

**Yukon Legislative Assembly
Whitehorse, Yukon
Thursday, February 17, 2011 — 1:00 p.m.**

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

Prayers

INTRODUCTION OF PAGES

Speaker: Honourable members, prior to today's daily routine, I would like you to join me in welcoming back Meaghan O'Connor from F.H. Collins. Meaghan will be joining us as a page for the balance of the spring sitting, so please join me in welcoming Meaghan back to the House for her third sitting.

DAILY ROUTINE

Speaker: We will now proceed with the Orders of the Day.

Tributes.

Introduction of visitors.

Returns or documents for tabling.

Are there any reports of committees?

Are there any petitions?

Any bills to be introduced?

Any notices of motion?

NOTICES OF MOTION

Hon. Mr. Fentie: I give notice of the following motion:

THAT pursuant to section 18 of the *Conflict of Interest (Members and Ministers) Act*, the Legislative Assembly reappoint Mr. David Phillip Jones, Q.C., as a member of the Conflict of Interest Commission for a three-year period.

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

THAT this House urges the minister responsible for the Yukon Housing Corporation to sufficiently resource the corporation to allow it to follow recommendations made to remove deterrents, such as the current three-month interest penalty charge, that discourage existing mortgage clients who want to transfer their mortgages to a bank.

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

THAT this House urges the Government of Yukon to ensure:

(1) departments and corporations are equipped with a viable cyber-security strategy to guard against computer hacker activity, specifically "spear-phishing";

(2) employees are aware of this hacker activity that involves impersonating public servants via their e-mail accounts;

(3) employees are aware of how virus-infected Adobe PDF files and other attachments can be used to compromise e-mail accounts;

(4) computer systems that carry financial information are significantly protected against cyber attacks; and

(5) policies, roles and responsibilities are being kept up to date with changing technologies.

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

THAT it is the opinion of this House that this Chamber must attempt to reflect a humane and inclusive society by:

(1) avoiding sexism while referring to who has the right to vote; and

(2) avoiding ageism when discussing a person's experience.

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

THAT rising global food prices and a dependence on the south for the majority of our food puts the Yukon and northern Canada in a vulnerable situation; and

THAT the challenge of the transition to a low-carbon economy and coming to grips with peak oil means that building local food security is now more important than ever in the Yukon; and

THAT this House urges the Government of Yukon to work in all communities, with citizens including with agricultural producers, gardeners, First Nations, and community organizations to come up with an ambitious plan for building local food security and to provide appropriate resources to facilitate such a plan.

I give notice the following motion:

THAT rising global food prices has pushed an estimated 44 million more people into extreme poverty in the developing world over the past eight months, according to a World Bank report; and

THAT there is a link between climate change and catastrophic weather like storms and droughts and this food crisis; and

THAT there is also a link between commodities speculation and this food crisis; and

THAT this House urges the Government of Canada, through its development assistance and through its positions on the United Nations and other multinational bodies to:

(1) target food aid to countries facing large food price spikes in the short term; and

(2) work toward food sovereignty measures at home and support such efforts abroad.

Speaker: Are there any further notices of motion?

Is there a statement by a minister?

Hearing none, that brings us to Question Period.

QUESTION PERIOD

Question re: Sobering centre

Mr. Mitchell: Last week the Justice minister confirmed for us that this government is very good at talking the talk. She said this government delivers, but Yukoners have been waiting for nine years for this government to deliver many of the promises it has made. They're still waiting, Mr. Speaker.

The Justice minister informed us last week that it is still the intent of the government to explore the creation of a sober-

ing centre in the downtown core. This seems like just another hollow promise.

Will the Minister of Health confirm for us: is this sobering centre in this government's long-term plan and, if so, why was this not included in this government's budget or its tabled long-term plans?

Hon. Mr. Hart: Mr. Speaker, we are working with those involved in the task force, as well as all stakeholders, in trying to come up with a solution — a Yukon solution — based on our review of other jurisdictions to provide a sobering centre that will meet the needs of Yukoners.

Mr. Mitchell: Mr. Speaker, there is a great need for a sobering centre in downtown Whitehorse. When we discussed social issues in the fall, the Health minister said, and I quote: "I agree that our detox centre is not entirely meeting the needs of our acute inebriates, but we are close to receiving a report from the task force on acute inebriates."

Well, Mr. Speaker, the report to which the minister was referring was published the end of December and released publicly in January. It underlined the fact that those suffering from alcoholism in Whitehorse aren't getting the proper help they need. These people deserve to be helped. They deserve a decent facility that delivers adequate programming. The report from the task force was released over a month before this government tabled its new budget. Why has a sobering centre not been included in the long-term plans?

Hon. Mr. Hart: Mr. Speaker, we indicated that the report would come due at the end of December. That report was provided to us on time and was provided generally to the public. The recommendations therein were provided by the two co-chairs after a review of other jurisdictions. We are looking at those recommendations provided by this very valuable task force and are working with them to ensure we can obtain a facility that will meet the needs of many of the recommendations provided by the task force.

Mr. Mitchell: In the last four months, we've seen mental health funding slashed and then quickly reinstated when the public cried foul. We've heard this government talk about the need for a homeless shelter, but then not set any funds aside for this project in its long-term plans.

We have the Health minister telling us that our current detox centre isn't meeting the needs of the people who need it and the Justice minister telling us that this government is looking into building a new facility downtown, but there is nothing in the budget that would indicate that this centre is anything more than just another fantasy.

Which should Yukoners believe — the ministers who say that a sobering centre is in the works or the budget documents that clearly show there are no plans to develop a sobering centre in the next five years?

Hon. Mr. Hart: For the members opposite, as well as those on the other side and those listening, we are working diligently. We are working with all stakeholders involved in dealing with these individuals through the government, through the NGOs, through all the processes, in order to find a situation, again, that will meet the Yukon requirements. We can utilize resources that are available to us. We are in that process cur-

rently. When we are able to announce something with regard to that, we intend to do so. We will move forward based on what our requirements are once we know exactly what is required and what amounts are required, so that we can move forward to assist these individuals and to provide assistance to all chronic inebriates.

Question re: Sobering centre

Mr. Mitchell: Yesterday the Minister of Justice told us, quote: "The Minister of Health and Social Services has been clear that the Government of Yukon is also committed to developing a sobering centre linked to a detox facility that would provide safe, supervised care of acutely intoxicated persons who do not require secure custody." The Auditor General pointed out that this government has a hard time evaluating programs and setting priorities. So if a sobering centre is a priority for this government, as the minister claims it is, will the minister tell us when Yukoners can expect to see it established?

Hon. Mr. Hart: For the member opposite, we on this side of the House, as I stated earlier, are working with all of the stakeholders and NGOs with regard to many of the recommendations put forth by the task force, as per the terms of reference that were provided for this task force.

We have had discussions with several individuals right now and we are working with them on implementing how we are going to go forward on making these changes and when they will take place.

Mr. Mitchell: Mr. Speaker, this government's answers are all over the place. It's no wonder that the Auditor General made reference to the fact that it has a hard time setting priorities; it doesn't even know what direction it's going in. The Deputy Minister of Health told us last week that the department simply can't afford to fund everything it wants to. There is no mention of a sobering centre in any of the budget documents or in any documents that we received from the department. This government is committed to the idea of a sobering centre and a medical detox facility, but it is not committed to spending any dollars to make them a reality.

What is this government doing to turn this idea into a reality?

Hon. Mr. Hart: We are looking at all the recommendations provided by the task force. We are looking at making assessments of what we can or cannot implement in the short term, what's going to require items that can be provided in the long term to assist these individuals. This problem didn't arise yesterday; it didn't arrive last week. It has been here for eons of time.

We are going to take the time to ensure we have a long-term objective with regard to assisting these people and that we have a facility that can act in the interim to address some of the issues for these people to ensure they are looked after. For the member opposite, the recommendations provided by the committee do provide for several options we can go forward with, either all at once or a couple at a time. Right now, we are looking at those options to see which one is most available for us to resource and most available for us to enact to provide assistance to those who need it.

Mr. Mitchell: The Health minister just said this problem has been here for eons of time, yet this government has put no money in its long-term plans to address it, not even a Finance minister's proverbial \$1 to indicate it's something they're going to be doing.

Last week, I asked the Minister of Justice about the government's commitment made last fall to develop a homeless shelter in downtown Whitehorse. The Justice minister responded by telling us about plans to develop a sobering centre. It's clear that this minister does not understand that there are many reasons why people might be homeless and need shelter. The Justice minister may be interested to know that not all homeless people are intoxicated persons at risk and not all intoxicated persons at risk are homeless people.

Does the Health minister share his colleague's view that all homeless people are drunks and when is he going to move ahead with plans to develop both of the facilities that this government has promised?

Hon. Mr. Hart: For the member opposite, with regard to some of his questioning with regard to the detox centre and also the questions of the sobering unit, as was recommended in the task force recommendations — they've indicated that having the sobering centre attached or near a detox centre is the ideal condition. We are exploring that actual idea to see if that is possible. In addition, we are looking at facilities that will provide for a homeless shelter here in the Yukon.

Question re: Acutely Intoxicated Persons at Risk, Task Force report on

Ms. Hanson: Back to the important issue of communication and collaboration across Yukon government's departments. Yesterday the Minister of Justice outlined this government's plans for responding to the recent Task Force on Acutely Intoxicated Persons at Risk. Several times this minister outlined that the government will have three units to address this problem. She said there will be a secure assessment centre in the Correctional Centre that will be run by corrections officers, along with nursing staff that will accommodate men, women and children.

In addition, she said there would be a sobering centre that the Minister of Justice said will "be in action in the very near future." There will be continued use of the present detox unit in the Sarah Steele Building. The complete involvement of the Department of Health and Social Services in these plans is anticipated.

Will the Minister of Health and Social Services confirm that the plans outlined by his Cabinet colleague yesterday are correct?

Hon. Mr. Hart: For the member opposite and also just to follow up on the previous question with regard to the Leader of the Official Opposition: we are working with all those involved, with regard to the task force recommendations on all the recommendations they put forth and all the options that they have indicated — items that have to be looked at in the interim, items that can be looked at on the long term, and all the recommendations that will provide benefits to those who need it the most, the chronic inebriates.

Ms. Hanson: Mr. Speaker, yesterday, as I said, the Minister of Justice said that the Yukon Party government has been implementing the 2005 *Yukon Substance Abuse Action Plan*, and yet yesterday the Auditor General also said that that substance abuse action plan lacked targets, goals, performance measures or evaluation requirements, meaning that the effectiveness of the *Yukon Substance Abuse Action Plan* cannot be assessed.

The Minister of Health and Social Services commissioned the Task Force on Acutely Intoxicated Persons at Risk. Their report recommended a collaborative inter-agency non-correctional-facility approach to addressing the needs of the acutely intoxicated. The Yukon government chose to place a sobering centre at the new WCC. Will the minister clarify what process was used in deciding to ignore the recommendations of the Task Force on Acutely Intoxicated Persons at Risk, and move immediately to build a correction-based sobering assessment centre at the Whitehorse Correctional Centre?

Hon. Mr. Hart: Mr. Speaker, I'm not quite sure where the member opposite is coming from in the question, but I will state for the record that the Whitehorse Correctional Centre is a measure whereby all intoxicated individuals can be looked at and can receive medical attention, and the aspect of — I believe the Minister of Justice was using the phrase "and of the drunk tank".

But I will also state for the record that both the co-chairs of the task force and those dealing with the Whitehorse Correctional Centre were fully aware of that facility going in there. They indicated so in their report — the one that is registered here in the House. They were in conjunction in dealing with this situation, and I will repeat: although not ideal, it was very acceptable to those who co-chaired the task force.

Ms. Hanson: Mr. Speaker, I just point out that "awareness" and "concurrence" are not the same word. The lack of planning and the ad hoc decision-making of this government have been clearly exposed this past week. We have just heard how the government responds to the extremely serious issue of acutely intoxicated persons and deaths in custody without due diligence to other options. We have seen this many times with this government — without consideration for other options, decisions are made.

We have had time, energy and money devoted to reports, and the findings are largely ignored. Again, we have seen in this area, how we, as a Yukon community, have been called to respond to fellow citizens dealing with issues associated with acute intoxication.

What we have seen is that new ideas and recommendations made in good faith are scoffed at. The trust of taxpayers in this government is being sorely abused. What measures is this government taking to demonstrate that it takes the serious issues of social inclusion and the response to acutely intoxicated persons at risk seriously and, if it does, why are they not reflected in the 2011-12 budget?

Hon. Mr. Hart: We on this side of the House initiated the task force. We as a government asked to go forth on this issue. We provided co-chairs for the facility that were unrelated — or, not attached to the government. These individuals went

forth and did their work. They completed their work on time. They made recommendations to the government. They were fully involved with the situation at the Whitehorse Correctional Centre. They were fully aware of that situation. They made recommendations based on recruitment work when they went abroad looking at other jurisdictions, and we applaud them for the work they have done. We're very happy with the work they have done, and we intend to work with those individuals further on following through with all of the recommendations and also looking at the options that are available to the government to enact something in the immediate process to assist those individuals. We are in that process, and we fully intend to follow up on many of the recommendations put forth by the task force.

Question re: Government accountability

Ms. Hanson: I may be new in this Legislative Assembly as an elected politician, but I'm not new to the public policy discussions. After what has transpired this week, I feel I must speak about some of my observations. I've seen deflections and increasingly nasty attacks. I have seen a government that's fixated on other parties' positions and not what they said they would do and what they will do.

I have heard many tough questions go unanswered; instead the government employs the trick of itemizing every expenditure they have made over the last nine years.

During the by-election and on the street today, I hear the Yukon people craving for a government that listens and works with them. When will this government get down to answering the serious public policy questions and stop deflecting and launching attacks on its critics?

Hon. Mr. Fentie: I do agree with the Leader of the Third Party that she's relatively new to the political arena, and also agree with the fact that her long tenure in a federal department here in the Yukon has certainly given the Leader of the Third Party insight into public policy. What we don't agree with are the wild statements being made by this Leader of the Third Party in regard to the delivery of the Yukon Party government over the last nine years. That delivery is extensive.

Here's a news flash for the NDP leader. She recently mentioned this afternoon that the government doesn't set targets. Well, here's a target that the government and this House set when it comes to substance abuse. It's called the *Yukon Substance Abuse Action Plan*. Here are the targets as agreed to by the NDP, Liberals and the government side. It's called treatment; it's called harm reduction; it's called education and prevention and it's called enforcement. All of these targets are being invested in and the NDP votes against that investment, yet supports the concept of substance abuse action.

Ms. Hanson: The Premier has just demonstrated that he may be very good at tricky politics but, in fact, what he has just identified are not targets but are really policy objectives. This week, the Auditor General confirmed that the worst fears about the mismanagement of our health care systems are correct. They have not planned properly. There is no rationale for what they do. There is no way of determining if programs are having the intended effects. These are extreme causes for concern.

You know, in 2008, many experts and average citizens contributed to the *Yukon Health Care Review*, which was intended to look at the sustainability of our health care system — the financial and economic sustainability of that system. Somehow, these opinions have not made it into policy. When will the minister table a comprehensive response to this review, itemizing how those recommendations have been translated into policy — measurable and performance-based policies?

Hon. Mr. Fentie: You know, this is really getting to be quite an interesting sitting. This is a member who publicly stated that the NDP would be demonstrating what they would do and what their plans were for the Yukon's future. When it comes to health care, we've heard nothing but empty criticism and a misrepresentation of what the Auditor General actually reported on. That's not a plan and that has no service for Yukoners whatsoever.

