt with when possible, during the hours that we were not travelling or hosting meetings.

It certainly has an impact on the normal course of business, and that normal course of business to which I referred, provides a significant amount of information from constituents and others through their requests and their proposals about legislation, policies, requests for information, all the many areas where ministers and MLAs receive calls and e-mails and meeting requests from constituents.

As the process is currently designed, officials typically are the ones going to communities and hosting public meetings on significant legislation and significant policy proposals. The key reason for that type of consultation being undertaken in that manner is to try to make it accessible to Yukoners equally in all areas of the territory, to make it available to people in their own communities. It does not limit it to people who have the easiest access to Whitehorse or the most amount of time to take away from their jobs and their lives. It provides an increased level of access and participation in the democratic process.

Variou groups and, of course, individuals do have avenues today to contact their MLAs, ministers and every member, if they wish. Of course e-mail is a more common tool for doing that and doing it so widely, which was not available in the past. We also have letters and a myriad of other ways for people to make their views known. And that's a key part and component of what makes our democracy what it is.

I appreciate the member's intention. I think that it would have a negative impact that he had not foreseen if it were applied to legislation in large number or across the board. Those interest groups -- whether they be private or representing busi-

ness or other interests -- with either the time or money to pay people to represent them would potentially have increased opportunity to bring their views into this Legislative Assembly.

As the member himself noted, the Standing Orders do not preclude witnesses being brought in if it is necessary and relevant. In fact, there have been examples of that -- typically with expert witnesses. The passage of the *Elections Act*, I believe, was one example -- or perhaps it was amendments to the *Elections Act*. It was before my time when changes were made.

I understand that the Clerk of the day and assistant returning officer, or assistant chief returning officer -- I'm not sure of the title at the time -- came in and spoke about the details of that. Sorry -- the Assistant Chief Electoral Officer, I believe, would be the title.

Of course, that's one example. We had expert witnesses in that case.

Perhaps not all members are yet aware that we will be bringing in the president and the CEO of the Yukon Workers' Compensation Health and Safety Board as witnesses to assist in debate of the legislation and to answer questions from members. The details around that legislation are matters that are typically within this board, which is set up as a structure independent of government, and dealing, not with government money, but money of employers and money that is held in trust for injured workers. Because of the unique nature of this relationship and the importance of that technical knowledge, we will be bringing in those expert witnesses to answer those questions.

I don't want to take too much more time; we are getting rather late in the day here, and I want to find the positive in the member's motion. I know that he did bring it forward with good intentions, and while I cannot support it as a policy as a whole, I think that in some specific situations, it might have merit and would not want to rule it out. I would not want to make a blanket statement that it would never have its merit. The Yukon's democratic system and public consultation -- for all the flaws that individuals can find with it -- compared to almost any place around the world, it compares very well. I would say, compared to any place around the world or in Canada, it does compare very well. For all its flaws, we've got a very good system and a system that provides a greater level of direct democracy and direct access to elected members than is the case even in most areas in Canada.

In a province, the opportunity to meet your MLA or a minister is very limited and restricted whereas here, in the vast majority of cases -- speaking personally and I assume for other members -- that opportunity is made available and Yukoners have opportunities for face-to-face time with their minister or MLA.

With that, Mr. Speaker, I will conclude my comments and I look forward to comments from members opposite.

Mr. McRobb: I thank the Member for Whitehorse Centre for bringing this motion forward. I will try my best to cooperate to allow time to bring this to a vote before we adjourn this afternoon.

I'm a little puzzled by the motion, however. In effect, what it's really doing is advancing one party's view of one particular issue that they believe should be adopted by the Legislative Assembly. That's despite there being a committee in existence to deal with those very matters. The name of that committee is the Standing Committee on Rules, Elections and Privileges, known by the acronym SCREP.

As mentioned the other day, SCREP hasn't had much success in recent years. Before the previous election, the government side had a majority of members on SCREP and would basically shut down everything the opposition parties tried to do in terms of changing the Legislature to make it more productive or more responsive to the wishes of the public.

In a deal following the past election to limit the number of sitting days in the fall sitting to only 12, instead of the balance of the 60 required -- which was 24 -- the government side agreed to balance the membership on SCREP, so that the number of government members was equivalent to the opposition members at three apiece.

The thinking, as I proposed at the time, would require members from both sides to support the suggestion in order for it to be passed and that had, of course, inherent checks and balances to ensure that only ideas that met with the support of both government and non-government parties were adopted by the committee. However, despite giving assurance to the opposition that it would proceed with legislative reform, the Yukon Party government has put the brakes on this committee all the way and it has essentially done nothing since day one.

No doubt that is the motive of the third party when it brings forward this particular issue in the form of a motion, rather than depending on SCREP to do it. SCREP is dysfunctional, because the Yukon Party members don't agree to hold a meeting and when there is a meeting virtually nothing is accomplished. In terms of addressing legislative reform measures, there is no will on the part of the government to advance those matters. I can understand the frustration demonstrated by the third party in using the vehicle of a motion to try to advance this issue.

