

**Yukon Legislative Assembly
Whitehorse, Yukon
Monday, April 12, 2010 — 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.

Are there any tributes?

TRIBUTES

In recognition of Education Week

Hon. Mr. Rouble: Mr. Speaker, I rise in this House today to pay tribute to Education Week, which will be held this year between April 12 and 16. The theme this year is, “Partnerships: Supporting 21st Century Learning”. Education Week is an opportunity for the Department of Education, in collaboration with its partners in education, to highlight the many positive steps being taken in the field of education. Also, Mr. Speaker, it is another opportunity to demonstrate how we prepare Yukoners for Yukon’s opportunities. It is a time to celebrate the important role of education in the lives of all Yukoners when we put special effort into bringing a greater awareness to those educational opportunities that are available in Yukon.

We take time in this week to pay tribute to those achievements and successes and hard work that everyone involved in education throughout the Yukon has dedicated over the past year, because we know that the strong partnerships are keys to education in the 21st century.

Each year Education Week features a series of events to encourage interest in learning at all ages and levels. We take the opportunity to convey the message that everyone can and should be involved in learning and to reach out to those who don’t know or who are afraid to ask about learning. Education Week informs people about options that are available to them as learners. It lets people know that education is an open door and that they are welcome to come in, observe, participate, ask questions and find out more.

This year the Department of Education will be hosting its annual open house on Wednesday, April 14. We will showcase not only the department’s work but that of some of our partners in education. Displays will include everything from experiential education, to apprenticeship, to First Nation programs and partnerships and information about our partners.

The Education Summit will be held on April 12 and 13 at the Westmark Whitehorse. This event is a prime opportunity to engage in dialogue on current issues such as resiliency and transitions, the French language program review, innovative practices in the classroom, adult literacy and new partnership initiatives with First Nations.

The summit will also feature a special forum on literacy. Invitations for this event have been sent out and registration is required.

Additionally, the school councils conference will be held on April 15 to 17. Numerous events are scheduled to take place over this week, including a math games night at Whitehorse Elementary, daily guided tours at Yukon College, a Wii Fit night at St. Elias Community School, a writer’s tea at Teslin School and an array of opportunities arranged by the Liard First Nation, including an open house with Kaska language lessons.

I encourage all members of this House and members of the public to participate in some way in the Education Week activities being held across Yukon between April 12 and 16. Thank you.

Mr. Fairclough: I rise on behalf of the Official Opposition to pay tribute to Education Week from April 12 to 16. Education Week is an excellent time to focus on the importance of education and to raise awareness of the many educational opportunities available to Yukoners. This year’s theme is, “Partnerships: Supporting 21st Century Learning”.

Education is a lifelong learning experience. The students of today will have a base of knowledge in academics and education and that is important. Each child is unique, and we must develop that uniqueness by giving them the essential tools, the skills and the 21st century technology to help them develop their full potential.

Throughout Education Week there are many activities and events creating awareness of the educational opportunities in each and every Yukon community. We encourage all Yukoners to get involved, attend one of the many open houses or participate in one of the many workshops being held throughout Yukon.

During Education Week the tributes belong to those who make it happen — students, the teachers, parents, volunteers and citizens throughout the Yukon who contribute to education by their leadership or by example of lifelong learning. We celebrate teaching excellence and student achievement as they engage and embrace new technologies of the 21st century. Our students of today will be our leaders of tomorrow. They are our future. Thank you.

Mr. Cardiff: Mr. Speaker, I rise on behalf of the NDP caucus to pay tribute, to commemorate and to celebrate Education Week and to pay tribute to the many people in our territory involved in education. Education is a first priority for our society, and it is how we build the future. It was not always the case that universal free education was a standard in our world. We pay tribute to the people in our past who fought long and hard to establish education as a right. They believed in the betterment of all by empowerment through education, and we have reaped the benefits of their foresight.

During this week and indeed throughout the year, we should be grateful to the professionals involved in education. Public school teachers, their principals, their assistants, the college instructors, public servants, early childhood educators, native language teachers, are all involved on a daily basis in education, and their commitment to lifelong education and training in the Yukon has a lasting, very positive effect on the future of our children and our grandchildren. These profession-

als don't stand alone. We also need to recognize the contribution of many volunteers. Those people who sit on school councils and boards assist the professionals in a very important role. NGOs involved in education with extracurricular activities and those who work with children and adults with special needs through various organizations are remarkable. We recognize that contribution today, and we extend our heartfelt thanks to those many volunteers.

At any age, education plays so great a part in our lives that we sometimes take its principles and beliefs for granted. With many of us, our education system is not questioned, but when we expect permanence in anything, problems begin. True progress means change. It is our hope that the government is eager and ready to take on the Yukon's challenges in education. We anticipate it will facilitate changes with material help and professional support but, most of all, with understanding and accepting our differences.

In recognition of the Marathon of Hope

Hon. Ms. Horne: It's hard to believe it has already been 30 years since Terry Fox began his Marathon of Hope in St. John's, Newfoundland. The young man who dipped his artificial leg in the Atlantic Ocean on April 12, 1980, was forced to stop in Thunder Bay on September 1 after running 42 kilometres a day. That's a marathon a day for 143 days.

The cancer that had taken his leg was back and would eventually take Terry on June 28 the following year. He was only 22.

Terry Fox accomplished more in his 22 years than most of us will accomplish in three times that amount of time. The hope he brought to the nation, to the world, is still with us. To date, the Terry Fox Foundation has raised \$500 million for cancer research and that's why it's so hard to believe how long ago Terry left us. His legacy is still fresh, still alive and still providing hope to millions. I ask my colleagues in this House to join me today in recognizing today as the 30th anniversary of the Marathon of Hope and to do their part today and throughout April — Cancer Awareness Month — and throughout the year to support those who continue Terry's legacy. Günilschish Terry.

Mr. Mitchell: I rise today on behalf of the Official Opposition and the Third Party caucus to pay tribute also to a great Canadian hero, Terry Fox, his work to eradicate cancer and to the many Canadians who continue that work today. Thirty years ago today, Terry Fox vowed to run across Canada to raise awareness and funds to fight cancer. He dipped his leg into the Atlantic Ocean at St. John's Harbour and promised the nation he would make it all the way to the Pacific. For 143 days Terry ran the equivalent of a marathon every day, withstanding severe weather and exhaustion. He made it to Thunder Bay, Ontario, before chest pains forced him to stop. Those chest pains turned out to be lung cancer and Terry was forced to pass the torch and allow others to take up his cause.

In the years since, millions of Canadians have assumed Terry's commitment to keep running and to find a cure for cancer. Every year, Terry Fox Runs are held across Canada, including in Yukon, as well as in 60 other countries worldwide.

The Terry Fox Foundation has raised more than several hundred million dollars and continues to play a leadership role in Canadian cancer research.

Today, almost to the hour when Terry began what would become his lasting legacy, his family marked the anniversary in St. John's with the announcement of a new program for the Terry Fox Research Institute dedicated to cancer research in Atlantic Canada.

Although he never completed his Marathon of Hope, Terry inspired people across the country and around the world to take up the fight against cancer. Terry showed how one person's courage and dedication can create real change. Three decades later, millions of Canadians volunteer and contribute to a range of cancer treatment, support and eradication programs. Terry Fox's Marathon of Hope helped make the cure for cancer an issue for everyday Canadians, and one day it will help make cancer history. Thank you.

In recognition of Cycle to Walk

Hon. Ms. Horne: I would like my colleagues in this House to recognize Ramesh Ferris, who is present with us here today.

Applause

Hon. Ms. Horne: Today, I would also like to acknowledge that Terry Fox inspired many people to follow in his steps. One of the most famous is Rick Hansen, the Man in Motion, who suffered a spinal cord injury when he was 15. Rick never let that stop him. He went on to win 19 international wheelchair marathons and to compete in the Paralympics, where he won six medals. Not content with those accomplishments, Rick set out on his Man in Motion world tour in 1985, wheeling more than 40,000 kilometres through 34 countries and raising \$26 million for spinal cord injury research and programs.

Here at home, we have our own local hero: Ramesh Ferris, a son of the Yukon who made us all proud when he launched his Cycle to Walk campaign in 2008. Ramesh contracted polio as a baby in India and moved here as a two-year-old. On April 12, 2008, 28 years after Terry Fox began his Marathon of Hope, Ramesh began his own journey on a hand-powered bicycle with one goal in mind: to eradicate polio throughout the world.

He undertook a 7,200 kilometre journey from Victoria, B.C. to Cape Spear in Newfoundland. He visited schools, service clubs, health care providers and raised more than \$310,000 along the way. Just as importantly, he raised awareness of the societal cost of polio and the responsibility we all have to ensure that everyone everywhere, has access to the polio vaccine. Ramesh continues to challenge himself. This past winter he became the first Yukon skier to race in the Para-Nordic Nationals. He had only been skiing a few months but still came in first in his category. Congratulations. As a nation, we can be proud of Terry and Rick, and as a territory, we can be proud of Ramesh. All three men saw how they could make a difference and stepped up to the challenge, whether on wheels, braces or an artificial leg. Thank you, Ramesh, and thank you, Mr. Speaker.

Mr. Mitchell: I rise today on behalf of the Official Opposition and the Third Party to acknowledge the 55th anniversary of the release of the Salk vaccine and to pay tribute to the second anniversary of the start of the Cycle to Walk campaign for polio eradication, education and rehabilitation.

Yukon's own hero, Ramesh Ferris, started his cross-Canada handcycle campaign two years ago today to raise polio awareness. Ramesh hand-cycled 7,110 kilometres from Victoria, B.C. to Cape Spear, Newfoundland to raise funds for the eradication of polio. This inspiring journey took 173 days.

The goals of the Cycle to Walk campaign are eradication, education and rehabilitation. As Ramesh hand-cycled across the country, he spoke at many schools, with service clubs and organizations, he met with politicians and dignitaries, including the Prime Minister of Canada, all in an effort to bring his message for global eradication of polio.

It's my pleasure to announce that Ramesh released his new book, entitled *Better Than A Cure, One Man's Journey to Free the World of Polio*, at Well Read Books today at 11:00 a.m. This book, co-authored by well-known author John Firth, describes Ramesh's personal experience with polio, how he overcame obstacles, the Cycle to Walk campaign experience, and the harsh reality of polio in North America and throughout the world.

A portion of all book sale proceeds will be donated to Rotary International's PolioPlus program to work on continuing the campaign to eradicate polio.

Polio is still a challenge in today's world and we must all work together on the fight for eradication of polio to make the world polio-free. The global reality is that the World Health Organization predicts there will be 10 million children paralyzed with polio over the next 40 years unless we end the cycle. With a 100-percent effective vaccine existing since 1955, that is totally unacceptable. To quote from the foreword in Ramesh's book: "I contracted polio 25 years after the world had better than a cure — it had a prevention."

There is no cure for polio but it can be prevented. We must vaccinate millions of the world's most vulnerable children and end the needless suffering wrought by this terrible but preventable disease. Only by raising funds, awareness, educating and vaccinating can we hope for the eradication of polio.

When members look at this book, Ramesh appears to be alone on the cover but, in fact, he wasn't alone on his journey. He was backed by dozens and dozens of volunteers — Yukon volunteers and indeed volunteers across Canada.

He also carried with him the responsibility of making this world a better and safer place for millions of children, so he was never alone. Two of the volunteers are here with us today, Lynne Morris and Rob Christie.

We would like to thank Ramesh Ferris and his Cycle to Walk team and Rotary International for their role in the fight for polio eradication, and thank you to the many Yukoners who have helped support the ongoing effort to help in the education, eradication and rehabilitation of polio survivors and thank you Ramesh. Thank you, Mr. Speaker.

Speaker: Introduction of visitors.

Returns or documents for tabling.
Reports of committees.
Are there any petitions?
Are there any bills to be introduced?
Notices of motion.

NOTICES OF MOTION

Hon. Ms. Taylor: Mr. Speaker, I give notice of the following motion:

THAT Craig Tuton, chair of the Yukon Hospital Corporation, Joe MacGillivray, chief executive officer of the Yukon Hospital Corporation, and Nick Leenders, chief financial officer of the Yukon Hospital Corporation, appear as witnesses before Committee of the Whole from 3:30 p.m. to 5:30 p.m. on Thursday, April 15, 2010, to discuss matters relating to the Yukon Hospital Corporation.

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

THAT this House urges the Government of Yukon to listen to what Yukoners have stated is one of their top issues and practice good governance.

I also give notice of the following motion:

THAT this House urges the Government of Yukon to deliver on the promises made to the Yukon electorate in the 2006 Yukon Party platform entitled *Building Yukon's Future Together — A Clear Vision for a Bright Future*, and actually ensure the delivery of a balanced budget for the 2011-12 entire fiscal year.

Mr. McRobb: I give notice of the following motion for the production of papers:

THAT this House do issue an order for the return of the Yukon Energy Corporation's application to the Government of Canada's green infrastructure fund for funding towards the Mayo B project.

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

THAT this House urges the Yukon government to announce which recommendations contained in New Horizons have been implemented within the Department of Education.

I also give notice of the following motion:

THAT this House urges the Yukon government to comply with legislation and prepare and submit an interim state of the environment report for the years 2007-08, as required under subsection (50)1 of the *Environment Act*.

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

THAT the Yukon government make eradicating poverty in the Yukon a first priority in order to:

- (1) decrease the number of families dependent on social transfers;
- (2) reduce the tax burden on Yukoners in the areas of health care, unemployment and law enforcement;
- (3) alleviate waste in income security programs and social services; and

(4) create a healthier, more secure and more productive Yukon population.

I also give notice of the following motion:

THAT this House urges the Yukon government to immediately rescind the blanket policy barring the media from interviewing inmates at the Whitehorse Correctional Centre as this is clearly contrary to the federal *Corrections and Conditional Release Act* and may also contravene the *Canadian Charter of Rights and Freedoms*.

Speaker: Are there any further notices of motion?

Is there a statement by a minister?

This then bring us to Question Period.

QUESTION PERIOD

Question re: Yukon Housing Corporation mortgage portfolio

Mr. Mitchell: Mr. Speaker, this government is going for broke. Despite getting almost \$800 million from Ottawa last year, it ran up a \$23-million deficit. The government has even tried selling off public assets to improve the books' bottom line. Last summer we found out about the Premier's secret negotiations to sell off Yukon Energy. He wanted to mortgage Yukon's energy future for some quick cash, but Yukoners didn't appreciate his entrepreneurial spirit.

Now officials have confirmed that the Yukon Housing Corporation is considering selling off its mortgage portfolio, worth tens of millions of dollars. Why is this government entertaining selling off Yukoners' mortgages?

Hon. Mr. Kenyon: The member opposite seems to be getting his information from the same place as the mysterious sink upstairs. Yukon Housing Corporation has no such plans.

Mr. Mitchell: This government needs quick cash and is using familiar tactics: selling off assets. The Premier tried to do it with Yukon Energy, and now officials have confirmed that Yukon Housing Corporation's mortgage portfolio is at risk. In fact, this government has commissioned a report about selling off the mortgage portfolio. Not three weeks ago, the Premier said, "Oftentimes governments conduct major studies that sit on the shelf and are never even implemented. This is not the case with the major Yukon Party government initiatives."

Yukoners deserve to know what is planned for Yukon Housing Corporation's assets. Will the minister table the mortgage portfolio report in this House?