Furthermore, I'll tell you what our priority is in health care — it's in the budget and it's a sizable investment meeting the health care needs of Yukoners, and it begins with a stand by this Yukon Party government and our colleagues from the Northwest Territories and Nunavut with the federal government to actually make these things happen. This is what we're doing. This is our priority. It's investing in Yukoners' health care. The NDP votes against that, yet they criticize the government's investments and what we're doing by policy in meeting the health care needs of Yukoners. I'll let Yukoners determine what they think of the NDP's health care plan, or if there even is one.

Ms. Hanson: Again, further proof that in response to a serious question about a serious public policy question, we just get rhetoric. As Canadians, as Yukoners, our public health care system is arguably our most important, our most popular social program.

You know, Mr. Speaker, the Premier neglects to remember that it was the NDP — it was Tommy Douglas who brought the struggle of universal health care to the fore, and we will protect it and we will ensure that it is sustainable. Everyone, every political party of every political stripe, knows that monkeying around with our health care system is dangerous; we care too much about our health care system. We may tolerate some projects that go pear-shaped, but when our health care system is showing major signs of problems, the public demands answers. There is something seriously wrong with the management of the Yukon's health care system. The Auditor General's scathing report — not my opinion, Mr. Speaker — the Auditor General's report suggests some ways forward.

When can the people expect a detailed response to the serious issues by Madam Fraser and a road map from this government of how we will address these issues?

Hon. Mr. Fentie: Mr. Speaker, for the NDP leader to stand on this floor and decree that the NDP will protect the health care system and ensure it's sustainable — I'm sure the rest of the nation would like to hear her ideas.

Let's look at what this Yukon Party government is doing in its priorities of health care through its investments. Yukoners have access to acute care. We have palliative care provisions; respite care. We have home care. We have continuing care for

Yukoners. We also have increased access to physicians, increased access to hospitals.

We have a tremendous medical travel policy where Yukoners are first in line when they access health care in B.C. and Alberta. Mr. Speaker, the list goes on.

I ask the NDP leader to actually go out and talk to Yukoners about what they think of the health care system, instead of trying to invent the outcomes of the Auditor General's report. The NDP don't have a plan and it's really disturbing for the Leader of the NDP to stand on this floor and suggest that they actually could protect and sustain a health care system without any knowledge of how to do so.

Question re: MRI machine purchase

Mr. Inverarity: I have a question for the Minister of Health and Social Services. In her report tabled this week, the Auditor General of Canada sharply criticized this government for preparing a business-case analysis on a regular basis. She said when business cases are prepared, they provide the department with insightful analysis that can be used to support alternatives to health care delivery models.

She said she did commend the government for doing a proper analysis on the need for a new MRI machine. The technical review committee recommended that the Yukon Hospital Corporation acquire an MRI unit.

With this recommendation in hand, why hasn't the government purchased a new MRI machine instead of asking the Hospital Corporation to fundraise for three years?

Hon. Mr. Hart: I'll try to respond to the member opposite's question. There was a substantial amount of work done with regard to the purchase of the MRI unit for the Yukon Hospital Corporation in conjunction with the Yukon government. We looked at several options with regard to the purchase of this technology. It's very expensive technology. It also requires very special workers to operate that facility. It also requires special construction in order for it to operate correctly. We did receive a presentation. We reviewed that presentation. We agreed to assist and back the Hospital Corporation in the purchase of this MRI over a period of three years with the aspect of it being able to provide not only the service of the MRI itself, but also to improve the health care that would be provided to all Yukoners by having that particular technology here in the Yukon.

Mr. Inverarity: The government had two options once it did the proper business case analysis that recommended buying a new MRI machine. The first option was to purchase it right away and start saving money on travel costs, and the second opinion was to ask the Hospital Foundation to raise the money for the purchase over a three-year period. The government chose the latter. A new MRI machine will cost about \$2 million, but its purchase will save us money over the long term, because we won't be sending out 500 people a year to get MRIs done in B.C. and Alberta. Why won't the government simply purchase the MRI machine now and put it into place?

Hon. Mr. Hart: Mr. Speaker, we are working with the Hospital Corporation on the construction of this facility. It will take the Hospital Corporation some time in which to figure out where this facility will be placed within the current hospital

unit. It will take them some time in which to raise the money. I might add, Mr. Speaker, they're currently well ahead of schedule on that particular aspect. We look forward to them being very successful in raising their portion of the cash in order to purchase this machinery. As I stated earlier, we very much look forward to the health welfare for all Yukoners based on the installation of this equipment.

Mr. Inverarity: Mr. Speaker, it sounds like a stalling tactic to me. In a billion-dollar budget, there should be room for a \$2-million MRI machine that will be cost effective to put into place. Perhaps if the Premier hadn't tied up \$36 million in bad investments, we could have used some of that money for this purpose.

The Auditor General has commended the government for actually doing a business case analysis on the idea of buying an MRI. That's good news. The bad news is, despite the recommendation to go ahead with the purchase, Yukoners will have to wait three years for this new equipment to be set up in the hospital. Why hasn't the government gone ahead with the purchase of the new MRI machine? Why do we have to wait three years for Yukoners to actually be able to use it locally?

Hon. Mr. Fentie: Mr. Speaker, I think we have some contradiction over there in the Liberal benches. The Liberal leader says that we are broke, and now we have the Member for Porter Creek South standing, in all reverence, wanting us to spend millions of dollars on something.

Furthermore, how can the Member for Porter Creek South stand in this House and pour cold water on what is one of the best organized foundations in the Yukon Territory, contributing to the Yukon public's health care needs? He just basically dampened the enthusiasm and the commitment of the Yukon Hospital Foundation in the good work that they do.

Yukoners are all the better off because of the Yukon Hospital Foundation. I'm sure that they are very interested in what the Liberals have to say about that very illustrious foundation of Yukoners who are making that dedicated commitment to our well-being. The government is committed to supporting the Yukon Hospital Foundation in all its efforts and endeavours as we have in the past, as we will with this particular initiative.

The Liberals say we're broke; the Yukon Party government is investing hundreds of millions in health care, including supporting the good work of the Yukon Hospital Foundation, and obviously the Liberals don't.

Question re: Fiscal management

Mr. Mitchell: The Finance minister has been touting the virtues of his recently tabled election budget. The problem is, we can't believe any of it, and Yukoners need to know they can't believe it either. When comparing the Finance minister's main estimates for government spending against actual government spending, it becomes clear that the Finance minister's estimates cannot be trusted. For example, in the 2009-10 fiscal year, the Finance minister's main estimate for operation and maintenance spending was \$762 million. The actual O&M spending for that fiscal year was \$806 million. The Finance minister's O&M budget estimates were out by \$44 million that year.

In this year just ending, the Finance minister's original budget estimates will be wrong by more than \$50 million and counting. Given the Finance minister's habit of underestimating government spending, why should Yukoners believe his new election budget estimates?

Hon. Mr. Fentie: The short answer is Yukoners will believe it because what they're hearing from the Liberals is not believable at all. What the member has just suggested is that we have presented budget estimates to the Yukon public that were knowingly incorrect and, essentially, putting numbers in the budget that we know were wrong. Let me quote something: the Liberal leader says the budget numbers are not believable, they're not factual.

Let me read an insert from the Auditor General's report. "I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation."

Here's what she said — "In my opinion, these consolidated financial statements present fairly in all material respects the financial position of the government as of March 31, 2010." So much for the Liberals' factual position of our finances.

Mr. Mitchell: What the Premier just read out proves only that the Auditor General concurs that, by the end of the fiscal year, tens of millions of dollars more were spent than what were originally budgeted.

Clearly the Finance minister has a problem accurately projecting government spending. Over the past five years, the annual O&M spending of this government has ballooned by \$230 million. In spite of these substantial budget increases, the Finance minister overspent those estimates by an additional \$170 million. The difference between the Finance minister's estimated O&M spending and actual expenditures over the past five years adds up to more than \$172 million.

After five consecutive years of escalating O&M spending, the Finance minister is now estimating that O&M spending will go down next year from what they have already spent this year. This is just one more reason why we have no confidence whatsoever in this Finance minister's election budget. What is the minister going to do to overcome this crisis of confidence that Yukoners have in his government?

Hon. Mr. Fentie: Yes, Mr. Speaker, \$170 million plus invested by the Yukon Party government in programs and service delivery to the Yukon public, creating a better quality of life. We'll do that any day; we'll do that any year, because the Yukon Party government's financial management created a savings account that we can use in time of need.

Furthermore, this member just said that O&M expenditures are going down next year. I'm not sure what budget documents he's looking at; it must be the same one that we spent two days debating a \$1 item for environmental liabilities

that the Liberal leader said was not in the budget and there it is, on page 10-14 — environmental liabilities.

Mr. Speaker, the only thing that is not believable in this House, in this territory, is the Liberals.

Mr. Mitchell: You know, Mr. Speaker, this Finance minister has lost all credibility with Yukoners; he just doesn't know it yet. The Finance minister does not deliver believable estimates. When we compare O&M spending from one budget year to the next, the margin of error in the Finance minister's estimates is spinning out of control. The margin of error in this Finance minister's O&M estimates was \$30 million two years ago, \$40 million last year and more than \$50 million this year and counting.

Over the last five years, the Finance minister has been wrong in his original estimates by more than \$172 million.

What does he say? "If this isn't good prudent financial management, I don't know what is." The Finance minister is now estimating that O&M spending will suddenly go down next year. We don't believe it. The Finance minister has been wrong every year so far. Why should anyone believe he will be right this time?

Hon. Mr. Fentie: Let me help the Liberal leader, who obviously has completely lost his way — not on any pathway of any sort, but really stuck in the ditch. The member just said that, according to the budget estimates, O&M is going down next year. I'm assuming the member means the fiscal year 2012-13. Let me reference what's in the government estimates for that year — net operation and maintenance expenditures, \$782,971 million. Let's go back to fiscal year 2011-12 — oh, \$757,947 million. I don't know how the member can conclude that that is somehow a reduction in O&M expenditures. I guess it's the same as not even being able to figure out there's a \$1 item on the page of a budget.

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

ORDERS OF THE DAY

GOVERNMENT MOTIONS

Motion No. 1291

Clerk: Motion No. 1291, standing in the name of the Hon. Mr. Fentie.

Speaker: It is moved by the Hon. Premier THAT the membership of the Standing Committee on Public Accounts, as established by Motion No. 8 and Motion No. 857 of the First Session of the 32nd Legislative Assembly, be amended by rescinding the appointment of Steve Cardiff and appointing Elizabeth Hanson to the committee.

Hon. Mr. Fentie: Mr. Speaker, this is an administrative item for this House to deal with. With the recent election of the NDP leader, the MLA for Whitehorse Centre, we are now at a decision point that requires the NDP leader's appointment to the Public Accounts Committee, replacing her colleague, the Member for Mount Lorne.

There is not much more to add to that, Mr. Speaker, other than “Welcome” to the new NDP leader, and welcome to the Public Accounts Committee and all the duties and responsibilities that go with it.

Mr. Mitchell: While the Premier says it’s basically housekeeping, I would say that it is an important role — serving on the Public Accounts Committee. As the chair, I would like to thank the Member for Mount Lorne for his positive contributions over the past while to the work of the committee, his promptness in responding to all calls for meetings and his very cooperative attitude within those meetings. We certainly welcome the MLA for Whitehorse Centre to the Public Accounts Committee and we look forward to her making positive contributions, too, to the important work of the committee.

Mr. Cardiff: I’ll be brief as well. First of all, I’d like to thank the government for bringing forward the motion we requested at the beginning of the sitting and I’d like to thank the chair of the Public Accounts Committee for his kind words. We look forward to the Member for Whitehorse Centre’s participation in the Public Accounts Committee in the very near future, and we hope that they will be meeting and doing the business necessary that’s there to be done by the Public Accounts Committee. It is a very important committee; the work is important and I’d like to say that I enjoyed very much being on that committee and I look forward to hearing more about the work that gets done there in the near future.

Mr. Cathers: This change of course is a common procedural change — a housekeeping matter. The committee itself obviously does very important work, but the change itself is housekeeping in nature. I will be supporting it.

Motion No. 1291 agreed to

Motion No. 1290

Clerk: Motion No. 1290, standing in the name of the Hon. Mr. Fentie.

Speaker: It is moved by the Hon. Premier that the membership of the Members’ Services Board, as established by Motion No. 7, Motion No. 887 and Motion No. 1172 of the First Session of the 32nd Legislative Assembly, be amended by rescinding the appointment of Steve Cardiff and appointing Elizabeth Hanson to the board.

Hon. Mr. Fentie: Once again, Motion No. 1290 is to address the need to change membership on the Members’ Services Board. Of course, we welcome the new member, the Leader of the NDP, to the board. We thank the former member of the Members’ Services Board, the Member for Mount Lorne, for his dedicated service. Again, not much more to be said about it. The Members’ Services Board function brings with it a tremendous amount of responsibility and duty. I am sure that the new Member for Whitehorse Centre will carry that out accordingly.

Mr. Mitchell: We also want to first of all thank the Member for Mount Lorne for his past service on the Members’ Services Board. I’m not quite sure what he’s going to do with all of his spare time, now that he’s off of these two committees, but I’m sure he’ll find something, considering how many others he serves on.

The Members’ Services Board deals with many important matters, including the budget for making recommendations to this Assembly on the budget for the Office of the Ombudsman and Privacy Commissioner, the child and youth advocate, and the Conflicts Commissioner and helping to choose the Conflicts Commissioner, among many other duties. We welcome the new member to the board: the Leader of the Third Party and the Member for Whitehorse Centre as well.

Mr. Cardiff: Once again, it is kind of an administrative matter. I would like to thank the government once again for bringing forward the motion we requested at the beginning of the sitting.

As to what I am going to do with the spare time from not having to participate on these two very important committees — which I’m very pleased my colleague is taking on. I know that she’ll do a great job on both of those committees. As to what I’m going to do with my spare time, quite frankly, I’m looking forward to working diligently on the select committee that’s reviewing Bill No. 108, *Legislative Renewal Act*, and hope that we can get that work accomplished now and a report for the fall sitting.

Mr. Cathers: This is a standard procedural matter. As members know, the representative of the Third Party on the Members’ Services Board is typically the leader of that party and, upon the election of the new member for Whitehorse Centre, this is a housekeeping matter, which I will be supporting.

Motion No. 1290 agreed to

Mr. Nordick: 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 acting 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): Order please. Committee of the Whole will now come to order. The matter before the Committee is Bill No. 23, *Third Appropriation Act, 2010-11*. 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. 23: Third Appropriation Act, 2010-11 — continued

Chair: The matter before the Committee is Bill No. 23, *Third Appropriation Act, 2010-11*.

Mr. Fentie, you have about six minutes left.

Hon. Mr. Fentie: In our previous discussions about the supplementary budget, the fixation by the opposition tended to centre around a \$1 item that they said wasn't in the budget, but actually was in the budget. So the government side is having great difficulty in trying to understand what it is the Liberals and the NDP are actually talking about. But I must say that, given the fact that the Yukon Party government, going into its ninth year of governance of this territory, did take great pains upon coming into office to deal with the financial situation in Yukon and, as a member of our federation, Canada, to deal with the fiscal imbalance situation in the nation.

That work has resulted in a significant agreement called the "territorial funding formula" with Canada and, given our priority emphasis on building a private sector economy, that includes the fact that own-source revenues are now a part of our fiscal situation in Yukon. When we get into situations not only as a territory but as a nation and as the globe in general the world at large found itself in during a major global economic meltdown and financial meltdown, the Yukon Territory, by way of the financial management of the Yukon Party, had the luxury of a savings account to be used in time of need.

That is exactly what we did. We used part of that savings account to help continue to stimulate the Yukon economy in concert with our nation's economic action plan. That has resulted in significant benefit for Yukon. It also has put on the ground and continues to put on the ground infrastructure that will have benefit for Yukoners long into the future. But we also met other needs. We met health care needs for Yukoners. We addressed our obligations under collective bargaining. We addressed solvency issues and pension funds both for the Hospital Corporation and Yukon College. Through it all, yes, we did spend down the savings account, but we have maintained a fiscal focus into the future. That is what we've tabled this sitting in our 2011-12 budget.

