



Yukon Legislative Assembly

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HANSARD

Thursday, April 23, 2015 — 1:00 p.m.

Speaker: The Honourable David Laxton

YUKON LEGISLATIVE ASSEMBLY

SPEAKER — Hon. David Laxton, MLA, Porter Creek Centre

DEPUTY SPEAKER — Patti McLeod, MLA, Watson Lake

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Hon. Elaine Taylor	Whitehorse West	Deputy Premier Minister responsible for Tourism and Culture; Women's Directorate; French Language Services Directorate
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Yukon Legislative Assembly
Whitehorse, Yukon
Thursday, April 23, 2015 — 1:00 p.m.

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

Prayers

Withdrawal of motions

Speaker: Before proceeding, the Chair wishes to inform the House of a change which has been made to the Order Paper.

Motion No. 854, standing in the name of the Minister of Education, has been removed from the Order Paper as it is similar to Motion No. 926, which the House adopted yesterday.

DAILY ROUTINE

Speaker: We will proceed with the Order Paper. Tributes.

TRIBUTES

In recognition of 2015 Yukon Young Authors' Conference

Hon. Mr. Graham: I rise in the House today to pay tribute to the 35th annual Young Authors' Conference and the talented young writers of the Yukon.

Humans connect through language. The written word is a powerful way of sharing stories and ideas with one another and with the rest of the world. The Young Authors' Conference encourages young Yukoners to share their stories and ideas through writing. This conference nurtures young writers to pursue their interests, develop their skills, learn about Canadian authors and literature, and introduce them to mentors and peers.

Each year, the conference brings together about 40 to 50 aspiring authors in grades 8 to 12 from around the Yukon. This year, they will work with professional writers including Susan Musgrave, our own Patti Flather, C.C. Humphreys, Graeme Peters and Jacob Scheier.

I would like to recognize the organizers of this excellent event who have put this program together year after year since 1980. Terry Burns, Irma Bourassa, Marg Healy, Marion Noone, Val Ross, Marg Wicken, Scott Henderson, Joyce Sward and Clare McDowell have demonstrated remarkable commitment to the art of writing and to the students of Yukon.

I would also like to thank F.H. Collins Secondary School and the Yukon Public Libraries branch of the Department of Community Services for hosting this program each year.

Most importantly, I want to recognize these young writers and the teachers in their lives inspiring them to chase their dreams. As Dr. Seuss said, the more you read, the more things you will know; the more that you learn, the more places you'll go.

Writing helps young people to express themselves, to engage their imagination and to develop critical thinking and

observation skills. This conference nurtures the young talent of Yukon, inspiring the authors of tomorrow.

I would like to ask all of my colleagues to join me in wishing these writers an excellent conference here today.

Applause

Mr. Tredger: I rise on behalf of the Yukon NDP Official Opposition and the Liberal Third Party to pay tribute to the Yukon Young Authors' Conference. I thank the minister for his tribute.

It gives me great pleasure to rise in the Legislature to pay tribute to the Young Authors' Conference and the Yukon Writers' Festival. On the webpage, it states: "The purpose of the conference is: to encourage students who have interest and potential in writing to pursue their interest and develop their potential; to make students more aware of Canadian writers and the vast array of their stories; to introduce students to successful Canadian writers; to introduce Yukon young writers to each other."

Mr. Speaker, the Yukon Young Authors' Conference is much more than that. I can tell you it has had a significant influence on many, many young people. This is truly an idea that has grown.

The first Young Authors' Conference was held in 1980. It was the brainchild of Terry Burns, who was then the librarian at F.H. Collins Senior Secondary School. He created the Young Authors' Conference to be the local cornerstone of the Canada-wide National Writers' Festival. The first conference had 33 students from five Yukon schools, working with three visiting authors. The original organizers — it's kind of neat to have these names roll over my tongue in the Legislature. The original organizers were Terry Burns, Irma Bourassa, Marg Healy, Marion Noone, Val Ross and Marg Wicken. I had the experience of working with some of those educators and they were certainly inspirational to me and many students.

Terry Burns was the overall conference organizer for 10 years. The conference was then taken over by Joyce Sward, who was the main organizer for the last 20 years. It is now being organized by Claire McDowell and Joyce Sward. Most impressively about the conference, or one of the things that affected me most, was the way the conference went out of their way to ensure students from communities had the opportunity — more than the opportunity, they were encouraged — to attend. Shy, reluctant students from communities were invited in and made to feel a part. As a principal, I saw first-hand the effect that this conference had on not only the students attending but their classmates.

I taught in Pelly Crossing. It was a wonderful and supportive community, but it was small and isolated. It was through programs, like Young Writers, that our students were able to expand their horizons. We would have writing units built around the Young Authors' Conference. Students learned the strength of their stories; it gave them a voice and, for some, a broader audience. They gained a sense of themselves as being important and the power of language. Sometimes we don't realize the effects of our ideas and how they can build our society to a better place.

I'm going to tell a personal story for the Terry Burnses and the Joyce Swards — those teachers whose ideas have blossomed. I was in one of my communities shortly after being elected. A young person who was struggling with addictions was in legal trouble and saw me. He came up to greet me and to congratulate me. "How are you doing, Jim?" I said, "Not bad. How are you?" He looked at me, and he said, "Not so good. I'm having some troubles." We talked about it for a little while and then off he went.

Five minutes later, he showed up with a ragged set of papers, sort of beaten up a little bit — the papers. It was a story he had written many years before for the Young Authors' Conference. He wanted me to read it. "I'm still writing when I can," he said. "It helps. I'm a writer." His shoulders straightened out a little bit.

Mr. Speaker, I can't remember if he went to the conference as one of the ones or whether it had been a springboard, but I do know it gave value to his life, a sense of purpose and, most importantly, hope. That hope was what he was clinging to as he looked for a way forward. I look forward to his next stories as he rediscovers his voice.

Thank you to all the teachers, all the student participants, and all the volunteers who have made the Young Authors' Conference a success in so many ways — and a special thank you for including the communities and the students from the communities. My colleague from Whitehorse south attended the Whitehorse reading and reception at the Old Fire Hall last night and said it was a wonderful experience.

I encourage all who are listening and all who are here to attend one or more of the events and readings in our communities: reading and music on Saturday at 7:00 p.m. in Haines Junction; Monday, April 20 at 1:30 p.m. in the Carmacks library; Tuesday, April 21 at 9:20 a.m. at Eliza Van Bibber School; Tuesday, April 21 at 7:00 p.m. in the Dawson City library; Thursday, April 23 at 7:00 p.m. at the Watson Lake library; Friday, April 24 at 1:00 p.m. in the Teslin School library. All of the events are free and, as my colleague, the Member for Copperbelt South, said, they are well worth attending.

To conclude, as one student said when returning from the young writers' conference — "Yes!"

In recognition of Administrative Professionals Week

Mr. Elias: As Government House Leader, I rise today in recognition of Administrative Professionals Week and to pay tribute to the important role that administrative professionals play in our working world.

This week of celebration was started 63 years ago as National Secretaries Week and has since expanded to recognize the changing role that administrative professionals play in the workplace.

Almost every office counts on the expertise and professionalism of their administrative staff. They work in areas such as finance, human resources, project management, communications and information technology. Our administrative professionals keep the chaos at bay and form the foundation of our organization. They keep our files in

order, they ensure that our technology is running, and they perform a myriad of complex transactional duties that keep the machinery of government and business running.

The services and programs that are so vital to the lives of all Yukoners count on the tireless work and dedication of our administrative professionals. In the Yukon government, administrative professionals are usually the first point of contact for a member of the public needing assistance. If you are applying for a hunting licence, a health care card or a business licence, or enquiring about a program or service, it is likely that you are speaking to one of the many administrative professionals. It is said that when you start a new job, one of the smartest things you can do is make friends with the administrative staff in the office. They are the ones who hold the knowledge that is a key to the smooth running of any office environment, and they can make your life very easy and enjoyable.

I encourage everyone to join me in celebrating Administrative Professionals Week and to take a moment this week to thank the administrative professionals in your office for the work that they do.

I take this opportunity to recognize Harmony Istchenko, Madison Pearson, Caitlin Irvine, Carly Boss, LJ London, Jessica Hall, Leah Kelly, Val Benoit and Loretta Devries. Thank you for making us on this side of the House look so darn good.

Applause

Mr. Tredger: I rise on behalf of the Yukon NDP Official Opposition and the Liberal Third Party to pay tribute to Administrative Professionals Week and Day. I rise to pay tribute to this week and day for administrative professionals. It is celebrated on the last Wednesday of the last week in April each year in many countries around the world, although it began as National Secretaries Week in 1952 in recognition of the importance and value of the administrative support provided by secretaries to an organization. Organizations have evolved; so too has the role of the person who many of us refer to as the person who does everything for us in the office — especially make my computer work.

In 2000, the name was changed to Administrative Professionals Week and Day to reflect this complexity. The administrative professionals' work touches on technology, finance, customer services, vendors, the law, health care, human resources and taxes — all in one day — and especially being a friend to all those in the office.

We tend to think of administrative professionals as support or secondary staff. In some offices, they are relegated to second-class status because they are "just" the administrative assistant or office manager. However, anyone who has worked in an office environment for any length of time knows that it is these people who are the ones who make our offices function.

Our offices have become a swirl of activity, whether they are offices in schools, in lawyers' office, in legislative offices or in business centres. Administrative professionals don't just work behind the scenes. Whose face do people see when they

first walk through the door? Who does that student in the school run to when their knees are skinned on the playground? Who do we look for when something goes wrong in the office? The administrative professionals represent our organizations and set the tone for each person who visits our office.

They are an integral part of our workplaces and deserve recognition for their often unsung contributions. In my career I have been fortunate to work with many administrative assistants and professionals and I can attest to their importance to the success of those organizations and indeed any organization.

Administrative professionals are indeed professionals. Not only do they perform their prescribed roles, answer phones and greet visitors, but they are the glue that touches all of us in the organization. They are there to listen to and support each person in the office. They calm the waters; they support and encourage ideas; they fill in the gaps; they smile through the constant contingencies and interruptions — the continuous putting off of their work to support others. They deal with emergencies and they calm a crisis.

The administrative professional is core to our successes. Administrative professionals often help the office come together as a team. Denise Leschart, the administrative professional for the Yukon NDP, makes a comparison to a wagon or a bicycle wheel. Everyone on the team must work together like the spokes of the wheel. For the wheel to work, she says, every spoke has to be there, including the administrative professional. One can't be missing.

This week is our turn to officially recognize the administrative professionals in our workplace for the work they do each and every day, for their support, encouragement, patience, their insight, and especially for their friendship and the contributions they make to the successes of our organizations. I would add especially for their contributions to each of us for our individual successes. Thank you for the support they have been offering me.

Administrative professionals make us all better. On behalf of the Yukon NDP and the Yukon Liberals, I encourage everyone to recognize and celebrate contributions of the administrative professionals in their workplace. My hope for all organizations is to have administrative professionals as skilled and dedicated as the Official Opposition is privileged to have working with us. Thank you.

Speaker: I would be remiss if I didn't add my own comment at this point. The staff we have in the Legislative offices who work on behalf of all the MLAs — Helen, Brenda, Dawn and Doris — are held in high esteem by all the MLAs and are greatly appreciated for keeping us not just on the straight and narrow, but out of trouble as well.

Are there any other tributes?

Introduction of visitors.

INTRODUCTION OF VISITORS

Hon. Mr. Pasloski: With your indulgence, I would like to introduce to members today a visual artist visiting from

Calgary, Alberta, who has been here in the past and is back to visit a long-time friend who happens to be Elaine Schiman, who also is in the gallery and works as a member of our staff. I would like to invite all members to give a Yukon welcome to Kelly Krueger. Welcome.

Applause

Speaker: Are there any returns or documents for tabling?

Are there any reports of committees?

Are there any petitions to be presented?

Are there any bills to be introduced?

Are there any notices of motions?

NOTICES OF MOTIONS

Ms. McLeod: I rise to give notice of the following motion:

THAT this House urges the Government of Yukon to use the 2015-16, to convert the Oblate centre into a 10-bed continuing care facility to be opened later this fall.

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

THAT this House urges the Government of Yukon to partner with Bell Mobility to ensure that the community of Old Crow benefits from fast, affordable and reliable telecommunications services in July of 2015 by:

(1) upgrading the cellular service to 4G;

(2) providing the residents of Old Crow with the ability to use the latest smartphone technology to access web-based and smartphone applications; and

(3) ensuring that the residents can call, text, browse and watch video using the latest wireless devices, handsets, tablets and smartphones, including the Apple iPhone 6, Samsung Galaxy Note 3 and the Samsung Galaxy S5.

Ms. Moorcroft: I rise to give notice of the following motion:

THAT this House urges the Government of Yukon to work in conjunction with the Royal Canadian Mounted Police to provide the community of Burwash Landing with a year-round, consistent and locally posted RCMP presence.

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

THAT this House urges the Government of Yukon to tell the public what the total cost of the 300-bed continuing care facility will be.

Speaker: Is there a statement by a minister?

This then brings us to Question Period.

QUESTION PERIOD

Question re: Nurse recruitment

Ms. Hanson: Nurses are an integral component of collaborative health care in the Yukon. Nurses in our rural communities are often the primary health care provider and they also play a critical role as community members. Health

and Social Services' own 2014 clinical services plan recognizes this critical role and recommends — and I quote: “That recruitment and retention of community nurses for rural Yukon Territory health centres continue to be a priority until vacancies have been eliminated...”

Can the minister explain why there are currently seven vacancies for community nurses who serve Yukon's community health centres?

Hon. Mr. Nixon: I would like to start off by thanking the nurses across our territory, whether they are in Whitehorse or our communities like Dawson City and Haines Junction and so on, for the good work that they do each and every day in providing the high level of service for those communities.

A *Clinical Services Plan for Yukon Territory* was released in April 2014, as you know, and sets a long-term plan for the evolution of health and social services delivery in our incredible territory. While the report's recommendations have not been accepted by government, the department continues to utilize the plan as a foundation for innovative, evidence-based decision-making and maximizing system efficiencies.

Again, I would like to extend thanks to the good men and women working in nursing across the territory each and every day. This government certainly appreciates the service that they deliver to Yukoners.

Ms. Hanson: I would say that the thanks would ring hollow when you don't feel the support that's required. Nurses in rural Yukon communities face complex situations with only minimal supports and resources. As this unaccepted 2014 clinical services plan notes: “It is not unusual for nurses to be providing non-nursing functions, due to limited resources and staffing.”

Many community nurses work alone or with little backup in their daily practice. These hard-working and dedicated nurses provide primary and emergency health care 24 hours a day. That is why the float nurses, who are based out of Whitehorse and provide temporary relief to our community nurses, play such an important role.

Given the importance of the role played by these float nurses, can the minister explain why there are currently four vacancies for float nurses?

Hon. Mr. Nixon: Again, I need to extend this government's thanks to the men and women working in all Yukon communities in nursing, for the good work they do and providing those services to Yukoners.

