

**Yukon Legislative Assembly
Whitehorse, Yukon
Tuesday, November 4, 2008 — 1:00 p.m.**

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

Prayers

DAILY ROUTINE

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

Tributes.

Introduction of visitors.

INTRODUCTION OF VISITORS

Mr. Hardy: I'd like to introduce a few people in the gallery today. I ask the Members of the Legislative Assembly to welcome them: Doug Mowat; Gisele Maisonneuve; Julianna Scramstad; and Christina Craig, representing the Yukon Anti-Poverty Coalition as well as the women's centres and that.

Thank you.

Applause

Speaker: Are there any further introductions of visitors?

Returns or documents for tabling.

TABLING RETURNS AND DOCUMENTS

Mr. Edzerza: Mr. Speaker, I have for tabling a letter dated September 16, 2008, regarding education concerns of parents from Burwash Landing.

Mr. Hardy: I have for tabling the following document, to help correct some of the erroneous statements that are being made in the Legislative Assembly, and it's the *Fiscal Reference Tables* as well as a slight breakdown in regard to government deficits and balanced budgets over the last 22 years throughout Canada.

Speaker: Just to remind the honourable member, it's not necessary to give a preamble for tabling documents; just table them, please.

Are there any further documents for tabling?

Are there any reports of committees?

Are there any petitions?

PETITIONS

Petition No. 6

Mr. Hardy: I am allowed to talk on this one a little bit though.

Mr. Speaker, this petition that I will be tabling contains a proper matter for consideration by the Yukon Legislative Assembly. The petition of the undersigned shows that an adequate standard of living, including housing, is not only a fundamental human need, it is also a human right as specified in article 25(1) of the *Universal Declaration of Human Rights* and that

there is an acute shortage of housing in Yukon, especially adequate and affordable housing and supported independent housing.

Therefore, the undersigned ask the Yukon Legislative Assembly to urge the Government of Yukon to implement additional portable rental supplements immediately and commit to building additional social housing and supported independent housing units to meet the dire needs of vulnerable people such as low-income earnings, women fleeing abusive relationships, youth, seniors and elders, people with disabilities, people with FASD, people with mental health issues, and those facing addiction.

Speaker: Are there any other petitions?

Are there any bills to be introduced?

Are there any notices of motion?

NOTICES OF MOTION

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

THAT this House urges the Government of Yukon to make changes to the *Child and Family Services Act* and regulations:

(1) so the government can provide financial assistance to grandparents and other family relations who are acting in a parental role for their grandchildren or other minor children, in lieu of the normal custodial parents, without having to apply for custodial status, by establishing a category of alternative care to provide:

(a) financial support for the increased costs of housing, food, clothing, school supplies, sporting goods and art supplies that may be required to provide adequate care for a child who would not otherwise be resident with the family member providing the care; and

(b) establish the means, including financial support, to provide temporary respite care for children who are being parented by a non-custodial family member for those times when that family member cannot provide continuous care.

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

THAT it is the opinion of this House that government ministers travelling on government business at departmental expense make public a written report within 30 days after completion of that trip that:

(1) outlines the purpose of the trip;

(2) identifies the expected outcomes;

(3) lists all the people who are travelling at departmental expense; and

(4) details all departmental expenses of the trip.

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

THAT this House urges the Yukon government to honour its promise to the electrical consumer and other Yukoners that there would be no net bill increase resulting from its abolishment of the rate stabilization fund and the resolution of matters before the Yukon Utilities Board, or else apologize for failing to keep this promise.

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

THAT this House urges the Minister of Education to work in partnership with the parents of Burwash Landing by immediately setting up a working group with them to examine the creation of a school in Burwash Landing, specifically to look at the issues of:

(1) the cost of renovations of the deteriorating Destruction Bay school in comparison to the construction of a mobile modular building located in Burwash Landing;

(2) cultural support and awareness for the children, which can be obtained only in their own community, since elders cannot travel to Destruction Bay;

(3) the economic and social costs of busing children from First Nation home communities to one that is not of their culture;

(4) after-school activities for children who do not have access to a school in their home community, when a school is the heart of any rural community, even after school hours;

(5) busing children under six years of age in a vehicle not equipped with seat belts or booster seats; and

(6) busing children when temperatures are extremely cold and road conditions icy and slippery.

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

THAT this House urges the Yukon government to amend the *Family Property and Support Act*, the *Children's Act*, the *Vital Statistics Act*, and the *Land Titles Act* in order to alleviate any undue hardship for individuals and families, and so that Yukon conforms to its own *Marriage Act*, which was amended four years ago to reflect same-sex unions in the definition of "spouse".

Speaker: Are there any further notices of motion?
This then brings us to Question Period.

QUESTION PERIOD

Speaker's ruling

Speaker: Prior to asking the honourable member to stand up, yesterday, during Question Period, the Government House Leader raised a point of order regarding questions posed by the Leader of the Official Opposition. The Government House Leader said the Leader of the Official Opposition was "attempting to draw varied questions in together, but they are on different topics. It is House principles and rules that of course the supplementary questions must be relevant to the first question."

In response, the Official Opposition House Leader said, "The Leader of the Official Opposition said from the outset that his questions pertained to the theme of 'unfinished business' and he would be allocating them to different ministers. We have the right, I believe, to ask a question on a particular theme, even though it doesn't apply strictly to one of the ministers."

In reviewing yesterday's Blues, the Chair notes that the Leader of the Official Opposition put his questions to the minister responsible for the Yukon Liquor Corporation, the Minister of Highways and Public Works and the Deputy Premier.

The three questions addressed *Liquor Act* regulations, health facilities and the state of a number of government projects. These questions were, according to the Leader of the Official Opposition, linked by the theme of "unfinished business".

The issue for the Chair, then, is whether it is in order for supplementary questions to be linked to the main question by a theme rather than by subject matter.

House of Commons Procedure and Practice says a supplementary question "is meant to flow from or be based upon the information given to the House in the response of the minister or Parliamentary Secretary to the initial or preceding question." Such questions are to be constructed as "a follow-up device flowing from the response and ought to be a precise question put directly and immediately to the minister without any further statement." This Assembly has never followed such a restrictive practice regarding supplementary questions. Nonetheless, this statement provides some direction regarding the nature of a supplementary question.

This Assembly's Guidelines for Oral Question Period are silent on the question of themes and subjects as the basis of supplementary questions. The guidelines say a question ought to address a matter of public importance or a matter within the administrative responsibility of the Government of Yukon. So, therefore, should supplementary questions.

However, if we look at the actual conduct of Question Period, it is clear that the practice of this House is that main and supplementary questions are addressed to the same minister and are on the same subject. The form of questioning pursued by the Leader of the Official Opposition was not in keeping with this practice.

Members have, on occasion, put questions that were linked by a theme rather than subject matter. If members consult *Hansard* they will see that the Chair has, on occasion, expressed his discomfort with this practice and in one case ruled a supplementary question not in order.

It is the Chair's ruling, therefore, that members should continue to follow the practice of this House: they should address their main and supplementary questions to the same minister and the questions should be linked by subject matter, not a theme.

In making this ruling the Chair is trying to balance two things. On the one hand, the Chair wants to ensure that members can exercise their freedom of speech in the House, including the right to question ministers during Question Period. However, the Chair is concerned that themes can be so general that supplementary questions may become supplementary in name only and come to bear little resemblance to the main question. The Chair does not believe this would be in keeping with the nature of a supplementary question, the intent of the Guidelines for Oral Question Period, or the practice of this House.

The Chair also believes that it is beyond his authority to authorize what would be a substantial change in practice. In making this ruling, the Chair makes no judgement as to the value of questions joined by a theme, compared to those joined by subject matter. However, members have heard the Chair say that he is a servant of the Standing Orders and this House. The

Chair therefore believes that if the thematically linked questions are going to be accepted during Question Period, then the direction for this change should come from the House and not from the Chair.

We will now proceed with Question Period.

Question re: Mental health services

Mr. Mitchell: Mr. Speaker, again this week we see yet another case of a Yukoner, who is suffering from a mental health issue, being incarcerated at the Whitehorse Correctional Centre. We recognize that security and safety of the patient and those who come into contact with such patients is of paramount importance; however, incarceration in a correctional facility does not make it right. The days of just locking up the mentally ill ended many decades ago, or so we would like to think.

Mr. Speaker, we would be simply outraged if cancer patients were treated so inhumanely. Why should we accept anything less for people suffering from some form of mental illness?

Keeping patients locked up in 10 by 8 rooms without proper medical care is nothing short of barbaric. What specifically does the Minister of Health and Social Services propose to do to address this deplorable situation?

Hon. Mr. Hart: We on the government side are reviewing the situation of mental health within the Yukon. We have worked out a situation with the Hospital Corporation dealing with mental health patients there, and we are also looking at increasing the room for mental health patients in our hospital, in addition to providing additional resources for the appropriate personnel to accommodate that particular facility.

Mr. Mitchell: I appreciate that the minister is looking at it, but there's a difference between looking and doing. I've asked the minister in the past about developing long-term plans for health care in this territory, and this is precisely an example of the importance of good health care needs planning.

I've been critical of this government's haphazard approach to health care, in particular the expenditure of millions of tax dollars in Watson Lake for a hospital that was neither budgeted for nor identified as a health priority. Considering the \$5 million already spent on a shell, the \$25 million confirmed by the government that would be needed and at least \$5 million to \$10 million more for fixtures, furniture and equipment, we're looking at nearly \$40 million for that facility. Surely some of that money could be better spent by expanding the Whitehorse General Hospital and providing proper facilities and medical care for patients suffering from mental illness.

Will the minister put a hold on the new Watson Lake hospital and conduct a proper needs assessment into mental health before progressing any further with the Watson Lake project?

Hon. Mr. Hart: The member opposite is asking us, basically, to provide better assistance in one place over the other. I've mentioned in this House several times that we on this side of the House provide health services to all Yukoners throughout the Yukon, not just in one area over the other, and that is what I intend to do to the best of my ability with the resources at my disposal for providing health services to all Yukoners.

Mr. Mitchell: Well, Mr. Speaker, no one's suggesting that there shouldn't be facilities for all Yukoners and certainly to Watson Lakers as well. It's about an allocation of resources. Yesterday in this House the Deputy Premier said, and I quote: "Yukon net financial resources to the tune of in excess of \$165 million..." That of course should be adjusted downward for the \$6.2 million that they had to write down, and for the balance of \$36.5 million that will remain frozen for many years to come. However, this Deputy Premier spoke of all the money this government has and yet there is nothing for the mentally ill.

Mr. Speaker, let me be very clear. This government will spend \$35 million to \$40 million on a monument for the Premier, but not a penny for addressing the health needs of the mentally ill. Shame, Mr. Speaker, shame on any government that would ignore the mentally ill and yet stand in this House and brag about all the money in the bank. Will the minister commit here today to immediately take steps to protect and help the mentally ill in this territory?

Speaker's statement

Speaker: Before the honourable member, the Premier, stands up, Leader of the Official Opposition, the terminology "monument to the Premier" is going to lead to discord, and I just want you to be fully aware of that. You have the floor, Hon. Premier.

Hon. Mr. Fentie: What's really at issue here is the information that the Leader of the Official Opposition is putting on the floor of the Legislature. Once again he has mentioned that we should readjust our year-end, as audited, booked net financial position of \$165 million. The member just suggested that.

I want to point something out. On March 20, 2008, this member, the Leader of the Official Opposition, stated right here in the House that the Auditor General has the highest financial authority in Canada. I want to state here on the floor of the Legislature an opinion as written with respect to our year-end. "These consolidated financial statements present fairly, in all material respects, the financial position of the government as of March 31, 2008."

You know who said that, Mr. Speaker? The Auditor General of Canada, and that year-end clearly shows a \$165 million net financial position, all-inclusive — all-inclusive — with a \$2.4-million year-end earnings of our investments.

Mr. Speaker, it is shameful for the Leader of the Official Opposition to continue to put this kind of information on the floor of the House.

Question re: Yukon Queen II

Mr. Elias: The *Yukon Queen II* that operates between Dawson City and Eagle, Alaska, has been of concern to many Yukoners and especially the good residents of Dawson City for many years. Some of the issues and concerns raised by Yukoners about the *Yukon Queen II* are the importance of the economic benefits that the tour boat provides to the local and regional economies. But the catamaran is sucking up juvenile salmon and other fish into the engine intakes and killing them, and the tour boat has contributed to the erosion of the riverbank

shoreline. Yukoners have also expressed concerns over the years of the boat's wake damaging their fish wheels.

So, as you can see, Mr. Speaker, there may well be some significant adverse effects to the tourism industry, the environment, and to individual Yukoners identified very soon. Yukoners want to know where their minister stands on important issues like these. Does the Minister of Environment support the operation of the *Yukon Queen II*?

Hon. Mr. Fentie: We must ignore some of the comments in the preamble, because none of us in this House are biologists, and we will defer that kind of information to the biologists who are working on this very issue.

What's important to recognize here is this particular initiative by Holland America is under a process for an authorization with the Department of Fisheries and Oceans and is also going through the YESAA process, so all matters are being considered at this time. I would encourage the member opposite to recognize that. This *Fisheries Act* is a federal law, and the appropriate steps are being taken at this time, not only by the federal Department of Fisheries and Oceans, not only by YESAB, but by the company itself.

Mr. Elias: What's important to recognize here is that the Minister of Environment didn't get on her feet and answer the question.

I realize I've been directing many difficult questions to the minister, but Yukoners are concerned and want to know where their leader stands on important issues like these. The *Yukon Queen II* is owned by the Holland America cruise line and the company wants to continue carrying tourists up and down the Yukon River for another 10 years. The Yukon Environmental and Socio-economic Assessment Board executive committee has now begun its assessment — a process that is very transparent, I might add — to determine if the concerns of Yukoners are significant and adverse and if those effects can be mitigated. I understand the minister is in a difficult situation here; she has a foot on both sides of the issue.

We need to work through this issue and find the best possible solution.

Does the Minister of Tourism and Culture support the operation of the *Yukon Queen II*?

Hon. Ms. Taylor: Of course we support tourism; of course we support protecting our environment. As the Premier just alluded to, this is an issue that is before YESAB, which has actually just been bumped up to the executive level. The whole importance or underlying principle of the YESAA process is to look at the environmental considerations, as well as the socio-economic considerations.

Mr. Speaker, this process is currently underway; the Yukon government is not a decision-making body. Rather, others are decision-making bodies. The Department of Environment, the Department of Tourism and Culture and many others are contributing to that particular assessment. We'll continue to let them do that good work and we'll continue to respect the integrity of that very process.

Mr. Elias: This is not a court of law we're dealing with here, Mr. Speaker, so there's no reason for the minister to avoid the question. The minister has placed herself in this situa-

tion, and it's important that Yukoners know the direction she's giving to the respective departments to help solve the problem. Yukoners don't want to guess where the minister stands on this issue; they want to know.

The good residents of Dawson City are listening. The assessment process is very open and transparent and, in fact, submissions are placed on the Worldwide Web for everyone to see.

Does the Deputy Premier support the operation of the *Yukon Queen II*?

Hon. Ms. Taylor: Again, Mr. Speaker, I am not going to jeopardize the process that is underway. As I mentioned, the Government of Yukon is providing a lot of good information and, certainly, thoughtful considerations, submissions to the YESAA process. The matter that is before the Legislature that we are talking about right now is before the YESAA process, and its mandate is to look at the environmental considerations as well as the socio-economic considerations.

Again for the member opposite, and he may not be familiar with this process, but certainly the Yukon government is not a decision-making body. Rather, we are contributing to the process, providing information through our respective departments. We will continue to let the YESAB do its good work and we will continue as the Government of Yukon to respect the integrity of that process.