Hon. Mr. Kenyon: Again, for the member opposite, who seems to be going the way of the mysterious sink that doesn't exist, Yukon Housing Corporation has no plans to sell off its mortgages. It's a dynamic portfolio that is ebbing and waning all the time. There are no plans to sell if off.

Mr. Mitchell: Well, the minister didn't answer the question about a report. Yukoners no longer believe this government handles their money in the public interest, after watching them tie up \$36 million in bad investments. Yukoners no longer believe this government when it says it won't run a deficit — because it has. Yukoners no longer believe that this gov-

ernment will be open and accountable when it refuses to acknowledge running a deficit. And Yukoners no longer believe that after emptying out the bank account this government won't try to sell off public assets to stay afloat. When will the minister come clean and admit that the mortgage portfolio is being considered for sale?

Hon. Mr. Fentie: In keeping with the Leader of the Official Opposition's theme of mysterious sinks, the statements of selling off assets when we're actually investing in assets and building more assets, the member has now said that the bank is empty, and we're going to sell off some sort of mortgage portfolio to get money. Well, how does the member explain the fact that, as of Thursday, in debate in Committee of the Whole, it was apparent that the actual cash position of the Yukon government at that time was \$246 million in the bank?

That's hardly an empty bank account, Mr. Speaker. What is at question here is the statements that just simply do not reflect the fact of the position — fiscally, infrastructure-wise or any other matter in the Yukon that the members opposite bring forward.

Question re: Yukon Housing Corporation mortgage portfolio

Mr. Mitchell: Mr. Speaker, what was apparent last Thursday in this House was that the Yukon government just completed a year with a \$23-million deficit for the year. Officials have confirmed that the Housing Corporation was told to sell off its mortgage portfolio and it would bring in about \$43 million if it were to do so.

Coincidentally last year, the government spent \$42 million more than it planned to and that doesn't include the \$167 million in debt that it has now authorized at the Energy Corporation and the Hospital Corporation.

This government can't handle the public's cash, despite what the Premier says and it can't handle the public's assets. All it seems capable of handling is taking out massive amounts of new debt in Yukoners' names.

How did this government's finances go so far off-track that it has to sell off assets to stay afloat?

Hon. Mr. Fentie: Mr. Speaker, actually the Leader of the Official Opposition is wrong on all counts. Frankly, how does the member then explain the fact that if we were to extinguish, today in the Yukon, all our liabilities, we have a net savings account of some \$69 million as of the year-end, March 31, 2010. How does the member explain that only two jurisdictions in Canada have a net financial position versus net debt? Those happen to be the Yukon and Alberta.

Mr. Speaker, how does the member explain the very significant amount of cash we have in our bank account and how does the member explain the numbers presented to him in the budget going forward as far as the year 2014? I think the member should explain that as he tries to justify the statements made.

Mr. Mitchell: Well, Mr. Speaker, the Premier conveniently leaves out of his debate the fact that we would not have enough cash to pay off the other \$167 million of debt that is being authorized through the Crown corporations.

Mr. Speaker, many Yukoners have financed their homes through the Yukon Housing Corporation. Every month, they faithfully make their payments back to the corporation, and the corporation does boast one of the lowest default rates in the business. It is an arrangement that is good for Yukoners and it is good for the Yukon Housing Corporation. The only reason to pawn the mortgage portfolio is financial desperation. This government has mismanaged Yukon's tax revenues and federal transfers so badly that it can't provide services to 35,000 people on a billion dollars a year. It has to borrow more.

Why should Yukoners have to give up their assets just because this government can't balance their books?

Hon. Mr. Kenyon: Again, there is no plan to sell off the Yukon Housing Corporation mortgage portfolio, but I remind everyone really in the Yukon to remember this from the person who would be Finance minister, who basically claimed we posted notes on an adult store in order to look at hiring techniques, who've made other outrageous claims — absolutely outrageous claims.

There is no plan to do this. I think if the member opposite continues to claim this, he should put the evidence on the table and basically divulge his real reason for making these claims. They are not factual.

Mr. Mitchell: Our real reason for making these claims is because it's what the officials told us in briefings.

The Premier simply told us a couple of days ago they get reports back from officials on briefings. Perhaps this minister had best check back.

Last summer the Premier tried to sell off Yukon Energy. It took the resignation of half of Yukon Energy Corporation's board, including its chair, to derail that scheme. It also cost the government a minister. All of the Premier's remaining colleagues backed the plan, because they're all in this together. Now the government is considering selling \$43 million of Yukoners' mortgages to an outside party. There is a government report analyzing the sale, and the Premier promises that his government acts on reports of commissions. What steps has this government already taken to act on this mortgage portfolio sale report?

Hon. Mr. Kenyon: Again, no steps have been taken, because there are no plans to do that. It is absolutely not true. This, from the member opposite — from the party opposite — talk about three people crossing the floor and decimating a party. I'm happy that the member opposite, the Leader of the Liberal Party, is again using the word "certainty". Let's be certain.

Question re: Sexual assault victims

Mr. Cardiff: The recent trial of two RCMP officers who were acquitted of sexual assault has raised many serious questions. We are concerned about the implications of the legal questions, such as the definition of "consent" and how the credibility of witnesses is determined. These questions will come up again many times in the future in sexual assault cases. It is thanks to the brave women victims of this horrible crime that eventually a just system may come about.

Our larger concern is with the re-victimization of complainants who have the courage to go to court on such a sensitive charge.

What measures have been taken by the Minister of Justice to support and respect the dignity of victims of sexual assault when they testify in court?

Hon. Ms. Horne: Mr. Speaker, I can assure the member opposite that this government takes the safety of Yukon women very seriously. We have a Women's Directorate that was reinitiated after this government came into office. We have many things in place. As the minister responsible for the Women's Directorate, I take any charges or offences against women very seriously. We have developed a victims of crime strategy, which is just in place. This strategy was developed in collaboration with the Department of Justice and the Women's Directorate. This had the involvement of the aboriginal women's boards in the Yukon. We have Victim Services workers in each community. In our budget we are adding two Victim Services workers with annual funding of \$170,000. These two new workers will help build capacity in the Yukon to help victims of crime such as the member opposite is mentioning.

Mr. Cardiff: We have written the Minister of Justice in regard to the very serious issues around the conduct of police officers with the reference to the sexual assault case we mentioned, and I will table that letter now. Acceptable behaviour and the ethics of RCMP officers in our smaller communities are of paramount importance. "Acceptable behaviour" means awareness of the major role played by alcohol in our high sexual assault rate and to refrain from its abuse. Acceptable behaviour means "respect for women in any circumstances". In short, they must set a good example to be effective both on and off duty. What has the Minister of Justice done to communicate to the RCMP her government's discomfort with the actions of the officers who were acquitted in the sexual assault case?

Hon. Ms. Horne: Since this is a case that is still before the courts, I will not respond to this specific case. But again, I reiterate: we take any issues against Yukon women very seriously, and we have many things in place to assist them. We have a very good working concept with the RCMP and we discuss matters of violence against women at every one of our meetings. The RCMP also takes this seriously.

Mr. Cardiff: I'd like to know if the Minister of Justice discusses the conduct of the RCMP officers, or the expectations. The minister says the two RCMP officers are being disciplined within their own system and it's out of her hands. Well, I disagree with that. It's not out of her hands. Women need to feel safe when reporting sexual assaults to the RCMP. They need to know that they're protected within the system both with the officers they are reporting to and within the court system. The minister has been silent on this issue too long. We are making a strong recommendation to the minister that she request the Department of Justice to participate in the hearing that the RCMP is in the process of holding on this matter. It's not before the courts; there's a hearing. She must relay the dismay and the fears of Yukon women and her government regarding the despicable actions of the police officers.

Will the minister commit to the government participating in the hearing of the RCMP officers to underline the need for real action to be taken and to assure Yukon women that it's not going to happen again?

Hon. Ms. Horne: Mr. Speaker, again I reiterate: this is a case that is still before the courts, so I will not comment on a specific case.

We have in place the sexual assault response team, which is a multidisciplinary team designed to provide service for these kinds of assaults. They have people who walk the victim through the court system. As I say, we have meetings with the RCMP, the commanding officer, and this is an issue that is very, very important to both sides, and it is discussed at all our meetings.

Question re: Whitehorse Correctional Centre media access

Mr. Cardiff: In January a new policy was introduced at the Whitehorse Correctional Centre. The policy restricts members of the media from interviewing the inmates at the Whitehorse Correctional Centre. In the past, inmates of the WCC have been able to publicize their problems and their concerns about the treatment they are receiving while incarcerated through face-to-face interviews with the media. This new policy is far stricter than the standards used at federal penal institutions, which try to minimize the restrictions of an inmate's rights under the *Canadian Charter of Rights and Freedoms* while incarcerated.

Is the Justice minister confident the new policy at Whitehorse Correctional Centre is not contravening the *Canadian Charter of Rights and Freedoms*?

Hon. Ms. Horne: The authorities that we used to draw up our *Corrections Act* was the *Corrections Act, 2009*, section 2; the *Corrections Act, 2009* regulations; the *Canadian Charter of Rights and Freedoms*, sections 1 and 2.

The Whitehorse Correctional Centre media policy was put in place to set the ground rules for the staff around media access to the correctional centre — and this is media access to the correctional centre. The inmates can make a call at any time to any media outlet they would like to call.

Mr. Cardiff: The Correctional Investigator of Canada was asked by a member of the local media about the new policy at the correctional centre here in Whitehorse. Here is what he said: "The operating principle behind correctional law in Canada is that inmates have retained rights." And he goes on to say, "The *Corrections and Conditional Release Act* is very clear. It says offenders retain all rights that other citizens would have, other than those rights that are necessarily restricted by their incarceration."

How does the minister reconcile the new policy at the Whitehorse Correctional Centre with these comments made by the government Ombudsman for complaints about Correctional Service of Canada, which runs federal penitentiaries?

Hon. Ms. Horne: What is different with the policy is that the staff at Whitehorse Correctional Centre will no longer set up interviews or arrange with the media for photographs of the inmates.

Inmates are free to exercise their free speech at any time and staff will not interfere with this process. However, staff will not be asked to perform special duties to accommodate this facility. They will not deliver messages to the inmates to call the media in question.

Mr. Cardiff: So the media are treated differently from family or lawyers? So the treatment of the media is what we're getting at. Maybe the government has something against the media. WCC inmates with complaints about how they are being treated are not as likely to speak freely if their contacts with the media are restricted to recorded phone conversations. WCC inmates often come from impoverished backgrounds and may have little formal education and could have great difficulty expressing themselves in writing. If they have concerns with how they are being treated at WCC, they should be able to express those concerns directly to the media if they wish. In this country the media also have certain freedoms and rights that are important in maintaining a democracy such as ours. Infringing on freedoms of speech and freedoms of the press is anti-democratic and it's regressive.

Will the Minister of Justice reconsider the policy barring media from doing interviews with inmates at Whitehorse Correctional Centre?

Hon. Ms. Horne: I think the member opposite is losing the intent of the correctional centre. The staff's primary duty is to secure inmates and provide programming for the purpose of rehabilitation. This policy is consistent with the *Charter*, that inmates may telephone out whenever they want, including to the media, with certain exceptions that may include phoning victims who do not want them to call. If a person, including a reporter, wishes to get on a visitors list for an inmate, all they have to do is ask the inmate and that will be accommodated. The reporter would then be able to visit and have a private conversation with the inmate. But what is different with the policy is that the staff at the Whitehorse Correctional Centre will no longer set up interviews or arrange for photographs or deliver messages for the media. You know, that is common sense; this is Whitehorse Correctional Centre.

Question re: Mayo B project

Mr. McRobb: All last week the Premier was in denial about his use of inflated figures which glorify the Mayo B project.

There was a time when this Premier would correct the public record because he believed it was important for government to ensure its citizens are properly informed, but those days appear to be long gone. As mentioned on Thursday, this matter has escalated beyond a dispute about numbers and is now about the very creditability and character of this Yukon Party regime.

Why does the Premier insist on repeating his incorrect numbers to the Yukon public?

Hon. Mr. Fentie: Well, Mr. Speaker, now that the Member for Kluane has brought up the issue of correcting the record, let me try on behalf of the Member for Kluane. The green legacy project application before Canada, that the Energy Corporation presented, clearly stated to the Government of Canada — and also these figures are public — that without additional infrastructure, Yukon Energy's annual diesel genera-

tion by 2012 — now this is from a document that was produced by the Energy Corporation — to meet new mine and other growth will jump from minimal levels today to over 70 gigawatt hours, resulting in 50,000 tonnes of annual greenhouse gas emissions and incremental diesel generation costs of \$20 million or more per year. I hope that, on behalf of the Member from Kluane, helps to correct the record.

Mr. McRobb: Well, here we go again, Mr. Speaker. The Premier is quoting YEC's entire diesel forecast, not the displacement expected from Mayo B. The two numbers are just as different as the dispute on the floor. YEC's numbers say Mayo B will displace diesel costs by only \$3.8 million in 2012; the Premier says it's \$20 million — more than five times as much. He repeated that number in his budget speech and on several other occasions on the floor of this House.

Why does the Premier refer to this other number when the issue at hand is diesel cost savings due to Mayo B in 2012?

Hon. Mr. Fentie: The short answer for the Member for Kluane is that I think he's trying to make an orange out of an apple. Let me quote other statements and other information that has been very much public that came from the Energy Corporation. This is that forecasts indicates that, without the project, \$20 million of diesel will be needed annually by 2012 — by 2012 — to meet projected demand, releasing 50,000 tonnes of greenhouse gases. It is expected the project will reduce forecast diesel generation in 2012 by over 40 percent.

In turn, this will reduce greenhouse gases from energy production by 50 percent from current levels. Mr. Speaker, this is all information that was brought forward by the Energy Corporation who, by the way, were very successful in presenting to Canada the business case. After Canada did its due diligence, they committed \$71 million to this project. Some of the reasons are as I've just stated. So when it comes to correcting the record, I hope I'm helping the Member for Kluane correct the record.

Mr. McRobb: Mr. Speaker, the Premier was cautioned on Thursday about continuing down his path any further. YEC officials will be appearing here in about two hours and they will be asked to set the record straight.

Last spring we asked several questions to the minister responsible for YEC/Yukon Development Corporation, but each time the former EMR minister would stand. We know the "E" in EMR stands for "Energy" and the new minister should be up to speed by now. He has been listening to this debate for a week. Where does the EMR minister stand — behind his leader's numbers or YEC's numbers as filed with the Yukon Utilities Board?

Hon. Mr. Fentie: The Member for Kluane has now mentioned numbers filed with the Yukon Utilities Board and the very same values — the issue of 50,000 tonnes of annual greenhouse gas emissions, the \$20 million or more per year of diesel generation costs by 2012. These are realities that were acknowledged in Yukon Energy's 20-year resource plan, which by the way was reviewed and approved by the Yukon Utilities Board — the very same board the Member for Kluane has just referred to. This was back in 2006-07.

Mr. Speaker, I think it is clear that the evidence shows that the member is confused between gross values and net values and the cost to ratepayers after the full cost of the infrastructure has been dealt with. There is a lot of detail here that member can get from the representatives of the Energy Corporation and the Development Corporation. The fact of the matter is, all information as presented is information that has come from our very own Energy Corporation and it includes a review by the Yukon Utilities Board, and those values were indeed approved by the Yukon Utilities Board some years ago.