As the member opposite should be well aware, every government department finds that there are vacant positions from time to time, and we work very well at filling those positions. I would like to thank the minister responsible for the Public Service Commission and his department for spearheading all that work and working with a number of government departments in making sure those vacancies are addressed.

The report's recommendations are currently being reviewed by the department to determine goals and priorities with the intent of having an implementation plan developed this year. The plan will be evolving, as system evolution in Health and Social Services are certainly complex issues.

I again thank the men and women working across the territory in nursing for the good service they do for all Yukoners.

Ms. Hanson: If this was new news, those thanks might be understood. That year to implement the report might be understood. The fact is that there are seven community nursing vacancies and there are four vacancies for float nurses who provide relief to our hard-working community nurses. Health care professionals have also expressed concern about the shortage of LPNs in the community hospitals.

Unfortunately, Mr. Speaker, this sad state of affairs is nothing new. There has been study after study showing that our health centres and community nurses are not given the resources and support they need. The Yukon Party government continues to let down our rural communities and nursing professionals alike. It's time to put Yukon communities and our rural health professionals first.

Will the minister explain to Yukoners why his government has not made the health of our communities and the well-being of our community nurses a priority?

Hon. Mr. Nixon: I think the Leader of the Official Opposition is clearly out of touch with the good work that is being done within the departments to provide those types of supports to nurses and government staff across our territory. Again, I would like to thank the men and women working especially in the nursing field. I've had the opportunity to go to communities, like Dawson City and Watson Lake, and certainly here in Whitehorse. I'll be out in Haines Junction in the next couple of weeks, visiting the teams out there.

There's lots of good work being done. There's certainly lots of training available through the Department of Health and Social Services and working with the nurses. The member opposite is talking about vacancies within government, and we certainly work with PSC in filling those vacancies.

This government stands behind the men and women providing the service. This government stands behind issues that are in the budget like the nursing bursaries that the members opposite continue to vote against.

Question re: Violence in schools

Mr. Tredger: Mr. Speaker, eight years ago, the Yukon Teachers' Association found that almost one-third of educators had sustained some level of physical injury on the job and almost two-thirds had some level of psychological injury — unacceptable.

For the ensuing eight years, we have heard from parents and the Yukon Teachers' Association about violence in Yukon schools. When I raised this issue with the last Yukon Party Education minister, she said that the government had the initiatives in place that ensure the well-being and a safe workplace for all of our teaching professionals. The last minister didn't think there was any problem.

Mr. Speaker, does the current Education minister agree with the president of the Yukon Teachers' Association that violence continues to be a significant problem in Yukon schools?

Hon. Mr. Graham: It's one of those issues that I finally agree with the member opposite on. It is a problem in our schools, Mr. Speaker. We share the Yukon Teachers' Association's concerns regarding classroom safety and we look forward to working with the Yukon Teachers' Association on how we can move forward to make our schools safer.

Yukon Education also has implemented a number of policies and processes during the last two ministers' stay in the office to ensure that these issues are dealt with appropriately. These include the workplace risk assessment and safety plan and a safe and caring schools policy, so we have been working on the problem, but we're always open to new suggestions and we're open to working with the Yukon Teachers' Association to make our schools safer than they are today.

Mr. Tredger: As the employer, the Yukon government is responsible for ensuring the safety of the workplace. A little over a year ago, the last Yukon Party Education minister told the Legislative Assembly that — and I quote: “We track all workplace risk assessments and threat assessments, incident reports, and many others. We continue to track this information.”

Mr. Speaker, we know that violence in schools is chronically underreported and we need proper stats to properly address it. Has the minister worked with the YTA to address this underreporting and to ensure that all violent incidents are reported? Will the minister make this information available to school councils and to the public?

Hon. Mr. Graham: Mr. Speaker, as I've said to the member opposite a number of times, I don't have any secrets in the Department of Education. I'm happy to tell him what the reported incidents were last year in 2013-14. There were 85 reported incidents; 63 resulted in workplace risk assessments and 22 included violent incidents. In 2012-13, as I'm sure the member opposite knows, there were only eight incidents reported and we feel that by working with teachers and school councils and our partners in education across the territory, the data was underreported in 2012-13, which is why only eight incidents were reported. Because of the emphasis on reporting and dealing with these incidents, the number last year increased substantially. We are hoping to reduce that number in the coming years to nothing.

Mr. Tredger: The Yukon Teachers Association report — *How Safe are our Educators?* — was a wake-up call that has yet to be answered by successive Yukon Party education ministers. This report highlights the alarmingly common-place occurrence of violence directed at teachers. This violence includes spitting, kicking, swearing, intimidation, damage to property, threats to one's family and more. Violence in our schools has a serious impact on morale, classroom management and the effectiveness of our educators. The learning environment suffers and all children are affected. The onus is on the Yukon government as the employer to address violence in our schools.

Can the current minister explain why eight years after the YTA first raised the issue, there has been so little done to tackle this problem?

Hon. Mr. Graham: If the member opposite was just trying to elicit the information, I would love to present him with additional information, but he leads up to the information with so many facts that are in dispute, shall we say. There have been a great number of advances made in the workplace for teachers over the last few years. I have already named a few of them.

Our attitude on this side of the House is that all students, as has been shown in the last little while, have a right to be treated in a fair and reasonable manner. Just as important to us is that all teachers also have that right to be treated in a fair and reasonable manner, and they should be free of any kind of abuse at all. In fact, it is one of the main issues going forward in the ongoing discussions leading up to a new contract with the Yukon Teachers' Association. I can't go into details here in the Legislature because we are currently in those discussions, but it is an issue and it is an issue that we are trying very, very hard to deal with because we agree, even though we don't do it in a negative manner as the NDP do. We agree that this is an issue that has to be addressed.

Question re: Continuing care facilities

Mr. Silver: Yesterday I asked the Minister of Health and Social Services a question in Question Period about the cost of the 300-bed continuing care facility this government is planning in Whistle Bend. We also had a long debate in the afternoon as well about the facility. I believe three of the members opposite got up to speak.

During Question Period and in the debate that followed, the minister had plenty of opportunities to answer the simple question that I had asked and that is: What is the cost of this new facility? Now he refused to answer the question. We have heard and seen some estimates anywhere between \$268 million and \$330 million, and we are looking for a confirmation. Surely the minister knows what the number is or the government would not barge ahead with the construction.

The question is simply again: What is the cost estimate for the new seniors facility?

Hon. Mr. Nixon: First off, I would like to start by expressing my disappointment that the members opposite clearly demonstrated that they are not in support of this government providing care to seniors in a new seniors facility by their words that they chose yesterday in this Legislative Assembly.

This government will continue on with a 150-bed facility; a facility that will be expandable in the future when the need is there to 300 beds.

This government believes in providing that level of care to our friends, our neighbours and Yukoners who can no longer care for themselves in their own homes. This government will put its money where its mouth is and continue down that path to providing those services to Yukoners.

Mr. Silver: Whether it's 300 beds or 150 beds — 300 beds was said a couple of months ago; 150 beds is said now — Yukoners deserve to know how much this is going to cost. I don't know if the minister or any of the Premier's staff play poker, but it's always a good idea to know how much money is on the table before you sit down.

There is \$26 million set aside in this budget that will move ahead for this year. The government has refused, however, to tell Yukoners how much that total cost will be. Having watched this government go overbudget on many capital projects, Yukoners deserve to know how much of their money is going toward this project. It's a simple question, Mr. Speaker: What is the cost estimate for the first 100 beds the government is planning?

Hon. Mr. Nixon: The lower figure that was produced last fall was an estimate for both phases of the facility in today's dollars, so for example, if construction had begun immediately. The higher figure is an estimate that includes an escalator factor that includes longer timelines, since the construction is expected to begin a year from now, and not be completed until 2018. In addition, it's important to note that cost estimates at this stage will undergo refinement as the planning continues.

The money set aside in this year's budget for the continuing care facility is for a number of things, including the schematic design. So we'll have a better idea of cost after that schematic design is completed, and we look forward to 2018, when this government can provide that level of care to Yukoners who can no longer live in their homes.

Mr. Silver: To continue the analogy, when you play poker, you lose a lot of money. I've actually seen it cost people their jobs in the past. The point is that a poor game plan by this government will lose taxpayers' money due to cost overruns. A business case analysis was done by a private contractor on the Government of Yukon's new continuing care facility, and they did list a price, and it was \$330 million. Last fall, the government did its own analysis of the potential cost of the new facility, and it said that cost would be \$268 million for a 300-bed facility, again, but it's a full \$60 million less than the independent consultant.

Either way, the public deserves to know how much money is at stake, whether it be a cost estimate or not. You don't start building a house and then wait until the end to decide how much money you're going to spend. This work needs to be done, and it happens on the front end to avoid the kind of cost overruns that we're starting to get used to with this government.

So what is the cost estimate now, today, for the new facility?

Hon. Mr. Pasloski: What is obvious is that the member opposite, the Leader of the Liberal Party, who would like to be Premier, has absolutely no clue how this contracting works. The good news is that, after 12 years of Yukon Party government, 12 years of strong financial management, we can afford to build this nursing home to provide health care for Yukon seniors and all those people who need long-term care. We're in a position financially where we can afford to do it.

Question re: Off-road vehicle use, select committee recommendations

Ms. White: Nearly six years ago, the all-party Select Committee on the Safe Operation and Use of Off-road Vehicles was formed and then consulted extensively across the territory.

Over four years ago, that same select committee released its final report. It is a fair comment that action from this government on the ORV file has been slower than molasses going uphill in February.

The Minister of Energy, Mines and Resources had just announced a new 60-day consultation and discussion paper on the subject of off-road vehicle use. Though the Yukon Party government has the ability to be proactive and protect ecologically sensitive areas before they are damaged, they have chosen not to.

A simple question: why not? Why does the Yukon environment have to wait for yet another spring to pass before this government does anything to protect its ecologically sensitive areas?

Hon. Mr. Kent: The member opposite is correct. We are in the middle of a 60-day public review. It began at the beginning of this week, April 20. What we're going to do is build on valuable information that we have already received from First Nations in a prior consultation with First Nations that was done over a 30-day period. We're looking forward to engaging with the public and off-road vehicle users to work toward developing a policy that will work when it comes to managing this type of activity.

This is in response to recommendations brought forward by the Select Committee on the Safe Operation and Use of Off-road Vehicles. The discussion paper will be mailed out to First Nations, industry and interest groups and I've already heard via e-mail from one of the interest groups on some tweaking that they feel can be done to one of the forms that is available on-line.

We're looking forward to these consultations being done and reviewing what the public has to say about the consultations upon their conclusion.

Ms. White: I wonder what sort of engagement the Yukon Party is expecting. The consultation calls for written comments by June 22. It's buried on the EMR website and not the main Yukon government homepage. There has been limited public advertising and there are no public meetings scheduled.

It was six years ago that the select committee was formed. The select committee talked to Yukoners throughout the territory. It received hundreds of survey responses. Four years ago, that same select committee agreed that Yukon needed rules to prevent and mitigate environmental damage and cumulative negative impacts to sensitive wildlife and fish habitats. For four years the Yukon Party government has dragged its heels. It hasn't done a thing to protect sensitive areas from ORV damage, and now protection of environmentally sensitive areas face further delay.

Why does the Yukon Party continue to drag its heels on bringing forward rules to protect sensitive areas from the irresponsible use of off-road vehicles?

Hon. Mr. Istchenko: The member opposite is correct — minor amendments to the *Territorial Lands (Yukon) Act* are in place to support recommendation 14 that will enable the regulations to be developed. Once implemented, the new regulations will allow land use administrators to manage off-road vehicle use on Yukon lands when required.

Off-road vehicle management tools will be applied on a complaint-driven basis or through an area-specific planning process to manage off-road vehicle use as required in identified hinterland areas. It will be the renewable resource councils and the Yukon Fish and Wildlife Management Board, in their role as managers, to review processes for proposed off-road vehicle areas. I might remind the member opposite that there are a number of acts in place already and legislative framework for the protection of our Yukon lands, water and air.

Ms. White: Complaints — that moves beautifully toward my next question. The select committee on ORV use consulted extensively four years ago and made this recommendation: “That government consider the issues of registration, operator licensing, and insurance for ‘off-road’ use and that government look at how other jurisdictions have approached these issues prior to determining the best approach for Yukon.”

The reason is simple. We can’t effectively manage ORVs without being able to identify the users. British Columbia has a simple and inexpensive 10-year licensing program that the Yukon could follow if we so chose, but the consultation doesn’t address — this current consultation doesn’t address — this omission in our laws and amendments to the *Motor Vehicles Act* brought in last year only dealt with ORV use on highways and public roads.

When does the government plan on getting around to the issue of off-road vehicle licensing and registration?

Hon. Mr. Kent: What we’re conducting right now is public consultation with respect to recommendation 14, that will enable regulations to be developed to support the minor amendments, as the Minister of Environment mentioned, to the *Territorial Lands (Yukon) Act* that we introduced earlier in our mandate.

Tools to manage off-road vehicle use will be applied, as mentioned, on a complaint-driven basis or through these area-specific planning processes. The 30-day review with First Nations has been concluded. We are currently embarking on the 60-day public review process that started earlier this week and will conclude in June. We are looking forward to hearing from the public and anyone who uses the backcountry and use ORVs — responsible users of ORVs — we are confident that we can get to a place that we can protect the Yukon environment as well as the rights of responsible ORV users for generations to come.

Question re: Yukon species at risk

Ms. White: On Tuesday, I asked the minister about his party’s track record on completing a Yukon-made species at risk act. In a somewhat surprising digression, the minister went on to talk about Yukon’s bison population. Well, Mr. Speaker, the Aishihik herd is the second-largest disease-free free-ranging wood bison herd in the world. In fact, the population has so flourished that it was added to the list of big game species back in 1998. Now, with a population of well over a 1,000 animals, the government has taken steps to increase yearly harvests.

Does the minister recognize that in Yukon, the wood bison was removed from the specially protected species list 17 years ago?

Hon. Mr. Istchenko: I think this is a good example of the Department of Environment working with our First Nation partners and our renewable resources councils and the Fish and Wildlife Management Board on dealing with a species that was at risk and we are happy to see the cooperation we are having moving forward.

Ms. White: That was interesting.

We look forward to that same attention being dealt to the smaller, less cuddly species at risk in the territory. On Tuesday, I asked the minister about his party’s track record on completing a Yukon-made species at risk act.

1998 was a big year for species at risk. The wood bison herd was removed from the specially protected species list and the Yukon government committed to implementing its own species at risk legislation, but in 2003, 2005 and again in 2009, the Yukon Party government was brought species at risk legislation by its own Department of Environment that they chose to ignore. Instead, they rely on inadequate federal legislation that has been continuously gutted by the Conservative government of Canada. Made-in-Yukon species at risk legislation is essential to ensure the interests of Yukon are actually met.

Does the minister really think that Yukon species at risk are fully protected by federal legislation, which has been continuously gutted by the Conservative Government of Canada?

Hon. Mr. Istchenko: We on this side believe we are doing a really good job at this, actually. There are national recovery plans currently being developed for the western toad, bats, several birds — all of which are found in the Yukon. National recovery or management plans are anticipated for grizzly bears, polar bears, collared pika and a number of other listed species.