Question re: Burwash Landing school

Mr. Edzerza: Mr. Speaker, a community with no school is a community without a heartbeat, especially a stand-alone First Nation community. The school is the centre of rural communities, especially with many activities taking place taking daily at all hours. Six weeks ago, nine parents in Burwash Landing sent a letter to the Premier and to the Minister of Education on an issue that has been around for at least 35 years.

If the minister is aware of this letter, when and how does he intend to reply to it?

Hon. Mr. Rouble: Earlier this year during the Premier's community tour, I had the opportunity to travel to the communities of both Burwash Landing and Destruction Bay to visit the school, to meet with the parents and also to discuss with the community the progress on the new youth and elders facility. This is a significant project that the Minister of Community Services has been working on very diligently that I believe will address many of the concerns that the member opposite is now bringing forward.

I certainly agree — having a community centre in your community does create tremendous benefits. As for providing after-school services, summer programs or evening programs, yes, I expect it will be an excellent facility that will serve the community for years to come.

Mr. Edzerza: It just so happens that citizens of the community have made comments about those meetings with the Premier's tour and they weren't very positive. I have tabled the letter, Mr. Speaker. Presently and for past decades, children have been bused from Burwash Landing to Destruction Bay, 12 miles away, to attend school.

The school was put in Destruction Bay when the community was an army camp and then a highway maintenance camp.

Citizens of Burwash to this day do not understand why, when 100 percent of the schoolchildren live in Burwash Landing, a community that was settled long before any army camp or highway was built. There was a previous letter from parents in Burwash a year ago with this same request. In his reply to the letter, the minister promised to do further research in regard to possible future enrolment and operating costs. What has the research promised a year ago into this situation revealed and when will the minister be acting on it?

Hon. Mr. Rouble: I'm sure the member opposite and indeed all Yukoners realize that school buses, and indeed mixed-grade classrooms, are facts of life in Canadian education, that every day we literally have thousands of students who travel thousands of kilometres on school buses. Maybe in an ideal world it would be great to have it where every child could walk to school, but in Canada, and in the Yukon, we certainly have the challenge of distance to address.

Many students travel many kilometres every day to get to quality school facilities. Mr. Speaker, we have made it very widely known that the next capital project that the Government of Yukon will work on regarding schools is a replacement of F.H. Collins.

Mr. Edzerza: I'd like to state for the record that the minister never even came close to answering the question. The Destruction Bay school is deteriorating. It may have mould. The safety of small children being bused back and forth during winter in a van that is too small for all of them is questionable. The minister makes all kinds of promises to respond to the needs of First Nations in our schools. This situation can be linked to taking the children away to residential school. It certainly brings back those memories: no children in the community.

These concerned parents offered to work in partnership with the minister to establish a working group which would examine creation of the school. Members opposite all make the noises when we mention mission school —

Speaker: Ask the question please.

Mr. Edzerza: What is holding the minister back from taking up their reasonable request to have this issue finally settled?

Hon. Mr. Rouble: I appreciate the member opposite's question and some of his comments. I am sure he realizes that children travelling on school buses are a reality in all Yukon communities. Even the children in the community of Old Crow travel in a vehicle to get to school.

Now, I'm not sure if the member opposite is aware but there has been a change and there is a different vehicle that is delivering children to school, to the Kluane Lake School.

I am committed to working on programming and committed to using Yukon's facilities to the best of our ability. There is a good building there. Regardless of the member's comments, air quality tests have not revealed the presence of hazardous moulds. I'm not sure where the member opposite is getting that information. We do have to address the situation in Yukon. We do have assets in place. We do have to have a fair and equitable education system that meets the needs of all Yukoners throughout the territory.

Question re: Employee engagement survey

Mr. Hardy: Yesterday was a very interesting day but it was also somewhat confusing. The minister responsible for the Public Service Commission invited me on the floor of this House to attend a technical briefing on the results of the 2008 government employee engagement survey; however, he failed to mention that the briefing was happening within minutes or that it was really open for the media.

His confusion made it difficult for staff giving the briefing as they were not informed I was invited. Poor communications by senior managers is one of the key findings of this survey and we heard it over and over again in that meeting. The minister's actions yesterday showed he needs to do some improving in this area himself.

Will the minister explain why the media were offered a technical briefing on the survey and the members of the opposition were not?

Hon. Mr. Rouble: I'm not sure how much clearer I can make this for the member opposite. He asked for a copy of the report; I gave it to him. He asked for additional information; it was posted on the Web. Then I offered him a briefing. I didn't anticipate the member and his staff would go to a briefing that was being held yesterday for the media. That was arranged previously. I expected the member opposite to contact my office, have a chat with me, coordinate it with the Official Opposition and I would have prepared a specific briefing where he could have sat down along with representatives of the Liberal Party, of the Official Opposition, and asked their questions.

Obviously there was some confusion yesterday; I trust, though, that the member had an opportunity to meet with representatives of the Public Service Commission, to receive additional information on it, to ask his questions, and to get answers.

Mr. Hardy: Mr. Speaker, that briefing was arranged yesterday morning and the opposition was not informed of anything about it. That to me was not open and accountable.

Now it also seems my question probed the chair of the legislative committee reviewing whistle-blower protection legislation to reactivate the committee, because it has been dormant for quite a long time. The committee has not met since March, so this is good news for all government workers who've been waiting for movement on this NDP-led initiative for a long time.

This survey that we're talking about, though, clearly shows worker morale is dropping under this government. We also know some of the reasons: understaffing; the overuse of temporary, auxiliary and casual workers; shift scheduling; excessive overtime in some departments; and not filling vacancies in a timely manner. These are not new problems under this government. Why have we not been addressing them in a systematic and methodical way over the last few years, instead of just relying upon the last couple of surveys to give us an indication where this government is going?

Hon. Mr. Rouble: I'm not sure if there was a question regarding policy for the minister there. As for being open, accountable and transparent, as I said, the member asked for a copy of the report; I gave it to him. He asked for more informa-

tion; it's published on the Web. He still had some concerns; I arranged a briefing — albeit there seems to have been some confusion that occurred on that. If he would like an additional briefing, I can arrange for that too.

The Government of Yukon employees have the confidence of members on this side of the Assembly. We are confident in their ability to carry out their functions and to perform the variety of tasks they have before them. We are confident in the abilities of our senior managers, directors and departmental managers to work with our staff to address all of the concerns and responsibilities they have.

The employee engagement survey was a valuable tool that this government started two years ago. We'll do it on an annual basis, we'll compare ourselves to other jurisdictions, and we'll identify areas we need to improve on. And we will continue to use it in the future to guide the management of this organization — this billion-dollar-a-year institution — in how to appropriately and effectively work with staff to ensure their needs are met.

Mr. Hardy: Not an institution, Mr. Speaker, but a government that serves the people of this territory and serves the workers who work for the people of this territory. The employees of this territory have lost confidence in this group of people in that area and that is what this survey shows. I agree with the minister opposite: the survey is a tool but a tool is only as good as the user. A tool must be used properly to get the intended results. The Yukon will continue to lose good people — and I have people in my office almost every day now talking about this, about leaving this government — until they wake up and make some fundamental changes in policies, procedures and attitudes.

Workers have been telling this government time and time again over the last few years what needs to be done. What does the government do? It goes out and gets a nice survey with lots of colour in it.

Now, Mr. Speaker, what they need to know is that their ideas, opinions and concerns will be taken seriously and acted on. The government also needs to use some of these methods to determine just how demoralized and unhappy its workforce really is. My question: will the minister also ask the Public Service Commission to compile statistics on absenteeism rates, staff turnover rates, grievance rates, rates on the use of casual, temporary or auxiliary workers —

Speaker: Thank you.

Mr. Hardy: — and develop a comprehensive plan?

Hon. Mr. Rouble: Mr. Speaker, the Government of Yukon values its employees and that is why we asked them the questions. That is why they were engaged in this survey.

I think we've discussed in this Assembly many, many times that there is the political arm of government and the operational arm of government. There are the policy-makers, and then there is the operational side of things. Obviously, the member is not aware of some of the recent changes that the Public Service Commission and our departments have made to address many of these concerns — things like the harassment prevention office, the workplace diversity employment office, the Yukon leadership initiatives, and additional training pro-

grams. These are programs identified to meet needs now and the long-term needs of government as an employer.

The government will certainly work with the deputy ministers who manage and direct the operations of government, and we have the faith and trust in them that they will carry out their duties to their best ability, and that they will continue to work effectively with all employees in the Government of Yukon.

Question re: Electrical rate stabilization fund

Mr. McRobb: Yesterday I asked the minister responsible for the Yukon Energy Corporation whether he'd honour his government's promise to the electrical consumer. It was very disappointing to learn that he chose not to speak for the corporation, for which he is responsible, and allowed another minister to answer for him. It was also disappointing to hear the substitute speak about everything except the point of the question.

Once again, this Yukon Party government has failed the accountability test. It is becoming obvious that it does not intend to honour its promise to Yukoners, and that's why the minister won't speak to it, and that's why the question is not being answered. Again, how does the minister responsible for the Energy Corporation intend to honour his government's promise that there will be no net bill increase?

Hon. Mr. Cathers: Well, Mr. Speaker, it's unproductive to engage in debate where the Member for Kluane conveniently — or I should say, repeatedly — forgets the facts he ought to remember.

The Member for Kluane ought to be well aware, particularly considering his self-professed expertise on energy matters, that the Yukon Utilities Board is a quasi-judicial body that sets the energy rates. What this government is doing — which previous governments, including one that the member opposite was part of, should have done — is investing in the future, investing in electrical infrastructure. We are investing in expanding the hydroelectric grid, and including partnership from corporations such as Sherwood Copper, with their \$7.2-million investment that has enabled us — assisted us — in extending the hydroelectric grid from Carmacks to Pelly Crossing. We will continue to work with partners to connect the two grids and to expand our hydroelectric infrastructure to put downward pressure on rates, rather than requiring us in the future to use diesel fuel. We are doing the steps of investing in the future that the members failed to do.

Mr. McRobb: We again get a substitute — so much for accountability. We again get no answer to the question — so much for this government's promises. Obviously, this is yet another example for Yukoners not to trust the Yukon Party on its word.

I'd like to restate the intent of this question. It's about honouring promises with respect to Yukoners' power bills. It's not about power rates, riders, regulatory hearings or infrastructure issues. It's about the government's promise there would be no net bill increase. The figures have demonstrated there will be a bill increase — a significant one in the range of 20 to 50 percent. Let's at least get on the same page, people.

How does the minister responsible for the Energy Corporation intend to honour his government's promise that there will be no net bill increases?

Hon. Mr. Cathers: I must point out again that in answering the questions from the Member for Kluane, his math is as confused as he is. The member is absolutely wrong in the numbers he has stated on the floor of this Assembly. The member perhaps needs to get a new calculator or needs to go back to square one, but the numbers he has stated — the assertions he has made — are not accurate.

Yukoners would be very poorly advised to rely on the Member for Kluane for their understanding of the facts and the numbers because the Member for Kluane is badly wrong and badly confused. What this government is doing, as we should, is investing in hydroelectric infrastructure; we are working with the Energy Corporation; we are working with the private sector; we are seeking federal participation and we are looking to work with First Nations, as well, in working together to expand that hydroelectric infrastructure, to invest in Yukon's future, and to put downward pressure on electrical rates. The Member for Kluane is in the dark, Mr. Speaker.

Some Hon. Member: (Inaudible)

Speaker: No, your time's up. The time for Question Period has now expired.

Notice of opposition private members' business

Mr. Hardy: Pursuant to Standing Order 14.2(3), I would like to identify the items standing in the name of the third party to be called on Wednesday, November 5, 2008. They are Bill No. 109, standing in the name of Steve Cardiff, and Motion No. 496, standing in the name of Todd Hardy.

Mr. McRobb: Pursuant to Standing Order 14.2(3), I would like to identify the items standing in the name of the Official Opposition to be called on Wednesday, November 5. They are Motion No. 503, standing in the name of the Member for Copperbelt, and Motion No. 130, also standing in the name of the Member for Copperbelt.

Some Hon. Member: (Inaudible)

Point of order

Speaker: Point of order.

Hon. Mr. Cathers: Mr. Speaker, I would rise to urge that you remind the Leader of the Third Party that it is out of order to use members' names in this Assembly.

Speaker's statement

Speaker: I'm sure the moment he said it, he realized it, but thank you for that observation. We'll now proceed to Orders of the Day.

ORDERS OF THE DAY

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

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

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chair: Order please. Committee of the Whole will now come to order. The matter before the Committee is Bill No. 58. Do members wish to take a brief recess?

All Hon. Members: Agreed.

Chair: Committee of the Whole will recess for 15 minutes.

Recess

Chair: Order please. Committee of the Whole will now come to order. The matter before the Committee is Bill No. 58, *Act to Amend the Quartz Mining Act*.

Bill No. 58 — Act to Amend the Quartz Mining Act — continued

Chair: Mr. Edzerza, you had approximately 11 minutes left.

Mr. Edzerza: When we closed debate on this issue in the last round, we were talking about — I had asked the minister if his government would in fact endorse a mine to go into production if there was a possibility or if there was a risk of potentially damaging a major Yukon river in the territory.

The minister said that they certainly wouldn't.

Mr. Chair, an Alberta Supreme Court Judge made this statement: "The purpose of an environmental screening is to resolve the issue so that the First Nation does not dig their heels in and continue resisting the project." Well, it appears that that's probably exactly what happened in one of the mines that are within this territory and within the Little Salmon Lake traditional territory.

They state clearly in some information that was provided, that the opposition to the Western Copper Corporation Carmacks copper mine is growing. At a meeting of Yukon First Nations in Whitehorse last week, the chiefs demanded that the Yukon government not issue any licence or permits to the proposed heap leach mine.

Again, Mr. Chair, it goes on to say that outstanding concerns of pollution that were raised by the Little Salmon-Carmacks First Nation during the environmental screening by the Yukon Environmental and Socio-economic Assessment Board have still not been addressed. The chiefs are asking the Yukon government to provide a detailed response to the serious environmental issues raised by Little Salmon-Carmacks First Nation experts.

Now, this First Nation went out of their way to really go for expert advice because of the fact that First Nations are always challenged with this, that they don't have the expertise. So now they have gone out and really hired the best qualified expertise that they could with regard to this issue to support their concerns or to diminish them and have them feel comfortable that there isn't a threat here and there is nothing to worry about. However, it didn't turn out that way.

Chief Eddie Skookum of the Little Salmon-Carmacks First Nation said, "This is really an issue of concern to all Yukoners," referring to the potential for release of heavy metals in the nearby Yukon River.

All of this is very important and the government, I believe, has to really get down and take this seriously.

Further on in the document it says, "As part of the environmental review process, the First Nation has had specialists including university professors, engineers and PhD geochemists warn them and the Yukon government about the project. Concerns raised are related to the serious potential for run off of heavy metals into the Yukon River. Copper in particular is highly poisonous to salmon. A healthy salmon population is critical to the culture and heritage of Yukon and Alaska First Nations, as well as tourist operators and all Yukoners who rely on the Yukon River watershed. These concerns remain largely unanswered.

"It is insulting that the government rushes to give away resources and huge profits to a mining company based in Vancouver without accommodating the legitimate concerns of the people who live near the mine," says Chief Skookum. "We have been here for generation upon generation. Even when we hire the most distinguished experts in the field we are not respected. It's like shouting in the wind. This has to change."

Now, the minister has the opportunity, when he's making revisions to the *Quartz Mining Act*, to handle these kinds of situations a lot better than he does, and it should be in the legislation, if it isn't already. I haven't seen any real concrete evidence that the minister would adhere to the concerns of the First Nation.

So my question for the minister: how can the minister really say they're honouring a government-to-government relationship when, in fact, we have all of this resistance coming from a First Nation that is trying to get a really good, honest, sincere government-to-government relationship with the Yukon government?