What it clearly shows is a continuing growth of our savings account. I will just briefly go into that. We start year-end of 2010-11 — estimated net financial resource position end-of-year savings account, \$18.1 million. For year-end 2011-12, \$43.1 million; year-end 2012-13, \$55.6 million; year-end 2013-14, \$69.4 million; and year-end 2014-15, \$83.7 million.

That is the type of financial management the Yukon Party brings to governance and we are indeed a jurisdiction in the country that is far advanced in terms of being able to establish a fiscal position such as this. In other words, Mr. Chair, the Yukon Territory has the fiscal resources available to finance future government operations. That in itself bodes well for Yukon, Yukoners and our future.

Mr. Chair, further to that, we still have a savings account available that allows us to utilize it when there are emerging issues and times of need. That's Yukon Party fiscal manage-

ment. Liberal fiscal management is fixation on a \$1 item for environmental liabilities yet to be determined. Of course, the NDP has jumped to the Liberal leader's defence in that regard, so we can now say that the financial plan for the Liberals and NDP is centered around \$1 accounting, \$1 booking items for environmental liabilities and little else. That's truly unfortunate; Yukoners deserve better and I think they see the choice as being very clear: sound fiscal management by the Yukon Party government creating the fiscal well-being that we have in this territory, or the disaster that would befall us under the lack of fiscal management and acumen of the Liberals and the NDP.

With that, I think I've covered all the bases and we should be moving into department-by-department, line-by-line debate, so maybe we can ascertain what it is the Liberals or NDP might do for the future of this territory.

Mr. Mitchell: I'm not sure the Premier has covered all the bases. I think in fact he's out at third; nevertheless, we'll go on.

It's interesting the Premier keeps talking about this \$1 line item that we're fixated on, and I think he said "one dollar" 10 times in his remarks there over five minutes and I don't know how many times on Tuesday.

It's actually my wife who is the Reading Recovery teacher, not me, so I may not be up to the task of tutoring the Hon. Premier on reading for context, though I try. Again for the Premier, our issue was not with the \$1 line item for environmental liability, because the Premier had indeed explained it.

He had explained it in his opening remarks on Tuesday. It was rather, with the Premier tabling a supposedly surplus budget, when he full well knew that there likely would be no surplus.

For example, to cease listening to the Premier — because I don't think anyone in Yukon wants to hear him go on any longer about the \$1 line item for environmental liability.

The other item that was so changed by the time we had seen the supplementary budgets was the O&M expenditures for the Department of Health and Social Services, which the Premier explained again in his opening remarks, which was for out-of-territory travel, physician billing for medical care, and so forth. He asked whether those of us on this side wouldn't want to pay for the health for Yukoners, which, of course, we would.

Let me quote from the report from the Auditor General of Canada to the Yukon Legislative Assembly on the Department of Health and Social Services, which was just tabled on Tuesday.

For Yukon health services and programs, chapters 86 and 87, she talks about the government not being in compliance with the *Financial Administration Act*.

She says, "According to the Department, the overspent amount in both years was due to costs from other jurisdictions that the Department did not budget for. While the inter-jurisdictional guidance for hospital and medical care insurance states that provinces and territories have up to 12 months to invoice for services after a patient has been released..." — listen carefully, Mr. Premier — advice from the Auditor General of Canada — "...an estimate of these costs should be made

before the year-end so the Department can request Supplementary Estimates for any additional costs.”

Now, the Premier says we couldn't know how much was being spent until it is spent, but that defies all logic because if that were the case, there wouldn't be any amounts in the budget at all at the beginning of the year for these necessary expenditures. The Premier says we want him to guesstimate it. No, we want him to do a better job estimating it — not guesstimate, Mr. Premier — estimate. Because, in fact, in the main estimates there is money in the budget every year for physician services and out-of-territory travel. Unfortunately, there wasn't enough. That was our point.

You know, Mr. Chair, the Premier talks about the healthy savings account and he likes to quote when it serves his purposes from the public accounts of the Government of Yukon, the most recent public accounts of the Government of Yukon which he has quoted from earlier today for the year ended March 31, 2010. It looks at net financial resources at end of year — 2009 actual, \$135,544,000 just two years ago, three fiscal years ago. The 2010 actual, reduced net financial resources at the end of the year to \$67,000,467, and then it says that the main estimates 2010 — decrease in net financial resources \$29,286,000. We know that from the supplementary budget in front of us — *Supplementary Estimates No. 2, 2010-11* — we know that the net financial resources have been reduced — revised vote — to nearly \$18,169,000 at the end of this year. That's our concern. As for the issues that the Premier has been raising — that he doesn't understand the comparisons we're making between O&M that has been estimated from year to year and what it has actually been — the Premier very conveniently today said, “I will assume that the member is talking about 2012-13 when referring to O&M spending”, and then he made a comparison between the projection for 2012-13 in the five-year plan versus 2011-12.

In fact, what we were saying was that the amounts that have been estimated for O&M for 2011-12 in the main estimates — the budget that was tabled less than two weeks ago, or I guess two weeks ago now — the amount is less than what has been spent with this supplementary budget in the current fiscal year. The estimates for next year are that we will spend less than what we have spent this year with our main estimates plus the two supplementary budgets.

Does the Premier actually believe that O&M spending in 2011-12 will be less than the actuals that we will have spent in the current year with the supplementary budgets included, or does he believe there will no doubt be additional supplementary budgets? If there are going to be additional supplementary budgets during the course of the year, does he really believe that he will maintain the projected \$38-million surplus next year?

Hon. Mr. Fentie: I did hear the Liberal leader request that I listen intently, which we did — I did — and I must confess, with all the numbers that the Liberal leader is throwing out I'm not really sure what he's talking about, but one thing comes to mind: he doesn't even listen to what's presented on the floor of this House. We addressed all those issues. The Liberal leader is trying to compare main estimates to expenditures

or variances during the course of a fiscal year. Does the member not understand what one-time expenditures are? Does the member not understand that, in such cases as the Faro mine site, there's a reduction there that's just something that happens — not under our control, by the way. It's federal decision-making. It has nothing to do with our net operation and maintenance expenditure.

Actuarial reports for pension solvency — the Yukon government side and Yukoners are getting very concerned that this Liberal leader at some point may actually become a Finance minister in this territory, because the lack of capacity to even understand the simple fundamentals of the government's budget and the budgeting process is astounding.

In making comparisons, as the Liberal leader does — there is no substance to those comparisons. They actually mean nothing. We have already stated on the floor of the House that the Yukon Party government, in one aspect of financial management, first estimates what its revenues will be. We take a very conservative approach of that estimate. We're careful not to get too far out ahead of what will transpire when actuals come in by various means, including federal calculation of taxation and what the provincial and local expenditure base calculations will be, and the list goes on. So we are very careful in estimating our revenues. In doing so, within that context, we are also very careful in estimating our expenditures.

So let me remind the member of what was already articulated to the Liberal leader in this House. When it comes to the operation and maintenance budget, we have built in an escalator. How can the member suggest that there's a reduction? There's an escalator built into the overall budgeting process. See, none of this makes any sense. Frankly, anything the Liberal leader references, whether it's the Auditor General or otherwise, is not backed up by any substance whatsoever.

This is a fruitless discussion, and it's time to clear general debate and get on with some other matters before this House that are in the public interest, instead of the Liberal leader continuing to demonstrate his lack of knowledge of the finances of Yukon, how they are prepared and what they mean to the future.

Chair: Is there any further general debate?

Some Hon. Members: Clear.

Chair: Seeing none, Committee of the Whole will proceed to Vote 15, the Department of Health and Social Services. Do members wish a brief recess?

All Hon. Members: Agreed.

Chair: Committee of the Whole will recess for 10 minutes.

Recess

Chair: The matter before the Committee is Bill No. 23, *Third Appropriation Act, 2010-11*. We will now proceed with general debate in Vote 15, Department of Health and Social Services.

Department of Health and Social Services

Hon. Mr. Hart: Mr. Chair, if you'll forgive me I'll sit. I'm pleased to have the opportunity today to speak to the Committee of the Whole on the supplementary budget for Health and Social Services for the fiscal year 2010-11. I would like to follow up my remarks during the second reading with some key highlights.

To begin with, I would like to speak about the social inclusion strategy of this government.

This strategy will set our long-term vision for the Yukon and provide the government with a road map to achieve it.

This strategy will build on a foundation created by the evidence-based reports we recently released, including the *Whitehorse Housing Adequacy Study*, the *Dimensions of Social Inclusion and Exclusion in Yukon 2010*, and *What We Heard*.

We continue to work in a cooperative and collaborative manner with our community partners to develop this important strategy. There has been an enormous amount of time, community and individual commitment and effort put into the work of the social inclusion initiative to date. The strategy is currently on track for a late spring release date. There are no delays anticipated at this time.

The final *Social Inclusion and Poverty Reduction Strategy* is expected by June of 2011. While this strategy will lay the groundwork for future investments, this budget provides an increase of \$2.8 million for social assistance that supports the most vulnerable citizens of our community.

This budget is evidence that the Yukon government is committed to ensuring a financial safety net for residents who cannot provide for their basic needs. The Yukon social assistance program was reviewed in 2007 and, as a result of the review, basic rates were increased by 25 percent.

The exemption of earned income was also increased so that persons on financial assistance could realize benefits from moving back into the workforce. The current rate is based on the cost of living in Yukon.

When social assistance rates were increased in 2008, they were among the highest in Canada. There had not been an increase for over 16 years, since 1992, and an increasing gap between social assistance and the cost of living was identified. Yukon rates are exceeded only by those of the Northwest Territories and Nunavut. Yukon rates are assessed annually for potential increase based on the increases in the cost of living or the consumer price index.

Since 2008, we have experienced both a volume increase as well as a rate increase, which together has resulted in increased expenditures. It appears we're also seeing a number of recipients who are new to the territory. Since April 2010, there have been 449 intakes in our Whitehorse social assistance program. Of those new intakes, 107 people are from out of the territory, arriving primarily from B.C. and Alberta.

With the increase in mining and other economic activity, we will be exploring ways to take advantage of new and emerging employment opportunities to assist getting many of our employable social assistant clients back into the workforce. We will also continue to work with those who have significant

barriers to self-sufficiency to help overcome their personal challenges and increase their employability and independence.

Secondly, I'd like to speak to youth homelessness. The government remains committed to ensuring that youth have access to emergency shelter services. In 2008, the government established an interim emergency use shelter in partnership with the Skookum Jim Friendship Centre. Skookum Jim is still providing this service in partnership with Health and Social Services. The department is currently providing four emergency shelter beds for youth. These beds are privately located on the fifth floor of the Sarah Steele Building. We are working to better understand the housing and support needs of youth and young adults who are experiencing either absolute or relative homelessness. Government has involved partners, including community-based organizations to provide us with a direction and insight.

The recently released Whitehorse housing adequacy study is a product of this collaborative approach. This study involved a number of organizations and individuals, including the Office of Social Inclusion, Yukon Anti-Poverty Coalition, Yukon Bureau of Statistics, the Department of Health and Social Services, and more than 30 other organizations within Whitehorse.

This evidence-based work will provide guidance as we continue to determine longer term needs and undertake the related planning for all members of our community. It is important that the individual circumstances of individual youth in need of shelter are assessed to determine the most appropriate service to be provided.

I would now like to turn our attention to health increases in this budget. In order to understand the \$3.7-million increase in the budget for the physician claims, one must first consider the population increases and changes in demographics, such as the aging population. There has been a 2.5-percent increase in the population, which is 827 new residents from June 2009 to June 2010. From June 2009 to June 2010, there has also been an increase in three age groups that speak to the aging population in the Yukon. The age group 65 to 69 has increased by 9.6 percent. The age group between 70 and 74 has increased by 5.6 percent. The age group 75 and above has seen an increase of 5.7 increase.

The second consideration given must be to the number of physician visits and the increased cost of these visits.

There has been an increase in physician visits of over 10 percent over the last four years. In 2007-08, there were 176,944 physician visits; in 2008-09, there were 181,699 physician visits; in 2009-10, there were 194,585 physician visits. This increase means more residents are accessing family physicians.

The number of visits billed per physician has also increased. This increase means access to physician services has improved. Insured health services has also recorded an increase in certain services, such as nurse-initiated calls, psychotherapy and general office visits. The budgetary increase to physician claims is based on the combination of forecasted growth of physician claims and the three percent that is applied to the physician claims, as required under the current memorandum of understanding.

The increase also takes into account the growth in claims associated with the population increases and increased complexity of medical conditions. In order to understand the \$3.7-million increase in our budget for the hospital claims, one must again consider the population increase and the changing demographics of the aging population.

The budgetary increase for hospital claims is due primarily to the increasing number and the cost of hospital claims. A large portion of hospital claims increase is the direct result of reciprocal billing from other provinces and territories for the care provided for in-patient billings on behalf of Yukon residents receiving care in hospital out of territory.

Another contributing factor to the increase in hospital claims is the fact that many hospitals out of the territory went to a split-ward system in 2009. This means that there is one rate charged for each day spent on the regular ward and a separate rate charged for any day a patient spends in an intensive care, or ICU, unit. For example, the University of Alberta's regular ward rate is \$2,002, and their ICU rate is \$6,178. Under the hospital claim reciprocal billing agreement, provinces and territories have up to one year to bill reciprocally for their services and receiving provinces have 30 days to pay the bill as presented.

If there are errors or issues with the billing, then adjustments are requested and this process can surpass one year with special permission. The department continues to work with provinces, primarily British Columbia, to ensure that billing for services under the reciprocal agreement flow to the Yukon in a much more timely manner to assist with the budget forecasting and payment during the period in which the service occurs.

In summary, these increases are necessary to meet the health care needs of Yukon residents. The wellness initiative is now underway, led by Health and Social Services, and will complement the *Yukon Social Inclusion and Poverty Reduction Strategy*. This initiative is undertaken as one response to the health care sustainability review. It will also build on the good work already being done by Health and Social Services and other departments and NGOs. The initiative will identify individual, family and community actions, which will promote wellness and reduce the risk of chronic diseases.

Research and planning activities are underway to build the strategy based on the best available evidence and to inform how we will engage and consult with stakeholders, including the public.

The Task Force on Acutely Intoxicated Persons at Risk delivered its final report on December 31, 2010, to advise the Minister of Health and Social Services on options and suggested priorities for action, for appropriate and effective ways to deal with acutely intoxicated persons at risk of harming themselves or others.

I want to express my sincere appreciation for the work done by the two task force co-chairs, Dr. Bruce Beaton and Chief James Allen, along with all the contributions made by individuals, organizations and governments who worked for this task force.

The report made 12 recommendations for changes in areas of integrated and coordinated care and service, improved train-

ing, policy and legislation, a fully developed service, continuum of services and effective response to emergency medical care.

Development of the continuum of services for acutely intoxicated persons is a key recommendation from this report. These services include a shelter, a sobering centre and a detox centre, which will either be co-located or in close proximity.

This model optimizes space, allows for shared professional resources and promotes efficient patient care. Along with the release of the police review and the task force report, the government announced the construction of a new secure assessment facility at the Whitehorse Correctional Centre.

The task force report acknowledges that detention of violent, dangerous, intoxicated persons is a necessary consideration and that the assessment facility will be able to respond to that need, in addition to the need for the sobering centre.

The sobering centre is a relatively new approach to working with acutely intoxicated persons. The experience in other jurisdictions indicates they are an effective resource for intoxicated persons who require safe, professional care, but who may not be ready to enter a detox facility themselves.