The Department of Environment manages and monitors species of wildlife that are at risk and tracks all species of conservation concern. I am proud of our biologists who contribute to the federal species-at-risk assessment and recovery planning. That is part of our commitment under the national *Accord for the Protection of Species at Risk*.

We have 18 species occurring in the Yukon that are listed under the federal species at risk act, and I am proud of the department and the hard work that we do working with these species.

Question re: Mine closure security

Mr. Tredger: When the Ketza River mine closed two weeks ago, this government assured Yukoners that because it was a type 2 mine, the federal government would be responsible for the cleanup costs. While this is partially true, under the devolution transfer agreement, it is set out that any new work that was approved by Yukon government since devolution is the responsibility of the territorial government. We know that work has gone on at the Ketza River mine since Veris Gold took over operations. There are securities that have been held by Yukon government, but the minister can forgive Yukoners for being skeptical of their adequacy.

Can the minister assure Yukoners that the remediation and closure costs of the Ketza River mine will be fully covered by the mine's security?

Hon. Mr. Kent: The member opposite is correct. Ketza is designated as a type 2 site under the Yukon devolution transfer agreement. Under this agreement, the Government of Canada maintains responsibility for environmental liabilities at the site prior to the implementation of the DTA in 2003. Since that time, most of the activity that has been conducted on the site has largely been exploration activity such as drilling. There has been no active production on the mine site since 2003 — since devolution. This mine goes back to the mid-1980s as far as the initial start-up and production. On April 7, Energy, Mines and Resources seized the \$797,000 in security held under the *Quartz Mining Act* and officials have assured me that they are confident that this amount will satisfactorily address the outstanding reclamation work related to Ketza River Holdings' exploration program, which has been conducted post-devolution.

Mr. Tredger: Recently, two mines have walked away from their obligations on-site due to financial problems. In the case of the Wolverine mine, when the Yukon Zinc Corporation walked away, they left the Yukon with nearly \$3 million in outstanding security payments that were earmarked for reclamation and remediation. Yukoners want to know why a mine was allowed to conduct operations without having paid the security costs necessary for the remediation and reclamation that is associated with it.

Why aren't mining companies required to put up securities for remediation and reclamation before going out and conducting operations that may ultimately require the use of those securities?

Hon. Mr. Kent: Just to correct the member opposite, the owners of the Wolverine mine — the Wolverine mine is in temporary closure. The owners are still on-site doing the care and maintenance work. Officials from Energy, Mines and Resources are inspecting that work on a regular basis and working with the company to ensure that it continues to work toward compliance of the temporary closure act.

Again, perhaps the member opposite didn't hear me, but with respect to the Ketza River mine, largely the activities that have taken place there since devolution have been exploration activities, such as drilling and that type of thing. We do hold \$797,000 in security, which has been seized as of April 7. Again, officials in the department have informed me that they

believe that amount will satisfactorily address the outstanding reclamation work related to the post-devolution activities. Again, as a type 2 site, we have begun the process of working with Canada to turn the site back over to them as their responsibility for the activities pre-devolution.

Mr. Tredger: When devolution occurred, Yukon was promised a new approach to mining that would ensure mines are managed in an environmentally responsible way and that Yukoners would reap the benefits of their operations. The recent closures of Ketza River mine and Wolverine have shown that those commitments were just empty words. This government is simply perpetrating the same system that the federal government ran in Yukon before devolution — a system that left us Faro, Mount Nansen, Clinton Creek — mines that will take years to clean up at a huge financial cost to the public.

Will this government follow the DTA and bring in regulations that close the gap to ensure that corporations that mine the Yukon minerals have to put up the money to deal with the environmental liabilities before beginning to mine?

Hon. Mr. Kent: Again, with the Ketza River mine, it did not come back into production post-devolution. It was an exploration program that was taking place on-site — an exploration program on a brownfield site, essentially, is the type of activity that was undertaken there.

Again, we have seized approximately \$800,000 in security held under the *Quartz Mining Act*. Officials at EMR have assured me that this amount will satisfactorily address the outstanding reclamation work related to that exploration program. As a type 2 site, the federal government will be responsible for the care and maintenance ongoing as well as reclaiming the initial work when the mine actually was in production.

Mr. Speaker, this shows the difference between the Yukon Party government and the Official Opposition NDP when it comes to mining industry. We're very supportive of a strong and robust industry. The NDP would get rid of free-entry. They would increase royalties. They would increase taxes. They would make it very, very difficult for hard rock or placer miners to operate in this territory. We're proud of our track record working with industry to ensure that responsible resource development can occur in the territory and that we can provide the jobs and opportunities for Yukoners associated with it.

Speaker: The time for Question Period has now elapsed.

We will now proceed to Orders of the Day.

ORDERS OF THE DAY**GOVERNMENT BILLS****Bill No. 86: Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation — Second Reading**

Clerk: Second reading, Bill No. 86, standing in the name of the Hon. Mr. Pasloski.

Hon. Mr. Pasloski: I move that Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*, be now read a second time.

Speaker: It has been moved by the Hon. Premier that Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*, be now read a second time.

Hon. Mr. Pasloski: It is indeed my pleasure to introduce Bill No. 86, *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*.

The bill before this House is comprehensive and it provides in excess of \$5.5 million in 2015 in both tax relief for taxpayers and support for families with income too low to pay income tax. This bill also simplifies and improves the transparency of the tax code.

A responsible government cannot set tax policy purely based on its own fiscal performance. Governments cannot lose sight of the financial situation of the citizens it represents.

In the last 10 years, the average Canadian household debt has increased from 123 percent of disposable income to 163 percent of disposable income. There is some concern that, in the post financial crisis world, many in the middle class may have difficult saving for retirement. Despite these challenges facing many individuals, government support for citizens does not always need to take the form of more government programs.

Support can also come in the simple form of tax relief, as opposed to tax-and-spend policies. Clearly, Mr. Speaker, increasing disposable income through tax relief presents Yukoners with a financial choice. Whether Yukoners choose to use this tax relief to reduce debts, save for retirement, take a vacation, or a number of options, we are pleased to be able to leave more money in the pockets of Yukoners.

Yukoners expect to pay taxes in return for various government services, such as our excellent health care facilities, education system and transportation network, just to cite a few examples. However, taxpayers who pay for these services have the right to demand that they are provided in a cost-efficient and effective manner. In other words, taxpayers should pay the minimum level of taxes required to deliver the services provided.

I'm very proud of our fiscal record and I'm equally proud that our record enables us to provide tax relief outlined in this bill. This bill represents a fiscal dividend for Yukoners, resulting from our strong fiscal or financial practices. In the last 11 Public Accounts audited by the Auditor General of Canada and tabled in this Legislature, we have recorded nine surpluses. As of March 31, 2014, net financial assets — the amount that our financial resources exceed our liabilities — have grown to be in excess of \$194 million.

This is an impressive accomplishment, given the fact that government has also funded significant capital expenditures out of surpluses and not by borrowing. The main estimates for 2015-16 and the *Supplementary Estimates No. 2* for fiscal year 2014-15, are still forecasting surpluses after factoring in this tax relief.

In fact, surpluses are forecasted in fiscal years 2016-17 and 2017-18 as well. Clearly this tax relief, the 13th and most comprehensive since the Yukon Party began its mandate, is another testament to our strong fiscal management.

Amendments to the *Income Tax Act* are often technical in nature. I will limit my comments for second reading to a broad overview of the initiative and will expand on the details during my Committee of the Whole speech. There are approximately 27,000 tax filers, of which 19,500 are taxpayers. The lowest three tax brackets are being reduced, resulting in a tax savings of \$4.9 million in 2015. The first bracket, which covers income up to \$44,700, sees the largest percentage decline. The rate will fall from 7.04 to 6.4 percent, representing a decrease of 9.1 percent.

The second bracket, which covers income from \$44,701 up to \$89,400, sees the second-largest percentage decline.

The rate will fall from 9.68 percent to nine percent, representing a decrease of seven percent. The third bracket, which covers income from \$89,401 to \$138,585, sees the rate fall from 11.44 percent to 10.9 percent, representing a decrease of 4.7 percent. The fourth bracket, which currently covers incomes in excess of \$138,586, sees the rate essentially unchanged other than a minor rounding adjustment from 12.76 percent to 12.8 percent in order to move to a single decimal rate of tax for consistency with lower tax brackets. Every taxpayer in the fourth bracket benefits from the changes in the three lower brackets and will therefore see lower tax bills despite the rounding adjustment in this bracket.

With Bill No. 86, we are implementing two changes that are essentially revenue-neutral. First, we are eliminating the surtax of five percent of taxes payable in excess of \$6,000. Second, we are creating a fifth tax bracket that matches the large corporate tax rate, both in rate and threshold. In other words, income in excess of \$500,000 will be taxed at a rate of 15 percent. Eliminating the surtax will reduce taxes payable by \$604,000 and the new tax bracket increases revenue by \$660,000 in 2015.

The surtax, which essentially is a tax on a tax, is a historical anachronism created when provinces and territories did not have the ability to set the progressivity of their own tax systems. Many provinces created surtaxes as a workaround on this constraint. A tax on a tax means the effective tax one pays to the government is higher than the stated tax rate in the tax brackets. This fact is often confusing for many taxpayers trying to comprehend their tax situation. The surtax is a complex piece of tax code that, over time, has not responded as intended to other changes in the tax system. Allow me to explain.

When the surtax was introduced in 1993, it was expected to impact only a small portion of taxpayers who were in the top tax bracket. With inflation and the fact that the \$6,000 threshold has never changed, the surtax has suffered from what is referred to as “bracket creep”. In other words, the surtax is impacting more and more taxpayers at lower and lower tax brackets with the passage of time.

Today, approximately 2,100 tax filers, or 11 percent of those who pay taxes, pay an additional surtax on their taxes.

Roughly one percent of those paying the surtax today will be subject to the new tax bracket.

Bill No. 86 provides considerable support for families with modest incomes. In addition to the largest reduction of rates applied to the lowest tax bracket, there are two additional measures that will benefit Yukon families with modest incomes. First, this bill proposes to enhance the Yukon child benefit at the annual cost of \$468,000, funded by \$414,000 in new money and transferring the \$54,000 annual cost savings by eliminating the low-income family tax credit. I will talk at length about this measure during Committee of the Whole. For now, I just want to point out these two facts.

First, the Yukon child tax benefit has been significantly more effective at providing support to families of modest income than the low income tax credit, and we are proud to be increasing the Yukon child tax benefit by almost 35 percent.

Second, the low income tax credit value is declining every year, and it's expected that the cost of this program would be zero as soon as 2018, if the tax act is left as it is today. The second initiative that supports families is the change in the nature of the children's fitness tax credit from a non-refundable to a refundable tax credit. This change ensures that parents will receive the credit, even if their income is too low to pay taxes.

This bill will also amend the political contributions tax credit. Upon passage of this bill, Yukon's political contributions tax credit will be consistent with that of the Government of Canada. The bill also contains technical and consequential amendments related to various administrative roles, and I will elaborate on these changes during Committee.

In our party's platform commitment, we stated that our government would continue to expand Yukon's economy by maintaining Yukon's extremely favourable general tax environment, which promotes investment in the territory. We also promised to maintain the Yukon small business investment tax credit. Bill No. 86 contains provisions to improve the administration of that credit. With Bill No. 86, we are living up to these commitments. In fact, this is the 13th change to the *Income Tax Act* since the Yukon Party came to power in 2002. All 13 changes have resulted in tax relief for Yukoners.

Ms. Hanson: I thank the Minister of Finance for his comments. I would like to say that, any time you look at changes to the income tax, it's a bit daunting. We're talking about a piece of legislation that's over 3,200 pages long. So I'm sure, when we get to Committee of the Whole, we'll have an opportunity to thank the officials who did the briefing.

When we review the proposed amendments — Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation* — the Official Opposition will be voting for it at second reading, but we do want to put on the record, at this stage of the process, that we do so essentially tentatively until we get some clarification from the minister opposite on a number of matters, because there are some fundamental issues. As the Premier said, taxes are an important element of the fiscal toolbox — he didn't use that;

that's my wording, but he did say that they're important. They support many of the essential services that we take for granted. In fact, taxes in the Yukon are also our largest contributor to our own-source revenue for the territory, which accounts for only some 15 percent of our total Yukon revenues.

After the minister's introductory comments on this, I believe, he made a number of references — and has made numerous references — to the Standard & Poor's report on Yukon's performance.

I went actually back and read that, just to put in a context for this discussion as well, because it is not just about credit rating, Mr. Speaker, but what the Standard & Poor's report does point out — and this is the reason why I am nuancing my support for any proposed legislation that speaks to additional tax cuts — is that they say in the report that is posted on the Department of Finance's website, for those who are interested in reading it, that the territory's budget flexibility is weak. They go on to say — and repeat this actually several times through the report — that the federal transfer constitutes a substantial proportion of the territory's revenues — about 80 percent of the operating revenues, which have changed little from previous years. They do say that, although those transfers from the federal government provide a stable and predictable revenue source, they believe that Yukon's budgetary flexibility is weak and somewhat constrained as a result.

One of the challenges that we face as a government — a territorial government that is so dependent, as this government continues to be, 12 years into its terms — is that what they call their "modifiable revenues" really typically, they say, account for a relatively small percentage of the operating revenues of this government. The current modifiable revenues — things that we have the flexibility to make choices about spending — are only about 17 percent of our operating revenues.

One of the things that Standard & Poor's goes on to say is that, despite the fact that the government talks about the mining and resource sector as being the pillars of and the foundations of Yukon's economy — actually on page 6 of that Standard & Poor's report, they say that public administration, health care, social assistance and educational services remain the foundation of Yukon's economy, constituting a significant portion of its economy.

Combining those — and then looking at the fact that, twice in that report, Standard & Poor's mentions that the territory's ability to increase revenue is somewhat constrained as a result of an act passed by a previous Yukon Party government, the *Taxpayer Protection Act*, which stipulates that the Yukon government cannot introduce a new tax or increase an existing one — in particular personal income or corporate income or fuel taxes — without a referendum. The Standard & Poor's report goes on to say that this requirement would be more of a negative credit factor if the territory relied more heavily on own-source revenue.

On one hand, we're constraining our ability to grow and, on the other hand, we want to have own-source revenue, but

this government is going to make it very, very difficult for itself or any future government. I am not making this up. It is coming out of Standard & Poor's.

They say on page 9 that transfers from the federal government drove the operating revenues almost exclusively. They also made a note that I thought was interesting — in terms of the operating revenue growth percentage has decreased from 9.43 percent in 2011 to this year. It's a negative 1.53 percent.

Mr. Speaker, when we talk about having some concerns and seeking to balance the approach to the use of our tax system as an important piece of our fiscal toolbox, we support the notion of progressivity. We support the notion of progressive taxation. One of the concerns I have is that this government is committing itself to cutting taxes during a time of economic uncertainty, and we know from studies across the country that cutting personal income tax rates does not necessarily provide the positive growth rate and investment that we look to and seek.