Dialogue has to go both ways, Mr. Chair. It can't be the biggest government overrides the smaller one. When it comes right down to an issue like this, as a rule, the First Nations just don't have the finances to be going to court every time there's a disagreement on how business should be conducted within their traditional territories. We heard the call and the plea from all the chiefs in the Yukon: Please respect the land. Please respect the water. Don't kill off all the fish in the Yukon River. Don't take that risk.

I think what's important here is for the government to realize that when they're doing legislation, they could make very, very strong legislation that would in fact even override some of their boards that recommend a development, if the government checks it out and says, "Well, no, we've assessed it ourselves even more, and there could be a potential for a lot of environmental damage down the road, and we won't give the green light for that mine to go into operation."

Mr. Chair, I heard the minister say it. I heard him say it on the floor of the Legislature that they would really give strong consideration to such an important issue as this. I want to put on the record that I don't know of any river in North America

— or in fact in the world — that has been totally cleaned up once it has been environmentally damaged. I would have to say that if — and nothing is foolproof, and if we ever believe that it is, then it is going to be a sad day for a lot of citizens right across this world. We have seen a lot of things such as nuclear power plants that everybody thought were safe and then at the end of the day, they weren't — the Chernobyl experience is one example and a very serious example.

Now, the First Nation people, I know for a fact, are not against mining. They're not against learning, and earning a living and working. But one thing that they are challenged with — and a lot of it comes from their elders — is the fact that they have to protect the land and the environment, especially in their traditional territories where they felt that they had a say. But as I read some of the dialogue and the information pertaining to this copper mine within the Little Salmon Lake traditional territory, I'm having second thoughts about whether or not the First Nation governments really have a say in their traditional territories. If they say no, no means no. Instead, what's happening is that when they say no, they're out-muscled and they're overpowered by the bigger governments. So what can be a solution to that for First Nations, other than to start putting up blockades and all of those kinds of things that really become unpleasant?

First Nation people, I believe, in the Yukon Territory want to work together with everyone, but when they are constantly overpowered by the federal government or the Yukon territorial government, it almost forces them to do something different, and rightfully so.

As First Nation people in this territory, they felt that having a land claims agreement would put an end to all of the disputes that have happened on a constant basis for centuries here in the territory. People were convinced that if there was a land claim agreement reached, these problems would end. My question, which I already gave to the minister, is whether or not he feels they could improve their relationship with other governments as First Nations.

Hon. Mr. Cathers: In beginning my response to the Member for McIntyre-Takhini, I think it's important to point out where the member, I think through a lack of understanding of how the process works, has come to the point where he has some of the frustrations that he's expressing. I would encourage him to both better understand the process, and I will attempt to provide him with that clarification, and also pass on the clarification about how the process works to those who contact him and express concerns.

First of all, to begin with, the Yukon Environmental and Socio-economic Assessment Board is established by federal legislation. The board was established by federal legislation as a result of an obligation placed on the federal government by the *Umbrella Final Agreement*. It is mandated by that agreement.

The appointments to that board are nominated by the Council of Yukon First Nations, the federal government and the Yukon government respectively, and the makeup of those seats is designated in the legislation. In fact, the Council of Yukon First Nations has more representatives on that board by

virtue of the federal legislation than the Yukon government does.

In this case, the specific example the member is referencing — which I would point out to the member is a bit of a departure from the *Quartz Mining Act* we're debating. But I recognize the connection the member places on them, and I will attempt to respond to his questions.

The Yukon Environmental and Socio-economic Assessment Board has an obligation to review the environmental and socio-economic impacts of any proposed projects. They have a legal responsibility to do that job. They have a trust placed in them by the federal government and of course by all citizens of this territory to do their job with the responsibility outside of any government agenda and free from any connection to the Yukon or any other level of government, but to do their work based on the environmental facts and socio-economic issues as they best understand them.

In the case of the Carmacks copper project, the Yukon Environmental and Socio-economic Assessment Board — YESAB as it's commonly referred to — reviewed the project and made a recommendation that the Yukon government accepted without any modification. They accepted it in its entirety. That is only stage 1 of the process, Mr. Chair. That's where I think the Member for McIntyre-Takhini is running into concern through a lack of understanding that the process is not completed yet.

We respect the land; we respect the water and all parts of the environment — as do all Yukon citizens. Certainly the responsibility to take care of the environment when we are issuing the permits for any project in the territory — that of course has economic benefits for Yukon citizens — that environmental responsibility is part of the responsibility of the Yukon government, as it is of the YESA Board.

The YESA Board believes there's lots of redundancy built into the project and extra safeguards. In terms of the process, the proponent still has to go through the quartz mining licence permitting process, and if they go through that successfully, they then have to go through the application for their water licence. At both stages there are processes to require them to prove and to demonstrate that they have put in place appropriate safeguards and mitigating measures to prevent any environmental damage.

Many of the concerns that were expressed by First Nations were around the detail designs and that they had not been made apparent at the YESAA stage. The reason for that, and I'm pleased to inform the Member for McIntyre-Takhini, is because the stage at which those detail designs are to be presented, reviewed and assessed is at the quartz mining licence permitting stage and at the water licence permitting stage. So the company has the obligation to provide that information; there are procedures for public involvement and First Nation involvement in review and understanding of the public process at those stages. Those details will be dealt with at the regulatory level and in the quartz mining licence and water licence process.

Yukon government and YESAA experts have reviewed all the concerns raised by the Little Salmon-Carmacks First Nation and by the experts they hired. They indicate that they are quite

confident that those issues will be addressed by the mitigating measures and addressed through the licensing stage.

Now, Mr. Chair, I am not a technical expert in this area nor is the Member for McIntyre-Takhini. Of course, we are elected on behalf of our constituents to represent their interests and the interests of Yukoners as a whole in that light. The Member for McIntyre-Takhini and I have no difference, despite what he may think, in our belief that the Yukon's ecosystems, including the Yukon River, must be protected and must be preserved for future generations.

That does not mean that Yukon citizens cannot make use of them. That does not mean that responsible development can't occur. However, I believe very firmly that the appropriate measures must be taken to ensure that responsible development occurs and that those important ecosystems are not placed at risk.

In this case I am in the situation, as I know the Member for McIntyre-Takhini is, where I can only review the information presented to me by experts to gain an understanding of this process.

I can only reflect on the fact that this independent board, the Yukon Environmental and Socio-economic Assessment Board, has reviewed this. They are citizens from a wide diversity of backgrounds within the Yukon — citizens, as I pointed out, appointed/nominated by the Council of Yukon First Nations, by the federal government and by the Yukon government. They have a very serious trust placed in them. I believe that they take that trust very seriously and they exercise that responsibility very seriously.

The Member for McIntyre-Takhini was suggesting that, in the *Quartz Mining Act*, we could put in provisions about — I believe he was suggesting — overriding YESAA, et cetera. Well, the *Yukon Environmental and Socio-economic Assessment Act* is federal legislation. We cannot as a territorial government pass any legislative provisions that override federal legislation. However, the YESA Board and the designated offices make recommendations to decision bodies; they are not themselves a decision body. They make the recommendation and it is submitted to the decision body that has jurisdiction over those matters and that, of course, in this particular case, relates to the Yukon government. In the case of a project that was brought up in discussion earlier today, the application of the *Yukon Queen II*, the decision body in that particular case is the Department of Fisheries and Oceans, the federal body. There are also other cases on First Nation settlement land where a First Nation may be the decision body. Again, YESAB has an obligation, independent of all of those governments, to review the facts, to work with technical experts and to make the recommendation that they believe is in the best interests of Yukon citizens and the Yukon environment and the socio-economic interests of Yukon citizens.

So again, in this particular case that the member refers to, it is a situation that the board has done their work. They have made their decision and the Yukon government has accepted that without reservation and without change. Again, I have to emphasize to the member that the process has not concluded. Mitigating measures will be required and the appropriate safe-

guards will be required to be demonstrated if the company is to successfully proceed to the stage where it would receive a quartz mining licence and subsequently a licence from the Water Board.

So, Mr. Chair, I hope that has addressed the issue to some extent to the member's comfort. I recognize he is very concerned about this issue. One piece of information that I can give to him that the technical experts have provided — I think what the member may be concerned about and what those who contact him may be concerned about — to some extent relates to the issue of heap leach pads. I would point out that the heap leach method is well understood technology and it produces nearly a third of all the copper in the world.

Another point that I would have to make to the member is in terms of discussions around this. I think that the member and others may often be distracted or consumed by the issue of the type of acid being used and fail to understand that, as provided to me by the technical experts, the acidity of this when it is added to the pile is approximately the same as lemon juice. It is about as acidic as lemon juice. When it leaves the pile, it is about as acidic as tomato juice. Those solutions will be recycled. They have safeguards to prevent them from ever entering a watercourse.

Again, in comparison, the actual level of acidity of this solution, Mr. Chair, is certainly far less than that of battery acid and less than that of things such as gastric fluid, which each one of us safely contains in our bodies.

My point to the member is neither he nor I have the technical expertise in this area to be able to make the decisions ourselves. We are required to work with the experts who come forward and to understand it from that context.

In this case, I would note the experts believe that, at this stage, all evidence of safeguards that were necessary for the first stage of the process — the screening by the Yukon Environmental and Socio-economic Assessment Board — all steps and information necessary was provided. However, there are two more stages left and the regulators in both cases will take their responsibility seriously to ensure that the company completes the work and completes the information about safeguards and is not in any way, shape or form imperiling the Yukon environment.

I would remind the member when he again goes to the type of chemicals being used, there are many chemicals that we use within our daily lives that have some risks if the appropriate safeguards are not used. Even the gasoline we burn in our vehicles and the heating fuel that many of us use in our homes are transported and there is some potential, if they are not handled properly, that there is risk to the environment and to human life.

In this case, the experts are quite confident that the appropriate safeguards have been taken so far and that the remaining issues that need to be addressed to demonstrate that every necessary step is being taken to safeguard the Yukon environment — and to have in fact redundancies in those safeguards in case any part of it were ever to have an issue with it — that they have built in at least double redundancies. They have assured us that work has been done and will be done in the final stages

prior to permits ever being issued for the quartz mining licence. Of course the Water Board process is a quasi-judicial body that would issue those types of licences.

I hope this has provided some comfort to the Member for McIntyre-Takhini. With regard to the Little Salmon Carmacks First Nation, we have provided them information. I realize there are some concerns. I believe that those on the part of all who have expressed concerns at this stage are due to a lack of understanding of the technical information and/or a lack of understanding of the process to be completed.

So in answer to that, all we can do is continue to provide that information and continue to keep a respectful, open dialogue occurring. I remind the member that although, as negotiated in the land claim agreements, the Yukon government is the decision body in this situation. The First Nation does not have a veto. We certainly respect their concerns and, first and foremost, we place the interest of Yukon citizens and the Yukon environment as paramount in this situation. We believe that responsible mines must be allowed to operate and that information regarding the permitting process must be done based on that technical information and based on facts. We will ensure that the regulators who are responsible do their work in this area. And, again, we place the interest of Yukon citizens — job opportunities, economic opportunities, but also the preservation of the environment for them, their children and for future generations — of the utmost importance, and that is the work we are doing.

The officials within the Yukon government and staff of the Yukon Environment and Socio-economic Assessment Board and the board itself take very seriously the trust Yukon citizens have put upon them. I take that trust seriously, and I know they do as well.

Mr. Edzerza: Well, I heard the minister repeat on more than one occasion that we're not experts in this area, and I agree with that; I have no qualms about that. But maybe what the minister didn't hear was that I also stated that university professors, engineers and PhD geochemists warned them and the Yukon government about the project. That's not me warning them. These are qualified people stating that they have concerns. That's all I wanted to put on the record, Mr. Chair, just so there's no confusion. It isn't all coming from the Member for McIntyre-Takhini's knowledge of environmental impacts; it's coming from expert people.

Now, the minister just confirmed again that the position of the Yukon government and the Yukon Party is that they have the power to overrule any First Nation, and that's the problem. That's why I'm saying to the minister, "Look at doing things differently, to make them work. Don't do things to put up barriers just because you have the power to do so. Do things to take them down, so that every citizen in this territory can benefit from them."

Does the minister honestly think that to have confrontation and conflict with every First Nation in the territory is a benefit to all citizens in this territory? If that's the case, I think he needs to really do a reassessment of the beliefs in him as a minister and in the Yukon government, because, as sure as I'm standing here today, I can tell you that it will hinder progress in

this territory. If this government constantly pushes First Nation governments to a point where they feel that they have no voice, things are not going to move in a positive fashion, and I'm encouraging the government to take barriers down. Now, I wanted to put all of this on the record today, Mr. Chair, because, in the event that, 10 or 15 years down the road, the very thing I'm warning the government of today happens, no one's going to be able to say that there wasn't forewarning here, and that now we have a Yukon River that's polluted so badly that you can't even swim in it. It's all on record now. It's in *Hansard*, and I'm going to leave it at that, Mr. Chair.

Maybe I will make one more comment. I feel that I have to make some response to when the minister said that the acid they're using is like pouring tomato juice in water. He's right — we aren't experts, if that's what the minister thinks, because I don't think the professors and Ph.D. geochemists would issue such a strong warning if that were the case. I would say they would have given the advice to Little Salmon-Carmacks First Nation somewhere along these lines: "You know, you have nothing to worry about. Even if this mine collapsed and all of the tailings ran into the Yukon River, you could go down there where it's running into the Yukon River and have a glass of water, and you would be okay. It will not kill the fish. It won't harm the fish. It won't do anything to the river." I think they would have said that, if that were the case, but their strong warning really puts up a lot of red flags.

As a member of the Legislature and a member who has a lot of constituents, I know this issue is a big issue. I hear from a lot of my constituents, "Once you ruin it, you won't repair it." They're talking about the Yukon River or any big lake in the territory, and it has been proven over and over.

Now, I'm going to leave this line of questioning. I don't have any more questions in that area for the minister. But what I would like to do is go on to some more direct things that are in this act and are not things that are missing. We have questions about this bill, and we are particularly concerned that Yukoners are not deriving the best economic benefit possible. And this has largely to do with the royalty regime proposed by the amendments.

We know that non-renewable resources cannot be replaced. Once extracted, they are gone forever. The principle of intergenerational equity adheres to the notion that future generations should share in the resource endowments benefiting current generations. The Inuvialuit government has enshrined this concept of intergenerational equity into their final agreements.

Many governments have novel approaches to maximizing the peoples' return on their collective non-renewable resource wealth. For example, Norway's public interest in their oil and gas wealth: companies are taxed high, the proceeds of oil and gas are put into a fund which goes to support social programs, education and to eliminate debt. Under this act, royalties are to be based on what is called "net profit interests."

The records show here in Yukon that a net profit interest royalties system, which is what we've had for generations — absolutely no royalties since Faro, and the royalties at Faro were generated under a specific agreement with the federal

government, and often came into court and were challenged by court and the mining companies. Can the minister confirm this? How much in royalties did the Yukon receive last year, or for that matter, over the last 10 years?

Hon. Mr. Cathers: I've answered much of this already both at second reading and in previous debate, but I will attempt to do so again.

First of all, in addressing the first part of the Member for McIntyre-Takhini's question, I would point out the Yukon government has the responsibilities and authority given to us by federal legislation through the *Yukon Act* and by the devolution transfer agreement. It clarified where the difference of responsibilities is between the Yukon government, self-governing First Nations and the federal governments through a negotiated agreement, including the *Umbrella Final Agreement* and First Nation final agreements. To hear the member suggest we should now start rewriting those agreements to give any other government a veto is disappointing. Those agreements are about clarity, about certainty and we are pleased to have had the opportunity to use them to move on. The Yukon government respects the view of other levels of government and most importantly, the views of all Yukon citizens — the people to whom we are responsible as public government.