Speaker's statement

Speaker: Before the honourable member asks his next question, I would just like to remind all members that when a member is speaking, please respect the rules of this Assembly and allow that member to speak.

You have the floor, Member for Kluane, please.

Question re: Mayo B project

Mr. McRobb: Mr. Speaker, the Yukon Electrical Company made a presentation to the Yukon Utilities Board last week suggesting that Yukoners should be skeptical about the promoted benefits of the Mayo B hydro project.

According to the company, Yukoners could be exposed to increased energy costs and reduced reliability as a result of the Mayo B project and grid expansion. The Yukon Electrical Company has warned Yukoners about getting stuck paying for cost overruns associated with this project. It appears this government has neglected to warn Yukoners of these perils. Instead of telling us how it is, the Premier sounds more like he's a project champion. Why hasn't the Premier taken a fair and balanced position to warn Yukon of these perils?

Hon. Mr. Fentie: That's exactly what has transpired. First off, the Energy Corporation has committed to the Yukon public that any project over \$3 million will be taken before the Utilities Board, so that's exactly the process the Utilities Board conducts. It's about transparency; it's about information for the public; it's all about ensuring the project, or any project of \$3 million or more that the Energy Corporation proceeds with, is given this type of hearing and assessment.

As far as the comments from the Yukon Electrical Company, that's what intervenors do. What's interesting, though, is these comments were made at a point in time of the hearing that did not allow for cross-examination. These kinds of comments were not presented at the part of the hearing where the introduction of evidence is required. The government has every confidence, Mr. Speaker, that the Energy Corporation can factually respond to these comments as it has and as it will continue to do.

Mr. McRobb: The Yukon Electrical Company has issued some serious warnings to Yukoners about the potential fallout of the Mayo B hydro project. These warnings directly contradict what the Premier has been advertising since the Mayo project was announced. Now we know better than to assume the Premier's numbers are correct. We've learned from countless examples, including his inflated figures for diesel savings and his denial of budget deficits.

Is the Premier not concerned about the dire warnings put on record by the Yukon Electrical Company?

Hon. Mr. Fentie: The government side and Yukoners are much more concerned about what the Member for Kluane puts on the record. In this case, Mr. Speaker, the Yukon Utilities Board is doing its work. That's the purpose of a part 3 hearing and that's exactly what has been conducted over the last couple of days and, indeed, as early as last week. Intervenor will make all kinds of statements and presentations. That's the point of the board and the hearing — to go through all those matters.

The responsibility of our Energy Corporation — our public utility — is to deal with all those matters. That's why the Energy Corporation made a very thorough and detailed presentation before the board. The issue here, though, comes down to some other facts. How can the member explain then, taking a community like Pelly Crossing off diesel and putting all its electrical needs on the grid, having those electrical needs being met by hydro electricity? How does the member explain that? That's part of the overall project known as Mayo B — it's all included: the first phase of connecting the line from Carmacks to Pelly; the next phase of connecting the line from Pelly to Stewart; and the addition of another turbine using existing water from the existing dam — minimal footprint too, Mr. Speaker.

Mr. McRobb: Mr. Speaker, let's review the facts. Last year, the Premier was caught trying to sell Yukon's energy future to private interests from Alberta. To this day, he denies this, despite the overwhelming evidence. The Premier has frequently overstated the benefits of Mayo B, which glorify the project, when in fact his government is subjecting Yukoners to \$100 million in long-term debt to pay for it.

The Premier claimed that Mayo B will produce \$20 million in annual savings in fuel costs, starting in 2012, when in fact Mayo B might only save a fraction of that amount.

Who should Yukoners believe? The Yukon Electrical Company or this Premier?

Hon. Mr. Fentie: I don't know why the Member for Kluane is asking the government side that question. He might want to ask Yukoners that question.

Furthermore, the evidence that this member has brought forward in this House includes the fact that the very evidence tabled by the member shows clearly that the government wasn't selling anything. That's in the documents the member tabled himself.

Beyond that, the Energy Corporation brought this project forward because it was the project that could meet the immediate and mid-term demands of electrical supply for the Yukon. Yukon is growing; more customers are coming on to the system and, by the way, we're also developing in areas where mines and other industrial customers are starting to come on-line.

So the Energy Corporation brought this project forward; it is the project that we can deal with in the immediate but it also has many other options. The Energy Corporation is working on better water management. The Energy Corporation is proceeding with the third turbine at Aishihik. Of course, connecting the

grid, as we are, makes a lot of sense in dealing with many of these challenges. And there is more: the Energy Corporation is working on other alternatives like wind. Mr. Speaker, it is all part of what our public utility has been doing in the past, continues to do today and, of course, will do in the future, meeting electrical demand.

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

ORDERS OF THE DAY

Hon. Ms. Taylor: Mr. Speaker, 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 (Mr. Nordick): Committee of the Whole will now come to order. The matter before the Committee is Bill No. 18, *Third Appropriation Act, 2009-10*. Do members wish 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.

Bill No. 18 — *Third Appropriation Act, 2009-10* — continued

Chair: The matter before the Committee is Bill No. 18, *Third Appropriation Act, 2009-10*. Mr. Fentie, you have about four minutes left.

Hon. Mr. Fentie: That's all, Mr. Chair? Oh my, I will try and fit it all in.

Mr. Chair, when we adjourned on Thursday of last week, we were presenting to the member of the Third Party some information, given his questions around the finances of the territory and the changes that are taking place.

One of the points that was being made for the member is the fact that we have a number of funds that have been structured with Canada over time and as we spend those funds down to make sure we meet our commitments to Canada for said funds, that will make changes in the financial position because the incoming revenues or the incoming values for these funds were booked some years ago and, over time, we are spending those funds down with no corresponding revenue. Therefore, it creates somewhat of an anomaly in the financial statements, but if the member looks at the long-range projections or estimates, the member will see how that is dealt with going forward.

I must say that the Third Party is engaged in a much more constructive approach to the budget debate. Clearly, they have a better understanding, given the relevancy of the questions, and we will endeavour to provide the Third Party as much information as we possibly can.

The issue of whether the government's fiscal position today is problematic, no, it's not — quite the contrary.

The financial position of the Yukon today and into the future is actually very positive and that is because of our net financial resource position. We talked a bit about that the other day. I think that is emphasized most clearly by looking at Canada as a whole and comparing financial positions between jurisdictions, and that would be between provinces and territories.

Mr. Chair, there are only two jurisdictions in Canada today that represent a net financial resource position, versus a net debt position. Those two jurisdictions are Alberta and Yukon. That said, the Yukon's liabilities versus our assets are in a very positive position. We have ample fiscal capacity to pay our way. We have been paying our way for some years now. The reason we have been able to do that and the reason we can pay our way going forward is the fact that we have over those years accumulated a significant savings account. That is the result of good, solid fiscal practices and policies.

That said, it resulted in the fact that we have taken in more than \$150 million more over those years than we have expended, and that is allowing us to continue to table significant budgets and significant investment in Yukon. This year's budget is \$1,075,000,000. There is an emphasis in targeting job creation and stimulus. We can do these things because of the fact that our fiscal position is indeed a positive one. So with that, I hope I've helped the member in answering some of his questions.

Mr. Cardiff: First of all, I'd like to thank the minister for answering the question, but I would also like to go back to a couple of things that the Minister of Finance said in his answer last Thursday and some today.

One of the things he talked about was the fact that the Yukon government has the ability to retain more of its own earnings or its own-source revenue. The number he quoted was 30-percent retention of own-source revenues. So what I'd like to ask the minister to provide now, if it's in the supplementary budget — when you look at projected revenues, the change in taxes in general revenues is \$20,000 at the top of page S-1. Then there are recoveries, and third party recoveries, and the recoveries from Canada are up. But recoveries from Canada are not own-source revenue. What I'm wondering is if he can point out where — it shows that we've had an increase in own-source revenues, either in this supplementary budget, or — if he is willing to go there — if he can show us in the main estimates where that's shown.

Hon. Mr. Fentie: There are going to be a number of responses to these questions because there is definitely a difference between recoveries and own-source revenues, and there are a number of other factors that are very important in calculating the fiscal position of the Yukon.

Further to that, the 30-percent retention factor — the agreement we have in our territorial funding formula, as it exists today, as it was negotiated, changed the perversity factor where, in the past, the own-source revenues were used in a calculation that resulted in a clawback of said revenues to Canada. That was based on the perversity factor and it wasn't equal, dollar for dollar. We actually returned in many cases more fiscal resources than frankly was necessary, so we've changed that. That change allows for that 30-percent retention.

Further to that, when you look at where we've gotten to today, we have to go back in history to understand a little better. If you go back as far as 2001-02, you will see that, with a grant of \$348 million, that equals 69 percent of the total revenue, and that's directly from Canada. Today, with a grant of \$653 million — which is almost double — we've actually reduced that percentage by seven percentage points, in terms of the percentage of total revenue that the Yukon has available, down to 62 percent.

The total revenues are this: in 2001-02 with that 69 percent of total coming from Canada, the total revenue at that time was only \$503 million. Today, at 62 percent of total revenue, with almost double the grant that is being transferred from Canada to Yukon, our total revenues, all inclusive, are now over a billion dollars; in fact, \$1.048 billion — quite a difference, but I think the trend is clear. We are heading in the direction where more and more of Yukon's dependency on Canada is being reduced and our percentage of self-sufficiency is increasing, but it is going to take time, and as always, it is very challenging.

Furthermore, we have provided tax relief. One must remember that own-source revenues are calculated by, first off, seven representative tax systems. In these areas we have provided tax relief.

During our tenure we have put back into the pockets of Yukoners — I guess is the simplest way to put it — through income tax relief, some \$5.4 million. Out of what we have earned here in the territory, that tax relief has also been shared with the Yukon public by putting money back in their pockets, and it includes \$885,000 in corporate tax relief. In total, on an annual basis, our measures, our tax policies, result in, if you add income tax and corporate tax together, over \$6 million on an annual basis of tax relief. That's coming out of this fiscal position that the Yukon government has today.

Now I'm not sure if that answered all the member's questions because there are definitely some very detailed links to all this, but the bottom line is our own-source revenues are calculated by, first off, seven representative tax systems; there are other mechanics within the formula that also are calculated. Own-source revenues are important because they measure how our private sector is coming along here in the Yukon. That's obvious; it's growing.

Our dependence on government — the federal transfer — given the increase of our fiscal capacity, has actually dropped. Furthermore, recoveries are based on arrangements whereby the Yukon on a net basis is investing X number of dollars, and on a gross basis the federal government and other sources contribute the balance. So on recoveries it's the difference between

gross values and net amounts. In most cases, our budget documents represent net amounts, but our public accounts will include all matters that result in expenditure here in the Yukon.

Mr. Cardiff: I thank the minister for that explanation. It sheds a little bit of light on what I was looking for. It doesn't totally explain it by any stretch of the imagination, but seeing as how time is limited, I'm going to ask the Premier another question.

Some of this, I don't believe — well, part of it is reflected in the supplementary budget, and that it is the \$25-million advance to the Yukon Development Corporation, for which the Minister of Finance is also responsible.

My question stems from our concern about the financing of projects like hospitals, residences, transmission lines and hydro projects. Right now, the situation we're in is that the Yukon Development Corporation and the Yukon Energy Corporation are in the process of borrowing money. It's my understanding that some of that money is coming from a bond issue that's guaranteed by the Government of Yukon. Some of the money for the project is coming from the federal government and some from the Hospital Corporation, which we'll be able to ask questions of later this week, and we'll ask questions of YEC and YDC this afternoon.

Right now, those actions that are being taken to borrow that money do not appear in the budget and they don't appear in the audited financial statements and the public accounts. The financial statements of the Hospital Corporation and Yukon Energy Corporation and Yukon Development Corporation do form part of the public accounts. In the future, that is going to be ultimately reflected in the public accounts of the Yukon Territory. What I would like to ask the Minister of Finance is, how does he expect that to impact on the financial position? It may not be in the public accounts this coming September but it will probably be reflected in the public accounts for this fiscal year which will be produced in the following September, just before the Premier has to call an election, unless he decides to call it earlier.

How are these loans, which are being taken out, ultimately going to be reflected with regard to the financial position of the Yukon Territory in the public accounts in years to come? They will eventually be impacted, because the audited financial statements of these corporations form part of the public accounts ultimately, somewhere down the road.

Hon. Mr. Fentie: I'm glad the member of the Third Party presented it in this manner, unlike the Official Opposition who made another wild claim about "off the books". These factors — these values — will be in the consolidated statements in a very transparent manner. That's what the public accounts are all about.

If the member's question is going to be this: will this put the fiscal framework of the Yukon in a negative position? No, it will not. In fact, we are proceeding in this manner to ensure that the net financial position and the fiscal health of the Yukon continue in a very positive way, as they have.

Let me just delve into some of the issues that are relevant to this, because we have to understand exactly what it means to the bigger picture. That's important because, if we look at what

we are doing collectively, both with the Energy Corporation and the Hospital Corporation, we have to recognize that, under the Energy Corporation process, we will be working with the Yukon Development Corporation in the form of backing up the Development Corporation in addressing the debt issue.

However, the Energy Corporation will be providing dividends, of course, to the Development Corporation and, with the growth taking place, revenues for the Energy Corporation increase accordingly, so it is a good business decision on the Energy Corporation's behalf to proceed in this manner to increase its overall infrastructure and capacity to deliver what I would call — and the government firmly supports — a more cost-effective form of energy through investing in connecting the grid and building more hydro infrastructure.

As far as the comparisons, you have to look, Mr. Chair, at what percentage of this, in terms of GDP, is relevant. The government has done that, and there is certainly no need to be concerned, because if we look at the percentage — these values — of GDP between the Hospital Corporation and the Yukon Development Corporation as a ratio, it will be slightly less than 15 percent. Mr. Chair, that's quite significant, because only Alberta has a smaller ratio. When you start looking at other jurisdictions — Saskatchewan — their expectation of debt to GDP is expected to exceed 30 percent. That's significant when you consider the size of our jurisdiction. Quebec is at 60 percent. So clearly the ratio fits within the overall parameters of our fiscal capacity, our GDP — our gross domestic product — and there are many other factors.

Now as far as the Hospital Corporation, these matters are dealt with in an ongoing manner through our contribution agreement. This government has chosen to go beyond the one year in contribution agreement and is now effectively dealing with the Hospital Corporation in multi-year terms. I believe our terms now extend to three years. So that gives us a much better ability, going forward, to manage how all of this is being addressed. In the Hospital Corporation's situation, the government is more than willing to support the Hospital Corporation in meeting its mandate as it should on behalf of Yukoners. This includes, Mr. Chair, the issue of acute care. Of course, there are some areas of respite and palliative care involved. There are emergency services involved in facilities. The situation is important, because there is also a demand on beds. It wasn't that long ago that we had to ship patients from the Whitehorse General Hospital down to the old facility in Watson Lake because of bed shortages. So we are meeting the needs of today but also long-term. By amortizing things out in this manner, we are allowing for a sharing of the burden for all so that those far into the future who need to access hospitals are doing so but at the same time, the taxpayer of today has not had to bear the burden of the capital cost. That allows the government to retain significant fiscal resources to deliver the actual programs and services required.

In short, all of this is factored into the long-term plan. Again, I repeat, there will be very little marked deviance from the existing fiscal framework as presented. That's why we've been doing this work over the last while. There has been considerable thought that has gone into this — a tremendous

amount of work between the Department of Finance and the two corporations. We are proceeding, as everybody knows, with these projects, and this is all culminating in benefit for the Yukon public.