We also wonder about the effects of the commitment to reduce our tax base and admittedly, Mr. Speaker, this appears to be modest. We're only talking of roughly \$5 million, but it's those small and modest cuts — and cuts of a thousand of those, we have — like the cranes.

This government has demonstrated a commitment to reduce tax bases while at the same time making no efforts — any expenditure cuts. We have the simultaneous increasing on one and decreasing on the other. We have seen this government move from healthy surpluses to a quite concerning low surplus — estimated at this stage from \$72 million to an estimated surplus of about \$23 million for this fiscal year.

The Premier, the Finance minister, talked about some of the real concerns that exist across this country and in this territory, as well as about the vulnerability — in terms of debt vulnerability — of citizens. One of the notions in economic theories is that if we cut taxes, we're going to boost spending and that will help boost the Yukon's GDP, in which case both rich and poor are going to benefit. There is also evidence that, in times of economic uncertainty, there is a tendency to save rather than to consume. We asked questions in the briefing — and we'll come back to that in Committee of the Whole — about the modelling that was done here with respect to what kind of a multiplier effect the government was looking to achieve through these tax cuts.

The Official Opposition supports making the child tax credit refundable as this is a way to ensure people who are not paying taxes — low-income people — get the benefits. We also support, as I mentioned earlier, the notion of progressive income taxation. We've seen the implications of governments in this country that have moved away from that and the really difficult circumstances it places citizens and governments in.

We support personal tax reductions for low-income Yukoners as well as the creation of a higher bracket for revenues over \$500,000. But where I have to express a concern, Mr. Speaker — and I am looking to the Minister of Finance when we get into Committee of the Whole — is why

this government felt the need to reduce income taxes for the second-highest tax bracket for revenues over \$138,000 or \$140,000 to \$500,000. Why was there no consideration of splitting that bracket in two? There is a significant difference in income of somebody with \$138,000 and somebody with \$400,000 or \$499,000.

The notion of a progressive tax rate means that we pay a higher rate of tax as we earn more. We do expect in this country that kind of progressive taxation. That is what has given us the kinds of services that we all enjoy in this territory and provides the opportunity for all citizens to benefit. We are no strangers to growing income inequality in this territory, in this city. Tomorrow there is a forum on vulnerable people put on by Kwanlin Dun and the City of Whitehorse. There are people living in poverty.

The growing income inequality in Canada — the fact that we have not a temporary, but an institutionalized food bank in this territory. We have NGOs struggling to carry on more and more the functions of governments. That is really a fundamental piece and we need to have a debate or discussion in Committee of the Whole on why there was no consideration of splitting — or why they saw it as a priority to reduce the income taxes for people who earn at the top end of that highest bracket and why they wouldn't consider splitting the tax brackets in two, instead of having one range, as I said, of \$138,000 to \$500,000.

There are a number of comments that I would make when we get into the actual details of the sections as we go through them, because it is quite detailed, as the Minister of Finance noted in his comments. The notion of progressivity in taxation is great, but the notion of ensuring that the people who need to benefit the most from things like child benefits — that they can achieve that. That is also something that we would support, but we do want to see a real reflection of a real notion of progressivity in our taxation system in this territory. We will look forward to the debate in Committee of the Whole so that we can hopefully reach a common understanding of what the intent of this legislation is.

Mr. Silver: I will be brief here on second reading for Bill No. 86. I am happy to rise and to speak to it. As a Liberal, I support giving tax breaks to those in the middle class, and they will be receiving the lion's share of the benefits in these changes. The Yukon can be an expensive place to live, and I am happy to see more money staying in the pockets of families and the middle-class folks in the Yukon. For lower income earners, however, the tax cut means only a mean of about \$90 a year. I would have preferred to see these cuts directed more toward those in the lower brackets, for those who actually need the break the most.

It is worth noting that the last significant tax relief for families and individuals was under a Liberal government back in 2000. I do have a few questions that I hope the minister will address. How were these cuts decided upon? Who did they consult with? How did they calculate the percentage cuts for each bracket? I look forward to the debate continuing through Committee of the Whole.

Hon. Mr. Dixon: I'm very pleased to rise and speak to this bill at second reading. The changes that are made in this bill are excellent ones and I would like to commend the Minister of Finance for bringing this bill forward. Of course, what we see in this bill are sweeping personal tax cuts that will provide more than \$5.5 million in savings annually to Yukon taxpayers. That's a fantastic step forward, I think, Mr. Speaker, and I'm very pleased to be part of a government that is bringing forward these sweeping new tax cuts.

The bill that we have before us includes new lower tax rates for all existing tax brackets. It's a fantastic step forward. As other members have noted, these lower rates apply primarily to what we generally refer to as the middle class, but they apply across all tax brackets.

I did want to note that this isn't the first time that we've amended the *Income Tax Act* in the Legislature. I had the pleasure last year, on April 2, to table changes to the *Income Tax Act* to reduce the small business tax rate from four percent to three percent. That was done, as I said, just over a year ago from now.

At that time, I noted that a 25-percent reduction in the corporate tax rate ensures that the Yukon tax regime on small businesses is competitive with neighbouring provinces. I also noted that businesses will soon be able to retain a greater portion of their earnings. That bill and that change to the *Income Tax Act* that I tabled last year came into effect on July 1 last year. As a result of that, Mr. Speaker, Yukon small businesses now have more money that stays in their businesses as a result of those changes.

I should note that the federal government has followed Yukon's lead in reducing the small business tax rate even further in the most recent budget that was tabled earlier this week. My understanding is that that tax rate would again be reduced by another two percent from the federal side which, as a net, means that three percentage points have been removed from the small business tax rate in the past year, as a result of both Yukon government and the federal government tax changes.

This is an excellent step forward for small businesses in the territory. I should note that the Yukon already has a very competitive tax rate across the board. Our active business income rate, the rate the small businesses pay for the first \$500,000 of profit, is relatively low now. I should also note, Mr. Speaker, that the previous Yukon Party government, in 2011, tabled changes again to this act that increased the threshold from \$400,000 to \$500,000, which was the income limit for small businesses, at which point the rate would change from a small business to the other corporate level. That was another very positive change for Yukon businesses.

We've seen over the years a willingness by this government to make changes that benefit Yukon businesses and now, as of this bill being tabled before us today, significant changes to our tax regime that improve the opportunities for Yukon citizens as well. We have made changes to promote businesses in the territory and now we're making changes to promote individuals and families

throughout the territory. I'm very pleased to be, as I said before, part of a government that has made these significant changes to our tax regime.

These changes proposed in this bill will most certainly benefit all of my constituents in the riding of Copperbelt North and I look forward to informing them in the coming weeks, months and years about these changes and how they will benefit those families living in my neighbourhood. This is going to mean more money in their pockets and more freedom for them to decide how they want to spend it. Any time we see a reduction in taxes, in my humble opinion, is a good step forward.

I was also pleased to see included in this bill the changes made to the Yukon child tax benefit as well, which applies to approximately 1,200 Yukon families. The maximum annual amount per child will rise to \$820 from \$690, and the Yukon income threshold for receiving the maximum benefit will increase to \$35,000 from \$30,000. These increases will begin with the July 2015 payment. I think that these changes will have significant positive impacts on lower income families and that the Yukon child tax benefit means that a single parent of two children earning \$35,000 will see a 45-percent increase in his or her benefit — again, an excellent step forward for lower income Yukoners who will benefit significantly by the changes brought forward in this bill.

The amendments to the *Income Tax Act* provided before us today also provide support to families with modest incomes by changing the Yukon children's fitness tax credit from a non-refundable credit to a refundable credit. This change ensures that parents will receive the credit even if their income is too low to pay taxes. That's an excellent step forward and one that I'm sure, will be even supported by the NDP. I know that they've noted before concerns about those types of tax credits in terms of whether or not they are refundable or not. I'm sure that this bill will receive broad support from hopefully all members of the Legislature.

I also wanted to add a particular small note in that I'm very pleased to see that pesky, anachronistic surtax removed from our tax regime. That feature of our tax regime has been something that I've always pondered about for as long as I have been giving thoughtful consideration to Yukon's tax regime. I've always wondered why it was that that surtax existed. I've learned over the years that it's really an anachronism of a bygone era when our tax structure was just simply very different. I'm very pleased to see that surtax eliminated. A tax on a tax, in my humble opinion, is a nonsensical proposition. I don't believe in it at all so I'm very pleased to see that change come forward to very much modernize our tax regime.

I don't need to go on any further. As I said, I am very proud to serve in a government that is reducing the taxes for Yukoners. I am very pleased to see this bill come forward and I look very much forward to voting in favour of lowering the tax burden on Yukoners, regardless of their income level, and reducing the tax rate for all existing tax brackets — a very excellent day for Yukoners. I am very proud.

Speaker: Are you prepared for the question?

Some Hon. Members: Division.

Division

Speaker: Division has been called.

Bells

Speaker: Mr. Clerk, please poll the House.

Hon. Mr. Pasloski: Agree.

Mr. Elias: Agree.

Hon. Ms. Taylor: Agree.

Hon. Mr. Graham: Agree.

Hon. Mr. Kent: Agree.

Hon. Mr. Istchenko: Agree.

Hon. Mr. Dixon: Agree.

Hon. Mr. Hassard: Agree.

Hon. Mr. Cathers: Agree.

Hon. Mr. Nixon: Agree.

Ms. McLeod: Agree.

Ms. Hanson: Agree.

Ms. Stick: Agree.

Ms. Moorcroft: Agree.

Ms. White: Agree.

Mr. Tredger: Agree.

Mr. Barr: Agree.

Mr. Silver: Agree.

Clerk: Mr. Speaker, the results are 18 yeas, nil nays.

Speaker: The yeas have it. I declare the motion carried.
Motion for second reading of Bill No. 86 agreed to

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

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

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chair (Ms. McLeod): Committee of the Whole will now come to order. The matter before the Committee is general debate on Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*.

Do members wish to take a brief recess?

All Hon. Members: Agreed.

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

Recess

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

Bill No. 86: Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation

Chair: The matter before the Committee is general debate on Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*.

Hon. Mr. Pasloski: It is an honour to have Clarke LaPrairie from the Department of Finance here with me in Committee of the Whole. He played a very significant role in this piece of legislation, and I want to thank him for his commitment and the excellent job.

It is indeed my pleasure to speak to Bill No. 86, *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*. This is a sweeping bill, changing many aspects of the *Income Tax Act* and one related regulation. Given the complexity of the act, my explanation will be comprehensive.

I will begin by discussing changes to the Yukon child benefit. The Yukon child benefit is a refundable tax credit paid monthly to qualifying families. The current maximum benefit is \$690 annually for each dependent child. The benefit is reduced by either five percent of a family's net income in excess of \$30,000 for families with more than one child or pay 2.5 percent for families with one child.

Bill No. 86 proposes to raise the current annual benefit to \$820 per child and increase the income threshold amount that triggers the benefit reduction to \$35,000. Today a single parent of two, earning \$35,000 a year, receives a reduced benefit of \$1,130 per year. This will change to an unreduced benefit of \$1,640 per year. In other words, his or her benefit will increase by 45 percent under this proposal.

The new Yukon child benefit amounts begin on July 1, 2015. The annual cost of these changes is \$468,000. Approximately 1,200 families with 2,400 children will receive the Yukon child benefit. The Yukon government is quite aware of the challenges of raising children with modest family resources. Often people are poor only for certain stages in their lives. In other words, there is a longitudinal dimension to poverty. For example, many students would meet the definition of poor, but will quickly leave that group upon entering the workforce. However, children — and particularly children of single-parent families — tend to experience poverty for longer periods than other groups. This is why we are enhancing the Yukon child benefit.

Madam Chair, I would like to take a few moments to discuss why we are repealing the low-income tax family credit and transferring those resources to the Yukon child benefit. The low-income family tax credit was introduced in 1999. The credit reduces Yukon tax by up to \$300 for individuals and families who are resident in the Yukon at the end of the year. The credit amount is the lesser of \$300 minus three percent of net income, less the universal child care benefit in excess of \$15,000, or 80 percent of tax payable.

The spouse with the higher net income must claim the credit. The credit is claimable if net income is less than \$25,000. The low-income family tax credit, as you can tell, is kind of a complicated credit. It will take a few moments to

illustrate some of the problems and how this credit is structured.

First, as other sections of the federal and Yukon income tax have changed over time, this credit has become less effective at supporting families. In fact, left unchanged, the tax credit will eventually go to zero, possibly as early as 2018.

Second, while the act states the maximum credit is \$300, the maximum low-income family tax credit one could reasonably expect, if they also claimed only the basic personal exemption credit and the northern residents deduction, would not be the \$300 stated in the act, but would be approximately \$145. In reality, most taxpayers have other credits that would reduce the low-income family tax credit below this \$145 maximum. The average credit in practice is approximately \$42 a year.

Third, the current formula creates a bit of an oddity in terms of income support measures in that, within a certain income range, the level of support increases with income. A family earning \$40,000 a year could be entitled to the \$145 credit I described, while a family earning \$17,000 a year would receive no credit.

Ideally, in designing a credit for low-income families, you would want the lowest income individuals to be entitled to the maximum allowable. Today, less than two percent of taxpayers who claim this credit have children. In fact, almost 92 percent of those claiming the family credit have no children or no spouse. The remaining six percent of taxpayers claiming this credit are half of a couple without children. Clearly, the Yukon child benefit has been a more effective tool for supporting families.

Madam Chair, with Bill No. 86 we are eliminating the surtax of five percent of taxes payable in excess of \$6,000 and creating a fifth tax bracket that matches the large corporate tax rate in both rate and threshold. In other words, income in excess of \$500,000 will be taxed at a rate of 15 percent.

Eliminating the surtax will, in 2015, reduce taxes payable by \$604,000 and the new tax bracket increases revenue by an estimated \$660,000 for a net increase of \$54,000. The surtax, which is a tax on a tax, means that the effective tax rate one pays to government is higher than stated in the rate brackets — five percent higher for all income taxed in the third and fourth bracket, and a portion of one's income at the second bracket.

The tax code is complicated enough. Taxpayers do not need added complexity of trying to figure out how their effective tax rate differs from the stated rate on their tax returns. Madam Chair, the lion's share of the tax relief contained in this bill comes from lowering the marginal tax rates for the three lowest tax brackets. \$4.9 million in savings to taxpayers in 2015 alone is related to lowering these rates.

Taxes affect human behaviour and decision-making. In the cases of taxes such as tobacco or liquor taxes, a change in behaviour is a desired policy outcome of levying the tax. In the case of income tax, finding the optimal level of taxation with minimal negative impact truly is a balancing act.

Our tax system is based on marginal tax rates, meaning the rate that would apply to the next dollar of income one

would earn. Too high a rate creates a disincentive to work and to save and to invest in one's own education. These negative effects of taxation in the long run can lead to reduced economic growth and a corresponding lack in savings, job creation, and business investment.

With the new rate structure, Yukon taxpayers, whether they earn \$50,000 or \$100,000, will face the third-lowest tax bills in this country. Only the two other territories are lower. However, the other two territories — two-percent payroll tax, in addition to their income tax, effectively eliminates any tax advantage in Nunavut or Northwest Territories.