The Member for McIntyre-Takhini spent a bit of time trying to second-guess experts into explaining what he thought their methodology was. I would point out that all of the information presented by the experts hired by Little Salmon-Carmacks has been reviewed by the best expertise in Canada, hired by the Yukon government and by the Yukon Environmental and Socio-economic Assessment Board. You can always find somebody with a degree who will disagree with something somebody with another degree has, but I am confident that when the Yukon government and the Yukon Environmental and Socio-economic Assessment Board make the assertion to me that they have gone to the very best, most qualified, most experienced expertise they can find in Canada for this information, I am confident they're telling me the truth, that they've done their work and they take the trust placed in them seriously.

Another point the Member for McIntyre-Takhini brought up was the issue of his concerns that the Western Copper Carmacks project would create an impact on the Yukon River. He was referring to this being a forewarning and he wanted the record to show that if anything happened 10 years down the road, he had warned about it.

Mr. Chair, I would hope the member would feel — and I certainly feel — that if a problem occurs down the road, debating who was right or who was wrong is not the first priority. It is not the real issue. We need to ensure that the experts we hire take every step to ensure that the Yukon's ecosystems, the Yukon's watersheds and, especially in this case, the Yukon River, are protected and that the appropriate safeguards are in place. I am confident that the staff of the Yukon government and the staff of the Yukon Environmental and Socio-economic Assessment Board and that the Yukon Environmental and Socio-Economic Assessment Board have fully exercised the trust placed upon them by me, by this Legislative Assembly

and by all Yukon citizens and that they have done the work expected of them in providing this assurance that the project can proceed through the permitting process and that all appropriate safeguards can be put in place and addressed through the regulatory measures of the quartz mining licence permitting process and the water licence permitting process.

Moving on, Mr. Chair, the Member for McIntyre-Takhini asked me to confirm that the Yukon government has received no royalties from mining since Faro. I'd like to know why the member thinks that we received royalties from Faro?

The Yukon government did not receive royalties until the devolution transfer agreement came in to place. Under the provisions of that agreement, which I would point out was negotiated by a former government, we received no more than \$3 million per year in royalties, and the majority of the royalties received go to the federal government. Now, the member is getting confused when he talks about profitability, et cetera.

First of all, I point out to the member that he asked me to confirm whether, indeed, the federal government spent time in court with Faro over the royalties. Yes, they did. As I stated earlier, more than once, that is a key reason why we must change the royalty provisions of the *Quartz Mining Act*. It is because those provisions were so antiquated in their nature that the federal government spent a significant amount of time in court arguing with Faro and even ended up having to, in some cases, settle out of court in trying to reach a negotiated arrangement on what the antiquated royalty provisions and references actually meant. So I would hope the member would recognize the need to modernize our royalty language and provisions so that we will not spend time in court arguing about what those provisions that were drafted, in many cases, back in the 1920s, mean in this modern day in age.

We want to derive the royalty benefit, but if the member thinks that the primary benefit to Yukon citizens from mining is through royalties, I'm not sure how I can explain to the member the facts of the matter again, but I'll try. The Yukon government, under the devolution transfer agreement, will receive no more than \$3 million per year in royalties from all mining permitted under the *Quartz Mining Act*. The majority of the royalties will go to the federal government, and of course we have no problem with Yukon contributing to the national coffers, much as we expect in return that when the Yukon has made a contribution, and when the Yukon has challenges as well, that we receive our equitable share of the national resources through the territorial funding formula. That being said, of course we would prefer to receive more than \$3 million per year in royalties, but we did not negotiate that agreement, and until such time as we may be able to review the matter with the federal government, and perhaps get an increased level, it is a moot point. It is not something that we can guarantee will ever be changed.

If we're successful in gaining, at some point in time, a larger share of royalties than \$3 million per year as a cap, that will be wonderful, but we cannot guarantee that that day will ever come. Therefore, I would point out to the member that, as it has been since the Yukon became a territory, the primary benefit — and mining of course has been one of the engines of the

Yukon economy for over 100 years — mining provides the Yukon economy, and to Yukon citizens, is through jobs, both direct and indirect. The member need only look back a few short years ago, under the NDP and then under the Liberals, when the Yukon economy quickly went south. We had double-digit unemployment, and over 4,000 Yukon citizens fled the territory for somewhere that there were jobs. Under this government, we went from a low population of 28,500 to an increase of more than 4,000 citizens returning to the territory. Why? Because there's an economy. Because the spending in the resource industry has increased. That is not the sole reason, but it is a significant part of the secret of the Yukon's return to economic success. Mining exploration went from a low of roughly \$5 million to \$140 million last year.

We actually have, for the first time in a long, long time, a mine in operation. The legacy of the NDP and Liberals was to shut down the economy — to scare off the resource industry, particularly those in exploration and development, because they created a climate of economic and regulatory uncertainty. Intelligent investors and intelligent developers had to look at it and question whether they would ever have any chance of meeting the requirements of going through the process, because those governments did not make their decisions based on facts; they did not have a clear set of rules, and they created true uncertainty in access to the land base.

The Member for McIntyre-Takhini suggests we're not deriving the best economic benefit possible. I'll point out to the member, as I did for others in debate, that the proposed new royalty level would not make the Yukon the lowest royalty rate in Canada; it would make us toward the lower end of the average royalty for Canadian jurisdictions. It is about making us competitive, but also, as I noted, we did not go to the lowest end. We will not be the lowest royalty rate in the country. We will be toward the lower end, and that makes us competitive. It's important that we remain competitive, because it would be a true tragedy if simply by getting greedy on the royalty rate, as the Member for McIntyre-Takhini would suggest we do, we scared off mining development, scared off mining jobs, and scared off economic spinoff so that it went to other Canadian jurisdictions or outside the country. At a time of the global financial markets being uncertain and in financial turmoil, the Yukon needs to improve its competitiveness and be a solid, sound place to invest.

Now, I think the member is also getting confused, because I believe he's operating under the illusion that the definition of "profit" under the royalty calculation is the same as "profit" under the *Income Tax Act*, which it is not. Corporations cannot claim all the deductions under the royalty provisions as they could under the *Income Tax Act*. There are a number of areas where they are not allowed to make deductions as they would be for income tax purposes.

So in this case and when members have talked about and certain groups have suggested — or one group, I should say — that we change the royalty calculation to have a split calculation, one being the net smelter return royalty and one through the net profit method, I would point out that those jurisdictions that have done it have primarily done that type of dual calcula-

tion for the purpose of trying to receive revenue early on in the operation of the mine.

What we have done through the net profit calculation is achieve the same objective, because we do not allow some of the same deductions and write-offs that jurisdictions like British Columbia do. We have achieved that same end objective, but what we have done through this process is remove an administrative burden that would be placed on both government and the mine by doing two sets of calculations — two sets of books — on trying to figure out the royalty rate and determine, as British Columbia does, that they have to pay whichever royalty is higher, through two separate calculation processes. Mr. Chair, that's a very cumbersome process; it is very time intensive and labour intensive, as I stated, not just on the part of the corporation, but on the part of government to review it, assess it and ensure that Yukon citizens are receiving the maximum royalty benefit through those calculations. So by simplifying the calculation we achieve the same end objective in a much more sensible manner with much less administrative burden.

We see the royalty as a source of some benefit for Yukon citizens. That is why we have done it in this way. But again, I emphasize to the member opposite the primary benefit of mining in the Yukon is not the royalty paid: it is the jobs created; it is the spin-off jobs created and it is, in fact, the income tax that would be paid from a successful mine. The income tax Yukon would receive would exceed the royalty we would receive. The member is focused on the wrong area.

I hope that has provided him some clarity. I recognize where he is trying to go with this and I agree that public resources should be used in the best interests of the public. But the member should not forget that someone who has a job, rather than sitting around waiting for work and unable to find a good job, is a big benefit. To that person, to those communities, that is a tremendous benefit; to their children, also a tremendous benefit. And to Yukon society and for everyone who works in the service industries that serve mining companies — those also are tremendous benefits.

Mr. Edzerza: Let the record show that the minister did not answer the questions.

I just have to say, again, that the minister consistently gets on his feet and throws out these different little statements that sort of reflect again that I, as a member on this side of the House, am suggesting things when in fact I never did. I did not ask the minister to disregard land claim agreements or to rewrite them. The minister is the one who suggested this; I certainly did not. I never mentioned veto power; the minister did. He is thinking about it; he's thinking it might be a good suggestion for the future. Maybe that is his point.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. Cathers, on a point of order.

Hon. Mr. Cathers: Mr. Chair, the Member for McIntyre-Takhini, in referencing things like veto power, said that I was thinking that would be a good idea for the future. He's clearly imputing —

Chair's ruling

Chair: There is no point of order, just a dispute among members.

Mr. Edzerza: Thank you, Mr. Chair. As I was stating, I did not mention veto power; the minister did. So obviously it is in his mind — that is merely all I was stating. I'd like him to explore that thought. I have no —

Chair's statement

Chair: Order please. I know I ruled just recently on a point of order but then right after that point of order the debate did start getting even more personal than it has in the past. I would like to encourage members to focus on Bill No. 58.

Mr. Edzerza: Thank you, Mr. Chair. Well, the whole conversation started around royalties and the minister mentioned different negotiations that went on between Yukon and the federal government on devolution. I have no desire whatsoever to discuss that today. I have nothing to do with the lack of foresight into royalties for the citizens of this territory through the negotiation process that took place through devolution. It is a done deal and it is something we have to live with.

When we talk about the Faro mine and royalties, Mr. Chair, it is a real shame — it is actually a shame — that all that mineral left this territory and so did the money. All the citizens of this territory were left with was a very ugly site and a \$200 million bill to clean up the mess. So what did we benefit from that?

I stated before that I knew citizens from Whitehorse who couldn't get a job in Faro. Yet people from all over the world came to work there. So I think more people outside of the territory benefited from that mine through employment than the citizens of this territory. Mind you, that's not to say there wasn't a lot of employment created through that mine. I understand that is the purpose of even developing a mine: to create employment and to, of course, extract the minerals for the needs.

But I also have to make some comment to the minister consistently standing up and patting the government's back and saving the Yukon from disaster, constantly saying that the opposition parties chased everybody out of the Yukon and coming across that they were the knights on great white horses who came and saved Yukon citizens from starvation.

The fact is people are still leaving the Yukon. Young citizens who had to leave the territory to obtain a nursing degree for four years come back to their hometown to ask for work and are told that there is no work.

I realize that we're talking about Bill No. 58, but the minister consistently likes to divert from it, so we have to answer those questions. We don't want to leave inaccurate statements on the floor.

Getting back to Bill No. 58, I hope the minister will stick there this time. The bill sets the maximum royalty rate at 12 percent of net profit if the mine makes more than \$35 million. Manitoba is 18 percent, Newfoundland is 16 percent, and there is a range of rates across Canada. So why are we in the Yukon settling for the lowest return? And what has the government

decided on the net profit interest royalty system? This allows things like CEO salaries to be deducted.

Hon. Mr. Cathers: Oh, Mr. Chair, it's interesting debating with the Member for McIntyre-Takhini. I appreciate the member's characterization of the Yukon Party charging as white knights on our horses to save the territory. We wouldn't get quite that dramatic in pointing out the facts of what happened. However, every one of us in this Assembly knows that the Yukon Territory was a much darker place six years ago. It was six years ago today that we were elected to government and, of course, sworn in at the beginning of December 2002.

So if the members look outside, they'll see it's a bright, sunny day, and they'll recall that six years ago, November 3, the day before today, was a very, very gloomy day.

The Member for McIntyre-Takhini suggests that people are still leaving the territory. If the member looks at the statistics, the member will recognize that while we cannot speak to any individual who might choose, for whatever reasons, to leave the territory, there are far more people coming into the territory today than are leaving. And that is, of course, the opposite of where things were six years ago. Over 4,000 people left the territory because there was no work. That is what the NDP and Liberals did to the Yukon economy. As has been said before, the NDP put the economy in the toilet, and the Liberals flushed the handle.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. McRobb, on a point of order.

Mr. McRobb: I've heard you before rule such comments out of order, and I would expect that we should maintain a level of consistency in here on the rulings.

Chair's ruling

Chair: There is no point of order. But I know the members are going to be focusing on Bill No. 58. There has been a bit of a stray from both sides on the bill today, but I know people are going to get back on the topic.

Hon. Mr. Cathers: Thank you, Mr. Chair. Of course I look forward to resuming in the detail of Bill No. 58 and I would point out — I know that the members don't like to discuss their past mistakes; I'm simply reminding them of what the facts are and again, in reference to the specific comments made by the Member for McIntyre-Takhini, remind him that any situation of any individual, any one person who may choose to leave the territory for other job opportunities, that happens just as people come into the territory. However, what we have to look at are the broader numbers, and the broader numbers point quite clearly that thousands of people left the territory as a result of Liberal and NDP mismanagement of the Yukon Territory and economy, and we had double-digit unemployment. Today thousands of people are moving in and we have single-digit unemployment, which has been consistently below five percent for some period of time.

So clearly that's the results of good government management, of mining opportunities, of other opportunities under the Yukon Party that have shown the benefits and are working.

Now we do not, of course, take credit for all areas of the economy, but what the members need to recognize, and they consistently fail to note, is that back in the doom and gloom days under the NDP and Liberal governments, neighbouring jurisdictions had significant investment occurring in mining exploration and development, whereas the Yukon had numbers that were heading for the floor fast and one of the worst reputations in the world as a jurisdiction for mining investment and development. Today that has turned around; we've got a good reputation and a reputation for having a clear set of rules, having high standards, strong requirements, but clear, fair, fact-based assessments.

Mr. Chair, one thing I would note in talking about the benefits in jobs: the Member for McIntyre-Takhini talked about people he knew back in Faro's days who didn't get a job in Faro. Well, for us to start debating anecdotal information of individuals, not knowing the individuals in question and whether there was a reason they couldn't get a job, I don't know. And the member knows that, and the member also should know it's not a very productive debate, and has very little to do with this legislation.

The member should also recognize that if the issue of the people he was referring to was a lack of training in the inability to get a job, that this government has invested through advanced education in trades training, community training trust funds and apprenticeship programs and has invested in the Yukon Mine Training Association. All of these are aimed at providing Yukon citizens with the opportunity to receive the training that they need to be able to take advantage of those jobs in the Yukon. We recognize that people in the past have not always had the training necessary to take a good job in the territory. That's why we are taking this step of investing in these areas and encouraging companies to do the same. I again remind the members that the Yukon Mine Training Association is based on matching funding through the association and through the company running the project. The YMTA is supported by the Yukon government, the federal government and the Workers' Compensation Health and Safety Board through investment to help them do that job.

The member referred to Faro and talked about the environmental liability that is left. Again, I hope the member will excuse my frustration as we stand here supposedly debating Bill No. 58 but spending a lot of time talking about peripheral topics. Steps have already been taken to put in place requirements for security to be posted equivalent to the cost of cleanup.

The Yukon requires closure plans to be in place for any mine at the time when it comes into development. That is not something all jurisdictions require. We are a leader in that area and that is because we recognize that examples such as Faro — not to diminish the benefit Faro had to Yukon citizens who received employment — but the environmental liability left behind by Faro and not cleaned up by the company and by those who made the profits is an unacceptable situation. That is why we now require security to be posted, closure plans to be in place and companies to put the money on the table: to ensure that if they close up — as did Faro and the companies running

it — the Yukon government will have security to do the reclamation work.

So steps have already been taken to address that issue.

The Member for McIntyre-Takhini asked some questions about the royalty provisions. In talking, he asked more questions about royalty provisions, and then he said he wants to discuss them but he doesn't want to talk about the devolution transfer agreement and the share the Yukon gets of royalties.

I have to point out again to the member that if the premise of his argument is that the Yukon should increase royalty rates to maximize the benefit Yukon citizens receive from mining, he can't forget or leave aside the fact that the devolution transfer agreement taps the maximum benefit Yukon citizens can receive from royalties in any year at \$3 million.