Mr. Cardiff: I just want to maybe get the minister on his feet one more time on this. The debt that will be incurred by these corporations, some \$167 million, is going to appear on the books at some point in the future, right? — on their books, on their audited financial statements but, because it's amortized over a long period of time, it won't be reflected by the government in the government's audited financial statements, the public accounts, in its entirety because of the amortization? Is that what I'm hearing the Finance minister say?

Hon. Mr. Fentie: Yes. Once again, the consolidated statements — fully transparent, all inclusive — include this, but we have to do the calculation based on the fact that we're amortizing. The values that we will contribute on an annual basis will be reflected, but so too will the long-term situation. Here's where the balance comes in. If the government capitalized it over the long term, we'd be amortizing these facilities in reducing on the books what they are worth. I think that's the simplest way to put it.

In this case, we're transitioning from that scenario into the assets belonging to the Development Corporation, Energy Corporation, the public utility and the Hospital Corporation.

We are, on an annual basis, providing fiscal resources for the annual payments. This is all reflected in the budgets — going forward, it will be, because we're not making any payments today; there's no borrowing as yet. So we have to wait until those crossroads or those points in time actually take place. Bottom line is that it makes good sense to do this now. In fact, when people — and especially the Official Opposition — talk about affording these things and going for broke, you can't not afford to do this now because the demand is there. If the Yukon waits, the costs of these will incrementally be higher. The situation for Yukoners will be more challenging because on the energy side there will be an immediate demand in burning more diesel. Secondly, the cost of construction goes up continually. Interest rates are at historical lows and Canada is also contributing as a partner to the infrastructure for the Development Corporation.

So, all inclusive, it makes sense to do this now for the benefit of Yukoners — to put in place infrastructure that will benefit Yukoners not only today, but long into the future, and it is a good business investment by both corporations in meeting the needs of today and the future.

Mr. Cardiff: I understand what the Premier and Minister of Finance is saying. I don't know that I totally agree with it — the way that they're proceeding. But I just want to get some of this accounting discussion kind of over and done with because there are going to be considerable interest payments on these funds, and that forms part of a liability. Like the Premier says, it's a little bit of a balancing act here. We're going to get the assets — the corporations are going to get those assets and by extension they belong or they are held by the corporations for the government, for the taxpayers and the people of the Yukon.

The transmission line is publicly owned and it should stay publicly owned. We get the infrastructure related to the hydro project in Mayo. We get the infrastructure across the way. We get the infrastructure in the communities of Dawson and Mayo in the form of hospitals or health care facilities. Those become tangible assets that can be reflected, but at the same time they are offset by the liability that is created by borrowing the money to pay for those over the long term. But there are considerable costs associated with making the interest payments or the Yukon Energy Corporation paying the Yukon Development Corporation dividends.

I'm not sure if the Premier is over optimistic about what the actual gain is going to be. If the territory and the mining industry are growing in such a manner as what the Premier would have us believe, we may be faced still, down the road, with increased diesel costs, because it's pretty obvious that the generating capacity that's being created there is not going to meet the needs in the long term. So there will still be some liabilities, and there are still a lot of uncertainties, possibly. Can the Premier comment on that and how will that be reflected? We're getting the assets, but we also are creating liabilities. Regardless of what it says in the budget, there are still all these liabilities.

The Premier says we have \$200 million plus in the bank right now, but we also have liabilities that we may or may not have to pay out on. I realize that the likelihood of paying out on some of those liabilities is pretty slim, but there are other liabilities that we may have to pay out on. I may have a question about that for the Premier next.

Hon. Mr. Fentie: Of course there's a cost. In fact, there's always a cost, but once you do your due diligence, decisions get made. As far as the issue of transparency in information, the consolidated statements include the hospital, the Development Corporation, the Liquor Corporation, the Housing Corporation and the college. It's all there and if one were to look at that — especially past public accounts and consolidated statements — one would clearly see that there was a tremendous amount of debt when we came into office. That debt, to a large degree, was created by investing in failed enterprises — a sawmill in Watson Lake, Totem Oil. This government, since coming into office, has reduced that debt by some 32 percent in the past seven years, so there always has been a cost. One would then rationalize the fact that there will be costs going forward. That is true. But there is a bigger cost and that bigger cost is not meeting the needs of today in a manner that includes a positive impact into the future. That's critical, because if we don't make investments today in areas that are critical and vital to the Yukon's needs now — in the mid to long term — the cost for Yukoners will go up considerably.

This was not a hard decision to make, but also the member has to recognize that — as far as needing to avert the consumption of diesel to produce electricity — the Energy Corporation does not stop here. It includes a number of other initiatives. It includes alternative sources of energy that would avert — if applied and when applied — the need for diesel consumption. It includes water management in existing structures such as Marsh Lake. It includes adding a third turbine in Aishihik.

All of this is part of the overall Energy Corporation's plan to continue to address the energy needs here in Yukon. As far as health care, well, Mr. Chair, health care is something that we cannot allow to be compromised in a way that we are not sustainable over the long term. In doing things the way we're doing it, in terms of facilities, because they are needed, there is an issue in terms of providing acute care, and in some cases palliative and respite care, and that challenge is because we don't have the capacity to meet the needs of today. If one were to extrapolate that, given our growth trend, especially population-wise, then that problem would be compounded in the future and in the not-too-distant future. We are proceeding today by making the decisions. It is nothing new. Governments in the past have made decisions. They have gone into debt and have invested millions of dollars in areas that did not provide a return to the Yukon. We are very confident as a government that these investments will provide a return to Yukoners by meeting said needs.

We also have to remember that these are Yukon Energy Corporation and Hospital Corporation projects, and we as a government have decided to support those projects.

I think both corporations need to be commended for their foresight and the way they approach managing these areas on behalf of the Yukon public. I think two of the most important public demands are access to health care and the supply of reliable, affordable energy. So there are some good, proactive measures here. The corporations have a great deal of foresight in this regard, so the government is more than pleased to be able to help the corporations in their endeavours. At the same time, the corporations and the government, as partners, are meeting the needs of Yukoners.

Mr. Cardiff: I thank the minister for the answer. I'd like to point out that we over here are not against health care facilities in communities either. I know that the government likes to use those terms. I know one of the ministers over there likes to constantly refer to the fact that someone on this side made a comment about reckless spending and we think it's reckless spending. Well, that's not necessarily the case. The case is that it's about planning and understanding the implications of decisions that are being made.

In this supplementary budget, one of the largest areas — in fact, I believe it is the largest area — we'll be voting on is Health and Social Services, which is some \$11.5 million in this supplementary budget. The largest portion of that, over half of that growth in this area, is for health services. Health services, in a lot of ways, is about front-line workers. It's about community nursing and it's about community health.

These are in operations and maintenance areas. The concern, I guess, is that the government is proceeding and the Hospital Corporation is proceeding, but there has been no real plan presented or rationalization of what it is that is being built in Watson Lake or Dawson City with regard to providing health services. The Hospital Corporation has an acute care mandate and what we're concerned about is that, by allowing the Hospital Corporation to deliver those services, we want to ensure that Yukoners are receiving not just acute care services, but complete care services, that they have the ability to access

all of the things that they currently access, which are things like counselling, mental health counselling, respite care, therapy — whether it be occupational therapy or physiotherapy.

We haven't seen that. Along with that comes an increase in operations and maintenance and that is why we are concerned. We are seeing, in the supplementary budget, an increase of \$11.5 million in the Department of Health and Social Services, which they hadn't budgeted for or it hadn't been allowed for in the previous budget that we voted on a year ago.

What we're concerned about is what is going to happen down the road. What impact are these facilities going to have on the operation and maintenance expenditures of the Department of Health and Social Services, and how does that reflect on the financial position of the government? How are they going to be able to meet that expectation without getting into — whether it be — I know the government said no to user fees, so we don't have to worry about that — some sort of private health care delivery? How are we going to see our way clear to ensure that we have the resources to meet the increased expectations in those communities?

Hon. Mr. Fentie: First, Mr. Chair, for the member of the Third Party, that's exactly why both the corporations have done a tremendous amount of due diligence on these projects. In fact, we have to also remember that, specific to the energy project, the Government of Canada did considerable due diligence before any approvals were provided, so there has been a lot of work in this area.

Secondly, the Hospital Corporation has also worked extensively with communities like Watson Lake and Dawson City. They have presented preliminary designs and plans, and they are proceeding accordingly. There has been a lot of information shared and much planning has been completed to date. The driver behind it is need.

Now, the member mentioned acute care, respite care, and palliative care. The Hospital Corporation is taking on a number of those areas that are now going to be part of their overall mandate beyond Whitehorse. They will be doing so in Watson Lake, and they'll be doing so, further on, in Dawson City. So it is already something that transpires in the Yukon, except the change will be the Hospital Corporation will be delivering those services in facilities.

Secondly, it will allow a synergy between Whitehorse General Hospital and these two facilities in outlying communities. That's important because technology can be used in a manner so that efficiencies will be gained.

Thirdly, we have to recognize that, in many instances, most of these requirements for health care in outlying communities result in an added cost of travel, either to Whitehorse or elsewhere.

Specific to the member's point about \$11.5 million in the supplementary, I would remind the member that one part of that was H1N1. That's an expense that had to be covered. That's why we go through fiscal years and there are variances that deal with matters. There was \$1.8 million for H1N1 — vaccinating Yukoners and all the cost that goes with that.

There was an additional \$1.3 million of medical travel and \$1.1 million for physician claims. Mr. Chair, it's impossible to

predict — predetermine — what health needs will be transpiring over the course of a fiscal year. It all depends on what happens to people. In this case, there was more medical travel being provided and physician claims. That's making sure Yukoners continue to have appropriate access to the required health care services they need.

Another approximately \$4 million is from the territorial health access fund. It includes, for example, work related to the development of a social inclusion, anti-poverty strategy. That's an investment that happened during the course of this fiscal year.

Continuing care accreditation and children's mental health study are also part of that investment that transpired over the course of the fiscal year, and of course, another \$2.2 million is covering social assistance grants. All inclusive, these types of expenditures will take place during the course of the fiscal year but not always on an ongoing basis. In fact, in many cases, they won't be on an ongoing basis. They are issues that are dealt with during the course of any particular fiscal year. As far as the budgeting itself, work is always done based on the values we will start a fiscal year with. If you look at historical values and allocations for health care, you will see that incremental increase. That incremental increase is based on meeting the needs of Yukoners and it includes the fact that we negotiated a territorial health access fund and we have a two-year extension in regard to that fund. We've also done the work on the review to show Yukoners, inform Yukoners, where this is heading. It is challenging; there is no question about the fact that there are challenges here for all jurisdictions when it comes to health care. We have to continue to work on that, but that's essentially why we're doing what we're doing today with the Hospital Corporation itself. That is to better manage and meet these challenges today and going forward.

All inclusive, you look at all the factors and understand that during the course of the fiscal year variances will take place and we have to make choices on those variances and those expenditures. In this case, the government did. It chose to fund H1N1. It chose to ensure medical travel and physician claims were being met — social inclusion, continuing care accreditation and children's mental health study and of course social assistance. These are all decisions that get made during the course of the fiscal year. That, I'm assuming, will continue. Does that put the Yukon into a very difficult fiscal position? No, it does not.

Mr. Cardiff: I'd like to go back to the question about liabilities and I know that as Minister of Finance, the Premier needs to be aware of these things. I'm sure he — or I hope that he's checking on these things on a regular basis. It's kind of like checking on the investments that you make, maybe. But it's about checking on what future potential liabilities there are out there. I know there has been work done around environmental liabilities that government has a responsibility for. The Department of Environment has gone out and done some assessments of situations this government is responsible for and has booked them as a liability. I heard the minister — I believe last week the Finance minister spoke a little bit about that.

It's my belief anyhow that prior to devolution, the federal government bore a responsibility for some of that, but since devolution, there are some things that we as a territory bear responsibility for.

There are some actions that have been taken by previous territorial governments where there could be possible environmental liabilities. One could be — I know there needed to be an extensive cleanup, and I don't know whether it was completed, but the yard in Dawson City, where the government compound was. I don't believe we can hold — I mean, I don't know if we can or can't — but I don't believe we can hold the federal government responsible for that. It was a territorial government facility for quite a number of years and there were environmental liabilities associated with that.

These are liabilities that end up having to be — and they're real liabilities because, in the case of something like that, the situation I'm talking about, when you vacate the land and you are going to put it to a different use, you actually have to do the work. It's a liability, but it's a liability you have to pay out on.

There are a number of other facilities the government has that are very similar in nature. Their potential environmental liabilities at grader stations or other government-type facilities are very real. What I would like some assurance from the Premier on is whether or not that work is being done. Is that being assessed for things like grader stations or work being done on our highways — if there are environmental liabilities that are being created and are going to have to appear in the financial records of the territory? Because some of them are real, and we will have to pay out on them.

So I don't know if the minister can enlighten me on this or not. He's receiving advice from the former Minister of Environment, so hopefully he'll have some answers.

Hon. Mr. Fentie: I'm trying to think back to the monitoring issue or looking into matters. In regard to variances, there are a number of periods during the course of the fiscal year where variance reports are required. It is duly monitored; in fact, we've already made the decision at Management Board, the call letters have gone out to all departments, the dates for those variance reports are set, so that is the ongoing monitoring that takes place.

Mr. Chair, I will ignore the comment about the other stuff because, for almost 20 years, investments were being made in the very same area. Public accounts were duly audited and presented and I would caution the member of the Third Party taking advice from the group to the right.

Now, as far as these liabilities, it is this government that actually created the site remediation, a Site Assessment and Remediation branch within the Department of Environment. That means we've got an investment of about approximately \$600,000 on an annual basis and that resulted in us doing, to date, all the assessments that we've managed to complete.

It is an ongoing process, of course, because we could create new liabilities somewhere for whatever reason. We also have to understand that there's a direct separation between what Canada's liabilities are and what are Yukon's, but to date we have booked a total of \$7 million plus. Once assessments have been done and the appropriate work has been completed,

we put that into the budget, into the documents as a liability. Then we make investments on the remediation of said liabilities which, given the value of the investment for remediation, there will be a reduction from the booked liability amount.

Just as we have an example in 2009-10, the value of the work that was planned was about \$742,000, which means if no further liabilities had been booked, that \$742,000 would have come off the accounted-for \$7 million plus that we have put on the liability side of the ledger. There's always a corresponding element here that, as you do the remediation work, you're reducing your accounted-for liability through that expenditure.

Again, is the member suggesting that this will suddenly burst forth and cripple the finances of the Yukon? No, that's not the case. It's being well-managed. In fact, nothing has ever been done in this area before; it was ignored. We are doing our job and we are meeting those liabilities. That includes doing the remediation that cleans up as we go forward — these sites that are our responsibility.

Yes, we expect Canada to address their liabilities and obligations on seven type 2 mine sites, six type 1 mine sites and, to date, Canada has committed to spending on some 200 sites that were assessed — some \$20 million over 10 years. So far, Canada has satisfactorily remediated, as of the date of April 1, 2003 — because that's a very important juncture in time, because that's when devolution took place — some 649 sites were successfully or satisfactorily remediated to date.

So I hope that helps the member.

Mr. Cardiff: I know we're scheduled to have a break before the officials from the Energy Corporation arrive, so I'll just be brief.