Madam Chair, this bill also increases the political contributions tax credit. This bill matches the amount of the federal credit and, therefore, increases the credit from a maximum of \$500 per year to a maximum of \$650 per year. Most of the increase in the value comes from increasing the amount of the credit on the lowest threshold. The current credit is calculated as the sum of 75 percent of the first \$100 of contributions, 50 percent of the next \$450 of contributions, and 33.33 percent on the next \$600 of contributions. The proposed credit is calculated as the sum of 75 percent of the first \$400 of contributions, 50 percent of the next \$350 of contributions, and 33.33 percent of the next \$525 of contributions.

After this bill is passed, the amount of the Yukon political contributions tax credit will be harmonized with the federal credit. Therefore, going forward, the decision of a Yukon citizen on whether to donate to a federal party, or territorial counterpart, will not be influenced by tax considerations.

This bill changes the nature of the children's fitness tax credit from a non-refundable to a refundable tax credit. This change ensures that parents receive the credit even if their income is too low to pay taxes. Their credit mirrors the federal credit, which was changed to a refundable credit as of January 1, 2015.

Bill No. 86 makes some minor changes to the Yukon small business tax credit. There are no operational changes to the program contemplated to this bill; rather, the bill improves the legal language that supports the program. The current language essentially requires the Minister of Economic Development to express his or her opinion on the validity of events that have not happened yet, prior to issuing any certificates under the program. This is clearly problematic. The suggested changes allow the minister to issue a certificate based on the evidence presented in the application.

Madam Chair, Yukon agreed to have the same administrative rules in our *Income Tax Act* as Canada to efficiently administer the income tax program. The bill aligns several Yukon income tax provisions with the federal provisions required by our tax collection agreement with Canada. The changes to the impacted provisions are relatively minor in nature and they are related to debt recovery of child tax benefit overpayments; child tax benefit false statements and omission penalties; foreign tax deduction rules; refunds of instalments regarding hardship; definition of tax years for certain trusts; and definition of advantage with respect to political contributions similar to the federal language.

Finally, the government is proud to lower the tax burden. High taxation rates are not the way to prosperity and a healthy society. This is the 13th change to the *Income Tax Act* since the Yukon Party came to power in 2002; all 13 changes have resulted in tax relief.

Ms. Hanson: I thank the official for the briefing that was provided to the opposition parties the other day on Bill No. 86. As I had said at second reading, just looking at the tome that was placed on the table in the briefing room, the *Income Tax Act*, which at over 3,200 pages is quite a massive, massive and complex document that we all deal with, one way or the other, because taxes are there — they are us.

Indeed, as the Minister of Finance has outlined, Bill No. 86 covers a broad array and a cornucopia of matters, from amendments to the *Income Tax Act*, as he mentioned and as his officials — I just need to find my act, here, sorry. A lot of those, or a number of them, were consequential amendments. A number of them are to bring them in line with the Canada Revenue Agency's agreements that we have with Canada and a number of them are to deal with modernizing, as I understood it, the legal language of the act — and we'll go into those as we go through the various sections of the act.

The other changes — in terms of the repeal of the surtax; the bringing into line or paralleling the territorial and federal contributions — political contributions — provisions; the issue of the language and the impact — or the clarification, I guess, is the way I understood it and certainly will seek as we go through the discussion on the small business tax credit, a tax credit that has been in place since an NDP government put it there. To clarify some of the responsibilities of both the Minister of Finance and Minister of Economic Development with respect to that, certainly those clarifying measures are always good and it's those opportunities that we take to review our legislation that is important.

As well as those issues is the matter of the refundable nature of the child fitness tax credit. Again, the importance of ensuring that the system is structured — as I had mentioned in my second reading comments, the importance of any progressive measures that ensure that even those peoples whose income are not great enough to attract significant or any income tax — so that their children and they can benefit from these systems that we put in place as part of our economic and our fiscal toolbox that we have.

We had asked at the briefing — and I noted in the Minister of Community Services' comments about the changes being made and reflected I think to a certain degree by the Minister of Finance's comments — that the more taxes that you can cut the better. I think that the reason why I introduced the comments from the Standard & Poor's report is that, in fact, there is a limit to what that philosophy can lead us to, because at some point in time cutting taxes, at least theoretically, I think does reduce our government revenues, that's a given, which can deplete a budget surplus.

There is a philosophy — and we've seen it at play and heard it in this forum too — that taxes are bad and that the best tax policy is just about lowering taxes. Our question — and it is the question I said at the second reading speech — is

ensuring that we don't push that argument so far that we forget that there is merit to a progressive tax system.

We saw that in Alberta. The flat tax is basically where everybody pays the same tax rate. We now have the mayors of the two major cities in Alberta — Calgary and Edmonton — and Mayor Nenshi, who was here earlier this winter and made it very clear that the flat-tax approach is really unfair to people on low incomes.

I am hoping that this notion that the Premier is positing that simply having a series of 13 different cuts is what he is trying to achieve here. If in fact he is trying to achieve an opportunity for greater stimulus, then we would be talking about the kinds of rationale beyond philosophical belief that cutting taxes is the measure of a government. What I would be interested in from the Minister of Finance is what his thinking and his analysis — what economic modelling was he looking for to propel the changes to the *Income Tax Act* and the regulations and what is the impact of these sequential tax changes?

So because the Minister of Finance of the Yukon Party government has now had, as he said, 12 years of successive tax decreases — what has been the impact of these changes on Yukoners' marginal propensity to consume and their marginal propensity to save? We would like to see the data, and I think all Yukoners would like to see that. It is certainly not reflected in the revenues that have accrued to this government. That is why I also referred earlier to the Standard & Poor's report, which said that the major contributor, the major foundation, of this government is government — that is the major foundation of our economy? We are looking to see, as this government has philosophically moved in this direction, what they think the projected impact is on economic multipliers and our territorial GDP because we have seen those decrease too.

The Premier made the comment that taxes affect human behaviour. He is clearly aware of that, so we are looking for some of the data that will support it because certainly the numbers right now are not bolstering his argument. It sounds good, but you have to have the data to back it up. These are significant changes because, as Standard & Poor's says, the more you keep going this way, the more you are affecting our ability as a government to grow into a real government as opposed to something that is 80 to 89 percent reliant on the federal government.

When the Minister of Finance referenced our sister territories and said that their taxes were higher because they have a payroll tax — well, let's be clear. That payroll tax only applies to those people who reside — they pay it. Everybody pays it, universally, but it's rebated for those who reside in Northwest Territories if you pay your income tax in Northwest Territories and Nunavut. That's not a tax. For some people and some young folks I know who live and work in camps, that's a savings account.

If you're flying in from Alberta or B.C. or someplace else to work in those territories — the government in the Northwest Territories made a concerted effort to consult with its citizens about what they could do, as a way of handling the impact of the fly-in, fly-out workers. They made the advised

decision, with consultation, to implement this payroll tax. The idea was, and is, that if you are paying your income tax someplace else, those two territories will not totally carry the cost of you being able to benefit from playing, having fun and working in their territories.

I just wanted to sort of clarify and correct the record in terms of the Premier's depiction of how that payroll tax actually does work in those two territories. I thought it was an interesting process that a legislature like the Northwest Territories actually went out and did engage with its citizens about a matter of taxation — go figure.

I had raised the concern, put a marker down, as to the rationale for the changes here. I just want to ask the Minister of Finance to clarify. In the changes that we're talking about — in all the tax brackets — there's this large group in the fourth bracket, which goes from \$138,000 to \$500,000. The question from the Official Opposition, the New Democratic point of view, is — seeing as we have in Canada generally accepted the notion of progressive tax structures to support a strong economy, an inclusive economy, and the notion that progressive taxes means that we do pay a higher rate of tax as we earn more — I think that most people would agree that there is a significant difference in income between \$138,000 and \$500,000.

The question is: Has the government considered the idea of splitting that fourth bracket into two and, if not, why not? The \$138,000 may be upper middle class, but somebody making \$400,000 is significantly more than middle class, even in the Yukon.

I'll leave that there for now, I think. I'll leave it for now at those, Madam Chair, and then we'll come back to other questions because I made lots of notes on this as we were going through.

Hon. Mr. Pasloski: I guess I would begin by just stating for the record and painting the obvious — but there is clearly an ideological difference between the Yukon Party and the NDP when it comes to taxes.

I think that's part of the reason why there was a *Taxpayer Protection Act* created — to reduce the risk of a tax-and-spend government like the NDP would have, where the focus is on spending as opposing to saving. I think that the statement by Standard & Poor's is correct. It does put a limit on government and that's not a bad thing, because what it does is also put on onus on government to be responsible on the expense side; to focus on exactly how much money they do spend and so I think it's a very good fit. I see how the NDP would take that comment as a negative. I don't take that comment as a negative, Madam Chair, because I think there is a difference when one government — one party wants to talk about giving us an ideology that essentially says, "Give us all your money and we'll spend it for you because we know what's important for you" versus a government that, with the passage of this act, will see that every taxpayer in the Yukon will pay less taxes.

Certainly I also see in this act simplicity in our tax regimen. I do agree that it is in fact still progressive and still is a progressive tax. But the good news is that in spite of putting

this money back — and I shouldn't say "in spite of" because we think this is a very good thing; to allow more money into people's hands to do with what they choose. We think that that's an important aspect of our freedoms that we have in this country, but in spite of that, we still have net financial resources, not only projected in this budget, but in the outboard years and we are also projecting annual surpluses as well.

We believe that allowing more choice and putting more money back into people's pockets is a good thing. We're also very proud of the child tax benefit and increasing the monies to parents with children, and seeing that they get that money on a monthly basis.

We are certainly focused, as we have been for the last dozen years, on growing a private sector economy. As we grow a private sector economy and we see the 7,000 people who, in that past decade, moved to this territory — creating more diversification; creating more private sector jobs — creates more people paying corporate taxes and personal income taxes as a result of that. We've seen the growth in our own-source revenues over that period of time.

I do want to speak briefly about the payroll taxes because, you know, really this a bit of smoke and mirrors — she's talking about Northwest Territories and Nunavut — because all of those residents pay that tax. Because it's not in the taxes, it appears that their taxes are lower, but then they have to pay this tax on their wages. I'm very surprised that the NDP are supportive of this because this is not a progressive tax. This is a tax that pays two percent on no matter what wage rate. If you're working for minimum wage or you're working for much higher, you pay that amount.

Not only that, something else that the NDP doesn't consider is the tremendous burden this also puts on businesses to administer this payroll tax as well — where there is no thought of that — and that, ultimately in the end, everybody pays more as a result of that.

Her final comment was around the fact that one taxation level ends at just over \$138,000 and the next one is at \$500,000, and why would we not slip another one in there — which I'm totally not surprised about. I know that the NDP would really salivate at the opportunity to stick another one or two tax brackets in there, but do you know what that would do? That would be raising taxes and we're not raising taxes. We haven't raised taxes since we came to power in 2002. As I have stated in second reading and in Committee of the Whole, this is the 13th amendment to the *Income Tax Act* since the Yukon Party has come to power. All of those changes have been to lower the burden on Yukoners. We won't be adding another tax bracket in there and increasing the tax rate because we have made that commitment.

For the record, we should just look at some of the — well, let's just call it the general tax environment that we have in the Yukon right now. We have the lowest fuel taxes in Canada — the lowest by far — at 6.2 cents per litre for gasoline, 7.2 cents per litre for diesel, and the next-lowest jurisdiction is Alberta. We are 31-percent lower on gas and

20-percent lower on diesel for our fuel tax but, as we know, they just raised their fuel taxes as well.

If you compare them to British Columbia, our rates are approximately 70- and 80-percent lower than the taxes that they are charging in British Columbia.

We have extensive exemptions for non-road use of fuel for commercial purposes. For example, diesel use for electrical generation is exempted from taxes here, whereas in jurisdictions like Northwest Territories, they do not exempt it. We have to pay the fuel tax on diesel used to provide electricity. This can be a very significant cost for an operation that must produce its own electricity. In the 2012-13 fiscal year, this exemption was worth over \$5.3 million in foregone taxes in Yukon.

As I have stated, we don't have a payroll tax and we are not interested in a payroll tax. We don't have a sales tax. Typical provincial sales taxes are seen as a significant tax on the bottom line. It really is a tax on investment; it's not a tax on profitability. I think our lack of a sales tax is a significant saving. You just have to go to B.C. or Saskatchewan, or any of these other provinces, and buy anything, and look at what the price was on the sticker or on the shelf and then what you pay after you pay that PST and that GST, or in some situations where you pay the HST.

Our small business tax rate — as the Minister of Community Services and through his leadership as Minister of Economic Development — reduces small business tax by 25 percent from four percent to three percent. We have the lowest manufacturing and processing tax rate in Canada at 2.5 percent. Despite all the tax savings mentioned, our general corporate rate is still a competitive 15 percent.

We have some of the lowest personal income tax rates in Canada, across all levels of income and family sizes and situations. As I just mentioned earlier, for people with \$50,000 or \$100,000 salaries, we only follow Nunavut and Northwest Territories, but then they have a two-percent tax on their wages.

Yukon offers a refundable research and development tax credit of 15 percent of eligible expenses, with an additional five-percent credit for research conducted at Yukon College. Yukon small business investment tax credit is a personal tax credit that reduces Yukon income tax for eligible investors who invest in eligible business corporations making qualified investments.

Our business incentive program provides rebates to contractors working on eligible government contracts, as an incentive to hire Yukon residents and to use Yukon-manufactured products when delivering contract requirements.

We are proud of our record of growth in this territory. We are doing what we can do at this time, when we're seeing an economic downturn in the mineral resource industry. We're making the largest capital investment in our territory's history, promoting and providing work for Yukoners today, but building and investing in infrastructure that will help us be ready for the future vision, which we've now talked about a few times during this session, and the lack thereof from the other parties.

Ms. Hanson: I guess the Minister of Finance believes that if you tell half the story, it's correct. I guess that's like half the truth. If he believes what he says, he doesn't need to tell the whole story about how the payroll tax works in the Northwest Territories and the fact that that's one territorial government that actually used a small tool at its disposal to try to wean itself off the federal dependency, which this government has been unable to do, as is reflected again in his favourite Standard & Poor's reports.

I just want to reiterate that, despite what the Minister of Finance has said about the much-lauded stimulation that his initiatives have done, the fact of the matter remains, as Standard & Poor's says, that transfers from the federal government drove the operating revenues almost exclusively. If there's anything that this government has done, it has been at the margin.

Madam Chair, my question is simple: Can the Premier explain — the Minister of Finance explain — why the income bracket \$138,000 to \$500,000 warrants the same level of taxation?

Hon. Mr. Pasloski: I have just a couple of comments I would like to put in around own-source revenues as compared to base transfers from Canada — since 2005-06, growth in our own-source revenues has been 93 percent, and the base transfer, TFF, has grown by 77 percent. Own-source revenues as a percentage of the budget, back in 2005-06, was at 14.3 percent, and in 2015-16, it's at 15.5 percent. Just another number out there; for 2015-16, our TFF increase was 2.68 percent. To put that into context, equalization payments for the provinces were 3.85 percent for 2015-16.