So we can increase the rate as far as the member would like to do it — increase it to the point where I suspect he and his party would like to go based on their statements; the point of when we would no longer be competitive and we would scare away mining investment — and we still, even for any mines coming into production, would not derive any more benefit than \$3 million per year. But there is a good chance with the NDP's approach that there would not be those mines in production and Yukon citizens would not have those jobs and that those who serve the industry and make a living off the mining industry — those support services and industries — they would not have that work either.

Mr. Chair, the member stated a couple of examples of jurisdictions that have a higher royalty rate than the Yukon. He also failed to mention Ontario as an example, which has a 10-percent royalty rate based on net profit. Again, when the member is comparing to some of these other jurisdictions, the member is forgetting that they have different royalty rate calculations in these cases and some of them allow much more in terms of deductions than the Yukon government does. For example, in the case of British Columbia —

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. McRobb, on a point of order.

Mr. McRobb: On a point of order, Mr. Chair. I note the minister is reading from a document that contains various royalties from jurisdictions across the country. I would like to remind the minister that, during the briefing, we requested copies of such a document and have yet to receive them. It seems the minister has those documents —

Chair's ruling

Chair: Order please. There is no point of order.

Hon. Mr. Cathers: Mr. Chair, the rates the Member for Klwane is after are publicly available from every jurisdiction. Clearly the Member for McIntyre-Takhini has at least the higher ones. Clearly the NDP has accessed this publicly available information. I would encourage the Official Opposition, with its larger caucus resources, to do the same. The information is available publicly and the member need only look at Web sites to find it.

I will give the member the rates, as I have, and as the Member for McIntyre-Takhini has here. If the member is taking note, he can use his pen to write them down right now or he can review the Blues at a later date.

In the case, as I was stating, where the Member for McIntyre-Takhini refers to royalty rates, he is failing to note that, for example, in the case of British Columbia, British Columbia allows an accelerated write-off of development costs. A mine can write off up to 100 percent of its capital costs in one year, and they can carry forward any unused amount of their capital development costs into forward years and keep using that until they've used up 100 percent of that amount. The Yukon doesn't allow them that much flexibility in accelerated write-off. We limit the amount that they can write off in any given year to a maximum of 15 percent of the cost of that mine. Also, in terms of the rate at which they can amortize those costs over and spread them out, they can't write them off any quicker than the total life of the mine. So again, Mr. Chair, that is what the member is failing to note. That provides, I hope, some clarity to the member on why B.C. needs to do its convoluted two-step process of a net smelter rate for early projects — I'm sorry, net smelter royalty and net profit rate for those more advanced projects — because in the earlier stages a mine can be writing off as much of its capital development costs as it wants to avoid paying a royalty.

So if they didn't do their smelter calculation, they'd receive nothing. Because we limit the amount they can deduct of those costs and cap the maximum amount per year, it limits how much of a write-off they can put into place. Again, there are other examples and details, but that is one large example, which I hope has helped the Member for McIntyre-Takhini understand why, through a more effective profit calculation arrangement through limiting the number of deductions that companies can claim in determining profit for the purpose of royalties, the Yukon will ensure that we do receive benefit in the early stages of mine production. It will carry forward throughout the life of that mine based on its profitability but, again, not allowing the same number of deductions as I think the member thinks there would be. The member is being confused by income tax calculations and not recognizing that, under the royalty calculation, a company cannot write off nearly as many things as they would be able to under their income tax arrangement.

So I hope that has provided some clarity for the Member for McIntyre-Takhini.

I realize that the member is stuck on a few issues and that he is receiving notes from one particular group. We respect their perspective, but they really haven't done the math very well in this situation. Again, I point out that the Yukon has proposed changes to the royalty rate to make us one of the most competitive in the country. We will not be the lowest royalty rate. We will be toward the low end of average. That was the intent of the structure. We believe it makes us quite competitive. We also believe it increases the royalty benefit that we can receive over what Ontario would receive through their maximum 10-percent royalty.

Again, I have to remind the member that his fixation on royalties fails to note that the primary economic benefit to Yukon citizens is not through royalties, but through the jobs and economic spinoffs from employment. I have to remind the member that in any period when the Yukon economy has been doing well, mining has been one of the engines of the Yukon's economy.

We intend to ensure that it continues to be so, that responsible mining and development is allowed to occur and that Yukon citizens receive net economic benefits from those mines. That includes, as I mentioned, making provisions to assist them in receiving necessary trades training to take advantage of those jobs and to help them and their families derive as much economic benefit as possible from that mining activity.

Mr. Edzerza: Once again, let the record show the minister stands up and makes a lot of accusations toward this side of the floor that need to be responded to, regardless if it has anything to do with Bill No. 58. By saying that the debate is not being productive, I can't help but believe that the minister must enjoy that non-productive debate, because the minister consistently drags the debate back there. One has to wonder if the minister knows the answers to the questions that are being asked. If he doesn't, he has officials, so there shouldn't be an excuse not to just get on to Bill No. 58 and answer the questions.

Again, the minister alluded to mass exodus, people leaving the territory because of no jobs. Mr. Chair, we also have to recognize the fact that there was a drop in mineral prices. The demands were lessened. All of those things are contributing factors as to why there has not been much mining in the territory. It has nothing to do with any party or any government. It is a lack of demand worldwide. I certainly hope that this minister is not of the opinion that citizens in this territory really shouldn't be too concerned about benefiting from royalties, because that's the way it's coming across. It's to the point that it's almost as though the minister is suggesting that the government's best way to attract mine development is to let them have free entry staking and charge them a bare minimum for any royalties. Let's give them the minerals so that they will come here and take it.

Well, in a system such as this, Mr. Chair, the government is really selling out the citizens of this territory. How can we benefit and why shouldn't we benefit? The minister almost makes it feel like we as citizens of this territory should be guilty, because we want something in return for the minerals they are extracting. Well, I'd like the record to show that I'm not guilty, and I don't feel one ounce of guilt for saying that anybody who comes into this territory and starts a mine is going to leave a healthy royalty here for the citizens to utilize in whatever program that it could be used in. It might be used to build a school in Carmacks or in Burwash Landing. You know, maybe if they get enough royalties they can do that. Right now they are saying they can't. They haven't got any money — yet they have millions.

I'll try again to ask the minister a question. I've come to the conclusion that I best just go through the questions, because I don't think we're going to get the answers. This bill says that

determining deductions of net profit will be subject to regulation — which is up to the minister's discretion and with no public input.

In the past, deductions have included CEO bonuses. What is the minister's plan for these regulations? What deductions will be entertained, and what will not be deducted?

Hon. Mr. Cathers: As we've identified, there will be consultation on the regulations. And those provisions are being contained in regulations specifically to prevent what the federal government ran into with the royalty provisions being so outdated they spent significant time in court with these provisions. A key factor brought forward by the Yukon Mining Advisory Board was that we needed to modernize this and put those provisions in regulations, so they can be adjusted as needed by this government and any future government as time goes on. But there will be consultation on those areas.

Now, again I point out that the key recommendation of the Yukon Minerals Advisory Board, in their 2006-07 report, was the reform of the *Quartz Mining Act*, with particular emphasis on the royalty regime thereunder. That's what we have done. We are revamping the royalties payable to provide a competitive royalty regime.

We are revamping the payable royalties to provide a competitive royalty regime.

The Member for McIntyre-Takhini seems to be following his script quite religiously. I did answer the questions. The member knows I answered the questions. Whether he liked the answers or not is a different question. Whether he understood the answers or not is a different question. I don't know the answer to either of those, but I did answer his questions and if he reviews the Blues, he will realize it. But I will attempt to answer again. I have to point out the Member for McIntyre-Takhini mentioned that he was trying again to justify past NDP actions and suggest that the only reason that the economy went downhill under the NDP and the Liberals was mineral prices.

What they cannot explain — and have never been able to explain — is why neighbouring jurisdictions were seeing significant upswings in investment and development at that time. Yes, there were issues with certain minerals and low prices, but there were still many very economical projects. There were still many resources that showed promise, particularly with projected future prices. Why did all exploration — or almost all exploration — run fleeing from the territory for neighbouring jurisdictions or halfway around the world?

They did it because the NDP and the Liberals provided a structure where there was not certainty — where there was no clear regime nor clear, fair and equitable policy and set of rules with regard to mining.

The policy basis of a jurisdiction is recognized by the mining industry as a key factor in mining investment and how attractive a jurisdiction is. Security of tenure is important, regulatory process is important, and its simplicity, clarity and fairness. There is an expectation that if they meet the rules as defined, they will actually be able to bring a mine into production. This is a key factor. It is important that we have high standards, but it's also important we have a clear set of rules, and that we make it clear what we expect them to do. Well,

what we expect them to do — what this government expects — is that they will operate in an environmentally and socially responsible manner. We expect that they will take every step necessary to prevent damage to the ecosystem and that they will meet the high standards in Yukon legislation and under the *Yukon Environmental and Socio-economic Assessment Act*. But, once they meet those, we're not going to flip a coin and decide whether the government is going to respect the advice of technical experts. We're not going to flip a coin or stick our finger out into the wind and try to decide whether or not we should allow them, once they have met the rules, to actually succeed.

We expect them to play by the rules. Playing by the rules should mean they succeed, as long as they do play by the rules.

Now, another key factor is the issue of taxes and royalties. They are a key factor in the attractiveness of a jurisdiction. I can provide the member with some clarification. In fact, under the devolution transfer agreement, the \$3 million in royalties is total resource revenues, which includes those from land and forestry as well. Mining royalties are only a part of that.

For the member to be fixated on royalties, because that is what his script says, means that unfortunately we end up in an unproductive debate. Contrary to what the member suggested, I don't really enjoy these unproductive debates in the House. I can respond to the member's questions for hours. I can give him the answers to his unproductive questions, but it would be more beneficial to those who might ever be tempted to read this debate or listen to it on the radio if the member's questions were a little more relevant to the facts.

Again, I point out to the member opposite, when he tries to justify the NDP record, that even aside from looking at NDP records across the country in terms of economic performance, the history in the Yukon is clear: the NDP and Liberal record in the territory, when neighbouring jurisdictions were doing very well in terms of attracting mining investment, is that mining exploration and development opportunities, investors and prospectors were fleeing the territory in search of more stable, fair jurisdictions.

We are focused on establishing clarity and high standards, but fair standards, and a clear set of rules. We're focused on maximizing benefits to Yukon citizens, not simply jacking the royalty rate up as high as we can possibly figure out a way to get away with.

If the members fail to recognize that the royalty structure we're amending is counterproductive and punitive, then there may be little I can do to help the members see the light. I will try, because the issues with the *Quartz Mining Act* royalties were identified as one of several potentially significant impediments to mining development because of their archaic, uncertain and potentially punitive structure set out — punitive because the royalties for larger projects could exceed 100 percent of the operating margin.

The intentions of the proposed changes to the royalty rates are to cap the maximum royalty rate at 12 percent, which makes the Yukon royalty rates more competitive with other mining jurisdictions. Again, as I pointed out to the Member for McIntyre-Takhini, it doesn't make us the lowest royalty in the

country. It puts us toward the lower end to encourage competitiveness, to make us competitive, but the Province of Ontario has a lower royalty rate. Why does the Member for McIntyre-Takhini think that is, when the Province of Ontario, like other provinces, derives royalty revenues directly as a province? Why does he think they would put the rates so low and lose out on that opportunity for a cash grab from the mining industry?

Mr. Chair, they are not doing it in the interest of the mining industry or the mining executives or the mining companies. They are doing it because they think it is important to have a competitive royalty structure — which is, in effect, a type of tax that is placed on those who are doing work, those who are creating economic benefit for citizens, those who are mining the resources and so forth.

The government is proposing amending our royalty provisions and modernizing them by eliminating consolidated filing of royalties for all commonly owned mines in the territory, which is currently in place. Under that, it would allow a company that had two mining projects — particularly one in an earlier stage of development — to shift profits from one to the other and reduce the total amount the Yukon would receive.

We're eliminating the deductibility of corporate income taxes from the royalty calculation. We're updating the provisions for the deductibility of capital costs for assets, exploration and mining development and including related processing assets within the defined mine for royalty purposes.

Another area that I know members are likely to be reluctant to discuss is the creation of a deduction to the community economic development expense that encourages companies to invest in the communities around them for things including infrastructure projects, and they can write off a portion of that expense. It's only 15 percent, but it makes it more affordable. It reduces the total cost of such a community-minded investment and sends the very clear signal to companies that that is the type of behaviour that we encourage companies to engage in, in the interests of being good corporate citizens of the territory. And, of course, we're increasing the government's ability to respond to changing conditions by shifting some of the royalty provisions — not all, as the member suggests — from the act into regulations.

So, Mr. Chair, I suppose the Member for McIntyre-Takhini is likely to go back to his script again, is likely to go back to saying, "Well, the minister didn't answer the question; well, the minister something something something..." I'll let him read his script; I won't read it for him, but I know the member's looking at his script. I know that the NDP worked hard on coming up with the script and it's unfortunate to see that the Member for McIntyre-Takhini is falling into that regressive rhetoric, that socialist rhetoric, that at times goes to the stage of being quite blatantly anti-mining. I know the member has, in the past, recognized the benefit that mining brings to the territory.

I would hope he's not falling in with an NDP anti-mining agenda and losing sight of the benefit that responsible mining can have, and should have for the Yukon — and will have — if this amendment to the *Quartz Mining Act* is approved by the Yukon Legislative Assembly.

So I think, once again, that I have answered the member's questions, probably more than once, and perhaps I'll have to rise and answer them again. But, again, I point out to the member opposite that we are focused on maximizing benefits to Yukon citizens. That is what we have done with this legislation.

For the NDP to be stuck in focusing on royalties is about as productive as gazing at their belly buttons. The maximum amount of royalty revenue — from resource revenue, as I pointed out, not just mining — resource revenue — the Yukon government can receive in a year, under the devolution transfer agreement, is \$3 million. So for us to talk about maximizing benefits to Yukon by doing as the NDP were doing — jacking up the royalty rate, scaring off mining investment, and creating a structure that would only end up benefiting federal coffers, anyway — is just, quite frankly, navel-gazing by the NDP and does not reflect an understanding of the world around us and the opportunities and limitations that were placed upon the uncertainty in world financial markets and the opportunity the Yukon has to have a clear, competitive, fair regime that does maximize benefits to Yukon citizens, particularly through creating a structure that will actually see mining companies invest in the territory, bring mines into development, and create employment for Yukon citizens.

Mr. Edzerza: Well, I believe I probably could have called the minister to order, but what's the sense? There's no point to it any more. I thought we were discussing royalties. The minister continues to want to go back and take pokes at the Opposition. Again, he made statements that can't be left unanswered and left on the record as having some kind of credibility. The statements he made are far from being credible, in my opinion.

Mr. Chair, I need not remind the minister that the potential mines in Yukon were well underway before the Yukon Party was elected six years ago. It didn't all start happening exactly six years ago. I mean people have been exploring for potential mineral sites in this territory for many, many years. I honestly believe that there are probably numerous sites that have been identified for potential mines in the future. Maybe when the NDP is in government and a new mine comes along, the NDP will also be able to say, "Well, it started when we got in."

However, that is just one part of the comment of the comments he made. There was also a comment from the minister that I was following my script. Well, Mr. Chair, my script is in my heart. One has to feel somewhat ripped off with regard to our natural resources leaving the territory and citizens not benefiting financially from them.

Mr. Chair, the minister also mentioned something around certainty. Well, there's only one certainty that I can identify today, talking about royalties, is citizens will not benefit to the maximum capacity with regard to mining royalties. Now, I know the minister did talk some about exploring royalties outside of the territory, but this royalty regime he speaks of gives no clear value to the minerals. It's all about the minister, and what the minister decides, which so far seems to be very heavily skewed, I would say, toward the interest of industry. And we have serious doubts that any royalty will be paid out under

this net profit regime. A report on mining, written for the World Bank, states, "The net profit royalty is complex and often difficult to understand or confirm, requiring a lot of information and the services of an accounting professional to calculate and confirm." This is the important part. "It is open to abuse and often best avoided."