I am left wondering this: even if this Assembly passes this motion, where does it go from here? Does that mean that SCREP, the all-party committee, is forced to adopt this? That committee is assigned with the task of changing the Standing Orders of this Assembly. As you so often have ruled on matters of disagreement, Mr. Speaker, such matters should be referred to SCREP.

I'm a bit confused about what happens to this motion, even if it passes.

There are a number of other issues that are equally worthy of consideration by the committee. I've already mentioned legislative reform. I have a list of issues aside from legislative reform, because legislative reform has not been defined yet as exactly what it means in terms of potential changes to the way this Assembly conducts itself. I did not want to politicize the SCREP agenda by trying to delineate what those changes would be before the committee members had time to look at possible suggestions done in the way of research or report by the Clerk of the Assembly or somebody else.

There are a number of issues that SCREP should be dealing with. Prior to the previous meeting last fall, the Official Opposition presented a list of 20 measures to the Clerk of the Assembly, which was distributed to all SCREP members. To date, not one of those measures has been adopted, nor has even one of those measures been adequately discussed at a SCREP meeting.

Again, the committee is dysfunctional, because there's no will on the government's part for this committee to advance any kind of an agenda at all.

Furthermore, back about the same time, the third party contributed a list of four items that it wanted SCREP to deal with. It's interesting that item 3, which reads as follows: "allowing more opportunities for witnesses to be called to appear in the Legislature," that is, Motion No. 179 is very similar to Motion No. 355, which we are currently debating.

So it seems the third party has thrown up its hands in disgust at the lack of progress by that committee. Certainly, we can share that frustration. But, you know, I'm a little concerned -- we didn't hear the Leader of the Third Party bring any flame to the government toes about this. It was all kind of warm and fuzzy, like it was really nobody's fault, and that it's just one of those things, and it happens.

But, indeed, if even one member from the government side wanted to do the right thing for the public and future Yukoners and the future of this Assembly, then that member would stand up and say, "I'm going to do the right thing. I'm not going to listen to you advisors from the backroom and do as you say. I was elected by my constituents, and I'm going to do the right thing, because I believe change is necessary."

And you know what? All of a sudden SCREP would be functional.

Some Hon. Member: (Inaudible)

Point of order

Speaker: The Member for Lake Laberge, on a point of order.

Hon. Mr. Cathers: The member is engaging in remarks likely to cause discord, contrary to our Standing Orders. Also, the member is suggesting that MLAs are representing someone other than their constituents. That is also clearly against our Standing Orders. I would ask you, Mr. Speaker, to have him retract that and temper his remarks.

Speaker's ruling

Speaker: From the Chair's perspective, there is no point of order. I believe that this is a dispute among members. The Member for Kluane has the floor.

Mr. McRobb: Thank you, Mr. Speaker. I did say that I would conclude in time for a vote. I believe that this just about does it.

Hon. Ms. Taylor: I, too, would like to extend a thank you to the Member for Whitehorse Centre for bringing forward this motion. I think that there have been a few comments, although I am going to keep my comments relatively positive in view of all that has been said here today.

I have to say that, when I have had the opportunity to discuss with colleagues in southern jurisdictions, whether in British Columbia, Alberta, Ontario or even Members of Parliament who have had the opportunity to serve their respective legislatures over the last number of years, I think that we in the Yukon are very blessed to have a very active electorate, which can be witnessed by the voter turnout.

I know that in the recent territorial election held in the fall of 2006, in my respective area, there was roughly 87-percent turnout of eligible voters. That speaks volumes to the level of engagement that we as Yukon citizens hold near and dear to our hearts.

Going door to door, speaking with citizens on the street, in the store, on the phone -- there is much to be said regarding the level of engagement by Yukon citizens. I would have to say there really isn't an issue with having to engage Yukoners. In terms of looking at how we can better engage Yukoners, I think that's always incumbent upon each and every one of us as elected members who represent this Assembly. There's no disputing that.

We always look to ways in which we can better represent our constituents, better ways to consult and discuss issues of importance with respective Yukoners. Over the last number of years, consultation has been undertaken in many different ways, from questionnaires to one-on-one meetings, to public meetings, and charrettes have even been used by the City of Whitehorse and so forth.

It speaks to differences within our electorate and the needs to engage and refresh our perspectives in how we engage Yukoners.

Motion to adjourn debate

Hon. Ms. Taylor: Seeing the time, I move that debate be now adjourned.

Speaker: It has been moved by the Hon. Minister of Tourism and Culture that debate be now adjourned.

Motion to adjourn debate on Motion No. 355 agreed to

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

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

Motion agreed to

Speaker: This House now stands adjourned until 1:00 p.m. tomorrow.

The House adjourned at 5:29 p.m.

The following Sessional Papers were tabled April 2, 2008:

08-01-66

Appointments to Major Government Boards and Committees, Standing Committee on: Fourth Report (dated January 18, 2007) (Taylor)

08-01-67

Appointments to Major Government Boards and Committees, Standing Committee on: Fifth Report (dated January 28, 2007) (Taylor)

The following document was filed April 2, 2008:

08-1-49

Conflict of Interest, re Minister responsible for the Yukon Liquor Corporation: letter (dated April 1, 2008) from Premier Fentie to David Jones, Conflict of Interest Commissioner (Inverarity)