Back to the question though — I think I answered the question when I stood up the first time and said that this government is committed to not raising taxes, to living within our means. We can generate more money by increasing revenues through growth in our private sector economy. We are not going to create another tax bracket and raise the taxes for any of the individuals. We've made that commitment in 2002, we made that commitment in 2006 and we made that commitment in 2011. We will live with that commitment to live within our means, because we believe you need to be able to also control your expenses and the record will show that we continue to run surpluses. We continue to have money in the bank.

Ms. Hanson: I will just persist with trying to understand. The Premier then is saying that a family that is earning \$138,000 a year should receive that 0.6-percent decrease in their taxation and that's equally beneficial to them as the family who is making \$499,000? He's saying that the family that makes \$138,000 really should have no break in comparison to a family that is getting \$499,000? I guess I would question how he equates that in terms of the struggles that may accrue with a family with kids at \$499,000. I don't know if he's talking about putting money back into the economy. It seems to me that he's favoring the folks at the top end and not the folks at the middle top.

Hon. Mr. Pasloski: As I said after her first comment, the NDP would look at this and salivate at the opportunity to

create more tax brackets, to raise more money, and that's why the *Taxpayer Protection Act* came in. It is to limit a tax-and-spend government from doing precisely that. But I do believe, as I have said so far in debate, that all taxpayers in the Yukon will have more money and will pay less taxes in Yukon as a result of this, and I think that's what's important. I'm not going to argue the details on this specifically, but I would say that someone who is making \$138,000 will benefit from the effects of the lower bracket savings as someone who is making \$400,000.

Some Hon. Member: (Inaudible)

Hon. Mr. Pasloski: Madam Chair, I know I still have the floor; maybe she's aspiring for your seat.

I again believe, as I said, that we're proud of the fact that, since 2002, we have not raised taxes and we are now in a position, after 12 previous amendments to the *Income Tax Act*, where we have reduced the tax burden for Yukoners, to put some money back into all Yukoners', all taxpayers', pockets. That is almost 20,000 taxpayers who will all see that they pay less tax.

So far, when I have been talking — and certainly members on this side have been talking to people out on the street. They think that is a good idea.

Ms. Hanson: I guess the Minister of Finance doesn't want to answer the question. I want to go back to two points and then we can move into reviewing the bill before us in detail.

The Premier, the Minister of Finance, has repeatedly made references to the fact that we have increased own-source revenues and have a lesser dependence on federal transfers. Actually, when we look at the Public Accounts, which are the definitive statement on our finances in this territory, it is not what might come from the political offices. In fact, over the last 15 years — that is from 2000 to 2015 — our dependence on federal transfers has increased more than three-fold from \$309 million in 2000 to about \$1.06 billion in 2015. It has increased 1.3-fold since 2011. This is the Public Accounts, Madam Chair, so our dependence has not decreased. The amount of money hasn't decreased.

Unfortunately, for what the Minister of Finance has put on the floor, the fact of the matter is that our own-source revenues, as a proportion of our total revenues over the same period, have decreased. In fact, they have decreased by one-third compared to 15 years ago.

Our own-source revenues in 2000 were 21 percent and they were 14 percent in 2014. You can throw all you want around about what we like to think is what our own-source revenues are. We like to talk about what we would like to think they are, but the facts in Public Accounts tell you something quite different. It would be good if we actually had a debate about the Public Accounts in this Legislative Assembly if the government opposite would take them seriously.

I gather that we are not going to see any flexibility of ideology from the Minister of Finance, so I think that rather than prolonging the discussion here, perhaps we could make better use of our time if we were to look at the actual

provisions of Bill No. 86 and move through the bill and its provisions. I no doubt anticipate that there will be some questions that we will have on the various provisions in the bill.

Hon. Mr. Pasloski: I guess I didn't expect the NDP leader to understand the explanation when I did give it just this week as well. Looking at a snapshot in Public Accounts doesn't tell the whole picture, of course, because we get different streams of money from the federal government. One of them is where we deliver programs that are the responsibility of the federal government and we do it on a —

Some Hon. Member: (Inaudible)

Chair: Order please. Mr. Pasloski has the floor.

Hon. Mr. Pasloski: I know she just doesn't like to hear the answer, Madam Chair.

There is money that we receive to deliver programs on behalf of the federal government that are their obligations. Another stream of money is one-off money that we get from the federal government. Examples of that would be Building Canada money, and the money that we get for type 2 mine reclamation as well. These are revenue streams that are not especially unique to Yukon but in fact Canada offers them to all jurisdictions as well.

If you actually look at the base TFF — territorial formula financing arrangement — and comparing that — essentially then, where you have the base amount comparing apples to apples — as I have stated, we've seen a growth since 2005-06 of own-source revenues by 93 percent — a growth in the TFF by 77 percent. We've seen our own-source revenues as a percentage in 2005-06 of 14.3 percent — in the current fiscal year, 15.5 percent.

We continue to focus on growing our economy, but I have to ask the members opposite: Would they turn the money away? I guess I would like to know that. Would they then want to decrease money for health care, transportation, education? I guess I would also like to know: Where would they get the money from if they are so willing to turn it away? We'll continue to work with Canada. We'll continue to provide services and goods on behalf of Yukoners by Yukoners, whether they're our territorial obligations or obligations of the federal government that we are doing on their behalf. Madam Chair, we need to make sure that we compare apples to apples.

Chair: Does any other member wish to speak in general debate?

We're going to move on then to clause-by-clause debate.

On Clause 1

Clause 1 agreed to

On Clause 2

Ms. Hanson: For the record, could the Minister of Finance just explain the reasons for these changes?

Hon. Mr. Pasloski: It is to ensure consistency with the federal government. What it's doing is ensuring that Yukon defines "taxable income earned in Canada" in the same manner as Canada.

Ms. Hanson: Could the Minister of Finance explain why the definition "taxation year" is replaced with "taxation

year' has the same meaning as in subsection 249(1) of the federal Act"?

Hon. Mr. Pasloski: This is another housekeeping issue. Yukon's definition of "taxation year" under subsection 1(1) makes reference to federal subsection 104(23), paragraphs 104(23)(a) and (b), which provide the rules for the taxation year of a testamentary trust, were repealed. The rules are now provided in subsection 249(1).

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

On Clause 4

Ms. Hanson: In clause 4, a number of subsections are repealed. Could the minister clarify the reason why those are being repealed?

Hon. Mr. Pasloski: They are spent provisions that are no longer operative; subsections which consumer price indexing applies now either point directly to the federal provisions or, in the case of subsection 6(25), 6(31) and 6(56) are repealed.

Clause 4 agreed to

On Clause 5

Clause 5 agreed to

On Clause 6

Clause 6 agreed to

On Clause 7

Clause 7 agreed to

On Clause 8

Clause 8 agreed to

On Clause 9

Ms. Hanson: In section 9 of the act, this is, as the Minister of Finance — as I understand it — and I'm seeking his confirmation that this is the section — the section does deal with the small business tax credit. My understanding is the program is not changing. I understand that it clarifies what investments are eligible. I understand that it provides greater security or certainty for investors.

I understand the Minister of Economic Development requires the company to file an annual return and that the Minister of Economic Development, by these legislative changes, is no longer allowed to simply express an opinion that the company is in compliance in terms of providing this certification that the CRA, the Canada Revenue Agency, would accept as an eligible certificate. So I would appreciate if — the reason I'm saying these are — my understandings is that I would appreciate if the Minister of Finance could — because this is a small business, this does affect the operations of both ministers, with respect to Economic Development, as well as the responsibilities and obligations of the Minister of Finance. I would appreciate if the minister would walk through the investment tax credit amendment provisions contained in 9, with a view to ensuring that all members are clear about the intended consequences of those amendments.

Hon. Mr. Pasloski: So 9(1) reflects a recent determination by CRA under the under the Canada-Yukon tax collection agreement. It provides for the Minister of Finance to provide for small business investment tax credits on receipt

of the small business investment tax credit certificates; the Minister of Economic Development is provided with the authority to determine and ensure continued eligibility of the small business investments and authorizes issuance of small business investment tax credit certificates.

So 9(1) refers to an investment issued pursuant to a certificate given by the Minister of Economic Development; provides for a means of describing the securities that a corporation issues, or proposes to issue, and in respect of which it has applied for a certificate; recognizes that some events in determining a qualified investment occur in the future and cannot be determined with certainty in the present.

Section 9(2)(a) provides a personal income tax credit if the individual's investment is a certified investment, i.e. was issued pursuant to a certificate. This removes a requirement that the Minister of Finance determine whether the investment is a qualified investment. Section 9(2)(b) references a certified investment. Section 9(2)(c) removes a requirement that the Minister of Finance determine whether the investment is intended to be a qualified investment. Section 9(3)(8) clarifies that the corporation is making application for the small business investment tax credit.

9(4)(a) references a prospective qualified investment; 9(4)(b)(ii) references a prospective qualified investment; 9(4)(b)(iii) removes the requirement for a corporation to disclose concurrent issuance of other securities in conjunction with the issuance of a small business investment tax credit securities; 9(4)(b)(iv) provides the Commissioner in Executive Council to require by regulation that certain information be disclosed to both the minister and the shareholders of the subject investments; 9(4)(c)(h) removes reference to object and spirit of the *Income Tax Act*; 9(5)(10) requires the Minister of Economic Development to examine the corporation's application in determining to authorize certificates, but allows, but does not require, the minister to issue a certificate provided the requirements of subsection 12 are met; 9(5)(11) requires a corporation that gets a certificate to deliver to its investors not only a copy of the certificate, but also any information that a regulation requires to be disclosed to both the minister and the shareholders; 9(5)(12) sets out the requirements for the Minister of Economic Development to issue a certificate; 9(5)(12)(a), the corporation's application must include all of the necessary documents and information; 9(5)(12)(b) the minister must consider the application complete and accurate; 9(5)(12)(c), the minister must have reasonable grounds to believe that the prospective qualified investment in fact will be a qualified investment; 9(5)(12)(d), two limits apply to the amount of investments for which certificates can be issued in any calendar year. The particular corporation and corporations associated with it cannot get certificates for more than \$800,000 and all corporations together cannot get certificates for more than \$4 million. The amended provision clarifies how these limits apply and removes the need for the minister to predict whether other applications may be in the same year.

9(6) corrects reference from non-existing definition to defined term; 9(7)(14) imposes non-discretionary

consequences to providing false, misleading or incomplete information to the Minister of Economic Development or failing to act in accordance with a certificate.

The minister must revoke a certificate if — and then we go to 9(7)(a) the corporation omitted or misrepresented facts to get the certificate; (b) the corporation did not use the proceeds as it said it would; (c) the corporation omitted or misrepresented facts in any of the annual returns required to be filed by a corporation for four years after the year of issuance of the certificates; (d) a person other than an eligible investor as issued the prospective qualified investment or the investment was not a qualified investment; and (e) the corporation failed to provide disclosure to the shareholders of the subject of investments at the time of providing the certificate to the shareholder.

Then 9(7)(14.01) provides for the reversal of tax credits provided to shareholders, and then 8 is housekeeping — the updated French term for the Minister of Economic Development.

Ms. Hanson: I thank the minister for that. I appreciate, as he does, that it is complicated.

I would like to go back, if we could for a moment, to section 9(4)(b). In 4(b)(iii) and (iv) I just want to confirm and ask a question. I understood him to say that (4) removes a disclosure requirement and (1) adds a disclosure requirement. One adds a disclosure requirement and one removes it. Why is the requirement for disclosure removed?

Hon. Mr. Pasloski: So 9(4)(b)(iii) was recommended by Economic Development. It is very defined and narrow, dealing with non-government. Section 4 — it really dictates disclosures to shareholders that are required, so Commissioner in Executive Council can dictate disclosures to shareholders. I think an example of that would be like a mini-prospectus.

Ms. Hanson: In keeping with the level of detail and the nature of the provisions with respect to disclosure, basically we're talking about the effective operations of this small business tax credit, which has been in place, as I understand it, for 13 years. I guess my question to the Minister of Finance is: What is the underlying reason that necessitates these amendments? Have there been problems with the operations of the program? Have there been instances where beneficiaries of this credit have not complied? I'm curious as to what's driving this series of quite detailed amendments to the legislation.

Hon. Mr. Pasloski: Through ongoing discussions with Canada Revenue Agency and Economic Development — through those ongoing discussions, what is identified as legal deficiencies — and it's working through the Government of Canada that we have made these proposed amendments that we have before us.

Ms. Hanson: If I'm correct, then the minister is saying that it's not driven by problems — operational problems or issues. It is simply to bring it into compliance with CRA's requirements vis-à-vis these kinds of tax credit programs.

Hon. Mr. Pasloski: That is correct.

Ms. Hanson: Just as a matter of information, the minister identified — the legislation that we've just reviewed.

A limitation for an individual company or entity is \$800,000 and that entire envelope — I guess that is the phrase I would use — available for this credit is \$4 million.

How much of that \$4 million is currently subscribed to?

Hon. Mr. Pasloski: Yes, the estimated amount for 2015 is \$800,000. In fact, in any of the years outbound to the beginning of the century, we have not come close to the \$4-million maximum.

Ms. Hanson: I was asking for a bit more precision than that — “not come close to” is different from 75 percent, 50 percent, 20 percent. What percentage are we of the \$4 million?

Hon. Mr. Pasloski: In one year in the past 12 years, we got to 50 percent of the total.

Ms. Hanson: Current year, please, Madam Chair?

Hon. Mr. Pasloski: I actually just said that a moment ago. I said the current year is \$800,000. We have in fact had some years where there is no subscription to it, but the maximum in the past 15 or 16 years has been approximately half of the subscribed amount.

Clause 9 agreed to

On Clause 10

Clause 10 agreed to

On Clause 11

Clause 11 agreed to

On Clause 12

Clause 12 agreed to

On Clause 13

Clause 13 agreed to

On Clause 14

Clause 14 agreed to

On Title

Title agreed to

Hon. Mr. Pasloski: Madam Chair, I move that you report Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*, without amendment.

Chair: It has been moved by Mr. Pasloski that the Chair report Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*, without amendment.

Motion agreed to

Chair: We're going to proceed now with Vote 8, Department of Justice in Bill No. 18, entitled *First Appropriation Act, 2015-16*.

Do members wish to take a brief recess?

All Hon. Members: Agreed.

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

Recess

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

Bill No. 18: *First Appropriation Act, 2015-16* — continued

Chair: The matter before the Committee is Vote 8, Department of Justice, in Bill No. 18, entitled *First Appropriation Act, 2015-16*.

Department of Justice

Hon. Mr. Cathers: It is a pleasure to rise here in debate on the Department of Justice main operation and maintenance and capital budget for 2015-16. This is my first opportunity as the Minister of Justice to introduce a budget to this House, and I would like to thank the staff — the deputy minister and director of policy for accompanying me here today — and thank all of the staff at the department for the work that they do each and every day on behalf of the Yukon government and Yukon citizens.