The question I have for the minister is this: their goal should be to get the best deal for Yukoners, not sell them out. Did they look into royalty regimes from outside of Canada?

Hon. Mr. Cathers: Here we go again. The Member for McIntyre-Takhini is desperately trying to defend the NDP's record and trying to take credit for things that the NDP had nothing to do with. The facts are clear and one need only look at statistics to understand and recall them. Look at Yukon history and see the numbers.

Under the NDP and the Liberals, mines and investment were not happening here. Mines were not being opened up. Investment was not being made. Investment was leaving the territory. Yukon citizens were leaving the territory and there was still double-digit unemployment. People were running away and the common saying was, "last businessman out, turn out the lights." We turned that around. We turned that around through creating a clear, stable climate for investment, development and other business activities — a clear set of rules. That is what we have done; that is what we'll continue to do.

Rather than regarding industry as a cow to be milked as much as you can possibly take from it, as it seems the NDP does, we see it as an opportunity, as an engine of the economy, as something that can provide economic benefit for Yukon citizens if it is allowed to occur responsibly. We recognize that companies, any company, whether it is mining or a restaurant or any type of shop or business or activity, those who are running a business want to make money from it — of course they want to make money. That is why they get charged taxes. There is benefit that accrues to the government when they make those profits.

But the ultimate interest of the government should be that its citizens have the opportunity for employment and to benefit themselves and their families, not that the government can figure out how to possibly tax them more so that it can redistribute the wealth in a Marxist-Leninist fashion.

The Member for McIntyre-Takhini suggested that we are selling out Yukon citizens. I'm appalled, whether through looking at his script or looking to his internal organs, that the Member for McIntyre-Takhini would come up with such a statement, because the member by now ought to know full well that that is nowhere near the truth of the matter.

The member asked if we looked at international royalty regimes, or just Canada. International royalty regimes were looked at. The focus was on Canadian royalty regimes, because we need to be competitive with other jurisdictions in Canada, and we kept the basic tenets of the royalty — profit base royalty — for a couple of reasons. One, because it's a good system, and secondly, that considering anything else would comprise changing the regime and would get into the much lengthier timelines that I referenced earlier in the debate, which would have left the Yukon ill-positioned to take advantage of

the opportunities for investment which, as the member can see — of course, we couldn't predict where things would be in world financial markets precisely a year ago, but the writing was on the wall since last summer — with the collapse of the subprime mortgage market in the United States — that there would be some global financial turmoil. Therefore, it was necessary to move quickly and we did. We also consulted with Yukon citizens, including First Nation governments, industry and other stakeholders and conservation groups.

That work was done. We have come up with changes to two specific provisions of the act around royalty regimes to ensure that our rate is competitive with other Canadian jurisdictions. Around the administrative areas — as I mentioned previously in debate — we're getting rid of many antiquated provisions which did absolutely nothing to increase the net benefit to the Yukon, but placed an additional cost on those doing the development work.

The Member for McIntyre-Takhini suggested that mines that have come into development were identified under the NDP. Well, first of all, in some cases they predate the NDP. I would point out that the member in fact reinforces my point that some of these developments were identified and had some opportunity and reserves identified back under previous governments, but no one in their right mind was prepared to invest in them when the NDP and Liberals were in office, because the investment and development climate was chilly to say the least.

Mr. Chair, we can argue about this for hours. Again, anyone who looks at history or at statistics will recognize that the facts are as I have laid them out. The NDP can try to justify their record all they want, but the record is what their record is. If I may say to the Member for McIntyre-Takhini, he can argue this all he wants, but he will still be wrong. I say this with due respect to the Member for McIntyre-Takhini but, again, I have to point out that spending a lot of time justifying the NDP record — or trying to — will ultimately fail and has very little to do with the *Quartz Mining Act* amendment.

Yukon mine projects such as the Minto mine start-up in August 2007 were under this government. Yukon Zinc received its licences in 2007 under this government; Bellekeno, which of course was properties that existed from quite some time ago in the old United Keno Hill Mines days, started underground development in 2008 and preparatory work to that, of course, including work on rehabilitation and reclamation, which occurred earlier than that but also under this government.

Mr. Chair, profit-based royalty is the general rule in Canada. Canada is sophisticated enough to handle this. I haven't seen the document the member is referring to from the World Bank. Perhaps it was referring to Third World countries and those that have a lot of resources to do these things. In Canada, with our accounting rules, guidelines, income tax filing requirements and the standard royalty requirements, it is something that every Canadian jurisdiction handles. The Yukon can handle it, as do other jurisdictions.

Mr. Chair, I would encourage the Member for McIntyre-Takhini not to remain needlessly mired in a discussion about royalties, particularly when I've pointed out to him that the maximum Yukon can receive from all resource royalties in a

year is \$3 million. I would encourage the member to recognize the benefit that responsible mining has for Yukon. I would encourage the member to depart from the NDP rhetoric, which if it's not anti-mining is very dangerously close to it. I would encourage him to look deep into his heart and to see the fact that the proposed amendment is good.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. Edzerza, on a point of order.

Mr. Edzerza: Mr. Chair, I believe the minister is going over the line by suggesting that the NDP is anti-mining.

Chair's ruling

Chair: The Chair feels that it's just a dispute among members. Mr. Cathers, you have the floor.

Hon. Mr. Cathers: Now, the Member for McIntyre-Takhini again — I point out that many of the comments that he's making, the suggestions that are being brought forward and much of the rhetoric about mining companies profiting and no benefit going to the citizens, et cetera, when taken in light of the fact that the Yukon's proposed royalty rate is competitive with other Canadian jurisdictions, is not the lowest in Canada, but toward the low end of average. When taken in that context, which the member knows, and added to that the fact that the Yukon's total benefit in a year from royalties from all resources is capped at a maximum of \$3 million — for the member to stay on the royalty issue reflects either a lack of understanding of the facts or an agenda to drive costs up for the mining industry, despite the fact that Yukon citizens will not benefit from that. This is very reflective of an anti-mining agenda.

That is typically an argument made by those who would seek to block mining development. They argue for uncompetitive rates, for escalated charges, et cetera, et cetera, and the argument is always made with the assertion that it's all about maximizing benefits citizens receive. But the numbers don't add up. Their logic sounds good until one looks at the facts and realizes that since it won't create any increased benefit for Yukon citizens, the agenda must be something else. That agenda, I believe, is anti-mining. It is blocking mining development simply because there are some who don't agree with mining.

Now, everyone is entitled to their opinion. But I believe — and this government believes — that responsible mining has been, for 100 years, one of the main engines of the Yukon economy. Responsible mining, with modern environmental practices, must be in the future allowed, regulated and managed, but permitted to work and provide economic benefit to Yukon citizens and continue to be one of the main engines of the Yukon economy.

Now, certainly, we've worked since we were elected six years ago today to diversify the economy and to help all industries flourish. We've been very successful in that.

If you look across the spectrum of the Yukon economy, there are many industries and niche industries that are doing much better than they were six years ago. That does not diminish the fact that mining is a key one. Mining development and

responsible mining has been, in all periods of the Yukon's history when the Yukon has been successful, a key engine of the Yukon's economy. It will continue to be so. Again, I stress responsible mining. We are focused on maximizing benefits for Yukon citizens, but again, the royalty rate would not do that. Raising the royalty rate, as the Member for McIntyre-Takhini is proposing, or changing the calculation method, would do nothing to increase benefit for Yukon citizens. It would only seek to further the agenda of those who seek to increase the impediments to mining development. It would further an anti-mining agenda.

Chair: Order please. Committee of the Whole will recess for 15 minutes.

Recess

Chair: Order please. Committee of the Whole will now come to order. The matter before the Committee is Bill No. 58, *Act to Amend the Quartz Mining Act*.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. McRobb, on a point of order.

Mr. McRobb: On a point of order, Mr. Chair, I would like to provide you with a previous ruling that you may want to consider.

Chair's ruling

Chair: There is no point of order, Mr. McRobb.

Mr. Edzerza: Thank you, Mr. Chair. Once again, the minister continued to take pokes that need to have some response. They can't be left on the record as maybe having some merit.

The minister referred to a comment I made with regard to royalties and selling out the Yukon. Well, Mr. Chair, I know of no other way to express what the government is proposing with their royalty regime. The government is inviting mining companies from around the world to come and reap the Yukon of its natural mineral resources, almost free of charge. Of course it's going to be attractive if nobody has to pay for what they're extracting.

The minister also keeps referring back to "Well, there's a ceiling of only \$3 million for royalties." That's almost enough for the Yukon Party government to conduct another feasibility study on a railroad to nowhere. Talk about a waste of taxpayers' hard-earned money. \$3 million is \$3 million — no matter which way you cut it, that's a lot of money.

So, Mr. Chair, I want to continue on. I think I'm going to leave the royalties section, as the minister really is stuck on his script and is not going to divert from it. Everything will fall true to form here at the end of the day. The guillotine clause will pass this bill or else we will be outvoted. I have my doubts that the minister would ever entertain any kind of amendment or any good advice from the opposition. Needless to say, it might not be a bad idea, though, to make a couple of amendments with regard to royalties and see if the government really

is listening to all citizens in the territory or if they're just using their political power to pass what they want to pass.

I want to ask the minister if the government listened to all Yukoners in crafting this legislation or just the mining industry, because the Yukon Mining Advisory Board wanted the act changed and it's a 10-member board — we know that. It's filled with nine people from mining companies operating in the Yukon. So were other Yukoners involved in crafting this legislation?

Hon. Mr. Cathers: Well, again the Member for McIntyre-Takhini is focused on an area that is — the argument he makes in favour of it is illogical. Increasing the royalty rate — the member is failing to recognize that all resource royalties — to have a mine of any level that's paying royalties to the Yukon government — of course, in the case of Sherwood Copper, because it's on settlement land, those royalties are going to the First Nation. To have a mine of any type or size, the \$3-million cap on a royalty benefit is so low that it will be exceeded very quickly, not even including all of the other resource royalty revenues that come in.

So, again, for the member to argue for an increased royalty rate — those who support that argument claim it's to benefit Yukon citizens. But since it will not result in any increased revenue to Yukon citizens, all it does is create a higher impediment to the mining industry, and all it does is favour an anti-mining, anti-development agenda.

That, Mr. Chair, is fact. If the member continues to endorse that position and suggest we should crank up the royalty rates through the roof, I have no choice — as industry will not have any choice — but to make the only logical assumption that the NDP has an anti-mining agenda.

The member says he picked up on the line that the Official Opposition critic had — suggested that we were only listening to the mining industry in this. The Member for Klwane said we were dishing it all out for the mining industry — again, a comment reflective of an anti-mining agenda. The Member for McIntyre-Takhini is suggesting we are only listening to the mining industry. The public was consulted extensively. The Yukon government sought and heard input from Yukoners. The Department of Energy, Mines and Resources conducted public and targeted consultation for both of these section amendments. Consultation included meetings, questionnaires — including on-line — and workshops. Materials were made available in hard copy and on-line. Concerted efforts were made to ensure participation from First Nations in the consultation process. Advertisements in the *Yukon News*, the *Whitehorse Star*, *L'Aurore Boréale*, the *Northern Miner* — an industry newsletter — were used to notify the general public of workshops and of meetings. Advertisements were used during the consultation on both the claims administration and the royalty provisions. Yukoners had the opportunity to be involved, and Yukoners did comment. And I pointed out that those comments are on-line.

Now, Mr. Chair, claims administration amendments: consultation on the claims administration proposal took place from January 2008 to the end of February 2008; meetings were held in January and February. Staff of the Department of Energy, Mines and Resources met with the Chamber of Mines, the

Yukon Minerals Advisory Board and a variety of Yukon government departments, as well as with First Nations.

There were also letters and comments received from First Nations and from community groups. A public open house was held in Whitehorse on February 20, 2008. I've told the members this before. The members, unfortunately, don't seem to like the answer because it detracts from their script, or so it would seem.

Questionnaires were made available at the meetings and on the Web site, and Energy, Mines and Resources received completed questionnaires with regard to the claims administration amendments. Royalty amendments: targeted consultation on the proposed changes to the royalty section began at the end of March 2008. Notification of formal consultation was sent to First Nations and input from industry associations, NGOs, and government departments was sought. A discussion paper outlining the proposed amendments was posted on the Energy, Mines and Resources Web site in early April 2008 with a requested deadline for comments of May 31, 2008, and Energy, Mines and Resources received submissions from industry and First Nations.

Energy, Mines and Resources had technical workshops for industry representatives, First Nations, finance officers, government departments and the general public. A public open house was held on March 10, 2008. On April 8, a royalty workshop was held for First Nations — individual First Nations and the Council of Yukon First Nations — and an industry workshop was held the following day on April 9. A summary document outlining all comments received on all proposals has been posted on the Energy, Mines and Resources public Web site and a copy of that document has been forwarded with a cover letter to all First Nations, industry participants and NGOs.

I also need to make reference to what the Member for McIntyre-Takhini was talking about, which is the end of the session clause, commonly referred to as the “guillotine clause.” The member had an interesting reflection on that clause, suggesting whether we would vote on this legislation or whether it would go to the guillotine clause. I would think that after six years in this Assembly, the member would realize that although that clause ends the debate and cuts off the length of days in the session, it does not eliminate any of the votes at any of the readings. It receives second reading and third reading.

The member could pick up a copy of the Standing Orders, which perhaps is on his desk and if not, he can get a copy from his House leader or from the Legislative Assembly Office. Certainly he was provided a copy as a member at the beginning of this session. If the member would review the Standing Orders, he would recognize that in fact the comments he made and the assertions he made were inaccurate about the Standing Orders, as well — not just wrong about the impacts of royalty changes, but wrong about the Standing Orders too.

Going back to the royalties, the Member for McIntyre-Takhini again, I have to point out, in arguing that we should increase the royalty rate, is supporting what would result in no increased benefit to Yukon citizens. It would only serve as an increased impediment to mining development; therefore, to

support an increased royalty rate and an uncompetitive royalty rate is to support an anti-mining agenda.

Mr. Edzerza: Well, I have no other way to start out my comments now, other than that all the unfounded criticism about the NDP are merely made to serve the minister's own selfish interest, which is to get another mandate when this one ends in three years.

Mr. Chair, it may be of interest to keep track of the number of times this minister repeats this script of his. I will try to continue with the line of questioning. Hopefully, the minister will see fit to just answer the questions and not throw criticisms over here — mostly unfounded ones.

The next question I have for the minister has to do with staking rules: did the government consider the impacts on other players in the Yukon economy and not just the mining industry? For example, local businesses and sawmill owners who may have received large orders of staking posts will now lose that enormous revenue that the minister keeps repeating.

It sounds like the whole Yukon is pretty well staked up now and maybe there is no more need for four-by-four posts — I don't know. Have you considered that loss to other businesses?

Hon. Mr. Cathers: Mr. Chair, listening to the NDP version of events is often entertaining but very, very rarely informative. Now, Mr. Chair, first of all I would point out the Member for McIntyre-Takhini suggests I am reading from a script and the member can see very well that I do not have a script in front of me, as I never do in this House. I answer the questions and I make the points as I understand them to properly respond to the member's questions.

Now the Member for McIntyre-Takhini was talking about — I think the member is referring to things such as the change in the rules around posts for staking. First of all, the member suggested the whole territory is staked up which is a very, as I say, entertaining assertion, considering the very, very small percentage of the territory that has mining claims of any type — it is in the low single digits.

The member is way off track with that statement. We have had no comments from anyone regarding potential loss to other businesses. I would point out that there are far more opportunities in the Yukon economy today than there were under the NDP and Liberal governments. I know that the member doesn't want to talk about the past. He doesn't want to talk about their mistakes, but they are relevant to this discussion.