There are different models for sobering centres. For example, beds within a detox may be dedicated to this function. This specific approach that is most relevant to Yukon would be explored as part of our implementation planning. The importance of integrated service, coordinated planning, and respectful, safe patient care is stressed throughout this report and will serve as the cornerstone as we move forward.

The task force recommendations are now being examined and acted upon, taking into consideration other related areas of work, including the just-released review of Yukon's police force, the social inclusion and anti-poverty strategic work, our work to look at the housing adequacies and the need to replace the Sarah Steele Building.

I would like now to speak briefly on the hospital pension fund solvency deficiencies. Funds have been included in this supplementary for this purpose. With respect to the pension fund, the department is currently awaiting new federal legislation that would allow the Yukon Hospital Corporation to obtain a letter of credit from a bank rather than having the Yukon government pay the solvency deficiencies announced each year. The letter would be based on an amount determined by the annual actuary assessment. I will keep the Legislature apprised on any developments in this area.

These are some of the highlights of the supplementary budget and some of the key work that's being undertaken by the department this year. I would now be pleased to answer any questions the members opposite have at this time with regard to the supplemental budget.

Mr. Mitchell: I thank the minister for his introductory remarks. I'd like to thank the officials who are here with us today, and, in particular, thank the officials for the very thorough briefing that we received earlier this week on the Department of Health and Social Services — I believe it was Monday.

It is much appreciated when we're provided with information and answers to questions in advance of debate here be-

cause it allows debate to go more quickly once we are in the Assembly.

I also want to publicly thank all the health care workers across Yukon for the outstanding job they do caring for their fellow Yukoners. It is much appreciated and you hear it every day.

The minister started his remarks by talking about looking forward to the completion and public presentation later this spring of the social inclusion strategy which is moving forward. I will say that tonight when I attend the monthly meeting of the Yukon Anti-Poverty Coalition, I'd like to be able to tell them that government is going to build a downtown sobering centre, a new medical detox centre and a homeless shelter. I'd like to be able to tell them that but I can't yet do so because, although we've heard a lot of talk, it has not yet been really decided.

You know, Mr. Chair, I think we've discussed the need to address the need to create a homeless shelter in every sitting since I've had the privilege of participating in this Assembly since 2005.

There have been many passionate speeches delivered on the floor of this Assembly about the issue of homeless people and the need for shelter. We just haven't done it. We've talked about it, but we haven't done it. We haven't put it in the budget. We haven't put it in the long-term plans, the five-year plan, so it's understandable when people are a little skeptical about the intent of this Assembly. Recently, I had occasion to talk to a Yukoner who said, "Well, if you're elected to government, we hope you'll be different. We've had high hopes for this government — the Yukon Party government. We've had high hopes for the previous Liberal government. We had high hopes for the NDP government and we've heard every party say in opposition that they're going to do it, but we've yet to see a government do so."

That's the challenge that we all face here in this Assembly — a public that's increasingly skeptical that governments will ever do the things that governments say they will do when they're applying for the job. It is indeed a challenge of credibility that all of us have to accept.

The minister did talk in his remarks about the emergency shelter that is provided for youth at risk, which involves both the Skookum Jim Friendship Centre and the Sarah Steele centre. The Member for Mount Lorne and I — last fall or earlier this winter — did in fact inspect the newly refurbished rooms at the Sarah Steele centre, along with the Deputy Minister and other officials. They are an improvement. Certainly, the employees are doing their best, but it's still far from ideal. It's still an emergency solution to a problem or an interim solution where youth have to go and contact the Skookum Jim Friendship Centre to then be escorted over to Sarah Steele centre.

I think part of the problem is that they're dealing with two different organizations with two different approaches, different counsellors, and then each morning, they have to leave again — because it's only a nighttime shelter. When they leave at 9:00 in the morning, if the situation has not improved at home — if there's a home to begin with — then they have to go through that process again the following evening of contacting Skookum Jim's — perhaps through the emergency cell phone

number — getting to the Sarah Steele centre and then going through admitting again.

We can improve that. I have in front of me lots of documents for debate, and I'm looking at the *More than a Roof – Call to Action for a Youth Emergency Shelter/Safe Home*. It's dated March 2007, so we're two weeks from the fourth anniversary of the publication of this report. It's described as a call to action — there was certainly a call but there hasn't been much action. All of us have to challenge ourselves regarding that.

I'm going to ask a couple of questions and then allow the minister to respond to them. One is a very simple question. The letter of direction that's provided to the Yukon Hospital Corporation — we did ask for it when the Hospital Corporation was here two afternoons ago. The officials didn't have it with them at the time, but the minister wrote the letter, so I'll ask, when the minister is next speaking, if he will simply send a copy of it down so we can see the direction that's provided. It doesn't really matter to us if it comes from the recipients at the Hospital Corporation or the minister who sent it, but we would appreciate having the document so that we can see what direction was provided.

In the Auditor General's report that was tabled on Tuesday, the Auditor General did talk about the increased spending in the department — the trajectory — as well as the overspending in two fiscal years that even went beyond the authorized vote. So I would ask the minister: since the Auditor General, in paragraph 87 said, in referring to the costs of extra inter-jurisdictional travel for hospital care and physician care — an estimate can take up to 12 months for these services to be invoiced, which has led to the overspending. The Auditor General has advised that "...an estimate of these costs should be made before the year-end so the Department can request Supplementary Estimates for any additional costs." The budget in front of us that we're debating, which does, indeed, already have quite a sizable increase under Health and Social Services for this very category, as did the previous supplementary budget that was tabled last fall.

Officials told us that this budget, the second supplementary budget for 2010-11, that numbers for that were largely finalized or taken from where things were at back in December — I think early December. So we have had a couple of months go by since then and there are six weeks yet to go. Does the minister have any updated figures that would indicate that we will require yet additional funding for these particular areas in the final supplementary budget for 2010-11 that will be tabled next fall?

Hon. Mr. Hart: As I stated in my opening remarks with regard to these issues and expenditures from other jurisdictions, we do not know what these expenditures will be until such time as they arrive.

As I indicated in my opening remarks also, for example, the split-ward system can make a tremendous difference in what is actually going to be charged back to us, depending upon whether it's just a bed and recuperation in Vancouver and/or Alberta, or whether it's actually going to be intensive care. In many cases, we will not know until such time as we

receive that bill from the Province of British Columbia. In particular, this is the area in which we have a great amount of difficulty in trying to determine specifically what that bill is going to be because they do have a full year in which to submit their claim to us. Of course, we had been in conversation several times with the Province of British Columbia, asking if we can try to speed up their claims from them and/or at least get a better representation of what actually we are going to be billed.

Of course, their response is that, "Well, if you pay for the resources down here we'll get somebody to do that for you." Of course, that is a very expensive venture and, as such, we are trying to work with the Province of British Columbia on manners in which to tweak the system so we can get a better representation of what might be coming from them.

We are awaiting a response from the Province of British Columbia on this issue. We look forward to working with them to ensure that we get better accounting purposes, not only for ourselves but for them also, and for our budget purposes, in particular the Minister of Finance.

Mr. Mitchell: I thank the minister for that response. Let me try this another way. I'm not asking the minister to be Houdini or Karnak or anybody else who can predict the future. I appreciate there are 12 months beyond the end of the fiscal year when bills can continue to come in. What I'm asking is, in the current budget, looking at the briefing notes that were provided by the department for this supplementary budget, there's a \$3,700,000 increase for insured health services physician claims and there's a \$3,700,000 increase for insured health services hospital claims.

The budget documents, according to the Deputy Minister of Finance, were prepared and based upon where the actuals were in early December. In the time since then, have there been significant additional invoices received from British Columbia or Alberta or does this \$7.4 million include an anticipation of the amounts to date?

Hon. Mr. Hart: Just for the member opposite, we anticipate — and I use the word "anticipate" — that the amount provided in here will cover our expenditures to the end of the year. The expenditures provided were as of the end of the variance period 8. That's what was provided for and we submitted that to the Minister of Finance and so he has correctly reported that.

But I must remind the member opposite that at \$6,000 a day, we could be out if we get a lot of people in intensive care. If we get a lot of people who require cardiac issues, either in British Columbia and/or Alberta, we could see a bill — and again, that bill may not come to us until late in the year, right close to March 31. We have received many of our billings late in March and still only get 30 days in which to pay off that bill to our partners in British Columbia and Alberta. It is necessary for us to do that so that we can ensure that citizens of the Yukon receive, again, priority care when they go to both of those jurisdictions. We're very happy with the service provided by those jurisdictions.

Yes, there has been a significant increase in the reciprocal rates in the last couple of years with regard specifically to ICU. But regardless of the situation, we believe that the services

provided to Yukoners are exceptional, and we are very happy with the services provided by the Province of British Columbia, specifically, and also the Province of Alberta.

Mr. Mitchell: I thank the minister for that response; that was a little clearer.

Again, in the briefing materials we were provided by the department, under corporate services, \$100,000 is identified as operational funding for the Riverdale youth centre. There is no Riverdale youth centre that we're aware of, but we gather that there is going to be one, and that this funding is going to flow through a different department. The minister is not only the Minister of Health, but also the MLA for Riverdale South. Can the minister provide us with more information about this youth centre — where it will be located, what services it will be providing, when it will be open, what sort of personnel — either NGO or government — would be running this to-be-announced youth centre?

Hon. Mr. Hart: This amount of monies has been provided, as the member indicated, for a facility in Riverdale. This is also going to be provided to complete the business case for the youth facility/community facility in Riverdale. It is also monies intended to provide for programming and set-up of this facility in the future.

Mr. Mitchell: Well, there are only six weeks left in the future of this particular budget — to the end of the fiscal year. So I guess, just to ask a supplementary question: will this centre be announced and opening before the end of the current fiscal year? Or, is this just planning money toward something that will occur later on in 2011?

Hon. Mr. Hart: We're looking at providing an outlook for this facility — what it will entail, how it will be utilized, where it would be located, and what kind of programming it will continue on. As to whether it contains or moves on this fall, we anticipate we will be in a position to move ahead with it, and we hope that we can do so.

Mr. Mitchell: In the Auditor General's report on the Department of Health and Social Services, *Yukon Health Services and Programs — 2011, Department of Health and Social Services*, in the summary, the appendix, the list of recommendations and the departmental response — on page 29 for reference for the officials — there's a recommendation that says "The Department of Health and Social Services should develop a comprehensive health information system that allows the Department to collect and report on complete and accurate health data from all available sources." That is a recommendation based on paragraphs 54 through 68.

On the response from the department, it says "The Department's response. Agreed. A comprehensive health information reporting system is required, although at present, the Department lacks the resources to undertake such an endeavour." Then it goes on to the department committing to a review. Can the minister tell us whether there is money in the supplementary budget and, if not, whether the funds exist in the 2011-12 budget to provide the department with the resources they need to undertake the endeavour, since it says here that they currently lack those resources?

Hon. Mr. Hart: With regard to the member opposite's question relating to the Auditor General, as he indicated, we're looking at doing a planning process with regard to Health and Social Services, but the emphasis is that we need to have a system that is integrated, especially with social services. It's going to take some time. We have advised the Auditor General of this particular issue. We also want to ensure that we are providing services or continue to provide services versus taking time and resources out for doing this process.

We have indicated we will look at putting this into place. It will take some time and will take a substantial amount of resources in the future to integrate these issues, to ensure that we can get there. But regardless, our main focus and our mandate is to provide the services to those in need and we intend to do so.

Mr. Mitchell: I thank the minister for the response and the commitment.

In the "*Taking the Pulse*" report — *What We Heard* — the final report submitted by the Yukon Health Care Review Oversight Committee in July 2009 — there were a number of things — commitments that were made — and findings. Relating to that report, Mr. Chair, the government set up — the minister invited members opposite to serve on — an oversight committee to address, to establish priorities and we had one meeting in the summer — I think it was the summer of 2009, maybe it was last summer — but it was the Member for Mount Lorne and myself who were part of that committee. We were asked to inform the committee of what we thought the priorities should be going forward of the government and of the committee.

I know that I did write a letter to the minister and I listed four or five priorities and the minister acknowledged in this House that he had received the letter. I don't believe I've ever actually received a response to the letter and we've never been called to meet again, so I guess my question is, was that kind of a one-of meeting or is this group going to meet again to discuss priorities?

Hon. Mr. Hart: For the member opposite, I did receive comments from the member opposite, as well as the member from the Third Party, with regard to this meeting. I indicated that it was important for them to provide us with some feedback; it is totally the intent to hold a meeting after the session is out for this committee to review our health and wellness strategy, which was identified in that process, as well as look at our guidelines for social inclusion on what it's going to go forth with. We intend to follow that up after session is complete and invite the members of the committee to that meeting.

Mr. Mitchell: I thank the minister for that commitment and I look forward to it — to the meeting. One of the things that certainly came up in discussions with officials was the future of programming that has been provided through the THAF, the territorial health access fund, which is expiring, and its successor, THSSI.

I'm amazed I can say it, but I don't know if I can come up with the full name — the territorial health initiative sustainability — I don't know. I'm lost on that one. But the Premier's there; maybe he can come up with it.

Some Hon. Member: (Inaudible)

Mr. Mitchell: Sustainability system — I thank the Premier for that — right off the top of his head.

Some Hon. Member: (Inaudible)

Mr. Mitchell: Okay. Do the left and the right talk to each other? We don't know. We know that we recently had the issue of the community mental health programming that was going to be cancelled but was then reinstated once the government found resources within its own budget to maintain the programming. There's certainly a number of important programs that are funded through this funding that's provided by Canada, the intent of which, as the Premier points out quite frequently, is to ensure that Yukoners are receiving comparable levels of service for health care, as do other Canadians, which requires more than comparable funding — because per capita funding would never accomplish it, based on our population. We know that there have been negotiations that the Minister of Finance has been involved in — I believe with his colleagues. I'm wondering if the Minister of Health and Social Services or the Minister of Finance can provide us with an update on how this is proceeding because something has to happen by 2014.

Hon. Mr. Hart: I'll be more than pleased to answer the member opposite's question; however, I'd like to move that the Chair report progress in order to meet with the Yukon Development Corporation this afternoon, but I will address the member opposite's question directly and it'll also give me additional time to fulfill his questions in regard to that.

Chair: It has been moved by Mr. Hart that we report progress.

Motion agreed to

Chair: Pursuant to Motion No. 1274, adopted by the House on February 10, 2011, 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.

Recess

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

Pursuant to Motion No. 1274, adopted by the House on February 10, 2011, Committee of the Whole will now receive witnesses from the Yukon Development Corporation and Yukon Energy Corporation. I would ask all members to remember to refer their remarks through the Chair when addressing the witnesses. I would also ask the witnesses to refer their answers through the Chair when they are responding to the members of the Committee.

Appearance of witnesses

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

Witnesses introduced

Hon. Mr. Fentie: The witnesses appearing before the Committee of the Whole today are Mr. Ray Hayes, chair of the Yukon Development Corporation, Mr. Piers McDonald, chair

of the Yukon Energy Corporation, and Mr. David Morrison, president and chief executive officer of the Yukon Energy Corporation and chief executive officer of the Yukon Development Corporation.

Mr. Chair, I'd like to make a few general comments as is customary before we hear from these gentlemen. I think it's important to outline some of the things that the Energy Corporation, with the involvement of the Development Corporation, has undertaken over the last year plus. It has certainly been an incredibly busy year for the corporations and I want to acknowledge and recognize the hard work and the dedication of all three of these gentlemen, their boards and their employees. I'm sure Mr. Hayes, Mr. Morrison, and Mr. McDonald will provide you with a great deal of detail about the work they have been involved in. In general, I will say that the common thread in all their work is that of ensuring Yukoners have enough reliable, affordable, and as much as possible clean energy, now and into the future.