The Department of Justice continues to invest in infrastructure and technology to ensure that we are able to achieve today and tomorrow's business objectives efficiently and effectively.

The department also continues to advance a variety of programs and services that make Yukon's justice system more accessible and easier for Yukoners to navigate. The estimates before us today consist of operation and maintenance expenditures of \$67.19 million and capital investments of \$5.24 million.

Thank you for the opportunity to highlight how this budget is supporting the good work done by the Department of Justice. Justice works closely and collaboratively with the Royal Canadian Mounted Police to ensure a professional, efficient and effective territorial police service and this includes joint management of policing infrastructure and services throughout the territory.

I'm pleased to note that the Department of Justice and the Department of Community Services, along with the Royal Canadian Mounted Police, are working together to move the 911 call centre — also known as the operational communication centre, referred to in the 911 context as the public service answering point — to the new emergency response centre at the top of Two Mile Hill, which as you know, the Minister of Community Services and I announced recently, jointly with Commanding Officer Peter Clark of RCMP M Division and with folks as well — the president of the Association of Yukon Communities, Mayor Wayne Potoroka and the president of Yukon Fire Chiefs, Jim Regimbal.

I would like to thank and acknowledge the work that they and members of their organizations have played in working with us in expanding 911.

With the \$334,000 in the capital budget that has been allocated for moving the 911 call centre into the new emergency response centre at the top of Two Mile Hill — \$334,000 for the capital budget has been allocated for this move and for some of the specific equipment, such as computers that are required to fit up the place to serve the needs of the RCMP. I am also of the understanding that some of the RCMP's current computer equipment and facilities

within their existing operational communications centre/public service answering point is in need of upgrade, and so this will also be an opportunity for them to have more modern computer equipment and phone equipment to serve Yukon citizens.

At the centre, emergency calls will be answered by trained 911 operators, who will then transfer calls to the appropriate dispatch agency, police, fire or ambulance services. The operation and maintenance budget for 2015-16 also allots \$733,000 to fund additional staffing capacity for the 911 call centre and what this will do is allow us to accommodate the expansion of basic 911 territory-wide through additional resources. Adding those additional resources is, of course, as members will likely know, something that the RCMP felt was necessary and that an operational review was done of their staffing needs and what those additional requirements would be. So the \$733,000 will go to fund RCMP staff for the 911 call centre five additional operators. It covers wages and training for five additional operators in order to resource police dispatch appropriately and handle increased call volumes.

Madam Chair, I should also note that because of the process that is required for training and doing the security clearance for operators in a 911 centre — particularly one that is also handling police business — there is both the training process and the security clearance process that do take a number of months, so therefore these positions will not be immediately in place, but, as the centre is fitted with computer equipment, this has given the RCMP the security they need to actually do that hiring and commence with the training of those additional operators for the 911 call centre.

I would like to thank and acknowledge the work that has been done by the staff of my previous department, Community Services, who worked hard on the expansion of 911. I also thank the staff of the Department of Justice for their work on this. Together we are proceeding forward in a way that will allow Yukon citizens across the territory access to basic 911 services and will better improve the response capacity across the territory and the timeliness of response.

In conclusion on that matter, we very much look forward to the move, the ensuing service launch and, of course, the completion of the network upgrades and other work that is necessary to expand basic 911 across the territory in 2016, as we have indicated that we intend to do.

To address community policing needs and as part of the Yukon's territorial policing agreement, a new RCMP detachment is being constructed in Faro. The project is well-underway. The design phase commenced last year and is expected to be completed in the summer of this year, with construction following thereafter. Approximately \$3.57 million has been allocated from the capital budget for this detachment and the project has a 30-percent recovery of \$1.07 million from the federal government, as per the *Territorial Police Service Agreement*. I should note that this is in addition to money that was booked in the previous budget for a total estimated project cost of about \$3.8 million at this point in time.

We anticipate that the new Faro detachment will help meet the unique public safety needs of Faro and the surrounding area and that the design can be replicated and modified for future detachment construction projects in the territory.

I should also note that the reason Faro's detachment was chosen was as a result of a review done by the RCMP with involvement, I believe, from Justice on the age of detachments across the territory. It was determined that the Faro detachment was their highest priority for replacement.

I should also note, particularly in reference to questions that have come from the Member for Copperbelt South, that the cost of opening and operating a detachment is not insignificant. The member has asked questions about Burwash Landing policing needs. As I've noted to the member, steps have been taken to improve policing services through a reservist during the summer. I should draw to the member's attention the fact that the cost of operating a facility — because the RCMP, through changes to its remote policing policy, doesn't operate single-member detachments any more, as the member may know. Staffing up a basic detachment comes at a cost of nearly \$1 million a year for the three RCMP officers who would be allocated to a detachment. When added to the other estimated base operational costs — and we're using as an example for this, estimates for the Faro detachment — it brings it to roughly \$1.5 million per year for operating costs for expanding services and creating a new detachment.

As the member, I hope, would appreciate, one of the considerations that the RCMP and the Department of Justice and government have to consider as we're talking about what Yukon's policing needs are and where the priorities are for additional investments, \$1.5 million invested in other areas — such as, services like the new specialized response unit that has been created to provide services. Pardon me — let me regain my train of thought here.

The specialized response unit, as the member probably is aware, is a unit within the RCMP that comes from a recommendation from *Sharing Common Ground*. It is focused on responding to domestic violence and sexualized assault. The aim of the team is to provide a more consistent, effective, coordinated and informed response to domestic violence and sexualized assault — that response coming from police, as well as from other agencies.

The unit was created and staffed in 2013 and worked closely with stakeholders to advance investigations on files related to its mandate, which includes the investigation of domestic violence, sexualized assault, child abuse and elder abuse cases. The specialized response unit seeks to provide a professional, integrated and timely response to all domestic and sexualized assault matters throughout the Yukon.

I won't go on at great length about that particular unit, but I just wanted to provide it to the member as one specific example of the other areas where — when choices are being made within a budget, even a budget that has increased for territorial policing — the expenditure of \$1.5 million in a remote community versus expenditure in the creation of

special units to serve vulnerable people in areas of higher pressure — those are the types of considerations that are made by the RCMP and the Department of Justice.

I should note as well that the Yukon's rate of police officers to population is one of the highest in the country. We as a jurisdiction, in comparison to other places across the country have done a better job than most in dealing with this area in providing the level of service. The police per capita ratio is in fact double the Canadian average, which is 402 officers per 100,000 people. Having double the average number of police officers per capita is a not insignificant investment by government in policing services.

I would also just add an additional note on the work of the specialized response unit for the reference of the member and others is that, during a one-year period from October 2013 to the end of October 2014, investigators from this new unit reviewed 1,142 casefiles and/or provided operational guidance to front-line police on 85 percent of these files, while leading investigations in 29 cases.

I hope I've helped provide an explanation to the member and others that will help them keep in mind the competing challenges that exist within the Department of Justice and within policing services. I hope that the member and others will appreciate the fact that the RCMP and Department of Justice do make a very sincere and considered effort to make investments where they will achieve the most good when the budget is being expanded.

Moving on to another area within this budget is in the area of radio reception and efficiency. The department continues to work with Highways and Public Works and the RCMP on a multi-year implementation plan to improve the territory-wide mobile radio system infrastructure, and that includes \$105,000 allocated in this year's operation and maintenance budget to contribute to the project and an additional \$28,000 in O&M will cover increases in mobile radio system operating user fees.

Since being sworn in as Minister of Justice, I have enjoyed the opportunity to work with the RCMP and of course with Department of Justice staff in dealing with the area of policing services and look forward to continue to do that in the future.

The Department of Justice is committed to working with community partners to deliver programs and services that are evidence-based, client-focused and reflective of best practices. We support community-based justice approaches and processes and a great example of this is the Community Wellness Court and the affiliated Justice Wellness Centre, which were implemented following the recommendations set out in the *Substance Abuse Action Plan, Yukon*.

I should note that the Community Wellness Court is a judicially supervised therapeutic court that works with offenders with addictions, mental health or cognitive issues. The associated Justice Wellness Centre was established in December 2010 in response to recommendations from an evaluation of the Community Wellness Court. It provides wraparound services and support to clients who are going through the therapeutic court. It also serves as a check-in

centre for individuals on bail and provides support and programming to offenders involved in the correctional system. As I have mentioned briefly before in the House, not only has the review that has been done recently on the Community Wellness Court demonstrated that it is working very effectively, but in fact other jurisdictions — not just from Canada but internationally — are taking a look at that model and considering what they can learn from it.

Through the Community Wellness Court, I should note that we extended this. What started as a pilot project was approved for three more years of funding for up to \$504,000 per year this year. I should note that the government regards this as a very positive program that we expect to be continued at the end of those three years. Because it is still a relatively new program, it was deliberately set up this way with the intention of doing an additional review nearing the end of those three years of funding which have been committed, and determining whether it needs to be adjusted, expanded or altered somewhat in its structure after we have had an additional two or three years of information to provide that information. The staff and contractors who were involved in that — as well the judges — should be commended for the success that it has had to date. I believe that you are indicating to me that I should wrap up my opening remarks, so I will do so.

Ms. Moorcroft: I would like to congratulate the minister on his new appointment and thank him for his opening remarks. I also want to thank the officials for the information they provided at the departmental briefing regarding the expenditures in both the operation and maintenance and the capital budget.

I believe that the minister did not conclude his opening remarks and has more to put on the record, so seeing him nod, I will turn the floor back over to him and I will begin my line of questioning after the minister has an opportunity to conclude his opening remarks.

Hon. Mr. Cathers: I thank the member for that opportunity.

Moving back to the area of the Community Wellness Court, what I failed to mention in my opening remarks is that the yearly operating budget of \$504,000 a year includes, this year, an additional \$45,000 over what it was previously, bringing that total operating budget to \$504,000. The increase to the ongoing funding for the Community Wellness Court will help provide more culturally tailored services for First Nations. It will help provide additional alcohol and drug counselling services and resources to cover the Justice Wellness Centre rent, information pamphlets and program materials.

The costs of the therapeutic court are also offset in part with \$100,000 in federal funding per year. As I noted, the program will be re-evaluated before the end of this three-year funding period to verify its ongoing effectiveness in reducing incidents of re-offending and increasing public safety. It will also be reviewed to determine if lessons can be learned, if adjustments should be made and if services or any part related to it should be adjusted or enhanced in some way.

On a brief aside, I would also just like to note that, when I visited the office of the Community Wellness Court, I had the opportunity to meet with most of the staff. I was impressed with the passion and the level of detail that they displayed in providing me a briefing on what they do and the successes they've achieved. Truly, as a government and a society, we're taking advantage of the work that's being done by people who are obviously very deeply passionate about their jobs and feel good about the successes that have been achieved for clients of the court and the office to date. I look forward to seeing continuing work in that area.

Madam Chair, the FASD prevalence study, which is measuring the prevalence of FASD — fetal alcohol spectrum disorder — mental health and substance abuse problems in Yukon's corrections population, is in its third year of the program. The data-collection timeline has been extended into fall of 2015, and additional funding of \$251,000 has been allocated to cover costs associated with this extension.

Once the data collection phase is complete, the University of British Columbia will focus on data input and analysis, and the final research report is expected to be completed in 2016, with results shared at that time. This project is taking longer than was originally anticipated, and that is in part due to unforeseen delays in the start of data collection for the project, as well as the participation rate of people, because participation in this program is voluntary and was not as high as was originally hoped. That is something that can only be addressed through encouraging more people to participate, since it is voluntary in nature.

After a pilot run, the official launch of the prevalence study took place last summer, and the project is now fully underway. As I mentioned, due to those unforeseen delays in data collection and participation, data collection timelines have been extended into the fall of 2015, with additional funding of \$251,000 to cover the cost associated with that extension.

In answer to the question of how the study will help, or is intended to help adult offenders with fetal alcohol spectrum disorder in Yukon, I should note that the process for assessing adults for FASD requires a team of clinical professionals to administer multiple interviews, medical exams and neuropsychological tests. Regardless of meeting the criteria for an FASD diagnosis or not, each participant receives a personalized report that explains their cognitive strengths and challenges. The report will also provide recommendations to help each participant.

The research team met with participants and works with them to help them understand their test results. The report is owned by the participant and it is their decision whether or not to share it. Each report is intended to be written in a way to help inform service providers of where intervention should focus for that individual, should the individual decide to share that report.

An additional explanation, I should note, is that even for those individuals who are not diagnosed with FASD — as members may know — because of the process for diagnosing FASD, including determining whether alcohol was actually

consumed by a mother during pregnancy, there are times when someone may have FASD but they can't actually come to the point of making a diagnosis that they do. Additionally, there are people who may not have fetal alcohol spectrum disorder but may have other cognitive impairments caused by something other than alcohol, which also may cause cognitive difficulties that would be best addressed through additional supports.

After each FASD assessment is completed, participants will be given the opportunity to meet with a post-study coordinator. The post-study coordinator will work with the participants to connect them with Yukon services that assist them, and again — much as with the information contained within the report — it will be up to participants as to whether or not they wish to follow up with those services. It will remain voluntary for them to choose to do so. As members should be aware, most of the suite of programs and services that are available to people with fetal alcohol spectrum disorder and other cognitive impairments are on a voluntary basis unless, of course, they happen to be through court order that they are ordered to take part in any services, therapy or so on — but again noting that the FASD prevalence study and this follow-up report are on a voluntary basis.

To date, the money that has been spent on this includes — starting in 2013-14 — the original commitment to this project was \$643,000 for three fiscal years. The 2015-16 fiscal year is the third year for this project and, as I mentioned, \$251,000 has been requested to allow for extension of data collection timelines and completion of the study.

I would be remiss if I did not briefly mention that this is just one of the projects done by the Yukon government — by a number of different departments over the years since the implementation of our five-step fetal alcohol spectrum disorder action plan and, truly, the staff of Justice, as well as Health and Social Services and agencies including the Child Development Centre and the Fetal Alcohol Syndrome Society Yukon, as well as Many Rivers and Options for Independence — to name but a few. The staff of all of these departments and NGOs have really done an excellent job of improving the services that Yukon provides for people with FASD and other disabilities.

Yukon, through some of the studies done, is a leader as well in research in certain areas, and through the FASD network that Yukon is in partnership with — the Canada Northwest FASD Partnership is the proper name. The Yukon, along with the other two territories and the four western provinces, collaborates jointly to share information learned from individual work done by governments to share best practices on supports, to provide information about research and, as well, through the network itself we are a contributor to the work that is funded by the Canada Northwest FASD Partnership.

For a period of a number of months starting in 2008 in my then capacity as Minister of Health and Social Services, I chaired the ministers table for that body and appreciated that opportunity and was very impressed with the information

presented by researchers from across the country and, in fact, from the United States and other areas.

Through that work that has been ongoing since 2002 and the work that is being done both in cooperation with provinces and territories through the partnership and through the involved departments and non-governmental organizations within the Yukon, there are many people who are contributing to the good work that is being done, but the Yukon as a whole has been making progress in this area in providing better diagnosis, better intervention and better provision of supports to persons with fetal alcohol spectrum disorder and other cognitive disabilities. While more remains to be done, we should all feel proud of the work done to date and continue to work together on identifying where there is further opportunity for improvement.