If the member is suggesting that we should require companies to use excess timber, cut down more trees and burn more fossil fuels in the interest of requiring four-inch-wide stakes versus a stake of the size that is actually necessary, he is at best suggesting encouraging that we require, by virtue of regulation, an uneconomic false industry for those who would make such products.

Some Hon. Members: (Inaudible)

Hon. Mr. Cathers: Well, the comments from the members opposite are interesting, but for me to get into reflecting and commenting on all of those would take this debate even further from the amendments to the *Quartz Mining Act* than it has already unfortunately gone.

Now the Member for McIntyre-Takhini — again, the changes on the administrative requirements, the changes to the requirements of the size of stakes — there is no logic, absolutely no logic in requiring a company — when much of the staking is done with helicopters — to fly out twice so that they can have four-inch-wide stakes so that somebody can cut them here. In most of those cases here, what local production there is — and I would point out that the forestry industry is now just starting to get back, now that there is actually an economy in the territory and forest management agreements allowing them to access resources.

Most of the money saved by companies on exploration costs, and on the cost of stakes, and on not having to fly the helicopter a second time unnecessarily, is likely to go into an exploration program because those mines typically are leveraging every dollar they can to accelerate their pace of exploration in identifying the resources there and to get toward the development stage. They are largely held back by the availability of funding.

Requiring them to fly out twice to carry their stakes — requiring them to fly out a second time because of the current requirement to come back in and then get their claim tags and then go back out — all of these things result in wasted use of fossil fuels, unnecessary burning of greenhouse gas, and in fact provide no net benefit to the economy in that, if their exploration costs were to reduce, in all likelihood — in the overwhelming majority of cases — it would simply accelerate the pace of their exploration schedule and enable them to do more exploration in that year and get closer to the development stage and closer to the stage where, following the permitting process and the socio-economic and environmental assessment, they could get to the stage of bringing a mine into production and creating many more jobs for Yukon citizens. An exploration permit, of course, provides benefits and leads up to that ultimate new mine development.

We want money to be spent on exploration, not on an inefficient way of getting the mineral property to the stage where they can actually get the claim on it. There is no need to create false costs due to illogical government requirements that, again I point out, are simply requiring the inefficient use of materials and more trees to be cut down than are truly necessary to be used to achieve the objective of clearly identifying the area that has been staked and registered as a claim.

So, again, Mr. Chair, this type of commentary, this type of debate, of course, is typical for the NDP. I would point them to the example that, if they are truly advocating these types of policies, they may want to look at what happened with New Zealand when you get into, as a government, artificial costs and artificial requirements to do things. The example is when New Zealand, at one point of time, due to a requirement for local manufacture — as cited by the former Finance minister, Roger Douglas, in his book about the New Zealand situation and their lead up to that, noted that at one point in time — a Crown-owned corporation had to do the putting together of the televisions. So they bought a whole bunch of them from Sony and, as a special favour, since Sony had already assembled these TVs, Sony took them apart, put instructions in English and charged

them — I believe it was only 160 percent of the typical sale cost. They did that because they were cutting them a deal and weren't charging them too much extra. In the end, this leads to inefficient industries that cannot compete in the real world due to artificial government-driven costs that do absolutely nothing to benefit society and simply create false barriers to investment and economic activity.

Mr. Chair, that appears to be the NDP's way of doing things. It appears to be their agenda to crank up the royalty rates even though it will create no benefit for Yukon citizens by doing so. They appear to be encouraging that we do everything we can to raise the cost of bringing mines into development. Again, that speaks to an anti-mining agenda. It does not speak to good government permitting responsible resource development for the benefit of Yukon citizens.

Mr. Edzerza: I'd like to thank the minister for the explanation of his non-answer. He didn't pay attention to the script the hardworking officials prepared for him to understand the issues — that's why. So now that we have that understanding, it clears things up a little bit.

We were talking about how this legislation could have a ripple effect on businesses. I believe the whole line of questioning is around that. Now, the minister's answer was: why should you make two trips with a helicopter?

I guess what the minister is saying now is not only isn't he concerned about cutting down on business for the people who sell four-by-fours, the minister just said he is pleased he is cutting down the use of helicopters. Helicopter owners may be questioning the minister's rationale for taking business away from them. Where does it end?

I guess one thing that I did hear from the minister that was quite a little bit uplifting was the fact that the Yukon Party, all of a sudden, has a conscience about cutting down trees for staking posts. That's a new one and there may be hope for them yet if they start thinking along those lines of destroying the environment for the sake of whatever.

Mr. Chair, I think I have probably only one or two more questions left and my next one has to do with community economic development expense deduction. Maybe I'll wait until the minister is paying attention because I don't want to have to repeat this. I believe he is getting advice from one of his colleagues who knows a little bit about the environment.

My question to the minister: I understand the economic development expense deduction will be dealt with in regulations. Can the minister provide some clarification to the House as to what types of projects will qualify for deductions?

Hon. Mr. Cathers: This is again in answer to the member's questions. Getting into this debate with the Member for McIntyre-Takhini and some of the assertions made by the member, I have spent a fair bit of time correcting them but the member appears to be fixated on his script and on his course of rhetoric, despite the facts.

So again, I would point out — the member was talking about helicopter usage and suggesting that — the member claimed that I stood and said that it was going to cut down on helicopter time. That is not what I said. The Blues will reflect that. What I made quite clear is that for the member to suggest

requiring excess helicopter trips that were not to the benefit of the company, but were simply to haul around excess stakes because they were of heavier material and four inches wide rather than two inches wide — or, an inch and a half, rather — is a waste of helicopter time and a waste of company money. And allowing the company to not have to travel two helicopter trips would, as I indicated, most likely result in them spending that money on other areas of exploration and development. Whether that be more helicopter time or moving to a stage where they were doing drill work and spending the money in that area of exploration and development it would, in all likelihood, based on the practices and commonalities within the industry, lead to a company advancing its pace of development beyond what we are right now artificially restricting through these antiquated requirements in this outdated legislation.

The Yukon government encourages the mining industry to work with First Nations and local communities in the development of Yukon's mineral resources. That is why the proposed deductible community economic development expense has been put in there. As I noted, only up to 15 percent — one-five percent — of the development expense would be able to be deducted by the company. It is not so much about saving them money as sending the indication that we consider that to be an appropriate investment.

Sorry, I must correct that, Mr. Chair: 15 percent per year of the community development expense, so they could carry it forward. There will be some flexibility in this area but this is intended to encourage things such as investment in a park; investment in a skating rink; investment in a bus shelter; investment in benches — just to name a few things — the type of thing — to provide some clarity to the Member for McIntyre-Takhini — some of the types of things that are addressed through the community development fund.

What this does is provide the company the opportunity to invest into this and, over a period of time, be able to write off that expense — but no more than 15 percent of that expense in any given year. It is to encourage them to be good corporate citizens. It is to enable them to make it easier to defend to their shareholders those responsible investments that benefit the community around them and ensure that the mining company gives a little more back to Yukon citizens, rather than — as the Member for McIntyre-Takhini would have us do — crank up the royalty rate and send all those revenues down south, if indeed there were any revenues to send once mining companies looked at uncompetitive royalty rates and decided whether to come here or run fleeing for another jurisdiction.

I would point out the proposed deductible community economic development expense would recognize the importance of providing direct benefits to communities through economic development of the Yukon. It is similar to a measure recently introduced in Ontario in its new 2007 royalty on diamonds regulation. The World Bank — the member is happy to cite a report from them and I'm happy to cite him another one — in a report entitled, *Mining Royalties: A Global Study of Their Impact on Investors, Government and Civil Society* recommends — quote: “- Requiring mining companies to pay a share of roy-

alty (or other mining taxes) directly to the community without the funds moving through the central tax authority...”

That is what the proposed deductible community economic development expense would be as per their recommendation — a requirement for mining companies to pay a share of royalty or taxes directly to the community without the funds moving through the central tax authority.

Now, one thing I would note: mining companies are increasingly involving First Nation communities in new mining projects and through benefit agreements. Such agreements typically include objectives for training and employment of local community members, and the terms may also include financial contributions to local communities, initiatives or projects. One reason for not limiting this in the act is that we want to leave some flexibility for a company in an area where there's a First Nation community to negotiate an impact-benefit agreement with that First Nation and to allow them to make an investment for that area, invest in a project for the development of that community that is appropriate to that community's needs.

So there will be regulations; they will be consulted on; they will be inclined to set a structure to what is acceptable and what is not, but one good reason, one very compelling reason, that this is being put in regulations, not in the act, is that if it becomes clear that the regulations were too limiting and have not contemplated a unique investment idea, project idea, in a specific community, that the Yukon government of the day, whenever that occurs, if it ever occurs, would be able to respond to the request of that community, that First Nation, and amend the regulations if they so deemed it appropriate to allow them — that First Nation and that community — to derive a benefit from the private sector investment in community development.

Mr. Chair, I hope that has provided some clarity to the Member for McIntyre-Takhini.

Mr. Edzerza: Thank you, Mr. Chair. I guess after hearing the minister, one has to probably conclude that the minister is maybe insinuating that mining companies own their own helicopters — I don't know. No matter how the minister tries to spin his assertions, he is trying to save mining company dollars on the backs of other businesses by cutting down the use of helicopters — plain and simple. I mean, it is as clear as could be. That is what the minister just stood up and said.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. Cathers, on a point of order.

Hon. Mr. Cathers: The Member for McIntyre-Takhini just said that I had stood up and said his long little soliloquy about helicopter expenses, et cetera —

Chair's ruling

Chair: Order please. There is no point of order.

Mr. Edzerza: I guess there really isn't much more sense carrying on with this line. It's quite clear that the minister is willing to just accept the ripple effect on different businesses, as long as lots of mining companies come to the Yukon.

The last question I have for the minister is very straightforward and simple. Simple — he should be able to answer this one without even reading his script. Why is this bill being rushed through when the demand for metals worldwide — stock markets are crashing — is not a really pressing issue? Why is it so important to push this bill through?

Hon. Mr. Cathers: I think that last statement made by the Member for McIntyre-Takhini perfectly encapsulates the NDP's understanding of the economy.

For us to remain competitive and improve our competitiveness in this time of global economic uncertainty is necessary and appropriate. There are many exploration projects occurring in the Yukon. I pointed out to the member — referring to the member's talk about helicopter use and suggesting that somehow this government was doing something that was bad for helicopter companies, I'd ask the member: how much benefit does he think was going to helicopter companies from exploration when there was basically no exploration going on in the territory? When under the NDP and Liberals, mining exploration went down to roughly \$5 million per year, versus last year's numbers in the Yukon of \$140 million? Under whose watch does the Member for McIntyre-Takhini think helicopter companies were doing the best?

The member need only ask any of those companies, this year and last year, how busy they were, and ask them how busy they were under the NDP and under the Liberals.

So, Mr. Chair, the Member for McIntyre-Takhini ought to know the answer to his own question and ought to know that, as I very clearly stated, typically if you reduce the unnecessary and false costs that exploration companies face, they are likely to advance the pace of their exploration. That money is likely to go either to helicopter companies, or to drilling companies, or to staking or other areas. It will depend on the company; it will depend on the project but, in the overwhelming majority of cases, they will invest that money into advancing the pace of their development.

Another thing to keep in mind, which the member is failing to recognize, is that there are some major projects that are on the verge of coming into production and are moving forward. With two of those projects, if we do not change the royalty cap, they will not come into development. They would be massively impacted by the punitive, archaic royalty structure whereby companies could end up paying 100 percent of their profits or even in excess of it for a large mine. The member does not recognize the need to move forward with this and the need to update our legislation and make it competitive — again, competitive — with other Canadian jurisdictions. It's not as low as Ontario and it is not the cheapest in terms of royalty, but it is toward the low end of average. At the current time of this legislation, before we bring in this amendment to the act, the Yukon's uncapped royalty rate for large mining projects is the most negative in the country. That's why we have to change this. We want to be among the best. We want to be competitive and we need to be competitive.

The Member for McIntyre-Takhini and his party, clearly, would not bring this forward. They would prefer to see two major mine projects which look like they are going to come

into development and which look like — because of the extent of the resource identified and because of the demand which still exists for those minerals — that they will come into production. The member would see us stop that. That, Mr. Chair, more than anything is illustrative of the NDP's failure to grasp economic reality and of their anti-mining agenda.

So, Mr. Chair, with this type of commentary, questioning, unusual issues and strange spins brought forward by the Member for McIntyre-Takhini, it becomes very challenging to engage in a productive debate, to get out the facts of the important effective changes to this legislation and the benefit of this act, and the fact that this is good legislation. It makes us competitive. Again, it is not the lowest royalty rate in the country, but is toward the low end of average.

The administrative provisions modernize and eliminate some of the unnecessary costs and confusion around filing dates, antiquated times for filing, which based the deadline for filing a claim — which escalated that deadline, rather, based upon how many miles away someone was from the mining recorder's office. This was designed in a day when travel was by dog team, steamship and other much slower means of travel and there were no modern electronic communications. For the member not to recognize the need to move forward is just very disappointing.

Again, I point out to the member that a future review of the legislation and broader areas of issues related to the regime is very likely to occur through the successor resource legislation working group. But it was necessary to move forward expeditiously on two specific, very limited areas of this legislation; those being the administrative provisions and the royalty provisions.

Again, for the NDP not to see the need to seize the day and to see the need to modernize and clarify our regulations and legislation and to make it competitive with other Canadian jurisdictions is one more example — one more illustration — of why, when in government, the NDP succeeded in putting the Yukon economy in the toilet, and then the Liberals came along, pushed the handle down and flushed it.

Some Hon. Members: (Inaudible)

Unparliamentary language

Chair: Order please. On the point of order, the Chair believes that, yes, the terminology the member is using is not really a quality of language we should be using in this Assembly, and I would urge members not to use it. Mr. Edzerza?

Mr. Edzerza: Thank you, Mr. Chair. I'd just like to make one final comment here, which is that the speedy passing of this legislation will have a negative effect on some businesses that depend on the mining companies for business. There is no other way to really view that, because it will. If the Official Opposition doesn't question the whole bill, there would be no sense in even bringing it forward. If the minister feels that there are no questions to ask about this bill, then why make any changes? Why even bother bringing it here? There are pros to this bill, I admit, but there are also some things that need to be questioned. Thank you.

Hon. Mr. Cathers: I have answered the Member for McIntyre-Takhini's questions.

I have addressed his concerns — in most cases, numerous times, including his fear that the changes will be to the detriment of some industries. I have pointed out why this is unlikely to be true. I have reminded him that we have received no comments from those industries that these changes were negative in any way, shape or form, so I would point out that that is very indicative that they believe that my expectation, as I stated, is correct. It would be their expectation that mining companies who are freed up from the requirement to have unnecessary helicopter trips for certain areas are likely to simply advance the pace of their exploration and spend that money on helicopter trips to a different area or other investments in advancing the pace of their exploration project.

The member and I can stand here and go back and forth and back and forth and back and forth for hours. I have pointed out the facts to the member. The member doesn't like the facts. The member likes to suggest that we stay in the past — that we stay in 1923 legislation and that we don't move forward as we must. Well, Mr. Chair, that is the wrong approach. To the very best of my ability, I have stood up and provided the explanation of why the member's concerns, in fact, are not well-founded. I have provided him with the information. I have explained to him about the consultation. I have explained to him about the comments received.

I have outlined this several times, so clearly we are getting into a debate where the member simply doesn't agree. I appreciate the member's perspective. I would encourage him to review the Blues and perhaps he will understand the points I have been making, rather than focus on his script, and will recognize that this is necessary legislation. It is good legislation. This legislation followed consultation with First Nations, industry and with the public. It is the time that we need to move forward to ensure that the Yukon remains competitive and that we do not block those two mines that are likely to come into production if we have a competitive rate. They will not if we stay in the past, as the members opposite would.