I'd like the Premier to tell us — because he has resources that can hopefully provide a quick, swift answer — whether or not — and I appreciate the work that is being done by the site assessment and remediation unit. It's something that's really important and was necessitated to some extent by devolution. It's something we probably should have been doing before devolution. I'm glad to see it's happening now.

Is all the work complete around site assessment? Have all sites been assessed? The Premier is shaking his head. So the question I'm asking — and this is what led to the question: what percentage of sites in the Yukon — maybe I need to wait and ask the Environment minister, but I'm looking for a rough figure — have been assessed? Because, until they're assessed, we won't know what the liability is.

Hon. Mr. Fentie: First off, this unit was established in 2008, so it's relatively new, and its work is very, very recent. But we're also working with the Auditor General on this. Sorry, I cannot give the member a percentage of what has been remediated to date, but it has been, given the relatively new unit and the work we must continue to do with the Auditor General and being very careful that we do not get ourselves into an area of liability that may not necessarily be Yukon's — because there are those issues. When assessments are done, we have to do a considerable amount of due diligence. We don't want the Yukon taxpayer to become responsible for something they should not be responsible for.

So, all things considered — the relatively new unit, the work we have to do with the Auditor General, the assessment to date in booking that total amount as assessed — the work on remediation is an ongoing process. I can say, with the greatest of confidence, that it will be an ongoing process long into the future.

Hon. Ms. Taylor: Mr. Chair, I move that we report progress.

Chair: Pursuant to Motion No. 1011, adopted by this House on Thursday, April 8, 2010, the Committee will receive witnesses from the Yukon Development Corporation and the Yukon Energy Corporation. In order to allow the witnesses to take their places in the Chamber, the Committee will now recess and reconvene at 3:30 p.m. Before we do that, there was a motion to report progress. Does this Committee agree?

Motion agreed to

Recess

Chair: Order please. Committee of the Whole will now come to order.

Appearance of witnesses

Chair: Pursuant to Motion No. 1011, adopted by this House on April 8, 2010, Committee of the Whole will now receive witnesses from the Yukon Development Corporation and the Yukon Energy Corporation. I would ask all members to remember to refer their remarks through the Chair when addressing the witnesses. I would also like the witnesses to refer their answers through the Chair when they are responding to the members of the Committee.

Mr. Fentie, I believe you will introduce the witnesses.

Witnesses introduced

Hon. Mr. Fentie: Mr. Chair, the witnesses appearing before the Committee of the Whole today are Mr. Ray Hayes, chair of the Yukon Development Corporation Board of Directors, and Mr. David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation.

By way of some context, I have some brief opening remarks. I want to begin by emphasizing to some degree a number of the things that the Energy Corporation, with the involvement of the Development Corporation, has undertaken and put some context around that. Of course, it begins with the fundamental principle of providing reliable, affordable electrical energy to Yukoners.

One of the things the Energy Corporation came forward with some time ago was the third turbine at Aishihik. As we all know, the Aishihik hydro plant has been operating for many years — I believe back as far as 1975 — and it can produce 30 megawatts of power. We have two operating turbines at site now and the corporation has proceeded with a project to add a third turbine.

By the way, it is the only hydro-electrical facility in the Yukon that can store energy in the summer when demand is low, to be used in the winter when demand is high, and it can

also store energy during wet years, to be used in dry years when the levels of lake water are lower.

By way of an update, two years ago a request was put in to install a turbine to increase the efficiency and decrease peaking requirements. This project under the guide and leadership of the Energy Corporation is indeed well underway. A turbine has been ordered and the project is on schedule for completion. Of course, this is important in meeting that principle of reliable, affordable energy because of the increased efficiencies that the Energy Corporation can garner from adding this third wheel at the Aishihik site.

Secondly, the Energy Corporation undertook a significant project some time ago. It included the Carmacks-Stewart transmission line, which is the connector of our Whitehorse-Aishihik-Faro grid.

By way of some background points, this project includes three main components: a new transmission line between Pelly Crossing and Stewart Crossing — but of course we did connect the grid from Carmacks to Pelly in order to get the next part of this project to proceed and that had significant positive impacts for the Yukon, especially in reduction of diesel requirements. For example, a community like Pelly is now on hydro and no longer burning diesel to meet their daily energy requirements or electrical requirements.

It also includes the new substation at Stewart Crossing. This will allow for the joining of the grids. That is the extender from Carmacks all the way to Stewart Crossing to connect to the Mayo-Dawson line, thereby connecting all generating facilities on the WAF grid — or Whitehorse-Aishihik-Faro grid — and modifications to the existing Minto Landing substation and a new substation built at Pelly Crossing. All are investments in infrastructure development that continue to meet that fundamental principle of affordable, reliable electricity.

By way of an update, Mr. Chair, the construction work was started on stage 2 of the Carmacks-Stewart transmission line. In March, work began on assembling and installing poles for the transmission line and the stringing of line will begin in the summer. The corporation expects completion some time early in 2011, so that phase of the project is well underway.

With respect to the Mayo B project itself, which is part of the bigger project as embarked upon by the Energy Corporation, the Mayo B is designed to improve and enhance existing infrastructure. It's intended to save customers money, of course, because it will indeed continue to complement the Energy Corporation's ability to reduce the need for expensive diesel to produce the same amount of electricity as is being required.

It will be a legacy project, meaning that benefits will continue to accrue for Yukoners long into the future. Of course, that means, during the life of this infrastructure, those benefits to ratepayers are considerable.

The project is currently proceeding through the regulatory process, including YESAA. I just want to make something clear here. As far as the line itself to connect to Stewart, those regulatory requirements were done in the first phase of regulatory approvals. And, as I said, the project is ongoing.

We and the corporation — all involved — expect to move forward with this project and to get the necessary permits to meet timelines, based on exactly what we know today. Of course, the completion date has been stated a number of times, and that includes timelines with our partner, the Government of Canada. Because this is a green legacy project, the federal government has also committed significant dollars to the project — some \$71 million out of the green infrastructure fund.

As a point of interest, the Yukon's allocation of this fund — that \$71 million — was the first project approved under the green infrastructure fund, and I think that's a credit due the Energy Corporation, because they presented quite a business case to Canada and, after long discussions and work at a government-to-government level, the Energy Corporation closed the file by presenting such a detailed and very supportive business case for the project. Once Canada had done its due diligence, I think the decision that came forward fits with the work that was done to date.

Other matters that are happening with the Energy Corporation and the Development Corporation, of course, have to do with policy and strategy. Our energy strategy is public — something that was developed by government as we are the shareholder of the Development Corporation, and the Development Corporation's wholly owned subsidiary is the Energy Corporation. We have, in accordance with the energy strategy, considered appropriate roles, responsibilities and corporate structure for the Yukon Development Corporation and the Yukon Energy Corporation. This is to ensure effective and efficient management and operation and optimized efficiency and reliability of electrical generation and distribution by ensuring that oversight governance and structure are contributing to that very important goal. We are continuing to pursue that priority with the representation on the boards of Yukon Development Corporation and Yukon Energy Corporation. This includes the separation of said boards. There has been considerable process conducted to date. It is a totally independent process of government. There was a committee struck, and I'm sure the witnesses can provide more detail to that.

We are soon to be receiving recommendations for the nominations back to the Development Corporation with respect to the Yukon Energy Corporation Board and chair of the Yukon Energy Corporation Board.

Mr. Chair, when you consider all things that are ongoing in the Yukon with our Energy Corporation and the Development Corporation, the growth the Yukon is experiencing today — and the trends show that will continue — increased supply requirements, industrial customers coming on-line — all of these things speak to the fact that the Energy Corporation has been very proactive in recognizing and projecting the challenges they will face into the future. In other words, they're not just a caretaker organization. They are visionary in building what is required today to better able the Energy Corporation to meet the challenges of tomorrow — and there are many — but it continues on the principle of providing affordable, reliable electricity to Yukoners. Of course, much of this is housed in our *Climate Change Action Plan*, and that includes our need to ensure that wherever possible, clean, green energy can be the

source. That is important because we want to continue to reduce our carbon footprint.

Projects as I've just mentioned include a tremendous amount of CO₂ reduction into the Yukon atmosphere, and that's very much a part of what the Energy Corporation has undertaken. We will continue to work with the regulatory bodies as we advance these projects. That includes the fact that there will be other sources of alternative energy being researched and looked at and assessed. They include wind and geothermal, for example. The projects of today are not impeding or precluding the Energy Corporation's ability to continue to work on other affordable, reliable sources long into the future. That's much about what is addressed in the 20-year resource plan. That 20-year resource plan has been presented to the Yukon Utilities Board. The Yukon Utilities Board has reviewed that plan and all inclusive has approved that plan as far back as 2006-07.

That said, Mr. Chair, I hope this helps put in context the issues that the corporations are dealing with today and will be dealing with into the future. I hope this will help the members opposite in providing relevant questions to the witnesses.

Chair: Would the witnesses care to make an opening statement? No?

We will now proceed with questions.

Mr. McRobb: I'd like to begin by thanking both officials for appearing today. It has been quite awhile since the president last appeared and, rest assured, he was missed, at least by members on the opposition side of this House. I'd also like to officially welcome the chair to his new role and welcome him back to this Legislature. Unless specifically indicated, all of my questions will be directed to the president.

We know from the shareholder letter of expectations, which substantially states that the corporations are committed to enhanced transparency and accountability to the public, combined with the requirement — which is part of the tradition of this House — for officials to appear annually, why the officials are here today and have made themselves available to respond to our questions.

I would like to start on the issue of appearances. As just stated, it is tradition in this House for officials to appear annually, normally in the fall of each year, but there was no appearance last year apparently because the government said the new chair needed time to be brought up to speed. The face value of that is quite understandable, but we on the opposition side repeatedly assured the government that all of our questions would be directed only to the president. So would the president indicate whether or not his availability and willingness to appear last fall was ever communicated to someone in the government?

Mr. Morrison: As the member noted, we are available to appear as requested and I think the note also indicates that in fairness to the new chair who was recently appointed, it is our understanding that the invitation was to come together and the new chair did appropriately need time in his position to get acquainted with the facts and the issues, and I think we're here today as a symbol of that.

Mr. McRobb: All right, well, I accept that as perhaps a partial answer, but the substance of my question was, did the president ever make it clear to the government that he would be available — he would make himself available last fall to answer questions — even without the chair's presence?

Chair's statement

Chair: Order please. Just before we get to a different start today, I am reminding members to direct the questions through the Chair, and also the answers through the Chair. Mr. Morrison and Mr. Hayes — it is up to you two to decide who answers questions, and there is about a 20-minute allotment that I'd allow for you two either way.

Mr. Morrison: Just let me be clear. When we are requested to appear before the House, subject to looking at our timetables, we give that information back to the minister. I think, again, to be clear, generally the appearance is the chair and the president. We don't come singly, and I don't think it's appropriate that we do that. So our availability is based on — again, subject to, you know, some short-term scheduling issues. I don't think it's appropriate for one of us to be here on our own — either one of us — and, in order to fulfill the intent of the appearance and answer members' questions, I think both of us are here today to do that.

Mr. McRobb: In the past, officials have set a new governance protocol, also called a letter of expectations. It's usually signed in March. We note the previous one expired at the end of last month. Is there a new letter of expectations currently in effect and, if so, could we be provided with a copy of that?

Mr. Morrison: The member is correct. There is a requirement to file a letter of expectations annually by the end of March. Regrettably, I have to tell him that our schedule has been such in the last little while that we have a draft underway; we are in the process of preparing that letter; we are consulting with government on that letter, and I'm hoping we will have it very shortly. What I mean by that is hopefully by the end of the month, but it is our issue and we are a little late with that this year. It's my understanding that it has been tabled in the past and I'm certain it will be again.

Mr. McRobb: Aside from the letter of expectations, there is a larger issue and it's sometimes referred to as the "overall governance relationship between the corporation and the government of the day". Has a new arrangement yet been implemented? Is there anything more that needs to be done to prevent political interference in a corporation?

Mr. Morrison: Mr. Chair, I'll answer the question in relation to governance. We have been working with government and as the minister noted earlier in his statement, there have been steps taken, which we have talked about in this House and in other venues prior to this, to improve some of the transparency and some of the governance relationships. Those steps related to separating the chairs of the corporations and, in some regard, separating the boards. Although the boards will have some overlap positions, those overlap positions relate to appointments made by CYFN under the UFA. So there will be some new board members on YEC shortly.

As was mentioned earlier, we are going through a recruitment and interview process that will result in recommendations coming forward to government and, as I understand, the all-party committee to deal with. Hopefully then we will have a full complement of directors at the Energy Corporation. I think once we have that full complement of directors in place, we will then be able to address other governance-related issues that relate to structure and reporting, but this is the first step in that process. There hasn't been anything else done in that regard other than this that I can report today.

Mr. McRobb: I would thank the president for that response and just leave it at that. It is obvious more work needs to be done in the field of governance relationships.

I would like to ask him now about a specific issue that has been a matter of some debate in this House recently, and I'm sure the president is well aware of it. Can he give us the actual diesel cost savings expected from Mayo B in the year 2012?

Mr. Morrison: Let me try to be helpful and clarify some numbers that I think have been bandied around. I think all the numbers are right; they are just right for different reasons.

I think, to be fair, you know, there are orders of magnitude and scale here, but the presentation we have provided — or the application, if you want to call it that — to the Yukon Utilities Board and in materials provided to the YESAA process, is that without building Mayo B, Yukon Energy Corporation will burn about \$15 million plus worth of diesel starting in 2012.

So I think there was a reference to \$20 million. We had originally used a \$20-million number, but in refining those numbers, it's more like \$15 million, but it's a very significant amount of diesel.

The number that has also been bandied around is a \$3-million number — or \$3.1 million or \$3.2 million. I'm not exactly sure. I don't have it at my fingertips, but it's in that neighbourhood. That number is the net benefit to ratepayers of building the Mayo B project — the net benefit. So it's the benefit of building the project, not burning the diesel, and taking the costs of the project — and those costs are annualized costs — not the \$120 million, but the annualized costs — and the net benefit of the project is \$3-point-something million — again, I apologize that I don't have that number in my head. It's a little blurry these days — that's \$3 million a year.

When we talk about these numbers, there are correct numbers, and they are correct for different reasons, I guess is what I'm saying, and they're all correct. The project, with or without the Carmacks copper mine, generates a net benefit from day one, because it generates diesel savings related to other resource customers and to increasing loads. That's based on, just to be clear, the costs that we are incurring for the project after the federal contribution. We've provided this information to the Yukon Utilities Board and to intervenors. We've also provided the general numbers to the YESAA process.

Mr. McRobb: All right, if I understood the president correctly, the higher numbers of \$15 million and \$20 million per year were the total diesel generation forecast without Mayo B. I see him nodding in agreement. That's consistent with my stated position. That number decreases significantly if you look at only the amount that would be displaced by Mayo B. For the

president's information, the number that was used was \$3.8 million per year.

I do have another question on this, and that is, it was referenced that, in the corporation's application to the green infrastructure fund, the Canadian program — in fact, it was stated that Mayo B would displace \$20 million of diesel costs starting in 2012. Is that was the application really said?

Mr. Morrison: I believe that we used the estimates that we had at that time, based on what we thought we could get, both out of the Mayo B project, and our diesel-load forecast, which have been refined over time because that was over a year ago. We were using the \$20-million number; yes, that's correct.