We are all familiar with the Mayo B project, which is the biggest project the Energy Corporation has ever embarked upon. Mayo B involves building a new powerhouse about three kilometres downstream from the existing powerhouse. When completed by late this year or early next, it will increase the output of the plant from five megawatts to approximately 15 megawatts. Work on the project is progressing extremely well; it is both on time and on budget.

The powerhouse is almost finished being built and work will begin this spring to install the penstock, which is an underground pipe that will carry water from the Mayo River to the new powerhouse. Work is also progressing well on the construction of the turbines and the generators.

Mayo B is intended to save customers money as it will reduce the need for expensive diesel. It will be a legacy project, meaning the benefits will continue to accrue for Yukoners long into the future. During the life of this infrastructure, those benefits to ratepayers will indeed be considerable.

This initiative, along with stage 2 of the Carmacks-Stewart line — which I will talk about in a moment — was the first project approved under the federal government's green infrastructure fund. The \$71 million, along with contributions from the Yukon government, and an investment from the First Nation of Na Cho Nyäk Dun, has meant that Mayo B could be built with no increase in power bills. It has also meant that with Mayo B and the Carmacks-Stewart line, Yukon will have \$160 million worth of legacy infrastructure at a cost to ratepayers of only about \$36 million. Indeed, a very good arrangement.

As to the Carmacks-Stewart line, you are aware that stage 1 from Carmacks to Pelly Crossing with a spur line to the Minto mine was completed in November of 2008. This allowed both Pelly Crossing and the Minto mine to be powered using clean hydro-electricity instead of diesel. This has led to reductions in greenhouse gas emissions of between 25,000 to 30,000 tonnes per year. Stage 2 of the line from Pelly Crossing to Stewart Crossing will be finished this spring. It will allow Yukon's two major power transmission systems to be joined into one integrated system, giving the territory long-term benefits, including greater flexibility and indeed, system reliability.

These are just two of the projects the Energy Corporation is involved in. With the help from the Development Corporation, there are many, many more.

I invite you to ask questions today about the work that is underway to find additional new sources of clean energy. Those sources include wind, geothermal, waste to energy, and additional hydro. I also invite you to ask questions about work underway by Yukon Energy, this government and the Yukon Electrical Company Ltd, to develop a demand-side management program. This program will include elements such as energy conservation and efficiencies among all customer classes.

While this is still in the development stage, Yukon Energy is being proactive and is undertaking some development side management pilot projects, which I'm sure Mr. Morrison will be happy to tell you all about. As well, I encourage you to ask questions about what the Energy Corporation is doing to engage Yukoners in a clean energy future.

The corporation is planning an energy charrette that will be held next month, which will bring invited stakeholders and experts together for three days of discussion, inspiration and planning of Yukon's energy future. The public will also have opportunities to provide their input. The charrette will help to inform Yukon Energy's 20-year resource plan, which it is updating this year. Perhaps more importantly, it will provide some guiding principles for Yukon Energy as it makes energy-related decisions well into the future. All of the corporation's work is based on the framework of our *Climate Change Action Plan* and our energy strategy, both of which aim to see us continue to reduce our carbon footprint as much as we possibly can.

I could say much more about the accomplishments of the Energy and Development corporations, but I will leave that to our witnesses today, who will do a much more eloquent job.

I hope my comments will help the members opposite to pose relevant questions to our witnesses. Thank you, Mr. Chair.

Chair: Would the witnesses like to make a couple of opening remarks?

Mr. McRobb: It's a pleasure to once again see the officials and welcome back to the Assembly the former Government Leader. I can imagine it must be somewhat of a surreal experience for him to serve a Yukon Party minister and take questions from this Liberal Energy critic, given both were once backbenchers in his NDP government.

I would like to begin by asking the YEC chair: what is the most important thing he has learned in his new role that he may not have fully appreciated before?

Mr. McDonald: It's a very good question. I have been familiar with many of the issues and many of the pressures that the Energy Corporation has faced in the past. I think what I've learned — I guess in some detail — is the balancing act that is struck between the need to meet the energy needs of the territory and, at the same time, ensure that the risk profile of those activities is reasonable and manageable.

I have come to understand better, I think, the complexities of the decision-making process that goes into making some of the most important decisions that help drive the economy.

I've also probably come to appreciate the need to engage the public more aggressively than we have ever done in the past. I think the Energy Corporation is beginning to do that, to help everyone understand not only the business element of the corporation, but also to encourage the corporation to understand in some detail the interests and the needs of a wide variety of Yukoners who have legitimate opinions.

Mr. McRobb: I thank the chair for that response. For many Yukoners, his appointment to serve as chair of the Energy Corporation soothed their concerns about any continuation of this government's secret negotiations to sell out Yukon's energy future to private interests from Alberta. I think that's a fair statement.

That's likely because in his former role in this Assembly it's also probably fair to say he was a staunch supporter of the Crown corporation remaining as a public utility versus becoming a private utility and, in fact, he was part of the very government that created both the Yukon Development Corporation and the Yukon Energy Corporation in 1987, but he has a different role now and things may have changed. For the record, will the new YEC chair share with us his views on this in terms of his new role as chair of the Energy Corporation?

Mr. McDonald: My views that I personally certainly have held about the importance of a publicly owned utility have not changed, have never changed, and certainly haven't in the context of my recent role as chair of the Energy Corporation.

I was involved with the assumptions of assets of NCPG back in the middle-late 1980s and many of my own views and the views of the government of the day were very much on the record. I would confirm with the member that I continue to hold those views very strongly.

Mr. McRobb: All right. I thank the new chair of the Yukon Energy Corporation for that response. Certainly, it's the response we were hoping for. Also for the record, will he indicate whether he is aware of any live remnants remaining from this government's plan to privatize Yukoners' energy future?

Mr. McDonald: I obviously won't comment on anything that has happened prior to my assumption of this role. There has certainly been no discussion of this, that I am aware of, that has had anything to do with the sale of the Energy Corporation assets to ATCO or anyone else.

Mr. McRobb: Perfect. One more thing on this. Is he satisfied in leaving any future privatization initiatives up to the government of the day, or would he like to see greater protection for the Crown corporation, such as enshrining its Crown corporation status into legislation?

Mr. McDonald: I would suspect — I do have private opinions about that but, for the record, I think that that's a policy question that is best left to the minister, the government and the Legislature to decide. They'll have to determine whether or not they feel that there is enough control on the executive authority and that their interests are well-protected. I don't have any other statements I can make as chair of the board. Certainly, the board has not expressed itself on the subject.

Mr. McRobb: All right. That's the answer I expected but I was hoping for more. Let's switch now to the Development Corporation. There has been some question as to whether

it should remain as is, transform into another entity, or be dissolved altogether. Are the officials aware of any such efforts to change the Yukon Development Corporation, within either corporation or the Yukon government?

Mr. Morrison: Thank you for the question. No, we're not aware of any discussions of that nature.

Mr. McRobb: Again, that's good news. Let's turn now to what is the largest capital project ever undertaken by either corporation, the Mayo B expansion. While it's large in terms of capital, in terms of hydro capacity it is still relegated to the small hydro category. In terms of what it's costing, it is a fairly massive project — the largest one ever, as mentioned.

How much of the work involved with this project has directly gone to the NND First Nation?

Mr. Morrison: I don't have the numbers with me. We can certainly provide the member with those kinds of numbers. All the work related to the Mayo B project was tendered, with the exception of some very minor contracts, less than \$100,000, that were in the early days, that the contractors themselves tendered directly to NND-related companies. Anything greater than that was tendered on a public basis.

So we can have a look and find out which of those contracts — and indeed, we're partners in — and we can get that information for the member.

Mr. McRobb: That would be appreciated, Mr. Chair. Also, what are the latest projected costs of this project and timelines for when it would come into production?

Mr. Morrison: The project — the Mayo B project itself is \$120 million and that's currently the budget. All of the work that has been done to date shows that the project is on time and on budget. There has been — as the minister said earlier; as the Premier said earlier — the project is going very well. We anticipate that, based on the work that we have yet to do, the project will be completed on time by the end of this year.

Mr. McRobb: All right. I would like to ask about the financing of this project. As I understand it, Yukon Energy Corporation's parent company, the Yukon Development Corporation, worked with Bloomberg to issue \$100 million in bonds through a syndicate of Canadian chartered banks that pay a rate of return of five percent for 30 years.

Can the officials tell us what the discount on those bonds is? For instance, how much capital was actually realized? Was it the full \$100 million?

Mr. Morrison: Subject to check, I will get the member that number. Again, I don't have it with me today, but it was very close to the \$100 million — I'm thinking \$97 million, something in that range, but I'll get it for the member.

I do want to correct something that was said. I don't know what the reference to Bloomberg was, but it was the TD Bank that led the syndicate on the financing.

Mr. McRobb: That information would be appreciated. So we know the amount of the discount was approximately \$3 million. How was the debt through these bonds distributed?

Mr. Morrison: I'm not quite sure — I wonder if I could get some clarification of the question.

Mr. McRobb: Sure. How much of the debt was assigned to the Energy Corporation, how much is carried by the Development Corporation, and are there any other parties involved in this debt?

Mr. Morrison: The \$100 million that Yukon Development Corporation borrowed was provided to the Energy Corporation. Out of that \$100 million, the Energy Corporation will pay back to the Development Corporation, who will, in turn, pay back to the bond holders \$47.5 million of that.

In addition to that, the Yukon government provided a letter of comfort indicating that they would assist the Development Corporation with the repayment of debt related to \$52.5 million.

Mr. McRobb: All right. What interest rate is the Development Corporation charging the Energy Corporation for this capital?

Mr. Morrison: The Development Corporation has not added an interest rate rider to the debt. So we are providing payments to the Development Corporation in the amounts necessary to repay the debt.

Mr. McRobb: Okay, so there's no mark up. The publicized interest rate was five percent, and that's what Yukon Energy is paying for the debt.

Mr. Morrison: That's correct.

Mr. McRobb: Okay. Thank you for that answer. A question on some people's minds is: why didn't YEC become directly involved in the bond issue, rather than going through YDC?

Is there something preventing the Energy Corporation from getting involved, or was there another reason?

Mr. Morrison: There is nothing specifically that prevents the Energy Corporation from getting involved but, on the advice of our bankers — of our financial advisors and TD — when we looked at it, it just made much more sense for the Development Corporation, who is the parent company, to be borrowing the money because that's where lenders would look to anyway. It was really just a matter of what the financial advisors thought was the best route, and it made sense to us as well.

Mr. McRobb: All right. Thank you for that answer. The whole area of energy supply deserves some of our attention, as we're confident it consumes a lot of your attention. I'll start off with a preamble, which the officials are free to respond to, along with the questions that follow.

In terms of supply planning, it's critical to be on top of what's happening in the mining industry because its power supply needs can have such a huge impact on our ratepayer base, which is relatively small by Outside standards.

Thus, residential and business electrical rates are highly susceptible to the huge swings inherent with the boom-and-bust nature of the mining cycle and global mineral prices.

We acknowledge it's not easy for these officials because they're caught in the middle of the whole situation. There is one set of dynamics with the mining industry at one end of the spectrum calling for more large hydro developments, and at the other end the ratepayers, who would be forced to pay for ex-

pensive capital projects should the mines not be in production when they're needed to pay for the infrastructure.

Yukoners felt burned in the past when their rates went up to supply the Faro mine and up again when it went off the system. This double whammy was due to other ratepayers sharing the cost of expensive diesel generation while the mine was up, and when it was down these same other ratepayers were stuck paying for infrastructure that was built for the Faro mine, along with its unpaid power bills. The extra cost burden on other ratepayers could have easily increased exponentially had a large hydro dam been constructed as part of that infrastructure.

The officials are faced with another set of dynamics in upholding the corporation's own corporate interests, dealing with its regulatory authorities and shareholders who are essentially the public, and with the various levels of government, including us in here and the elected level that might be trying to push it in a certain direction, either through letters of expectation, OICs, legislation or by other means of communication.

YEC officials were again at the Mineral Exploration Roundup in Vancouver and presumably have met with mining representatives from all of the possible near-term producers in the territory. So who's on the radar screen? Can the officials update us on each of the properties on the radar screen, along with the estimated energy demand? In this list, there will be properties that may not intend to connect to the system, and it's okay just to say so when they're identified.

Mr. Morrison: Thanks for the opportunity to give this House an update on where we're at with some of these issues.

The issue facing Yukon Energy is broader than just the resource industry; the issue facing Yukon Energy and the territory and all of our ratepayers and stakeholders is growth in the system, with or without mining. There has been a substantive amount of growth over the last number of years and the member is correct that it's very much a balancing act to make sure that we don't repeat those instances in the past where we had development of assets that the ratepayers were left to pay for when the mining companies went away. I think our record to date, especially with Minto mine, indicates that we're very aware of those risks and that we've taken a number of steps, certainly, to mitigate them and make sure we don't do that again.

So in this case at the moment, we obviously have just hooked up Alexco; we have Minto on the grid. We are also in, I would say, very serious discussions with Victoria Gold. Victoria Gold is an approximately 100 gigawatt-hour load, which will be connected at our main grid at Mayo.

The load itself is anticipated to be late 2013, early 2014, but I would say to you that's relatively early days in that regard, because the proponent itself is in a regulatory process — as I understand it is still in adequacy at YESAB.

So, you know, these are — and we've talked about this before — when we start looking at new customers, we talk to a lot of different people in very, very early stages of any kind of mining activity to make sure that we have them on our radar. I would say to you that we've been talking to these folks for a couple of years. They are now very much in our planning cycle. We are anticipating that, given all goes well and all con-

tinue with their applications and their financing and then their decision to build a mine, that we will be ready for them. Now, two things they're going to do that mitigate costs for us — in the instance of the connection, they will build the transmission connection themselves. Obviously, because they'll build it themselves, they'll pay for it. Then, they'll transfer those assets to us. So, we're not involved in the construction or dealing with that, which is a big positive in my opinion.

The ability to get service for that load in addition to the capacity we have now — certainly, some of that Victoria Gold load will be taken up by capacity of the Mayo B project when it's onstream later this year and the rest of those kilowatt hours that are required as part of the extensive and intricate planning process that we're going through at the moment, and we continue to go through.

In addition to Victoria Gold, we have on our list of potential and possible projects, I would say on a less firm basis, Western Copper's Carmacks copper mine. Obviously, as they are in a legal process, and still in a Water Board process to that extent, we don't have any firm dates or timelines as to when we might see them. But certainly, even if they come out of that process, they still have to construct a mine, so I think we're a year and a half to two years away at whatever point they come out of the processes and acquire a permit to go ahead. That's a 50-megawatt load, so it's significant.

We are not in any serious discussions with any other industrial customers with the exception of discussions we have had in relation to Western Copper's Casino property and we've been spending a bit of time with the company on that issue.

I would say that our last discussions we've had with them really took the Casino property off our list of projects that might require new load. It's our understanding that they have solved their generation requirements and they're solving them on their own, so they're not looking to us to bring forward new capacity to serve them. In addition to those though, there are a couple of other very primary developments that are going on in the territory that will require new loads and new capacity and they relate to residential development — particularly, the Whistle Bend subdivision that we've been talking publicly about. The Whistle Bend subdivision as it builds out is 10 megawatts of load, so it's as big as Western Copper and probably somewhere between Western Copper and Victoria Gold, so it's a very substantive new load. I use that to be illustrative, because they are quite a large number of other residential developments either through municipalities or through the territorial government in terms of rural residential subdivisions and of that order.

All these come into our planning, even large, new institutional buildings within the city or growth within the City of Whitehorse, particularly. We're very much aware of the fact that we have to be able to afford to pay into the future, not just today, for what we build. To that extent, the Mayo B project is specifically designed to a size that, even without the mining loads, we would be using up all of Mayo B in another six or seven years, just based on residential — and not high-end residential and community growth, but on fairly low-range estimates.