Again, this government supports responsible mining development for the good of all Yukon citizens. We expect it to be done in a way that protects the Yukon environment and provides net benefit to Yukon citizens. We do not, as it seems the members opposite do, fall into an approach of thinking that mining is in some way bad for the territory or should be milked for every cent it is worth. The members opposite — the third party and the Official Opposition — in debate on this legislation have made a number of comments that are reflective of an anti-mining agenda.

I would encourage them to re-evaluate their policies. Their approach and suggestions that this legislation is, as the Official Opposition says, "dishing it all up" for one group and the suggestion of the Member for McIntyre-Takhini that we should "crank the royalty rates up" even though the Yukon will see no increased benefit as a result — those positions are reflective of an anti-mining agenda or at best, explain why those two parties tanked the Yukon economy. It is because they simply do not understand industry of any type and do not understand how to

put in place a fair regime that maximizes benefits to Yukon citizens, but results in a competitive regime that has a realistic chance of actually getting an economy to exist through investment occurring, through development occurring and through Yukoners receiving jobs from that development and Yukoners serving those industries. Those are what economies are based on; the members opposite once again fail to recognize it.

Mr. Mitchell: Well, I feel compelled, Mr. Chair, to enter just briefly into this debate, because of some of the outrageous statements the minister responsible for Energy, Mines and Resources continues to put on the record. It's unfortunate because this minister was given great responsibility, and what he should be doing is standing up, defending the legislation, explaining why it's an improvement over its predecessor legislation and answering the questions that come from both opposition critics. Instead, this minister has shown a propensity to simply mock opposition members for their questions, try to claim what he believes to be their position on all things and all industries, and it's unfortunate that he hasn't been answering the questions.

But just to set the record straight, I think that several members of the Official Opposition have certainly spoken in the past, and including having spoken on this bill, as I did briefly at second reading, to the effect of how important we think and know this industry to be, and I'm pretty certain that every member of our caucus has worked in this industry, either directly or as a supplier to the industry, for many, many years. I deeply take issue with this minister deciding to focus on any one comment made by anyone in the midst of debate and say that that sums up the whole position of a party or of other members, or of that member, when that member has gone on at great length to talk about the importance of this bill to the industry, why it's actually seen, at least by the Official Opposition, as an improvement to previous legislation, why we actually are pleased to see it come forward.

If the minister reviewed my remarks at second reading, he took one comment out of my remarks — a comment I made when I said that the City of Whitehorse had indicated that they had concerns around staking and competing interests between mineral staking and other potential uses for land, including — in the city's case — the possibility of sewage disposal and others. And it was the city that made reference to the possibility of what they termed "nuisance staking". I think if the minister looks at my remarks, I said, "But that is not necessarily what it is." And it's certainly not what I consider it to be.

However, instead of answering the legitimate questions having to do with: are there sufficient protections in the act, as now amended? And the minister made reference to the sections that previously applied and to the Surface Rights Board and what is in place. We simply said, "These are some of the issues that Yukoners want to know." Yukoners who don't have a great depth of understanding of this issue that the minister claims to have, asked these questions. And this is the arena in which we have an opportunity to ask questions, and if the minister would take the time to just give straightforward answers, instead of always having to go to the political, then this debate

would move forward much more efficiently and with much greater value to the public.

But instead the minister feels that it is only his role to chastise members for asking the questions. If we would just sit in our seats and say nothing then the minister could just pass all his legislation and it would be such a better process. Well, I can't use the terminology that refers to that process, Mr. Chair, because it has been ruled unparliamentarily. I think the minister knows what sort of governments prefer a process where only the government side has their way, brings forward issues and passes them with no constructive comments, criticism or questions from opposition members. That is not what this form of government is. It is a form of government in which we ask questions to elicit answers and then we move forward.

You know, if the minister bothered to look at the record, I think he would see that as far as the Official Opposition is concerned we have, at the end of the day, in terms of legislation — not necessarily budgets, where we disagree with spending priority, but in terms of legislation — we have asked questions, we have at times proposed amendments and, by and large, we have supported the vast majority of the bills that have come before this House in this 32nd Session of the Yukon Legislative Assembly — probably over 90 percent. So I think it would be great if the minister would take a deep breath once in awhile and actually try to answer the questions.

The hand gestures, which probably served him well in his youth, probably don't serve him well in this arena either, Mr. Chair. But nevertheless, that's fine. Again, I want to go on the record to say that the Yukon Liberal Party always has and still does support responsible mining. We recognize that there is much of value in this bill and that it will improve the regime in many ways. That doesn't take anything away from the questions we asked to make sure that it protects the interest of all Yukoners, present and future, because we're stewards of the land. I think that's, for example, what the Member for Kluane referred to in his comments. We have to make sure we're looking after the interests of all Yukoners in a fair and balanced way. The regime was outdated. It did need to be addressed. We've heard that directly from the industry and we would just appreciate if the minister would stay focused on the subject instead of spending all his time trying to describe his inaccurate and poorly considered perception of other parties' positions on these issues.

Hon. Mr. Cathers: I know the Leader of the Official Opposition is very defensive and trying hard to explain his party's position and that of his House leader — the critic for his party — on this matter. I know the critic of the Official Opposition has dug a bit of a hole that they're trying to figure a way out of.

I am reflecting on the comments they made and the statements they made on the public record. The Leader of the Official Opposition suggested that I was taking a comment out of context. I would point out the comment was by his party's critic that the Yukon government was, quote: "dishing it all up for one group." Now, Mr. Chair, I offered that that was a negative comment toward the mining industry. I offered this critic

Some Hon. Member: (Inaudible)

Hon. Mr. Cathers: Mr. Chair, I believe I have the floor despite the heckling from the Member for Kluane. Am I correct in that?

Chair: You have the floor.

Hon. Mr. Cathers: I offered the Official Opposition the opportunity to retract their statement that this legislation was quote: "dishing it all up for one group." I offered them the opportunity to retract it numerous times; he failed to do so.

Some Hon. Member: (Inaudible)

Hon. Mr. Cathers: I believe I have the floor, or does the Member for Kluane?

I know that the Leader of the Official Opposition and his party are really trying hard to figure out a way to correct the statements that were made to dig themselves out of the hole that they have. They are no longer to play both sides of the coin and to be all things to all people. The Member for Kluane, the Official Opposition critic who is relentlessly heckling from the back row here, was the one who stood up and said that the government was "dishing it all up for one group." I offered the member the opportunity to retract that numerous times and the member failed to do so. The member said we were "dishing it all up for one group." I told him it reflected an anti-mining agenda. I offered him the opportunity to retract it. When he refused to retract that statement, I offered him the opportunity to apologize to the mining industry. Again, he failed to do so. As he says, shame on him and shame on the Official Opposition for that position.

Mr. Chair, the constant chatter from the opposition they know is not parliamentary. They chose to engage in that behaviour, which I would point out to the Leader of the Official Opposition, as he would state, is behaviour perhaps better suited to their youth.

So, contrary to the assertions of the Leader of the Official Opposition, I would love to have the opportunity to engage in debate on actual questions and actual policy issues. We have, in this debate, at the behest of members opposite and based on the rhetoric, irrelevant issues, wandering party positions and assertions, engaged in debate on a number of topics, because the members opposite have strayed so far from reality that, in responding to their comments, I had no choice but to stray from the topic of this legislation. Once again, they were lost in the woods.

Mr. Chair, the Leader of the Official Opposition, who clearly isn't listening, asked me, in debate — asked in his speech at second reading and brought up the issue — about concerns in the city of mining claims being staked. The member said I didn't answer the question. If the member had listened to my closing speech at second reading, the member would realize I did answer that question.

I did explain that the city, through their official community plan — thorough zoning — has the ability to restrict those activities and particularly put in place bylaws that, while it might be possible to stake such a claim, someone would unlikely ever develop it. I gave him a specific example. But again the member didn't listen because that was out of line with his script.

The member doesn't like to acknowledge when questions are answered and when it is pointed out that, in fact, the Official Opposition just didn't do their research and asked a question to which the answer was very obvious and very clear. Again, I offer the members opposite, the Official Opposition, the opportunity. I offer the opposition critic or their leader the opportunity to apologize for the comments made by the Member for Kluane, the Official Opposition critic, when he said that this legislation is "dishing it all up for one group", that being the mining industry. I have offered that opportunity before; the member hasn't taken it. Perhaps his leader will take it. Perhaps his leader will apologize for his critic's position. Perhaps he will apologize for those comments and apologize to the mining industry and apologize to everyone who contributed to this process — officials, First Nations, industry and the general public and community groups — for reflecting so negatively on the legislation they contributed to.

Some Hon. Member: (Inaudible)

Point of order

Chair: Mr. McRobb, on the point of order.

Mr. McRobb: Mr. Chair, in the past you've ruled against repetitive and personal comments and have reminded members to get back to the bill at hand, which is, in this case, the amendments to the *Quartz Mining Act*, and I think it's time to remind members about that.

Chair's ruling

Chair: At times, as the Chair, I appreciate advice, but I just want to remind members that you stand up to raise a point of order to explain what the point of order is, not to advise the Chair what to do. But upon taking your advice, and listening to what you had to say, I do believe we are a little off topic and perhaps we could proceed with debating Bill No. 58, which we've been doing all afternoon.

Hon. Mr. Cathers: Thank you, Mr. Chair. On Bill No. 58, standing here in debate, the Official Opposition critic stood up and said that, with this legislation, this proposed amendment, Bill No. 58, the government was "dishing it all up for one group," that being the mining industry. Once again I offer the Official Opposition the opportunity to retract that comment and to apologize to the mining industry and to apologize for all who derive benefit from the mining industry, to all who contributed to the development of this legislation, and I offer the Leader of the Official Opposition to do what his critic failed to do: retract those comments, apologize for those comments and apologize to all Yukon citizens for their anti-mining rhetoric.

Mr. Mitchell: I would like to apologize to the mining industry. I would like to apologize to the officials and I would like to apologize to all listening for the sad, sad performance this afternoon by the minister in carrying on in such a highly partisan way when he should have been speaking to Bill No. 58 and explaining the legislation. Since the minister won't apologize, I will apologize on the minister's behalf.

Hon. Mr. Cathers: Well, Mr. Chair, speaking of partisanship, the member engaged in a very partisan attack against me, but the member knows that this government and I have

acted in the best interests of Yukon citizens. We have brought forward a good piece of legislation. We have brought forward a good amendment. We have worked with the mining industry. We responded to the issues identified by the Yukon Minerals Advisory Board. We've responded to and addressed the comments brought forward in consultation with First Nations, with Yukon citizens and with non-governmental organizations.

The Official Opposition characterized this bill, and the leader is clearly endorsing his critic's comments because he refuses to retract them or apologize for them. The comments were that this legislation is "dishing it all up for one group", that being the mining industry.

Now, the members of the Official Opposition, particularly the Member for Kluane, seem to be a lot more interested in heckling in this debate and engaging in personal attacks than anything else. This debate is going very far off topic. The members clearly have nothing to offer to this debate or, if they do, I would encourage them to offer it — to ask a policy question. Do they have one? I've answered a number. Do they have any more? Or, do they just like to stand here and engage in debates and attacks about this situation?

The members clearly will not retract the statement made by the Official Opposition critic that characterized this bill in a very negative light and characterized the mining industry in a very negative light.

So, Mr. Chair, once again, the Official Opposition is so badly off track, so badly at a loss for positive debate, productive comment, sensible policy alternatives that all they can do is resort to personal attacks. It is too bad, Mr. Chair. It is just too bad. So, I will move on, because clearly the members opposite have no interest in discussing this legislation. Clearly the members opposite are focused on what is little better than name-calling.

Some Hon. Member: (Inaudible)

Chair's statement

Chair: Order please. The Chair feels that we should get back to debating maybe even the clauses in Bill No. 58 — but at least, if not the clauses, we should get back to general debate on Bill No. 58. Let me remind everybody it is an *Act to Amend the Quartz Mining Act*. I would like to also encourage members to tone down the personal attacks, please.

Hon. Mr. Cathers: Mr. Chair, thank you for your ruling.

The Yukon is revising the *Quartz Mining Act* to meet the needs of industry and government for modernization and administrative efficiency. I will attempt at this point to provide the members opposite with detail on this legislation since they are focused on discussion of everything but the legislation — everything but the comments that they made that they can't distance themselves from and refuse to retract and refuse to apologize for.

The Department of Energy, Mines and Resources has worked closely with mineral exploration and the mining industry and other stakeholders, as well as Yukon First Nations, to ensure consultation requirements were met and, in fact, exceeded.

The revised *Quartz Mining Act* will remain fundamentally the same. The sections that have been changed in this legislation deal with some aspects of claims administration and mining royalties. The updated quartz mining legislation will focus on modernizing and streamlining mineral claims administration, updating the mining royalty provisions and making them more competitive with other Canadian jurisdictions, as well as increasing responsiveness to change in the mineral, exploration and mine development climate by moving some provisions to regulation.

Consultation has been ongoing for the past year. Consultation began with initial policy work, which resulted in two discussion papers on the proposed claims administration amendments and proposed royalty amendments in December 2007 and March 2008 respectively. These discussion papers were designed with questionnaires to solicit comments on the proposed changes to the *Quartz Mining Act*.

A number of legal opinions were sought at this time to clarify the consultation obligations of the Government of Yukon and whether the proposed amendments would trigger the need for a successor resource legislation working group and the much lengthier process required to develop amendments through that process.

Consultation took place in two stages. The first stage consisted of targeted public consultation of proposed claims administration amendments. Prior to beginning consultation on royalties, Energy, Mines and Resources received a legal opinion that changes to the royalty provisions of the *Quartz Mining Act* in a way that changed the manner in which they were calculated would trigger former consultation obligations under chapter 23 of the *Umbrella Final Agreement*. Sorry, I'm getting ahead of myself in my notes, Mr. Chair.

Energy, Mines and Resources received a legal opinion that changes to the royalty provisions of the *Quartz Mining Act*, outside of changes to their structure, would trigger former consultation obligations under chapter 23 of the *Umbrella Final Agreement* but would not trigger former consultation under the devolution transfer agreement provisions for successor resource legislation. Changes, however, to the structure of the royalty regime would require the successor resource legislation working group provisions as laid out in the devolution transfer agreement.

I would point out to the members opposite the importance of noting the difference between the *Umbrella Final Agreement* and the devolution transfer agreement. I'd draw that to their attention in the Blues.

This opinion was factored into the form and structure of the notice we gave to First Nations, along with the approach, which was taken to consultation, and the limitation of review of this act to specific provisions. A 60-day consultation period on the amendments presented in the claims administration period was conducted from the end of December 2007 to February 29, 2008, and a similar 60-day consultation period for the royalty provisions took place from the end of March to the end of May of 2008.

The two 60-day consultations included ads in the classified sections of the local papers and the *Northern Miner*, a copy of

the relevant discussion paper and a request for comments being sent to mining exploration companies currently working in the Yukon, as well as the Chamber of Mines and the Yukon Minerals Advisory Board and, of course, all Yukon First Nations and the Council of Yukon First Nations, and also to government departments and NGOs known to have an interest in this area.

During the course of consultation on the royalty amendments, technical workshops were held in Whitehorse on April 8 to 10, 2008. Separate workshops were held for industry representatives, First Nation finance officers, government departments and the public. And at the request of the Member for McIntyre-Takhini, seeing the time, I move we report progress.

Chair: It has been moved by Mr. Cathers that Committee of the Whole report progress.

Motion agreed to

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

Chair: It has been moved by Mr. Cathers that the Speaker do now resume the Chair.

Motion agreed to

Speaker resumes the Chair

Speaker: I will now call the House to order.

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

Chair's report

Mr. Nordick: Committee of the Whole has considered Bill No. 58, entitled *Act to Amend the Quartz Mining Act*, and directed me to report progress.

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

Some Hon. Member: Agreed.

Speaker: I declare the report carried.

Hon. Mr. Cathers: I move 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: The House now stands adjourned until 1:00 p.m. tomorrow.

The House adjourned at 5:23 p.m.