Mr. McRobb: That figure was used in an application to the federal government looking for funding for a project, so it could be understandable if the numbers were a little on the high side. But in the filing to the regulator, the Yukon Utilities Board, a much lower number was used. Of course, it's obvious the reason why a lower number was used in that example, because it's subject to test before the board and cross-examination.

I guess I'm looking for an endorsement of my stated thinking I put on the record from the president.

Mr. Morrison: What we did — I'm not certain I'm on the same wavelength, but I think we're going down the same path — we always refine numbers as we get more information. When we put our load forecast together and we put the diesel forecast together and the cost and the entire forecast for the project, we made a presentation to the federal government. We used this number in the range of \$20 million.

When we started going down the road with customers, such as Alexco, we originally had in our estimate a much more significant number, which they had told us would be their requirement — subsequent to that, they've reduced that number so our estimates went down. We were able to refine the output of the project in greater detail and refine further our load forecast, and that's what resulted in this change of the numbers.

Mr. McRobb: I thank the president for that answer.

Before we move on to this other area, I do want to acknowledge the good work done by the president, the new chair and all of the employees at the corporation and Development Corporation. I fully understand it has been a very challenging year for everybody involved. As we all know, there have been several big stories that have come out of the corporation or involved it in the past year. One can only assume that has caused an overburden of stress and probably loss of sleep to many people involved.

That said, Mr. Chair, there are several questions outstanding from what was known as the "ATCO scandal." It's very unfortunate that the opportunities available to us in the opposition to ask questions regarding this huge issue have been very limited. Even during those limited opportunities, the information we have gotten back has essentially been worthless. This occasion presents what could be a very worthwhile opportunity to us.

I wish to ask several questions to the president and fully understand that he may feel uncomfortable. If he feels too un-

comfortable, it's always up to him to just refuse to answer it and that would be understandable. In the interest of being open and accountable, hopefully we can get some information on the record.

For the record, was the president aware of the secretive negotiations with ATCO before the story broke last June?

Mr. Morrison: I think, Mr. Chair, it has been fairly widely reported that I was aware of the discussions with ATCO. I was aware because I was provided with a document from the minister. I took that document and discussed it with my board. I am not exactly certain of — when the member asks about “before the story broke” but I was provided with that late in 2008.

I provided it to my board for their information and feedback to the government, and I would say that that's probably before the issue was being discussed publicly.

Mr. McRobb: For the record, I've sent over copies of two articles — both from the *Yukon News*, one dated August 19, the other July 10, both of 2009. I'll be referring to these a little bit later. Before we go there, can the president indicate whether he himself was involved in these secretive negotiations?

Mr. Morrison: I was not directly at the table when discussions happened between Yukon government officials and ATCO, as widely reported here in the press. I was briefed by government officials on — you know, I don't know how to term this — from time to time, as these discussions were happening I was briefed, and I provided my input — or my response, I would say to — the briefings I was given, including concerns on any issue I was being briefed on.

Mr. McRobb: Was he aware at any time of the Premier's involvement in these secretive negotiations?

Mr. Morrison: No. Again, I would respond by saying that I was initially provided with a copy of a document by the Premier, who asked for my comments, who I advised I was going to give it to the board. He acknowledged that was the appropriate thing to do. I'm not certain of other discussions or involvement the Premier had other than that.

Mr. McRobb: We'll come back to that particular issue a little later.

Going back to the previous appearance in December 2008, we took the time to define the term “rationalization” as a modest swap of assets between the Crown corporation and the private company, which would make the Crown corporation a pure generator and the private company a pure distributor of electricity. Is that definition basically correct?

Mr. Morrison: Yes, Mr. Chair. I would only add one further clarity to that. Those discussions were — to be clear — around the Crown, Yukon Energy Corporation being a generator and transmitter, so that Yukon Energy Corporation would have both the generation and transmission side of the business. Yukon Electrical would look at and deal with the distribution side of the business — so, with that addition, yes.

Mr. McRobb: I was expecting to be corrected, as he has put on the record.

As far as the president is aware, were these secretive negotiations limited only to rationalization?

Mr. Morrison: The discussions on rationalization, from my perspective, as previously defined, were not secretive and they were being carried out by me and Yukon Electrical at an operational level because they are operational issues.

I was aware of them. My senior staff was aware of them. They were in our business plan. Those issues defined as “rationalizations” were not secret negotiations.

Mr. McRobb: I thank the president for that response and do understand fully what he has just said. The corporation has indeed been pursuing a rationalization agreement with the private company for several years now, maybe even several decades. That's not new. But the elephant in the room is the Premier's secret parallel negotiating process and this secret parallel negotiating process undertook what has become an accepted view of the public to sell out Yukon's energy future. In response, the Premier glossed it over saying, “It is all rationalization.”

Now, the president is familiar with the joint position paper that was produced by ATCO and presented to the government. Is the arrangement proposed by ATCO — does it fall within the parameters of rationalization?

Mr. Morrison: Mr. Chair, I don't think it's up to me to decide what falls into the process of rationalization as defined by government. What I was explaining was a process of rationalization that we were — and please underscore the word “were” — having discussions with — about — or sorry, about with the Yukon Electrical Company at an operating level. We did not — were not able to successfully conclude those negotiations and they have not — we have not been having discussions about that subject for quite some time. But, having something — having some other process that is defined by government as more than that is certainly not in my purview to comment on in that way. There were discussions; we all know that. There was a discussion paper and, you know, that's not a definition that I think I should be giving you about the government. It's the government's position paper.

Mr. McRobb: All right, Mr. Chair. I think I do appreciate where the president is coming from. Let's just take a look at what he did say, and the first half of his response referred to the long-standing process within the corporation to pursue a rationalization agreement with the private company. That's fine. We've known that has been going on for years. My question pertained to this other process that was called “rationalization” but in our view was anything but — and in the view of the former board chair and board members, was anything but. The president declined to comment on these other matters and felt it best be left within the political domain. That is essentially the opinion I requested: in the proposal provided by ATCO, did the options fall within parameters of rationalization?

Now, Mr. Chair, if I understand it correctly, he is refusing to respond to that question. I would just like him to clarify his position because if he is refusing to respond, as I assured this Assembly earlier, I would find that acceptable.

Chair's statement

Chair: Order please. Before we continue, I just want to make sure everybody is aware that witnesses are obligated to reply to questions to the best of their ability. If there are ques-

tions that become policy in nature, those questions need to be directed at the appropriate ministers. Mr. Morrison?

Mr. Morrison: I don't think I refused to answer. I think my answer was fairly clear. I don't think it's up to me to characterize or label a process or a program the Yukon government is undertaking. I've explained to you what our position was — or our efforts were — in terms of that, but I don't think I'm in a position to give the member the answer I think he means.

Mr. McRobb: I think we've reached an understanding and that's fine. Now, just to go back to a bit of history that I know members in here are familiar with, as well as the president. The Yukon enjoyed receiving a huge windfall from Canada some 23 years ago, resulting from the NCPA transfer agreement. If I recall correctly, the actual cash cost to Yukoners was a mere \$19.5 million for what was hundreds of million of dollars of assets at the time. These assets included hydro facilities at Whitehorse, Aishihik and Mayo, transmission lines, buildings, land and other assets.

Can the president give us a rough idea of what the replacement value of those assets is in today's dollars?

Mr. Morrison: If I can characterize it as a bit of a wild guess, I would first like to start by saying that the member has indicated that the assets were purchased for about \$19 million. I'm not being argumentative here, but I think it was more like \$90 million overall. There was a \$19-million figure. We also had a \$47-million flexible-term loan from the federal government as well, and there were some other numbers. Nonetheless, I think the member's point is that it was a very, very good deal, and it certainly was.

So if we do some rough estimates, it would be a significant amount of money. It's not something I've put my mind to. I'm thinking it's well over \$500 million — would be a number. That would be as specific as I'd like to get.

Mr. McRobb: All right. So at least half a billion dollars is a wild guess; I'll accept that.

In reference to the historical amount paid, the cash figure I quoted — \$19.5 million — was what the Yukon government put in. The ratepayers, I believe, put in \$56 million for Whitehorse 4 through a term note and another \$19.5 million, so a total of about \$75 million is what ratepayers were to contribute.

So how does the book value of YEC's assets compare to the market value today or the insured value or the real value of those assets? How does the book value compare to today's value of those assets?

Mr. Morrison: Mr. Chair, the member is just taxing an old memory. The book value — which, if we're talking about the same definition of terms, our net book value being the depreciated value of the assets — is substantially different from the replacement cost of those assets.

We are just having a look at the annual report, if that is helpful, and the \$190 million is the — if you can bear with me a minute, I just have to check a note. So \$190 million is the net book value at \$190,633,000 — that's \$190 million net book value at the end of 2008.

Mr. McRobb: I think it is worthwhile to get this on the record and the fact the two numbers are substantially different. I think it is a good thing for all members of this Assembly to fully appreciate.

Now, getting back to one of the newspaper articles that was sent over — this one from August 19 — it reported the former chair as saying the president informed the board members the Premier was looking for Mayo B money from ATCO. Is that accurate?

Mr. Morrison: What I informed the board was that the Premier had provided me with a proposal from ATCO and we reviewed that in detail. I reviewed that proposal with the board members.

Mr. McRobb: All right. Can the president help me understand this? The first proposal I'm aware of surfaced in 2008. This newspaper article was dated August 19, 2008. Was there another proposal we're not aware of that he's referring to?

Mr. Morrison: I don't think so. I think we just need to get some dates. This article that I have in front of me here — if that's the one you're talking about — is August 19, 2009. I believe it's in this article or the other article that is quoted saying that we were provided, or the board was provided with the document in December of 2008. That's what I said earlier, that that was when we got the — it's in a different article, but it says 2008 December.

Mr. McRobb: My apologies. We're on the same page now.

The substance of that question was whether the Premier was looking for Mayo B money from ATCO. It was put on the record by the former chair. This was necessary because funds were apparently slow in coming from the federal government. Is that the president's understanding?

Mr. Morrison: Sorry, Mr. Chair, I was just trying to look at this article. I'm not sure where the reference to Mayo B came from. My memory is that I was given this proposal, I was asked for comments, I advised the Premier I was going to give it to my board, I did so, and we provided comments. I don't — I'm not sure about where this link about Mayo B money came from.

Mr. McRobb: All right. Well, there are several references in that article, according to the departed chair, about Mayo B money. In the — excuse me for a moment.

It was stated in the article by the former chair that it was the Premier who initiated a response from ATCO and caused ATCO to provide a proposal paper. Can the president either confirm or deny that?

Mr. Morrison: Sorry, I can't do either. I can't confirm or deny it.

Mr. McRobb: All right. It was also stated by the departed chair in the article that the Premier was taking credit for personally initiating the offer from ATCO. Is that the same response, or can you confirm or deny that?

Mr. Morrison: Mr. Chair, I can't confirm or deny.

Mr. McRobb: All right. The former Yukon Development Corporation chair also divulged that in December 2008, the Premier had made an irate phone call to Yukon Energy

Corporation demanding the presence of the president and the chair to his office.

Does the president corroborate that?

Mr. Morrison: If my dates are correct — and I will give you — without checking that date — I was requested with the chair, to come over to the Premier’s office and meet with him. Yes, that is correct.

Mr. McRobb: Now the former and departed Yukon Development Corporation chair referenced that meeting as a “blowout” in this newspaper article. Can the president corroborate that?

Mr. Morrison: Mr. Chair, I am starting to tread into waters that I don’t think I should be in, but it was a heated discussion, let me say that. But that wouldn’t — you know, heated discussions happen from time to time, but this was a heated discussion.

Mr. McRobb: All right. Now it was reported that the board members found out about ATCO’s proposal in December 2008 and promptly arranged for a meeting with the Premier. Is that correct?

Mr. Morrison: The board members found out; that is correct, Mr. Chair. On that date, there was a meeting. I believe the board members had — I think the sequence of events was that the board members asked me to organize a meeting and in the — you know, kind of before I could organize the meeting, the chair and I were asked to come over and meet with the Premier. So it was all right around the same time.

Mr. McRobb: Again, I fully appreciate these are difficult questions. I apologize for asking them, but I feel it’s incumbent upon me to ask these questions and this is probably the only opportunity ever available to me to do so. The opportunities to the public and the media have also been very limited on this whole matter.

Was it apparent that the minister responsible for YEC at the time was surprised to learn about these ATCO negotiations during that meeting with the board members?

Mr. Morrison: Sorry — I thought we were talking about a meeting with the Premier. If we’re talking about that meeting, the minister was not at that meeting. It was a meeting between the Premier and the chair and me.

Mr. McRobb: Yes, there apparently were two meetings that same day, or in close proximity. We’re talking about the second meeting now — the one where the board members met and also present were the former minister of Yukon Energy Corporation, the former minister of Energy, Mines and Resources and, according to the timeline’s document, the president was present at that meeting. That’s the meeting I’m asking about. So, again, the question was, did it appear that the former minister was unaware of these ATCO negotiations?

Mr. Morrison: I just wanted to make sure and be clear what meeting we were talking about. The subsequent meeting that the Yukon Energy Corporation had was with the two ministers, as the member indicated.

At that meeting, there were two of Yukon Energy Corporation’s board members, in addition to the chair and me. During that meeting, there were discussions about the ATCO issue going forward, and there was an expression by the former min-

ister that he was concerned about some of those discussions. I think that would be a fair way to characterize it.

Mr. McRobb: Right. I think we’re on the same page now. That’s the same meeting where the former minister effectively resigned his portfolio. Is that correct?

Mr. Morrison: I’m sorry, Mr. Chair. I’m not sure about the question. I kind of caught that the minister resigned his portfolio at this meeting, and I didn’t hear that.

Mr. McRobb: Effectively resigned his portfolio after he found out about what was going on.

Mr. Morrison: I think the best way to answer that question is to have that individual indicate what he said during that meeting. I’m really uncomfortable talking about what other people said in a meeting.

Mr. McRobb: All right. Again, I fully understand and appreciate what I’m hearing. Just going back — I just have a few questions remaining on this difficult line of questioning.

The former YDC chair also indicated during that meeting in December 2008 that from that point forward the go-to guy for that portfolio — which is Yukon Energy Corporation, Yukon Development Corporation — would be the Minister of Energy, Mines and Resources at the time, the Member for Lake Laberge. Can the president corroborate that?

Mr. Morrison: Perhaps I could get some clarification around that. I’m not quite certain where this statement came from or what it was exactly. I’m a little — is the member asking me if the individual responsible for dealing with the Yukon energy issues was the Minister of Energy, Mines and Resources, from that point forward? I don’t think I would answer in the affirmative. We reported to both ministers for quite some time, not just around this issue. We reported to both ministers because we had involvement in both the energy portfolio and obviously our minister was the minister responsible for Yukon energy.

Dealings that we have within government of a policy nature, we deal with the energy portfolio, and we have dealt with both ministries for several years; that is not a new thing. I will be very clear: regarding our dealings on those issues, we dealt with both ministers depending on what the issues were. I would say it was generally a joint meeting of the ministers and the chair and me. If we are talking about around this issue, I would say that my dealings on this issue were primarily with the Premier.

Mr. McRobb: All right. Just on that, the president indicated his dealings on this issue — I presume he’s referring to the ATCO negotiations — were mainly with the Premier, and that would exclude the minister responsible who, we just discussed, was somewhat out of the loop, if I could use that term. Let me think about how to phrase this question — is that normal to circumvent the minister and go right to the Premier for meetings and to be briefed on an issue?