Mr. McRobb: I thank the president for that very interesting response. It's a topic area I'm sure many Yukoners are interested in, because it's something new. With each of these projects comes new opportunity and growth for the territory, and hopefully there will be time later to get into this in a bit more detail.

In the past, YEC has produced a chart showing future energy demand that includes future potential industrial customers on a timeline. This is something many people have always found very beneficial to look at. For instance, Victoria Gold, if it comes into production, is only expected to last maybe seven years or so, but that could be expanded if their resources are increased. This is one example of a large customer that could fit on a future projected demand chart where you see the end of supply on the timeline and the drop in demand, unless there is someone else who comes on.

So, I would like to ask: do the officials have an updated version of this chart they could provide to us?

Mr. Morrison: We have an updated version of the chart being prepared as we speak. That chart and that type of information is part of the material that we're preparing for the charrette and we'll be sharing publicly. It's something that we update on a fairly regular basis. I think the last time we updated it, we provided it to the Yukon Utilities Board. We would be happy to provide it when it's ready.

Mr. McRobb: All right. Yukoners have heard corporation officials speak negatively about wind power and demand-side management initiatives in the past. It's encouraging to now hear these officials are actively pursuing conservation initiatives as well as wind generation. As we know, a significant challenge to the feasibility of wind generation in the territory is rime icing. This has inhibited the operation of the two turbines atop Haeckel Hill. Can the officials update us on any advancements in this area and also on the current performance of the two turbines?

Mr. Morrison: There's nothing that I'm aware of that has solved the rime-icing problem. Part of the rime-icing issue is related to a particular location. Some locations, and Haeckel Hill would be one of them, are particularly prone to rime icing over some other locations. For the past four years, we've been doing wind work at Ferry Hill. We've also, during that period of time, done some wind work at Mount Sumanik.

The latest information that I'm aware of related to both of those projects is that, specifically Ferry Hill has a significantly lower risk of rime icing than does our current Haeckel Hill location. Rime icing is particularly attributable to high mountaintop wind, which Haeckel Hill is. As I again understand it, at least today, the Ferry Hill project is not in that range, in terms of mountaintop height. The Haeckel Hill turbines are currently broken. There are a couple of issues with them. The other issue we have with Haeckel Hill is, it's in a mountaintop location, it is oftentimes, depending on the winter weather, impossible to get to; the rest of the time it's fairly difficult to get to; and the work that has to be done when it's 40 below and this kind of wintery weather is too dangerous for us to send technicians up to fix the turbines. So they haven't operated for a few weeks, and that's the reason why.

Mr. McRobb: I've had the pleasure of working in the past with the late Dr. Craig who was instrumental in pioneering wind energy in our territory. He was a strong advocate for a wind farm atop Mount Sumanik, so it came as a bit of a surprise when the corporation officials said they favoured putting a wind farm on Ferry Hill near Stewart Crossing. Why Ferry Hill and not Mount Sumanik?

Mr. Morrison: Wind is like everything else — when you look at it as a resource development, you need to study it and you have to study the wind regime. You have to look at what the location is, what the potential costs are, what the potential environmental impacts are, and more importantly, what the potential benefits are in terms of the ability to get electricity out of the project. We have looked at Ferry Hill and Mount Sumanik specifically because we've carried those projects down the road the furthest, but we've looked recently at wind regimes in other parts of the territory. We're constantly looking at different opportunities and whether or not they're going to produce the best bang for the buck for the ratepayer. That's simply all that our job is. Our job isn't to be preferential and pick a site and decide that's what we're going to do. Our job is to look at these in intricate detail and make sure that in the end we make the correct decision so that the ratepayers get the most out of the project and they pay the most economic price.

Mr. McRobb: All right, the president mentioned wind studies, but we've had a hard time receiving copies of that information. Can he indicate which studies have been produced or are still in production and whether they can be provided to us?

Mr. Morrison: We've been down this road in different forms with a number of different people. We have a specific wind study and some updates to that wind study on Mount Sumanik and we have a wind study of Ferry Hill, and they're site specific. Until we make decisions whether to go forward or to not go forward with those projects, those studies are the property of the ratepayers and to be held for the benefit of the ratepayers, and we're not prepared to distribute site-specific studies, whether it's hydro or wind or anything else, until such time as we have taken all steps to make sure there's no risk to somebody other than the ratepayers who paid for the study benefiting from the study.

Mr. McRobb: All right, in terms of supply planning, one of the main impediments has always been investment risk. We touched on that previously this afternoon, in terms of who would pay for expensive infrastructure if the customers the infrastructure was built for aren't there to share in the cost to pay for them. This renders down to investment risk. One way to help reduce the investment risk is to get a sizable chunk of the capital from other sources — most favourably, cost-free. We saw that in this example of Mayo B expansion, but we also realize it was basically a one-off federal program due to the economic meltdown experienced in 2007-08 through the Building Canada fund and so on.

So does the corporation have a plan to deal with investment risk, or is it just waiting for future opportunities, like the one with Mayo B, to help absorb the risk of some future, major capital project?

Mr. Morrison: This is a very important part of the work we do and have to do, and these are questions that have to be answered, not just at this point in time — do we have a plan or don't we have a plan? We have to have a plan and a way to deal with and answer these questions every time we look at a development, each and every time. As we all recognize and we talked about earlier, it's a very small rate base. It's a small population base.

First, we will always look to see whether or not the federal government has a program that we can tap into to make sure that Yukon ratepayers don't have to bear those costs into the future. We'll look at different and innovative ways of financing each and every project, but to be prescriptive today and say we have a plan that works across all instances, I don't think is prudent.

What we have — and we know we do, and we build in — and will build in — to anything we do, as we did with Carmacks-Stewart and Mayo B, is looking at the affordability of any future assets that we build — how Yukon ratepayers can afford to pay for those, not just today, but into the future. If we don't have that plan, I don't believe anybody is going to want us to build those things, including the Yukon Utilities Board. I think that's an important part of the questions we answer each and every time we look at a project.

Mr. McRobb: Thank you for that. I thank the president for that response. Can he indicate what potential new hydro sites are being investigated for development or other alternate means of generation?

Mr. Morrison: Well, specifically, I think we've talked, in past years, about the Gladstone, the Atlin and Marsh Lake storage projects. All of those are projects that would enhance existing facilities by providing more water for use in existing hydro plants during the winter months.

Specifically, the Atlin and Marsh Lake ones are related to the Whitehorse hydro plant, which, as we have also mentioned previously, has a 40-megawatt capacity in the summertime and that capacity is reduced to about 24 megawatts in the wintertime because we don't have sufficient water in the system to use to generate power through those winter months.

So Marsh Lake and Atlin are important, if we could licence them. They are licensing projects. Atlin requires a storage structure on the Atlin River and, yes, we've heard all the issues surrounding both those projects and we continue to try to deal with them. Gladstone does exactly the same thing. It puts water into the Aishihik system that we would use in the wintertime.

In addition to that, we have examined in recent years a project at Moon Lake, which is across from Tutshi. It's about an eight-megawatt project. We have a project that we could look at on Tutshi Lake, which would include a powerhouse on the Bennett Lake side. We have done some very preliminary work on the Hoole Canyon project on the Pelly. We have looked at a fairly large number of hydro projects at a very high level. The ones I've specifically mentioned are projects that have more work done on them than at just the high level — so we've looked at them another step or two down.

The issue for those projects, in our mind, is related to not the projects and the technical abilities to do those projects, but in the lack of transmission. The transmission cost makes them expensive because there's no transmission there now. But they're feasible projects and they're the right size for Yukon going forward. They're not too big and they're probably, in the same sense, not too small.

Mr. McRobb: All right. Some of the projects identified by the president, in fact, were advanced by the corporation before. I recall the capital project hearing in 1992 before the Yukon Utilities Board. It dealt with four small hydro projects — Moon, Lapie, Drury and there was another one. So we heard at least one of those mentioned today. The Hoole Canyon site was identified in the Mananko study in 1975. We're also aware the Wolverine mine is looking at that site, possibly for development through an independent power producer. I would assume the corporations are aware of this plan. Are they willing to work with the mining company who might be developing that project through a privately owned company or do the officials envision YEC would be an important player in a project like that with Wolverine mine if it's developed?

Mr. Morrison: We know very little, or on a superficial basis, what the Wolverine mine people are talking about related to hydro. It's an independent project serving an independent mine; it's not something that we're involved in. We're focused on our grid and the development of additional projects related to communities that we serve. You know, it's a difficult question. If somebody came and asked us if we were interested, we may be, but it would depend on the circumstances. A single project to serve a single customer becomes a very difficult issue. If the mine is able to do that with an independent power producer, fine. I don't think I finished answering the question last time. We are looking at geothermal — as an opportunity to answer the member's question — and in addition to the geothermal, we do have a waste-to-energy project that we've been working on that would involve incineration of the garbage at the Whitehorse dump to create energy.

I will say clearly that we have a 20-year resource plan. That 20-year resource plan was tabled with the Yukon Utilities Board and approved by them. We have been working on that plan and everything in that plan since that day. When we talk about the hydro projects being there, all of those projects are in that plan and they have been getting our attention.

Mr. McRobb: All right. I thank the president for those answers. This is an area I'd love to have a lot more time to discuss with the officials, but unfortunately we're limited in here, and I know the Third Party has questions to ask. But, I do have three more questions and I'll try to make them brief.

The Energy Corporation is currently involved in a few regulatory processes before the Yukon Utilities Board. Can the officials give us a rundown on what these are, along with identifying any other processes it is preparing for in the future?

Mr. Morrison: We have just finished a cost-of-service hearing with the Yukon Utilities Board. There is nothing in addition to that that we have in progress with the board or anticipate going forward with in the very near future.

Mr. McRobb: I had understood there was the issue of rate schedule 39 and the Carmacks-Stewart transmission line, which the board apparently is still dealing with. I assume those were part of the mix.

Mr. Morrison: The member is correct — I thought he was meaning a process where we were having hearings. This is a paper exchange related to questions the board had about a rate, which is established by an order-in-council. I don't see it as a lengthy process; I think it's just the board asking us for some questions.

Mr. McRobb: Agreed, Mr. Chair. So there's nothing in the near term the corporations are preparing for.

The Yukon Utilities Board recently ruled on the need to rebalance customer rates among the various customer classes — at least, it postponed a decision to do that, but did release recommendations.

Now the most significant concern by the regulator is the residential class, which may need to increase from about 80 percent to 90 percent of the true cost of service in the coming years. This is nothing new and, in fact, I recall a previous YUB order from 20 years ago that said the same thing.

So does YEC have a plan on how to deal with this, and what can residential customers expect in the future?

Mr. Morrison: YEC does not have a plan today to deal with that. It's something that we'll look at coming out of these hearings, as part of the issues that we have to deal with going forward. I think it's important to note that even though the Utilities Board has indicated that this is something they wish to look at, there is an order-in-council in place that provides for no rebalancing between rate classes. That order-in-council is not new, and that order-in-council has had several versions of it over time, and until that order-in-council has expired, then I don't know that anybody is going to be able to deal with the issue.

Although the board has indicated that it wants to deal with the matter, and we would be happy to deal with the matter in front of the board, I would say that as a matter of government policy there is an order-in-council and that has to be dealt with first.

Mr. McRobb: All right, that's fair. Finally, the interim rate relief program was recently extended again.

Does either corporation have a plan or preference for the future of this program, or any similar program for that matter, that may replace it in the territory?

Mr. Morrison: The interim rate relief program is a Yukon territorial government program. It's up the prerogative of government to do with that program as they will, and they have chosen to extend it again. As it's extended, our role is just as an administrator in order to pass the payments through the bills, and that's all we do. We don't have a comment on a program that's related to Yukon government policy.

Mr. McRobb: I would like to thank the officials. I'll pass the floor to the Third Party for questions. If there is time later on, maybe I'll get another chance. Thank you again.

Ms. Hanson: Welcome to the witnesses this afternoon. I think the first time I met Mr. Morrison was in January of last year. I was just breaking into the role as Leader of the

NDP, and now I'm speaking to him as a Member of the Legislative Assembly, and it's a much nicer place to be speaking from in some ways.

When we spoke in January of 2010, I raised some questions and I'd be interested in seeing the follow-up since that time. At that time, I had reflected on some of the findings of the Yukon Utilities Board in September 2009 where they had suggested — well, not suggested — directed the YEC to focus and report back on efforts made and results on demand-side management, and I understand from the presentation you did for the chamber a week or two ago that that is a focus. But I think for the record and for the other members here, it would be very helpful to have you outline the initiatives that are underway to address the very serious issue of demand-side management and how you anticipate what percentage of the demand that you had identified — you know, regardless of pressures being placed on the systems by mining that there will be this ever-burgeoning growth in the non-industrial sector, so I'd be interested in that please.

Mr. Morrison: Thank you, Mr. Chair, and thanks for the question. I'd be really happy to expand on what we talked about previously. We were requested — required — by the Yukon Utilities Board to bring back a demand-side management program the next time we came back for a rate hearing.

So we have not been back in front of them for a rate hearing, so we have not produced this document. But we have, I think, taken very significant steps and made a great deal of progress and will continue to do that specifically through this year. But just to give you a recap of where we're at today: we're able to build a group between Yukon government Department of Energy, Mines and Resources, Yukon Electrical Company and ourselves. They have struck a couple of committees — if you would call them that — who are looking at what we can do in terms of demand-side management; how we might approach it as a collective of three, because obviously, there will be implications to government and things that government can help us with and certainly, Yukon Electrical is the distributor here in Whitehorse and the largest customer base. So we've put together a working group. We're making some great headway in terms of developing policy and potential programs. We have prepared a fairly extensive demand-side management paper, which as part of that group, has been our responsibility to do and we have prepared that. That is what the officials are using to discuss the various initiatives.

While those discussions are going on — because I don't think any of us want to sit around and wait for a long, long time to just talk about what could be — we've also been building a number of programs we think we could run as pilot programs. Specifically, to give you an example, Yukon Energy Corporation has a very small pilot project we're doing right now in Dawson City, where we've replaced streetlights in Dawson City with what we would call low-consumption streetlights. It's very early days; we are just gathering some data of a little survey we did in Dawson to see whether people are still getting the same quality of light from their streetlights. Then we can measure what the decrease in energy consumption is. Early days tell us it's 70 percent less energy, just based on that.

Obviously, we're going to run them through the rest of the winter and make sure we have a better database than just the first month or so. That same idea, that same project, is going on in the City of Whitehorse, where there's a pilot project that Yukon Electrical and the city, and peripherally Yukon Energy is involved in, to see if we're having that same experience here.

We have a number of potential pilot projects we're looking at rolling out as we go through this year, and we hope we're going to be able to do things related to the schools. We know we can certainly do a number of things with potential DSM projects related to residential.

We are actively engaged with the two largest mining customers that we have. We've just last week had our second meeting and it was on-site out at Minto. We're engaged in a very focused demand-side management program with them. The officials at Victoria Gold have agreed — when the chair and I were in Vancouver at the mining conference, we met with them. In addition to other issues that we talked about, we asked whether or not they would permit us to provide expertise to consult with them on their mine design to see if we could get the energy consumption in the mine down and were there ways of making sure that energy efficiency was maximized through the mine. They wholeheartedly welcomed that and said that they would make sure that we had access to their energy consultants and we could integrate those issues.

In addition to that, in early January, we had a one-day demand-side management workshop with stakeholders. We got some really thoughtful — you know, very innovative thinking from a very broad group of stakeholders. Just so I don't preempt the charrette too much — that's also a big part of what we're going to be talking about in the charrette process.