Having found the page of my notes I lost, I now understand what the next part of my introductory speech is.

Along with — I said that already. I won't repeat myself, Madam Chair.

Moving on to an area of modernization, I should note that many branches within the Department of Justice are within a phase of modernization. This includes continuing to adopt and implement new technology and systems that will improve day-to-day business, and this is especially true in the Court Services branch. I am happy to say that the preparatory work required to replace the outdated court registry information system with the integrated justice enterprise information network, JEIN — as members may know, one of the things you learn in getting briefed up on any new department is the acronyms you are expected to be able to understand when someone rattles them off in the course of a briefing. JEIN is the acronym that is used within Justice for this justice enterprise information network.

The criminal court operations phase of this project is nearing completion, and the systems development phase is anticipated to begin in late spring or early summer with the adult corrections components of JEIN following, once the criminal courts component is completed.

\$591,000 from this year's capital budget has been allocated to the JEIN project. The new integrated database is required to meet today's administration of justice demands, and will facilitate more efficient data and record entries, production report documents and creation of statistics and reports. The Victim Services team has been using their JEIN module since spring of 2013, which helps them manage almost 2,000 case files.

The team reports that it has streamlined case management between the offices, improved client service delivery and increased reporting capabilities. We anticipate that the same benefits will occur for other branches in Justice, once their modules are implemented.

This budget also allocates funds to continue to expand the court video conferencing capabilities. \$100,000 from the capital budget will be used to purchase additional video conferencing equipment for another Whitehorse courtroom, as well as for courts in Dawson City and Watson Lake. Using video technology is a good way to reduce travel costs and the

time associated with court appearances, and it's also a good way to protect young or vulnerable victims or witnesses of crime from additional traumas that could be caused in the courtroom with the accused.

Just to explain what that means to members — in the Whitehorse courthouse, they have rooms that allow a young witness or other vulnerable victim to testify in a smaller room without having to see the entire courtroom, and provides options for the judge and Court Services workers to determine who is able to see what. That could include their identify being protected from others within the courtroom, or them not being seen by the entire courtroom and them potentially not having to see anyone other than the judge as they're testifying.

As I'm sure members will appreciate, that is something that is important to helping those young victims or vulnerable victims of crime feel safe in testifying and to reduce the trauma that can be caused by testifying on something where that may already be a very painful and difficult matter for them to talk about. We regard this as a very positive investment. I know the staff who were involved in doing it believe that this is achieving its intended effect and is making it better for young or vulnerable victims who are testifying.

So this year, purchase of additional video conferencing equipment will expand video capacity to one more courtroom in the Andrew A. Philipsen Law Centre and provide the equipment for courts in Dawson City and Watson Lake. The equipment has proven useful in more than just video remand appearances by providing access to justice in the communities through video appearances by witnesses, closed-circuit appearances of vulnerable witnesses and other uses by the judiciary.

While I can't claim to personally be as familiar with how this works in the justice system yet and its effect, I know that when we implemented the telehealth improvements during my time as Minister of Health and Social Services, that having telehealth equipment in all Yukon community nursing centres and hospitals has improved service delivery and improved access to services, as well as reducing costs that are faced by individuals or by government in providing access to those services. We firmly believe that this will be another case where, through the better use of technology, it will, in some cases, reduce costs and will definitely improve the quality of service and interaction.

I should note as well that ongoing building maintenance and renovations are required to preserve buildings and government assets as well as provide healthy and safe workplaces for employees. The capital budget includes \$290,000 for Law Centre upgrades, which will be used to replace a 29-year-old underground fuel tank and, secondly, create better soundproofing between the courtrooms and the Law Library. It will allow the completion of roof upgrades to meet safety requirements. It will prepare for courtroom electrical upgrades, which are needed to meet the energy demands for courtroom technologies, including video conferencing, a digital audio recording system, e-proceedings and laptops. It will allow the changing of some old carpets, which date back to the construction from, as I understand,

1986 — and as members I'm sure would agree, we are reaching the point where it is maybe time for new carpeting. As well, it will include bringing the parking ramp drain up to health and safety standards. Also \$26,000 will be used to improve coroner service program space. \$120,000 will be used for cooling system upgrades in addition to \$80,000 for repairs at the Whitehorse Correctional Centre.

Justice has been involved in a multi-year furniture replacement schedule in order to uphold the decorum of the courts. That includes \$27,000 allocated this year for chair replacements in the five Whitehorse courtrooms and tabletop refinishing.

Madam Chair, you are indicating to me that I should sit down, so I will do so.

Ms. Moorcroft: I am not certain if the member had completed his opening remarks, but I will start with some questions related to the introductory statement on policing. The minister referred to community policing needs and a new detachment in Faro, which is a \$3.57-million capital construction cost. He indicated that the design work had begun last year and that construction would begin later this year.

The Yukon government and the RCMP signed a territorial police services agreement and I know there is an annual exercise of setting priorities. The minister has quite a bit of input into setting objectives and goals, and I would like him to respond to how far that ability does go to set goals and objectives, for instance, in the question of whether a police detachment is appropriate for Burwash Landing.

The minister referred to the fact that there are no longer single-unit detachments and the Yukon has a high number of police in relation to the population. I would note, though that when he's saying the Yukon has double the numbers, the number are based on per 100,000 and our population base is much smaller than that.

Could the minister express his view to the RCMP that the Burwash Landing community and nearby Destruction Bay does deserve a permanent detachment and that he would like to see one there?

I also wanted to put on the record for the minister some questions related to the new funding for expanding 911. He has indicated that there are funds for additional staffing and it will take some time for the move to the new call centre and then the recruitment, training and security process for the new call centre. I would like the minister to give an indication of when that new 911 service will be rolled out. The minister said 2016. Does that mean in this budget year prior to March 31, 2016 or would it be in the next budget year?

Then, the third question I had related to his remarks on policing. The minister indicated that the new sexual assault response team has reviewed 1,142 case files and they were leading in 29 cases or files. I'm interested in knowing what training is provided by the permanent members of the sexual assault response team to RCMP members in each of the rural detachments. I'm also wondering if the minister has the information available on what the reported numbers of sexual assaults have been. I think the Yukon, as elsewhere in Canada,

tends to have a relatively low reporting rate. I'm wondering if that rate has increased between 2012 and 2014, over that three-year period, during which the new response team was put in place following the completion of the police review.

I think that I'll just limit my questions to those on policing and allow the minister to respond and hopefully conclude his opening remarks. Then I will have questions on other areas of the budget.

Hon. Mr. Cathers: What I will note to the member in answering some of her specific questions is that earlier this year, I communicated Yukon's policing priorities to the RCMP.

Six identified priority areas include: enhancing prevention investigation and enforcement activities related to violence against women; connecting and supporting children and youth, including those at risk; reduction in drug trafficking through prevention, enforcement and education; continuing to foster strong relationships with communities and First Nations; contribute to and improve responses to vulnerable populations; and improve traffic safety and compliance with safe-driving measures.

Those priorities have been slightly revised from those set in 2013 and endorsed in 2014, and they are developed and informed through the recommendations from the Yukon Police Council which, as the member will know, the Police Council is an outcome from the *Sharing Common Ground* project. Through the work that they have provided and the recommendations — and the work done by the Department of Justice staff — those priorities have almost entirely been developed through that — the ones that are there for this current fiscal year. With very minor wording amendments, I did accept those recommendations and communicate them to the RCMP, so the credit goes to the good work done by members of the Police Council, including those who have recently retired from it, for the good work that they have done in this area, as well as Department of Justice staff.

Responding specifically to the member's question about whether the building of a detachment could be done through a policing priorities letter, my understanding is that wouldn't be the right venue for it. It has more to do with the 20-year police services agreement, which is signed with the RCMP. That is the one that deals with the financial issues, including how much is budgeted for certain services and the understanding that is set out in that agreement between Yukon government and the RCMP about replacing and upgrading additional RCMP facilities and continuing to work on this throughout the life of the agreement.

The simple answer to the member's question is, it's just not the right — the policing priorities letter is more of a high-level strategic policy indication to the RCMP, based on — and very heavily based on — the information that is received from the Police Council. It is not one that is dealing with large financial matters. To do that, we need to work directly with the RCMP because — as the member probably knows — the costs under the territorial police services agreement is a 70:30 split between what is covered by the territorial government and what is covered by Canada. Investments under there do

require discussion and agreement from the RCMP and, in some cases, from Public Safety Canada, for significant investments in that area.

Just drawing a conclusion to that for the member, that means that it isn't just up to the Yukon government to decide if we want to build a detachment; we need to have agreement with the RCMP and Public Safety Canada to do that.

Again, going back specifically to the member's questions regarding Burwash Landing — we will continue to work with and assess the needs of the community and we'll certainly not rule out future considerations or assessment, but to date the work that has been done by the RCMP and Department of Justice staff has resulted in the conclusion that they believe the best way to balance the various pressures and the opportunity for where things like the cost of an additional \$1.5 million to run another detachment — where those investments can best be spent and best utilized have resulted in determining that providing a reserve officer there in the summer, at an annual cost ranging between — depending on which budget year it is. For the last budget year, it was \$40,000 for this service. That was determined to be the best solution in the context of the competing needs, pressures and priorities across the territory.

I'm not going to rule out future discussions or future evaluations or work by the RCMP and Department of Justice, but I will note that I and government will be relying heavily on the front-line people and the RCMP and Justice staff to advise us on the competing pressures and priorities in there, and which areas are the most in need of investment and further work.

I hope that has answered the member's question.

With regard to the question of basic 911 expansion —

Some Hon. Member: (Inaudible)

Speaker: Mr. Kent, on a point of order.

INTRODUCTION OF VISITORS

Hon. Mr. Kent: Just as they're exiting the Chamber, I wanted to pay special tribute to my wife Amanda and our little guy Eli. Tomorrow is a very special day for us as we will be going to the Supreme Court of Yukon to sign the final adoption papers. He has been with us for awhile, but —

Applause

Hon. Mr. Cathers: I would like to thank the Minister of Energy, Mines and Resources for interrupting me and congratulate him and Amanda and Eli on the momentous occasion.

Returning to the topic of the member's question about basic 911 expansion, I should first of all note that that project and the expansion across the territory is the Department of Community Services' lead. I am quite familiar with it because of my previous role and the ongoing work with the minister and staff.

The expectation that we had given is that we intend to have basic 911 in effect territory-wide in 2016. That is not anticipated to be completed within this current fiscal year. It's expected to be done within the 2016-17 fiscal year, as there

are a number of moving parts and static parts that need to be dealt with, including the partnership with the RCMP, the specific engagement, and with municipalities that operate service agencies and ensuring that all of the key partners were involved in working out the bugs prior to implementation because there has, as I mentioned, in the past — we had in the past heard specific concerns from a couple of municipalities about how it would work with their fire dispatch in particular. As I have repeatedly indicated, we believe those issues are all resolvable and addressable. We have also made the commitment to municipalities that we want them to be comfortable with it.

We do not want to and we do not intend to force a municipality to come on to basic 911. We want to make sure they're happy with it and are joining us in celebrating it as an improvement to service.

I hope that answers the member's questions.

Ms. Moorcroft: The minister did respond to the questions I had but I also wanted to ask him about community policing and whether there has been any work on the option of having more community policing through a model that might include a First Nation community constable program.

I also wanted to come back to some of the recommendations that were in the *Sharing Common Ground* report in relation to policing and the follow-up implementation reports. There was a goal of increasing the numbers of First Nation and women RCMP members and, toward meeting that goal, the Northern Institute of Social Justice offered a program.

I'm wondering if the minister can give an update on how many recruits may have been added to the RCMP from First Nations and from women as a result of those initiatives that were part of the recommendations that were addressed following the completion of the *Sharing Common Ground* report.

Perhaps when the minister is responding to that, he could also give an update on Recommendation 2.2 to do with professional standards, duties and the addition of a new federally funded professional standards position and how the addition of that position to the RCMP complement in Whitehorse has played a role in improving the division's response to public complaints. What opportunity is there for members of the public, rather than going to the complaints process, to engage with the M Division of the RCMP Yukon and interact with the professional standards position?

Hon. Mr. Cathers: I will be pleased to answer some of the member's questions. For at least one of them, I am going to need to get some additional information on before I can provide a response.

With regard to her question about First Nation policing and what is being done in that area, the Yukon government is a party to three inter-governmental agreements that aim to provide enhanced, dedicated and culturally sensitive policing services to Yukon First Nation communities. Those agreements include the aboriginal community constable program, which ensures that there are 12 RCMP officers

working in Yukon dedicated to specific First Nation communities.

The First Nation community police service framework agreement is the second of these agreements. It provides the framework for community tripartite agreements. The Liard First Nation community tripartite policing agreement provides for four officers dedicated to Liard First Nation and for a police board in that community.

Starting in the 2013-14 fiscal year, Department of Justice supported a new First Nation community policing coordinator in the territorial policing budget. This position supports Yukon First Nation community police services, including oversight for 16 RCMP members presently funded under the First Nation policing program. The position also acts as the liaison between Yukon First Nation communities and the Yukon RCMP M Division.

Yukon recently signed a four-year extension to the tripartite agreement with Liard First Nation and Canada along with a four-year extension to the framework agreement that provides a dedicated RCMP police member in First Nation communities across Yukon. Within the four-year extension of the program and the federal government's evaluation, there is opportunity to work together to innovate First Nation community police services within the scope of the First Nation policing program. Territorial ministers of justice — ministers from all three territories — have repeatedly raised our shared desire for revitalization of the First Nation policing program, sustainable funding and its full application to the north.

In the area of First Nation policing, the dedicated expenditures include \$1.6 million in 2012-13, \$1.7 million in 2013-14, and forecast \$1.6 million in the 2014 fiscal year. I hope that has answered the member's question about First Nation policing.

In the area of the member's question about women in the RCMP, the RCMP has a total of 149 employees. That includes civilian members and regular members. The breakdown is as follows: there are 35 employees in M Division who are women — that's 23 percent. That includes 12 female civilian members and 23 regular members within M Division.

I hope that has answered the question. As I mentioned, on one of the member's other questions, I need some additional information before I can provide her with a response.

Madam Chair, seeing the time, I move that you report progress.

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

Motion agreed to

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

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

Motion agreed to

Speaker resumes the Chair

Speaker: I will now call the House to order.

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

Chair's report

Ms. McLeod: Mr. Speaker, Committee of the Whole has considered Bill No. 86, entitled *Act to Amend the Income Tax Act and the Yukon Child Benefit Regulation*, and directed me to report the bill without amendment.

Committee of the Whole has also considered Bill No. 18, entitled *First Appropriation Act, 2015-16*, and directed me to report progress.

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

Some Hon. Members: Agreed.

Speaker: I declare the report carried.

Mr. Elias: Mr. Speaker, I move that the House do now adjourn.

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

Motion agreed to

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

The House adjourned at 5:25 p.m.