If I could just suppose an answer for a moment, I guess it would be normal if it were a high political priority of the government to have an undertaking that required the president, who is a de facto deputy minister, to be present — that he was assigned to. I would also add in another element. According to the former chair, the deputy ministers were asked not to inform

the ministers of this undertaking. So, there is the requirement to serve that the president and deputy ministers are aware of and the requirement of loyalty, especially to their Premier. We all know that the Premier is well aware that, according to the Westminster system of democracy, he has the ability to call in any deputy minister or any president and give them specific orders without the awareness or knowledge of any of the ministers. It looks like that's what was happening here. According to all reports, that's exactly what was happening here. I for one don't dispute that. It's allowed under our system.

Mind you, on the other side, engaging in these types of activities can create a lot of negative fallout, both in terms of getting along with one's colleagues and the top officials in the government, as well as the public. That can cause a lot of negative fallout. Is that essentially what was happening?

Mr. Morrison: I'm not sure exactly how to go to answer, but let me say this: I think it was clearly answered in the last question. As a normal course of events, when the responsibilities were split, we dealt with two ministers. It was also, I think, if anybody who was aware of how I work, and we work at the Energy Corporation, there are instances — and I can think of a number of them, where it would be perfectly appropriate for the Premier or some other minister to ask us a question or to ask to be briefed on an issue.

All I would say to you is that my general approach is that whoever I'm briefing on an issue, if I were discussing issues with one minister or the other, we would make sure that everybody knew what was going on as best we could. And that is — if it's not normal, I don't know how you would characterize that, but that's how we deal with issues.

Mr. McRobb: I accept that for a response and thank the president. By the way, I would note that in the president's filed CV with Yukon Utilities Board — I noted with some interest one of his first assignments was serving as principal secretary to the Premier back in — I believe it was 1981. Obviously, he has long-standing experience in the political circle and probably has a good appreciation of where the line is drawn between politics and the operations of a Crown corporation. I think these are all good attributes that provide the president with the ability to do his job very well.

Now, just in closing this out — and I'll give the Third Party an opportunity — as I understand it, the Premier assured everyone he had no part in any negotiations despite the testimony from the former chair, members and others, and it was only about rationalization anyway, despite the evidence. Now things appeared to cool down in the months following December 2008 — that was, until a second proposal from ATCO surfaced last spring. This second proposal included the OPCO option. Is the president familiar with the OPCO option and basically can he describe what it meant?

Mr. Morrison: I am familiar. I want to just go back for a minute. I am not sure that anybody said that I was part of the negotiating team; certainly I don't think the former chair said that. I think I've added some clarity around that today.

I am happy to try to be helpful in answering these questions.

I cannot give details of any of the options because I signed a confidentiality agreement, but if the member is looking for something a little more general, I am happy to help, but I can't, under the terms of the confidentiality agreement I signed, provide details. If we could come at it a different way, I'll try a different approach, but I'm having a difficult time with the question.

Mr. McRobb: The second proposal from ATCO, which described the OPCO arrangement, did become a public document. I'm not sure if that alleviates the burden of confidentiality on the president or not, but it did become a public document. We all had the opportunity to review it, and basically my own recollection was it involved the merger of the two companies, the Crown corporation and the private company, into a new entity entitled OPCO, for example, and OPCO would jointly own the energy assets throughout the territory.

I see the president nodding; obviously this is coming back to him.

My question is a very simple one: does this proposal fall within the parameters of what we've agreed was rationalization?

Mr. Morrison: Let me be clear about a couple of things. As I said — the member asked me to describe the proposal, and I wasn't prepared to do that, but I'm not unhappy — now that he's described it — to indicate that generally that was a proposal that was there, and not a proposal that we were very happy with, and we made our comments known. I think those comments and our input, hopefully, lent to the process not being successful from that point in our opinion — or from our view.

But the question of rationalization, as I mentioned, we were talking about a very specific project that we had underway with Yukon Electrical. That, clearly, is a very separate process. What we're talking about now is clearly a very separate process from that. What terminology I would lend to the other process — it's again, trying — I put — or we, Yukon Electrical and Yukon Energy put a name to the process that we had; it's clearly a different process. What the name of it is, I'm not sure, but it's a different process.

Mr. McRobb: All right. It seems like we're talking about something that is very dynamic and keeps moving and changing and is even renamed along the way. I do agree with the president. The corporation has been working on what has been known as "rationalization" for decades. What we discovered the Premier had initiated went far beyond that definition of "rationalization". It involved co-ownership and a bunch of major issues, and even some extraneous to energy, such as water management. There are big issues and questions remaining unanswered around water management. What does that mean, especially in lieu of ATCO's new subsidiary, ATCO Water, which was coincidentally announced and launched in October 2008?

I see my time just about winding up, thanks to the Premier's 15-minute dissertation to lead off this process, and I have to be fair to the Third Party, but I do have some other non-ATCO-related questions and if there's time maybe I can get back in at the end of the day.

But before I do close, there was one more issue and it's about what happened when the YEC board members found out about the second proposal. As we know, it caused a mass resignation. It caused the resignation of the board chair whom this Assembly has come to respect in terms of his knowledge and abilities. After all, he was a former government leader and a lawyer for a good part of his life. His family was involved in the energy business within the territory from the get-go, which goes back more than 100 years.

This must have been a terrific loss for the corporation's board to lose this type of corporate knowledge, enthusiasm and ability to cut to the chase on a matter. In addition to the chair, three valuable board members were lost. This might be expected to cause quite a challenge to the corporation in how to proceed after such a loss.

I would just ask the president if he would comment on what impact that caused the corporation and how it is trying to deal with it.

Mr. Morrison: I think the member has characterized the resignation and the loss of these individuals very well. The Yukon Energy Corporation Board and the Yukon Development Corporation Board are boards that I would say operate at the highest level of competence from a governance structure. These are boards that operate at that level, compared to many, many boards that I've been familiar with across this country.

We have a very strong internal governance process, and the board members not only took that very seriously, they took all of the work they did very seriously. They were very capable, committed and competent individuals, every last one of them. I was not happy to see them go. They were not happy to go, as certainly they've conveyed to me. We lost a lot of — you know, when you think back — and I know there is often debate around how much money we pay people who sit on boards but I would say this to people: these people were dedicated, long-time Yukoners, each and every one of them.

They sat on this board, not for the money they made. They sat on it because they were committed to the issues around Yukon energy and not only did they give their time of day at a board meeting, which they got paid for, they gave many, many additional days and hours of their time and they took their job very seriously. I think they did a great service to the people of this territory by doing that, as do the board members who are there now and who were there and continued on with the job. We kind of pulled up our britches and the board members who remained have been doing the job of a board as best they know how and they are well-trained and, as I said, they are very committed to their job. We have been working through a process of trying to find a way to get new directors. We have, what I feel, is a very good independent skills- and experience-based process and we will get good directors to fill those board positions. We just have to do the best job we can in the interim and we have been doing that. We have a dedicated staff, as the member noted earlier and the Premier as well. We roll up our sleeves and get the job done.

But, yes, it was a big loss, and nobody should take that task lightly — and getting new board members and getting

them up to speed will be a bunch more work, but we're looking forward to getting some new board members soon.

Mr. Cardiff: I'd like to, as well, thank the CEO and the chair for appearing today in the Legislature and answering questions. Much has been covered already, and I'll do my best not to go over material that has already been covered.

The president referred to — in earlier questioning, — a confidentiality agreement that wouldn't allow him to discuss certain agreements or proposals that were put in front of him. Is the confidentiality agreement — is that with the Yukon Development Corporation/Yukon Energy Corporation, or is that a separate confidentiality agreement with another entity?

Mr. Morrison: The confidentiality agreement I signed on behalf of Yukon Energy Corporation, and it had to do with information related to the discussions that were going on with ATCO.

Mr. Cardiff: So the confidentiality agreement was signed on behalf of the corporation and it was signed with ATCO to not discuss issues that were raised with ATCO. So the agreement was with ATCO?

Mr. Morrison: Yes, the agreement is a normal business agreement that is signed. We sign confidentiality agreements with parties that we are discussing commercial matters with. In this case, the confidentiality agreement was limited to the details of what was going on. As the member previously noted, most of those details have been released in the public. I just take those things very seriously and so I was looking for some help so that I didn't cross a border.

Mr. Cardiff: The president indicated that he was provided a document by the Premier; he subsequently provided it to the board at the time and then provided comments back to the Premier. Is the president able to provide that document or tell us what comments were made back to the Premier?

Mr. Morrison: I can't give you details and it wasn't a document per se, so the comments — we had — I will tell you that, through all of this, general concerns related to our employees and ensuring that benefits of whatever happened accrued to the ratepayers and the taxpayers of the Yukon, so our comments would have been related to those areas.

Mr. Cardiff: For the president, again, he indicated earlier that they weren't happy with the proposal, so I take it that his comments to the Premier indicated that the corporation felt that the proposal wasn't a good deal for Yukoners.

Mr. Morrison: That's essentially what I think has been reported previously by the directors and the chair who subsequently resigned. You know, my job as the steward of the assets is to make sure that we look after the assets under our control in the best interests of the ratepayers.

And providing comments — I was asked to provide comments. We provided those comments. The board was concerned about a number of issues. They also provided their comments and concerns.

Mr. Cardiff: This topic has been covered pretty thoroughly, and it's obvious it has been troubling for the corporation, for the board, and for all involved. But I'd like to ask — there were a couple of questions earlier about the fact that the board has been operating, you might say, under-capacity with

not quite a full complement. You indicated that it was huge loss.

We are a little concerned about how exactly the new appointment process is going to be made. The ad that appeared in the paper, number one — there was an outside consultant, Watson and Associates, that was chosen to recruit new members to the Yukon Energy Corporation Board.

So was the Yukon Development Corporation involved in the decision? I'm going to ask a few questions here. Was the Yukon Development Corporation Board involved in the decision to retain them? If they did make the decision, the actual ad actually had the Yukon Energy Corporation logo on it, so it appeared that Yukon Energy Corporation was actually recruiting its own board members. We're not sure whether — it is a concern because there is a crossover on the board and it appears there was a move to separate that out.

We would like to know exactly where we are in that process, as far as the recruitment. How soon — you said shortly — how soon can we expect a recommendation to come to government?

Mr. Morrison: I'm happy to provide some clarity and I think, based on the member's comments, we can add some valued information here.

The Yukon Development Corporation Board struck a governance committee. That governance committee, which is chaired by one of the members of the Yukon Development Corporation Board, is a three-member committee. That committee engaged Watson Advisors Inc. to assist them with the recruitment of members for the Yukon Energy Corporation Board. Watson Advisors, for the information of everyone, is eminently qualified to do this. Elizabeth Watson, the principal of that firm, ran — was the individual in charge of — the B.C. government appointments office for through the first term of the current B.C. government. It was a new office that the B.C. government set up to take control of what I would call loosely termed government or political appointments to Crown boards within the Province of British Columbia.

This new office was designed to assist boards with recruitment based on skills and competency so these were competency-based and skill-based appointments. I believe they made several thousand appointments during the term that Ms. Watson ran that office. So we looked for someone who could assist the board because they've never been through this kind of a process before. The committee engaged Watson Advisors. We advertised — Liz Watson did a first review of all of the individuals who applied during that process. That review was discussed at a meeting with the members of the committee — the governance committee.

The governance committee, with the assistance of Ms. Watson, short-listed from the review of all of the members — of all of the individuals who applied — short-listed a number of people who would be interviewed for the chair and the director positions.

I should say that in the process of reviewing with the board all of the candidates, Ms. Watson talked to a majority of the 21 — as a matter of fact, I think she talked to all of the 21 applicants that we got and personally face-to-face interviewed a

large majority of that number of people and couldn't do them all because just couldn't make arrangements to get people in front of her — away for holidays and things like that.

So, we had a very good — we had the CVs, we had the initial interview notes from Ms. Watson. The board also has information related to a number of these people — you know, background information they would know from knowing people in the community. We had a meeting to do the short list. We had a meeting last Friday and interviewed, I believe, eight or nine candidates for the four prospective positions.

Subsequent to the interviews, we had another meeting. We have a tentative list of candidates to come forward. That list is being — there are a few things that are being checked — some references, some details — just to make sure that the list goes forward. That list will get reviewed with the Yukon Energy Corporation and Yukon Development Corporation boards.

I apologize about the confusion on the ad, because we were looking for YEC board members and that is why the YEC logo is on there. The recommendations that will come forward from the Yukon Development Corporation governance committee through the board will come to government and, as we understand it, they will come to the all-party committee for review by the all-party committee.

Mr. Cardiff: That sheds a lot of light on how the process worked and where we are at. We look forward to seeing those nominations come forward. I would like to ask — and this is a question for both the chair and the president. I think it is important to hear from the chair as well because it is with the board that the vision rests for the corporation and for providing direction to the CEO and the organization.

I guess what I'd like to ask is, what is the corporation's vision, I guess, for the use of alternative energy — things that we haven't traditionally used here in the Yukon? Right now, we're focused mainly on hydro and diesel generation. There are other sources that are available to us and what I'm looking for is what kind of importance the corporation — both at a management level and at a governance level — what kind of importance do they put on alternative types like geothermal or wind or solar, or things like hydrogen production or ammonia production.

Mr. Morrison: I think, if it's all right with the member I'll take that question again. I'm sorry to be taking up all the time, but the corporation has spent considerable effort since 2005 working on both the development of a 20-year resource plan and the examination of what the alternatives are available to us to provide clean or green energy in a cost-effective manner for the ratepayers into the future.

This is a really difficult task. It's the most difficult thing we do, and we spent, and continue to spend, a great deal of our board time talking about what they call "strategy." You mentioned a vision, or where we might be going — the direction we're going. The balancing act here is what loads do we have, when do we have them, how long will we have them, who is going to pay for the development of the infrastructure to service those loads? The big issue on a continual basis is that we have a very small rate base, a very small population, and infrastructure assets, as we add them, cost a lot of money — as we have all seen

with Mayo B. There's nobody disputing the fact that Mayo B costs a lot of money. It's a tremendously expensive project. When you look at the resource plan, one of the key pieces in that plan is that we tried to focus on the enhancement of our existing assets before we go looking for greenfield projects. We did that because, theoretically, we should be able to do that cheaper than greenfield.

So without a doubt, we would not be able to build greenfield hydro in either the time frame or within the cost elements of Mayo B, simply because the regulatory and licensing and engineering time frames we need are probably in the five-to-10 year time frame.

We have been frantically — if that's a word and it's probably too harsh a word — but we have been feverishly working away, trying to get ahead of the game, but we keep getting more customers. The more customers we get, the more difficult the task that it puts to us to make sure that we've got enough on the system so that we don't have to turn our diesels on as we go forward — and that's a big part of our strategy.

We have, as everyone knows, two wind turbines on Haeckel Hill. We initiated a couple of different wind studies, one at Ferry Hill that I've talked about often. Ferry Hill is just at the Stewart Crossing junction; it's just across the road.

We've been looking and monitoring wind in that area for a few years. We're getting some results there that tend to give us some encouragement, but I'm loathe to say more than that until we do some further work, which we will be doing this year. We launched a major study on Haeckel Hill — sorry, on Mount Sumanik — as everyone is aware of and, subsequent to doing that, we've done some additional work there trying to integrate the information in that study with our power benefits model so that we really have some additional information and, following that, we will also be doing some further analysis on that study this year.