Demand-side management is a big part of our focus going forward. We have a conservation potential review study underway. It's a study by engineers who will look at the various consumption patterns in the territory, and they'll look at that through billings and through energy consumption data. They will come back at the end of that and be able to tell us — and this study is being done through the partnership I talked about earlier with the Yukon government and Yukon Electrical. We're all sharing the costs. Once that comes back, which should be in the summer, that will be part of the information that serves as the benchmark for both the potential we think we might be able to get out of demand-side management and the baseline that we'll be able to use to see if the programs that we have, and do introduce as the year goes on, are working.

Ms. Hanson: Thank you very much for that. That's very interesting. I guess one of the questions I would have as a result of that, then is: what's your benchmark? How will you know you have achieved or have been successful? What percentage of the overall — I guess — demand, is managed by demand-side?

Mr. Morrison: All of those are really an important criteria of it, and I can't tell you those today, but we're certainly happy to tell you and everyone else at another time when we have that information available to us.

But certainly, we will want to get out of demand-side management as much as is economically and technologically feasi-

ble, because everybody is thinking, obviously, that demand-side management may be cheaper than the next-best alternative. As long as it is cheaper than the next-best alternative, and we can demonstrate that — and we have been very fortunate in our efforts here that B.C. Hydro, I would say — certainly by anybody's standards — has the most efficient and best energy efficiency program, which they call "Power Smart". They have been very helpful. They have provided my staff with innumerable information. My staff has spent a week with them recently, looking at how they manage and how they measure and what they do in terms of programs that are successful. I'm pretty enthusiastic and I think very optimistic that all of these things we'll be able to demonstrate to people, once we get the program up and running and full steam ahead.

Ms. Hanson: One of the areas I'm really interested in is your mention of the involvement in residential development and planning out. We also had a conversation last January with respect to — I think there was general disappointment in the Yukon when we saw the city initially planning Whistle Bend and looking at geothermal and other sources for energy down there and actually receiving several national and international awards. Then, all of a sudden, it wasn't there. It wasn't feasible.

I'm wondering if it is possible to salvage any of that going forward with any aspect — this is a phased-in approach. Are you now engaged with the municipality of Whitehorse or, if you're not, how are you engaged, in terms of planning around residential development and alternative sources?

Mr. Morrison: Let me just say a couple of things. In terms of the electrical energy provision for a subdivision within the city, such as Whistle Bend — if we can use that as an example — Yukon Electrical and the city are working together to make sure the streets and the provision of different building lots within the subdivision are provided for.

We're working with Yukon Electrical on the provision of how that connects to the generation side — to the transmission part of the load and the substations. We've been working with them for awhile on those kinds of issues. We were also talking about the opportunity to have different technologies and district heating and things like that.

It's very early days but we are in the process of taking a look at what we can do to assist in the area of district heating. We have had some discussions with both the city and the territorial government, who are responsible for the development — perhaps a little late in the sense that we've come to it a little later than the plans are advanced at this stage. But we're going to continue to have those discussions to see if there is something we can do in later stages of that development. We're going to start looking at some of those in a more specific manner in the very near future. But right now, we're kind of caught in a list of things that we're doing. That's there and that's something that we're keen to do. I don't know if Mr. McDonald would like to add something.

Mr. McDonald: The board of the Energy Corporation has made a conscious effort and decision to expand our opportunities and our business line, so to speak, to include district heating. So, we'll not only take advantage of an opportu-

nity when it comes along, but we'll actively seek out opportunities to determine whether or not we can engage in district heating, not only as an offshoot of electrical generation, but more generally, to determine whether or not there is an actual business line that we can pursue.

Ms. Hanson: Thank you. Those are both very helpful pieces of information.

One of the areas that I'm interested in hearing a little bit about is the role of and the relationship between First Nation development corporations and the work of the corporations and how you — notwithstanding the obligations that exist in chapter 22 of the final agreements. But obligations aside, it seems like it's a prudent business move, so I'm interested in hearing — maybe that's my view. I'd like to hear your views.

Mr. McDonald: Mr. Chair, the Energy Corporation has indeed looked at the opportunity to engage in active business partnerships with development corporations, and the president and I have met with a number of development corporations and some First Nation leadership around the territory. We still have some distance to go, but we're well on our way, exploring the option of engaging in joint ventures to build new generation.

This concept has been pursued not only as a land claims obligation, but for the Energy Corporation as a business imperative. We believe we can meet our obligations better and faster in partnership than we can on our own. We also believe the First Nation development corporations are eager to invest in this kind of infrastructure and do this kind of business and, so far, they've demonstrated an eagerness to get involved.

Ms. Hanson: Thank you for those comments, and I would certainly concur with them. I know my colleague from Mount Lorne, and I'm sure the Leader of the Official Opposition, are keen to ask questions. I just have one — it's going to sound a little strange, but when I was reviewing the letter of expectation from the minister to the corporations, I was struck with what looked like a historic anomaly. I would be really interested in knowing why this is still in here, since it goes back, I understand, to 1946 or something. You know what I'm talking about. Since I don't know what it is, perhaps you can explain it and why it would still be in here, year after year, to develop partnerships with BC Hydro and Alaska Power, to advance the feasibility of the Taiya project.

When you look at the history of this, as we've done, it's something I can't imagine in 2011 we'd be considering, but perhaps you might want, for the record, to elucidate.

Mr. Morrison: I'd be happy to expand on that. Yukon Energy did, in concert with BC Hydro and Alaska Power and Telephone — so the Skagway-based Alaska energy utility — we did take a look at whether or not the Taiya project would be something worthwhile for us all to do in concert with each other, as a joint venture. That process took quite awhile so I'm certain it was in at least one or two letters of expectation because of that. We concluded that Alaska and Yukon were interested in pursuing it, and while British Columbia was interested in the project, they felt that it was not something that they wanted to pursue at this time because the transmission required to get it into their grid was such a distance that it would make it

unaffordable. We've concluded that we're not going to look at it again, but hydro projects don't ever go away. They may not be good today, but they might be good tomorrow.

Taiya project is a very large hydro project. It's not something we could ever do by ourselves and we were never thinking of doing it on our own, but as was mentioned earlier, projects may sit on our books.

Again, today they may not work, but as different circumstances change, they may well fit into the plan in later years. We have a lot of hydro projects in our inventory; we don't ever say, "That could never happen." Large, large projects, from our perspective, are not something that we pursue, but hydro projects remain always of interest to us.

Mr. Cardiff: I'm just going to pick up where the Member for Whitehorse Centre had left off. The letter of expectation that we have on file is for 2009-10. Is there a new letter of expectation that has been signed recently?

Mr. Morrison: There is not a new letter that has been signed recently but there is a new letter in the works.

Mr. Cardiff: When that letter is complete and signed off, would it be possible to get a copy of this?

Mr. Morrison: I'm certain that the government will provide, as they have in other years, a letter. It's not a letter that comes from us to this House; it generally comes through the government.

Mr. Cardiff: Okay. I accept the answer from the chair and will attempt to pursue it with the minister. However, if the letter's not complete before the end of the sitting, it's not likely that it will be tabled any time soon and it will be difficult to get. So, we'll make an attempt to get that from the minister.

First of all — and I too would like to thank the witnesses for being here, as well, today. I apologize for not doing that before I started asking questions. I would also like to thank the Energy Corporation for making the arrangements to have a tour of the Mayo B project earlier — or this past fall. Thanks to Janet for making those arrangements, and, as well, thanks to Aldo Porra, who was the engineer on the project who toured me around the site and showed me what actually was going on.

I have some questions that come out of that trip, the first of which has kind of been asked.

There was a commitment to get back about contracts that went to Na Cho Nyäk Dun, I believe. But are there any figures, either from the contractor, Kiewit, or through Yukon Energy, about what actual local benefits on the ground — how many people locally were employed? I would just try to quickly tell you where I'm coming from. If you've been listening in the Legislature, you might know.

I've had the opportunity to travel several times back and forth on family business, as well as some vacation. What I found is that when I'm travelling on a Sunday evening flight, I invariably bump into quite a number of people who are flying in and out of the territory to work, whether it be on a mine site, on a construction site or at Mayo B. In some instances, I talk to these people, so I know that there's a — labour is not easy to come by all the time — but I think when we're planning these projects, much like we're involving looking at partnering with

First Nation development corporations, they're looking for how much benefit there will be on the ground in their community.

I think that by having that data we can look at it and maybe look at how we can improve. It also guides where the government could be making decisions around what kind of training needs to be done in the territory.

Mr. Morrison: I don't have all those numbers at hand, but we can certainly pull together a listing of the benefits as we see them for both the Carmacks-Stewart and the Mayo B project.

Mr. Cardiff: I thank the witness for the answer. The figure that was quoted earlier for Mayo B in the conversation with the Member for Kluane was \$120 million — on time, on budget. That doesn't include the Mayo-Stewart transmission line though, does it?

Mr. Morrison: That's correct. The Carmacks-Stewart transmission line — the last piece — from a federal funding project point of view, is part of the Mayo B project.

That's another \$40 million. So, it's \$160 million. If you add the \$40 million for the first stage of the Carmacks-Stewart line, the entire project is \$200 million. What is going into rate base is \$36 million or something in that neighbourhood. It might be \$37 million or something like that when it all washes out, but it's in that neighbourhood. Ratepayers are only on the hook for \$36 million. That's a big part — it's a very important point: it's a big part of the risk mechanisms that we've been able to develop and that we feel we have to develop and put in place so that the affordability of those projects for Yukoners is — they can afford to pay for that. I want to be clear: the \$36 million is what's going into rate base for the two pieces of the line project.

Mr. Cardiff: Okay. I just want to clarify this. So, \$36 million is going into the rate base for the transmission line. How much is going into the rate base on the actual hydro project?

Mr. Morrison: I'll check my number, but that's the number for what I meant with both pieces, both sides. It's around that; it might be a few million more, but let me check my number; it's not dramatically more.

Mr. Cardiff: Okay, thank you. On the \$100-million bond, we're looking for a little bit more clarity on how that money is actually being used. We're talking about \$120 million for the Mayo B project and another \$40 million for the Pelly-Stewart transmission line — I'll get it right this time — which is \$160 million. So, of the \$100 million — and there was money provided by the federal government toward this as well — where specifically is the \$100 million being spent?

Mr. Morrison: Let me try it a little differently and see if this helps. The total cost of the project we are speaking of — stage 2 of Carmacks-Stewart transmission line and Mayo B — is \$160 million. We are receiving \$70 million approximately — I think it's \$71 million, but \$70 million from the federal government. So \$90 million of the \$100 million and \$70 million, is \$160 million. That's where it's allocated.

The other \$10 million, which actually comes out to about \$11 million, will be used by Yukon Energy Corporation to fi-

nance ongoing project requirements we have going forward — so the development of other projects.

Mr. Cardiff: Do you know what those projects are? For instance, one of the things I learned while I was on the site — and I spent probably more time than I was supposed to there; I hope I didn't take up too much of their time — I had a look at the actual scaling that had been done over the intake, where rocks were falling in and blocking the intake. It was my understanding that was kind of like an extra on to the project. I think it was a good idea; I think it was a prudent idea to do that; otherwise, if the intake was blocked, there's not much point in putting in more capacity to generate power. It made sense to do it, but I'm just wondering if you know what the cost of that was. Is that also going to end up in the rate base, having to do that, or is that just a maintenance issue?

Mr. Morrison: Indeed the rock scaling is a separate project from Mayo B. It was a project that was in our capital plan separately from Mayo B over a few years. It was a very significant requirement that we get something done there, because if you had looked at it previously, we had a very significant fissure in that rock and cliff that is overhanging and to the side of the intake at Wareham Lake. What we did, instead of going out and bringing in another contractor to do the job — and therefore have different contractors all trying to coordinate work — is we were able to deal with Kiewit, which had the equipment on-site and they took on the job as a separate piece. That is a normal piece of work that would normally go into rate base and it will go into rate base — it always was. But it's a capital project so it's spread out over a number of years, so it doesn't hit rate base. I cannot tell you the exact number, but it was in the neighbourhood of \$600,000 or somewhere in that rate. If you want, I can certainly provide it.

Mr. Cardiff: I'm not sure whether these are actually questions for YEC or Yukon Development Corporation, because the bond, the way I understand it, was actually a YDC-issued bond.

I'm not sure whether by not having all of the figures — I guess what I'm looking for is a little better understanding of how this is going to work, the quick way of looking at this. There were a couple of other figures that were given today that Yukon Energy Corporation was going to be responsible for \$47 million of the bond and Yukon government, \$52.5 million or something like that, I believe it was. Just looking at the numbers, I guess, with a \$100 million bond at five percent, where is the revenue coming from? Where is the revenue being generated from in order to pay the interest on the bond? The way that I'm looking at it is: on \$100 million, you're going to be paying \$5 million a year at five percent, if I'm correct. Are we actually going to get that amount of revenue from the project to pay it back?

Mr. Morrison: Just so I'm clear, what we talked about earlier was that Yukon Energy will provide to Yukon Development Corporation the funds necessary to repay its — the portion of the bond related to the \$47.5 million. We have, as I indicated previously, a comfort letter from Yukon government that indicates that they will assist Yukon Development

Corporation up to \$52.5 million. So that's where the revenue will come from for the bond — to repay the bond.

Mr. Cardiff: Okay. Well, I'm just trying to figure out, I guess, if we're charging — the amount of power produced at the facility once it's up and running. Can you tell me how much power will be produced?

Mr. Morrison: The Mayo B plant will be able to produce up to about 41 gigawatt hours of new capacity, so that new capacity will, over a period of time, be sold to new customers. Until we get Victoria Gold on, we'll still have a little bit of surplus in that system, because Alexco is already being fed by the system plus a little bit of diesel. So the Mayo B project comes on.

We will sell enough additional power to Alexco that we can take the diesel off as load grows in the system. You also have to remember that we have the lines connected. So because the grids will be connected at the end of this year, we can also use that surplus to offset diesel in the Whitehorse grid during the winter. As we go forward, we'll grow through that and we'll still have some energy available to send south to Victoria Gold and we'll need additional capacity if we're going to stay off diesel when Victoria Gold comes on. That's when we're talking about wind and geothermal and potentially LNG as a fuel source and those kinds of things.

Mr. Cardiff: So you are saying at 41 gigawatt hours a year?

Some Hon. Member: (Inaudible)

Mr. Cardiff: Okay. And at 10 cents a kilowatt hour, that's about \$4.1 million we can expect to get to service.

Mr. Morrison: I wouldn't look at it all as 10 times 4.1, or 41 times 10 cents. It'll be a blend of selling it to residential customers. Some of it will come down the line — what the number is.

But if you want to look at a representative number, it will be somewhere in that range or about that range when it's fully utilized. It may even be a little more than that, depending on how much water is in the system. So it's a little more complicated than just doing a simple math equation. I'm only cautioning you on that. But I do understand if you are looking for something representative. I wouldn't argue too much with that.

Mr. Cardiff: Basically I'm looking for a better understanding of the issue. It's kind of related to the Mayo B project and the Mayo-Dawson transmission line — I suppose that once Mayo B comes on-line this problem will be rectified. I heard from a few people in Dawson recently about the fact that — actually, I heard that the diesels are running flat-out in Mayo and Dawson as well.

I'm assuming that it's because there's more demand, given the new customer on the line up there. But this is kind of a demand-side management issue as well. There is the issue of excess heat that could be used to heat the drinking water in Dawson. I know that was done previously. I believe the excess heat was also used to heat the city swimming pool. I'm not sure whether or not there were any buildings being heated. Can you tell me if that waste heat is being used currently?

Mr. Morrison: Just before I get to the waste heat, I just want to make sure that we're all on the same understand-

ing. At the moment we are running diesels in Dawson to provide the peaking requirements that the Mayo-Dawson system needs. They're being run in Dawson because that means we don't have significant line losses on the system trying to move diesel all the way from Mayo to Dawson. The diesels in Mayo may have been on the odd time for some purpose, but they are not being run on a daily basis, as they are in Dawson.

This is one of these very complicated kinds of issues that we get ourselves involved in. So prior to the Mayo-Dawson line, we did provide the waste heat from the diesels to provide heat to a couple of different City of Dawson facilities — the pool, and I believe the well — the drinking water. When we build the line, which is a good thing for everybody because we get off diesel, then we don't have any diesel waste heat to provide to the community any longer, so we've stopped doing that.

The City of Dawson is in the middle of looking at developing a project to do their own district heating on some of these same facilities. Now, as it happens, this year we have diesels running in Dawson. We may not next year. You know, it's tricky in that these days we can't really quite rely on this diesel heat being there. If it's not there, you know, the alternative is fairly expensive.

So this plan that the city has — as I understand — and is working with the territorial government to look at a district heating system fuelled by something other than diesel waste heat, over the long term might be the right idea. So, right now, we're so intermittent that it hasn't been very effective for us to be involved in that.

Mr. Cardiff: I understand what you're saying. I'm just wondering: is there the possibility that when the heat is available, it could be used if it's efficient to do so?

The other issue related to this is, are there any plans to upgrade the building that the generators are housed in? It's my understanding that on the demand-side management front, they're poorly insulated. I realize it probably doesn't take that much to heat them, but there's a lot of heat that's escaping.

Mr. Morrison: As part of the demand-side management program — and I obviously forgot to mention earlier — one of the pieces that Yukon Energy will be doing on its own will be looking at an extensive program of internal demand-side management. So we will look at all our facilities and all our systems to make sure that — I should say that we'll actually do it in two ways: we'll do on a demand side and the supply side. So, we'll look at all of those issues in buildings and see whether or not we can reduce our energy consumption, including in our office building and our diesel plants and our hydro plants.

In addition to that, we're going to look at the efficiency of our units to make sure they're as efficient as possible, specifically the hydro units. That efficiency relates to the utilization of water, which is an important resource for us. So if we can use it more efficiently and get more out of it, then that provides a better bang for the buck for all of us.

Mr. Cardiff: I have another question related to the demand-side management. You mentioned you were meeting with some of the mining companies and that you had met with businesses, and there's a program for residential customers.

What about government? I know that in our office, albeit pretty small, we had a little project where we had the light switches changed so that when one of us comes in on the weekend to do a little work in the office, we don't have to turn every light in the office on. I realize it takes awhile to get the payback on some of that, but I'm wondering whether the Government of Yukon, in many buildings, not just here in Whitehorse but in many of the communities — I'm just wondering if you're working with the government to look at demand-side management for their purposes.

Mr. Morrison: We certainly are — as part of our committee on demand-side management with Yukon government and Yukon Electrical Company, we will be looking at demand-side management across all sectors and all communities, so we anticipate that, while we don't have something concrete today, we'll be able to develop something where we'll be looking to challenge government and businesses and residents to see if they can all come up with great ideas, like you obviously have, in terms of turning your lights off.

Mr. Cardiff: Actually, I won't take credit for coming up with the idea. That was someone else's idea, but I was certainly ready to give the green light to it because I thought it was a pretty good idea.

I'd like to go back to the wind power. I think I'm the one who was guilty about asking for the wind studies last year. I understand that they're proprietary information, even though they do belong to the public, but I'd like to find out a little bit more about how far along the plans are for the Ferry Hill project that is being talked about. What stage are we at as far as the planning? Are there any budget figures for how much this project would cost, how much energy it would generate and potential financing for the project?

Mr. Morrison: Let me work through those as best I can. The project is fairly well-advanced. It hasn't had any kind of final feasibility, but it has had quite a bit of work done on it. As I mentioned earlier, we have been looking at the site for a number of years — at least four years, in my mind. We've done work. We've had some issues over that period of time in terms of wind monitoring data, but we've been consistent in our efforts to try to make sure that we could get some really good data there.

Based on the data we have, and based on the preliminary consulting engineers' look at the design and the issue of rime icing and the wind data, it looks like the project has some real potential. But in order to complete that loop, we are putting up a new and larger 60-metre wind monitor this winter, as I understand either right at the end of this month or very early in March. We now have our permits; we had to get permits last fall to do this and so we have those in hand. In terms of getting the best data, we'll leave that turbine up for a year, and we may even leave it up longer, but a year anyway so we can look at the data on a monthly basis as we go forward.

While we're doing that, we will continue to look at issues such as the costs and how we may finance those costs and whether those costs are economic in terms of the output of the plant from a ratepayer perspective. What is it going to be in a cents per kilowatt hour doesn't matter as much — the capital

cost if the capital cost is low but the output is low and therefore the cents per kilowatt hour is high; you know, it's what's affordable for ratepayers. So we're going through that analysis at the moment and, you know, to date it looks fairly encouraging as I think I have said publicly.

Before we make those decisions, we'll have data that we're very confident in; we'll have costing information that we can take to the board; we'll have started to prepare our review of what we're going to have to do in terms of next steps and how we're going to have to license it, because we're not exactly certain at the moment what process we may have to go through in terms of licensing. There are different processes and they take significantly different lengths of time.

We're doing all that. We could start looking at something more definitive next year, but if we run into any kinds of issues with the data, it'll just push our decision points out a little further.

Mr. Cardiff: I thank the witness for the answer. There are still a couple of things I would be interested in. You don't have any idea — is there any idea what size of a project we'd be looking at? I would also be interested in knowing, I guess, what is the cost to date on this project for doing all the wind monitoring. How much does the 60-metre tower cost?

Mr. Morrison: I can certainly get you the costs to date. It is, from my perspective, not significant. It's all part of the planning process as we go through with any project. The project that we're looking at is as much as 20 megawatts, so that is fairly significant. I say "as much as" — we may do 10; we may do five; we may do 15 — but we're looking at the higher end at the moment, to be clear about that.

The issue is — and there are a couple of issues around that — wind is intermittent; we all know that. We can't do anything about that, but we can mitigate a little bit about how that impacts the rest of the system when it is intermittent. So when we manage the system today, we turn — whether it's a hydro plant or a diesel plant — on and we manage that. We have a system control centre and we have operators who start turbines and open gates and do all these kinds of things. So we can manage the load on the system and make sure we stay ahead of it.

With wind, when it stops, it's going to stop right now. So we have to solve that issue of how hard that will hit the system. When it's Haeckel Hill, it doesn't — it's not a big impact. It's small compared to the size of the rest of the system that's operating, but a 20-megawatt wind system will hit the system very hard, so part of the process we're looking at is a battery storage that will let us — give us 10 or 15 minutes to start other facilities that we have in order to smooth that transition out. That's both on the coming on and going off, so we think we can solve those as well. We've looked at some technology around that and that'll help it. So 20 megawatts is what we're looking at, but it may come down and it may come down based on technology issues around how we operate the system, because that's a big percentage of wind on the system compared to what you would normally have.

Mr. Cardiff: Thank you, Mr. Chair, and I thank the witness for the answer. It's good to have a better understanding. I think we've had some of that discussion before around

wind and I'm glad to see that we're finding ways to get around the fact that it is intermittent. If the batteries work that would be possibly better than having to flash diesels up if you can bring hydro back on-line, if that's the case.

Talking about the impact that things like that have on the system brings up something else that I believe is in the letter of expectation. I know it's one of the other concerns that I heard from Dawson and I've heard from other people as well. I know that where I live it seems to have gotten better, although there still have been a few bumps in the past little while. I'm just wondering what seems to be causing the power outages or bumps and what is being done to reduce that? When Mr. Morrison first came to the Energy Corporation, it's my understanding — and I recall this from previous appearances here in the Legislature — that there was a need to do a lot of maintenance and upgrade equipment that hadn't been done for a number of years. I'm just wondering where we're at in that process as well.

Mr. Morrison: We have certainly had lengthy discussions with the Yukon Utilities Board regarding this matter. I have had lengthy discussions with our board around this. We've spent a significant amount of money over the last several years from our capital program, making sure we're trying to renew this aging plant that we have, which is getting significantly older by the day.

We've had a great success, particularly on the Whitehorse-Aishihik-Faro grid, getting those outages down to what's getting pretty close to a fairly manageable number for a year. We haven't had a great year in the Dawson area, partly because of weather-related issues and lightning issues, where we seem to be getting a lot of strikes in the summer and a heavy snowload on that line in the winter, which snaps the line somewhat. We still have to do some work in that area.

I'm very pleased with the progress we've been able to make. Each year, we've been able to get the number down a bit. I'm talking specifically about our system and the generation side of things. It will take a continual renewal of the system. A number of years ago, we were sitting on a ton of hydro surplus and nobody was too interested in spending a lot of money maintaining a system that — from an affordability point of view, we're now in a position where we're spending that money because that system needs to be renewed on a constant basis.

Mr. Cardiff: Does YEC have a policy for compensating businesses for losses resulting from power outages? I'm just wondering whether or not there's any information or data on how the Energy Corporation stacks up on outages compared to other small utilities.

Mr. Morrison: We have a policy. Damage caused by an outage is not something that we normally pay for. We do pay for damage caused by an outage where we have been negligent or it has been our fault; in other words, we have taken some action and it has caused the outage. We've paid for this year — this year, we had an outage in Mayo that was caused by some of our workers doing some work and it damaged three people's equipment and we compensated them for that. But day

in and day out, the standard policy from all the utilities is that nobody pays for that.

We try to encourage people to make sure that they have surge protectors on all of their equipment, especially things like computers and televisions which can be very sensitive. In terms of the data of how we compare to other utilities, it's data that we publish; it's information that we provide to the Yukon Utilities Board on an annual basis. It's difficult data from a comparative point of view because they measure on different things.

What I would tell you is: overall, our number of outages is greater because we're an isolated, small grid compared to the rigorous grids that have all kinds of redundancy built into them in southern Canada, but the length of our outages is shorter than the outages in the south because here, when we have an outage, if it's hydro-related, we can turn the diesels on for a short period of time and get everybody back into service, where in the south they don't have that ability. You are served by the provider and that's the only source of power. We don't get outages that are days and sometimes even weeks in length; we have outages that are generally a minute, a few minutes or an hour or so only.

Mr. Cardiff: I want to go back to the Mayo B thing, just to the bond, just one more time. What I would like to know is — I just want to be clear about this — the Yukon government has provided a letter of comfort. Does that mean the government is going to be paying for the \$52.5 million and the interest over the next 32 years?

Mr. Morrison: The letter that was provided by the government was a letter that we tabled at the Yukon Utilities Board hearing when we had our part 3 hearing, so it's a letter that has been out there for quite some time. This is not anything that's new. That commitment in there is to assist the Development Corporation, where necessary, to make sure that we can make those payments, and we're quite confident. I mean, we received this letter and that's what we used to finance the project and we're quite confident that as we go forward that's what we'll be able to use.

Mr. Cardiff: It's the expectation of the Development Corporation that the government will make those payments?

Mr. Morrison: The commitment by the government to help us on this was a commitment that I would say to you may well be based around whether or not the Development Corporation needs the help. If we need the help, I'm certain we'll get the help.

Mr. Cardiff: I would like to just ask a couple of questions about the Utilities Board. The Utilities Board has previously — not just in the case of the Energy Corporation, it's my understanding, but in cases of other groups, as well, that have appeared as intervenors at some of the hearings — disallowed certain costs and expenses. I'm just wondering how the Energy Corporation is doing on working through that and deciding what costs are eligible and what costs aren't.

Mr. Morrison: In fact, we don't get to decide. The Utilities Board decides, and once they decide, that's the end of it. We don't have an appeal. We don't challenge them on that. I can't tell you what process they use to make that decision, but

they make a decision and if the costs don't go into rates, that means the Energy Corporation needs the difference.

Mr. McRobb: I have three questions — the first two are just follow up. The president indicated the demand from Victoria Gold would be 100 gigawatt hours per year. What is that demand in terms of megawatts?

Mr. Morrison: We use 100 gigawatt hours because that's the energy required. It depends on what megawatts, whether it's 10 or 15 and what the project is, but it's in that range, if that helps.

Mr. McRobb: The capacity of Mayo B, even though its name plate is 15 megawatts — the actual sustainable capacity is in the neighbourhood of 11 megawatts per year — is that correct?

Mr. Morrison: That's correct, and that capacity will be added to slightly if and when we're able to secure additional storage on Mayo Lake.

Mr. McRobb: Back to the question on the radar screen for near-term mining companies, the Selwyn property wasn't mentioned, even though the Chinese are spending \$100 million to advance the property. Can the officials indicate the probability of it coming on stream, when it would be expected to be, what the anticipated demand is and how this would be supplied?

Mr. Morrison: It's our understanding that Selwyn intends to provide their own energy requirements at this point. If and when they think a little differently than that and they want to come and talk to us, we'd certainly be happy to talk to them and we can explore some other options. One of the options that I forgot to talk about earlier a little bit was, through these discussions we've had with Casino, they've developed this LNG potential and it's something that we'll look at in partnership with them, if that's something that Selwyn looks at, but to date they have chosen to advance their mining project based on their own generating requirements.

Mr. McRobb: Well, based on what we heard at the Mineral Exploration Roundup, I would think the officials should have some discussions with the proponents at Selwyn about this.

Back to the Mayo B back-of-the-envelope analysis that has been discussed, I'm wondering what amount of that project — along with phase 2 of the transmission line — will be rate-based?

In addition, what are the expected O&M costs to produce that additional 41 gigawatt hours per year? Just in those terms, back in 1995, we heard the utilities say at the board hearing that it was at least two cents per kilowatt hour for O&M. So, given some modest inflation, that would be about \$1 million a year. So if revenue is \$4 million and O&M is \$1 million, we then need to consider the costs. What would the interest rate be on these monies invested? We know the rate, but on the amount of money — part of this would include rate of return on the 40-percent equity, I would presume, which is approximately eight percent, I believe. So if we can just get the president to fill in the blanks for this back-of-the-envelope process, that would conclude our questions for this afternoon.

Mr. Morrison: I believe that I committed earlier to getting the exact number, in terms of what's going into rate base for the member when we were discussing that. I'm certainly happy to do that. We'll get that for those who are interested. I really caution everyone from doing their own math and their own analysis of what the revenues will be and where these costs will be. I wouldn't extrapolate anything from 1995 to determine that operating costs for the Mayo B plant will be \$1 million a year. I'm certainly happy to look at that and see what numbers we have and provide that number, rather than try to look at it and do an analysis that goes across a number of years. I'm not even certain that the operating cost that was previously mentioned is the right one, so I'd like to look at those numbers. We're happy to provide information related to those things or any other questions that members have related to the plant. So if we can do that and bring back those answers, I think it would be more prudent.

Hon. Mr. Fentie: Mr. Chair, on behalf of Committee of the Whole, I would like to thank Mr. Ray Hayes, chair of the Yukon Development Board of Directors, Mr. Piers McDonald, chair of the Yukon Energy Corporation, and Mr. Dave Morrison, chief executive officer of the Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, for appearing as witnesses today. Gentlemen, thank you very much.

Chair: Thank you Mr. Fentie. The witnesses are now excused.

Witnesses excused

Chair: Seeing the time, the Chair will rise and report.

Speaker resumes the Chair

Speaker: I 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. 23, entitled *Third Appropriation Act, 2010-11*, and directed me to report progress. Also, pursuant to Motion No. 1274, Ray Hayes, chair of the Yukon Development Corporation Board of Directors, Piers McDonald, chair of the Yukon Energy Corporation, and Dave Morrison, chief executive officer of Yukon Development Corporation and president and chief executive officer of the Yukon Energy Corporation, appeared as witnesses before the Committee of the Whole from 3:30 p.m. to 5:30 p.m.

Speaker: You've heard the report from 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. Monday.

The House adjourned at 5:32 p.m.