As everyone also knows, this will be the second year of our geothermal program. We did an extensive program last year. I am just waiting for the results in terms of the final reports from the field seasons so that we can talk in general terms about how that program fared and we will be doing that specifically with some — I would use the word "partners" in loose terms — some partners that we have on a couple of projects in terms of — I have talked about this before: we did some work in Champagne and Aishihik First Nations settlement lands and we view them as a partner on that because, without them, we couldn't do the work out there.

We will be reporting in more detail on the geothermal program. We have another large program slated for this year, a great deal of which won't get started until the snow is off the ground.

We look on a general basis at what other technologies — hydrogen isn't something that we could do now. We might have been able to do it 10 or 15 years ago, when we had significant surpluses, but I don't see — at least the information we know about hydrogen, we're not pursuing any non-renewable technology. So we're not talking to anybody about coal or further diesel plants or anything like that. The nuclear option

keeps coming up, but I can tell you we're not talking to anybody about that either.

We are looking at some other small hydro options, and we are talking to some individuals about a possible biofuels plant — again, emissions in the range of zero or very little. In other words, it could meet current emission standards without being classed as a diesel or a gas or something like that. And we will look at any option that anyone wants to bring to us, in terms of suggestions.

We're not a very big company, and doing what we're doing now is taxing our resources to the greatest extent possible, I would say to you. But we're always looking. We're looking at new technologies, as they come to us, on a monthly basis. We're hopeful that geothermal will prove to be substantive — that we'll be able to, down the road, get some electric energy from a geothermal source that would be a real boon.

We started this because we thought it was a serious option and we hope that we'll be able to do some wind. I think a great deal of the misconception around the discussion currently is that Yukon Energy is not negative about wind. It's just that wind wasn't an option in the time frames that we had available to us and wind is not generally looked at as an energy project. It is looked more at as a capacity project. We needed energy and we needed it quickly, and Mayo B was the best option we had available to us. We looked at all these different options. They're all in our resource plan and we'll continue to try to work through and see if we can find another solution.

Mr. Cardiff: I'd like to ask another question related to this. Do you have any idea of how soon you might have a shovel-ready wind-generation project or geothermal project?

Mr. Morrison: I can't tell you definitively when we'll have either. I can tell you that in order to do, say, a project such as Mount Sumanik, if our investigations continue and they prove that — or as our investigations continue, Sumanik proves to be an economically viable project, I can tell you that we do need additional wind data for Mount Sumanik.

The wind data that we had, had big gaps in it, and it will need some additional wind monitoring, which we intend to do. But do I need a year of that data? I would say that is a minimum. Do I need two? I might. Can we do any other work, you know, parallel to that? You know, I can't think of that off of the top of my head, but we're advancing all of our options to a stage where we have them shovel-ready as quickly as we can, and we continue to do that. I'm happy to continue to report on those projects, as we make progress.

Mr. Cardiff: I just want to explore this a little bit. I recall in the briefing we had a few months back that you mentioned that part of what the corporation is doing in order to ensure a maximum benefit to Yukoners is manage every tablespoon of water that goes through — doesn't matter whether it's this facility here or the facility at Aishihik or in Mayo.

Would not a wind-farm project on Mount Sumanik assist in managing that water? When it is on-line, when it is feeding into the grid, does that not allow the corporation to better manage the water so that when there is an increased load or increased demand, it would help you manage the water more effectively?

Mr. Morrison: Let me — and again, I am trying to be helpful. It may, and that is certainly a possibility. The issue on wind is not what wind will do and how much wind we will have but, just like any other project, before we go and do anything, there is a great deal of study required. There is a great deal of investigation required. There is some preliminary design and engineering work required. An environmental review that is required, and all of this takes time. I understand that people think we can just go out and do whatever it is that they want us to do very quickly, and we can't. We can't do those things, you know, in a quick, haphazard manner, because when we get to the regulator and we don't have all the answers to all the questions, we can't be successful.

So our approach is that we do our homework, we make sure that we have all the information, we make sure that before we take projects to the board to spend money on that we have documented evidence of what we're going to do and why we're doing it. The board does not give us permission to spend money lightly. They scrutinize those expenditures, as will the public utility board when we try to put them into rates.

So we are investigating Mount Sumanik. That is not — you know, that's something that everybody understands. We've done a study. Everybody knows that. We need to do more work. And we'll see whether or not it will let us help with the storage of water. But I want to be clear that Whitehorse is not a system that has storage capabilities. The Whitehorse plant storage is contained in the natural storage and the operating limits that we have in the Southern Lakes system.

So, yes, we do have a control structure, but that control structure slows down water. It doesn't store it. It's not a storage project. Aishihik is a project where we do have storage, and if we could help with that —

Those are all of the criteria that we'll look at when we do an assessment of whether a project is a go or no-go, whether it's a beneficial project — economically or not; environmentally or not — those are all the criteria that we'll look at. But we have to look at them all first and we need more information on those projects specifically before we do that, but nobody has ever said they're not in the mix; they're just not ready right now.

Mr. Cardiff: The question that comes out of that — and I know I've asked this question before, but I'd like to get it on record in the public — I believe that the Energy Corporation and the Development Corporation operate in the interests of the public. They're owned and operated by the citizens of the Yukon with a board and a management team.

The government talks about being open and accountable and sharing information. We had this conversation before to some extent about the Mount Sumanik wind study being proprietary to the corporation.

I just struggle with the thought that this has been done on behalf of the taxpayers and the ratepayers of the Yukon — and I believe that it should be made public, and that the knowledge that has been gained for the corporation can be shared with the public, and the corporation should be able to retain the right to the project.

So, what I'm asking is, can the corporation now release that wind study?

Mr. Morrison: Just let me expand or clarify the answer that I've previously given. We also believe in openness and transparency, but we also believe in the fact that when the ratepayers, whom we act on behalf of, spend money to do a study, it's my responsibility as the steward of those assets to make sure that that study is used to the full and complete benefit of the ratepayers. What we have talked about in terms of releasing that, is it was a commercial study — Yukon Energy paid for it.

There are details in it that I think will assist us as we go forward in terms of developing a project. There will be a day when we will release that study because we will be required to release that study as part of going forward with a project. There may be a day when we will decide that we're not going forward with that project and we may then also release that study because it doesn't fit into our plans as we go forward. Right now, we're looking at the project. It is a study that we've paid money for. We're going to continue to keep that information within our internal system so we can use it for the benefit of ratepayers. When the day comes that we do that, we'll certainly be prepared to release the study and tell people why we're going forward. It also needs additional work. It is not a panacea on its own. It is not the definitive study that says there is a project or not a project. It is a study that provides information and tells us we need to get more information. So that is what we're doing and the study will get released but not right now.

Mr. Cardiff: I'd like to ask a question about the demand-side management. The Yukon Utilities Board had previously asked both the Energy Corporation and Yukon Electrical Company Ltd. to develop a demand-side management plan.

Can the president tell us whether or not that has been done, where we're at and is it available?

Mr. Morrison: The Yukon Utilities Board did instruct us to move forward on developing a demand-side management plan. At the same time, the Yukon government, under its energy strategy, came forward with a proposal to develop an IPP and a net metering policy. I may get one of these wrong, but the Yukon Utilities Board, I believe, also told us to do a demand-side management plan and an independent power production policy. What we've done is develop a working group between Yukon Energy and the Department of Energy, Mines and Resources of the Yukon government to look at all of those issues. We felt that we could go out and develop the demand-side management program on our own, but it really has to fit a number of different criteria and fit into the —

To be consistent with the energy policy or the energy strategy that's out there, it would be helpful if we had the benefit of having one discussion so the two utilities didn't develop a plan and then it go forward and have government look at it and find it may or may not have fit.

So this way we have everybody at the table. That working group is doing its work. I'm afraid I can't tell you off the top of my head when we anticipate having something to bring forward, but I know they're diligently working away on this.

Mr. Cardiff: It has been alluded to that on the demand side, there are more customers coming on and there are industrial customers coming on. We're anticipating Alexco and possibly Carmacks Copper. This is going to put increased demand on the system to the point where even what we're doing or what the corporation is doing with regard to Mayo B isn't going to really be enough.

That is cause for concern. But I'd like to know if there has been any commitment made from either Alexco or Carmacks Copper to pay a share of either the cost of the Mayo B project, or the transmission line project, and do you have any contracts to supply power? Are there contracts in place to supply power to either of those mines?

Mr. Morrison: To start with the last, there are no contracts yet to supply power to either of those or any other mine. We are 90 percent of the way through a purchase power agreement negotiation with Alexco, and we anticipate having that — other than us being tied up in hearings and the YESAA process, which has been taking our time — I would say within the next month we would have an agreement with Alexco.

We have not had any fruitful discussions with Carmacks Copper for quite some time. I do understand that they're winding their way through the regulatory process, and they're now in front of the Water Board and that they have been through the YESAA process.

So, in terms of how we assess the seriousness of customers, we think potentially they're a very serious customer. It would be a question now of timing with them.

We expect — we originally thought it was 2012. I'm not sure, if we would ask today — think that they would be connected by that time. Alexco will be connected this year — is my understanding from them. They're building their mill and their project right now.

In terms of investment, Alexco has not been asked to contribute to the transmission line, because Alexco is already connected to the grid. They were an existing customer — you can't ask an existing customer, other than we did ask all other customers — and they will pay us part of the dollars that go into rate base. But the Carmacks Copper discussions that we had earlier on — we made it very clear to Carmacks Copper that, in order to be connected to the grid, they would be required to make a contribution to the transmission line. We continue to hold that opinion, and we will continue to take that position in any discussions we would have with them.

Mr. Cardiff: It's also my understanding that there's an obligation on the part of the Energy Corporation to provide power if an operation or a mine pays to get hooked into the grid.

There is an obligation to provide power to residential consumers when they hook into the grid if they pay the cost of getting to the home from the grid, basically. So I am just wondering whether or not the Energy Corporation's board has adopted a policy on supplying power to industrial consumers, like mines, and how to protect ratepayers and taxpayers from the costs and risks that are associated with the closure of those projects — and, if that policy is available, we'd like to see a copy of it.

Mr. Morrison: The board — I would say, we have not written out a specific policy for all industrial customers, because as you see in the case of Alexco and Carmacks Copper, they are different. All customers, including residential customers, pay the connection from getting from their house to the nearest tap — or it is not necessarily in a residential area a transmission line, but the nearest distribution line, I guess, if we call it that.

Industrial customers — and you are correct: we have an obligation to serve under the YUB act; we have an obligation to serve all customers, and you have characterized it correctly, if they connect to the grid. Using the Minto example, Minto connected to the grid. They paid the entire cost of that grid connection. They also shared a cost of the main transmission line project. It's our obligation — and I think again it goes back to the due diligence that we have to do when we negotiate contracts for supply of power — we have, and I'm very, very comfortable — we have in the Minto agreement, because it's before us — we have sufficient security to ensure that we will be paid whether that mine operates or not.

The Minto mine also has a three-year take-or-pay contract provision in it, which means if they don't take the amount of power that they contracted with us to take, at any year within those three years, they will pay us the cap amount — so the calculation of the estimated amount of power they were going to take.

That also means if they go away in that period of time, they still owe us that money, even though it is money consumed — sorry, that's power they haven't consumed. In addition to that, they owe us all of the money for their share of the transmission line and all of the money that they haven't paid for the costs of the connection line.

We feel that we have a security document.

We have that as a registered security, and we feel that those clauses cover the risk that we have in terms of the cyclical nature of the mining business, which I think you were referring to. That contract has also been approved by the Yukon Utilities Board. If not, we wouldn't have been allowed to proceed with it. So I believe that in their review they also feel that the risks for ratepayers that the mines will impose additional burden has been completely taken away.

Mr. Cardiff: I'd like to ask a question about the Yukon Energy Corporation's borrowing of money to finance the transmission line and the Mayo B project. I'd just like to know whether or not any calculation has been done. It's my understanding that the Energy Corporation is using the bond market to raise the funds as opposed to using the government's ability to borrow at lower federal rates. I'm just wondering whether or not there has been any calculation on the cost of borrowing through bonds, versus using the guarantees that the government could provide to borrow at very low rates.

Mr. Morrison: I just have a couple of points of clarity. It's the Development Corporation that's borrowing the money and providing it to the Energy Corporation. I will agree that we're not using the government's good name to borrow the money as a traditional loan from a bank, but we are certainly using and getting a rate that characterizes YDC as a govern-

ment entity. So we're getting the benefit of having the Yukon government as a parent in the bond market. That was a major consideration.

One of the issues around why we would do a bond versus borrowing a straight loan is that the term of the bond, we can get as fixed. So we would be looking for a 30-year bond. We'll know exactly what our interest rate is for the period. It will not go up during that period of time. We are looking, and I think we've found a way to make sure that we can offer some of that bond on a local basis to local Yukon residents, if they wanted to purchase it, and purchase it and sell it — you know, over time — if they didn't want to keep it through that 30-year period.

Within the traditional loan market, we can't get 30-year money with guarantees that will give us the same guarantee on interest rates that we can in a fixed bond market.

That's the reason. Because of rate shock, we don't like big floats in the interest rates, if we can help them. When we went out to financial institutions to talk about this and to look at it, this was also the recommendation we got. We did an analysis ourselves and we got the same recommendation from financial institutions.

Chair: Are there any further questions?

Mr. McRobb: I just have a quick one. The last time the officials appeared, there was an undertaking to provide sample bills. The request was specifically laid out, and I believe there was an undertaking that was provided. Well, it has been about 16 months now, and I'm still waiting for those sample bills. When might we expect to receive those?

Mr. Morrison: I'm duly embarrassed. We will undertake to get those before the end of the month to the honourable member. I'm truly sorry. We'd forgotten all about it, and we did commit to do that.

Mr. McRobb: I thank the president for that. Again, I would thank both officials for appearing today.

It has been a very worthwhile session and certainly there were some uncomfortable questions asked and uncomfortable questions answered. Again, we felt it was necessity and we apologize for any hardship it may have created for the officials. We certainly understand and appreciate the position you are in. So once again, thank you very much.

Chair: Are there any further questions to the witnesses before the Chair excuses them?

On behalf of Committee of the Whole, I would like to thank Ray Hayes, chair of the Yukon Development Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of Yukon Energy Corporation, for appearing as witnesses today. Thank you and you are now excused.

Witnesses excused

Hon. Ms. Taylor: Mr. Chair, I move that the Speaker do now resume the Chair.

Chair: It has been moved by Ms. Taylor that the Speaker do now resume the Chair. Do members agree?

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. 18, entitled *Third Appropriation Act, 2009-10*, and directed me to report progress on it.

Also, pursuant to Motion No. 1011, Ray Hayes, chair of the Yukon Development Corporation Board of Directors, and David Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, appeared as witnesses before Committee of the Whole from 3:30 p.m. to 5:30 p.m.

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

Some Hon. Members: Agreed.

Speaker: I declare the report carried.

The time being 5:30 p.m., this House now stands adjourned until 1:00 p.m. tomorrow.

The House adjourned at 5:31 p.m.

The following document was filed April 12, 2010:

10-1-142

RCMP, moral and ethical expectations: letter re (dated March 30, 2010) from Steve Cardiff, MLA Mount Lorne to Hon. Marian Horne, Minister of Justice (Cardiff)