



# Yukon Legislative Assembly

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34th Legislature

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## HANSARD

Tuesday, November 21, 2017 — 1:00 p.m.

Speaker: The Honourable Nils Clarke

# YUKON LEGISLATIVE ASSEMBLY

## 2017 Fall Sitting

**SPEAKER — Hon. Nils Clarke, MLA, Riverdale North**  
**DEPUTY SPEAKER and CHAIR OF COMMITTEE OF THE WHOLE — Don Hutton, MLA, Mayo-Tatchun**  
**DEPUTY CHAIR OF COMMITTEE OF THE WHOLE — Ted Adel, MLA, Copperbelt North**

### CABINET MINISTERS

NAME	CONSTITUENCY	PORTFOLIO
<b>Hon. Sandy Silver</b>	Klondike	Premier Minister of the Executive Council Office; Finance
<b>Hon. Ranj Pillai</b>	Porter Creek South	Deputy Premier Minister of Energy, Mines and Resources; Economic Development; Minister responsible for the Yukon Development Corporation and the Yukon Energy Corporation
<b>Hon. Tracy-Anne McPhee</b>	Riverdale South	Government House Leader Minister of Education; Justice
<b>Hon. John Streicker</b>	Mount Lorne-Southern Lakes	Minister of Community Services; Minister responsible for the French Language Services Directorate; Yukon Liquor Corporation and the Yukon Lottery Commission
<b>Hon. Pauline Frost</b>	Vuntut Gwitchin	Minister of Health and Social Services; Environment; Minister responsible for the Yukon Housing Corporation
<b>Hon. Richard Mostyn</b>	Whitehorse West	Minister of Highways and Public Works; the Public Service Commission
<b>Hon. Jeanie Dendys</b>	Mountainview	Minister of Tourism and Culture; Minister responsible for the Workers' Compensation Health and Safety Board; Women's Directorate

### GOVERNMENT PRIVATE MEMBERS

#### Yukon Liberal Party

<b>Ted Adel</b>	Copperbelt North
<b>Paolo Gallina</b>	Porter Creek Centre
<b>Don Hutton</b>	Mayo-Tatchun

### OFFICIAL OPPOSITION

#### Yukon Party

<b>Stacey Hassard</b>	Leader of the Official Opposition Pelly-Nisutlin	<b>Scott Kent</b>	Official Opposition House Leader Copperbelt South
<b>Brad Cathers</b>	Lake Laberge	<b>Patti McLeod</b>	Watson Lake
<b>Wade Istchenko</b>	Kluane	<b>Geraldine Van Bibber</b>	Porter Creek North

### THIRD PARTY

#### New Democratic Party

<b>Liz Hanson</b>	Leader of the Third Party Whitehorse Centre
<b>Kate White</b>	Third Party House Leader Takhini-Kopper King

### LEGISLATIVE STAFF

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Deputy Clerk	Linda Kolody
Clerk of Committees	Allison Lloyd
Sergeant-at-Arms	Doris McLean
Deputy Sergeant-at-Arms	Karina Watson
Hansard Administrator	Deana Lemke

**Yukon Legislative Assembly  
Whitehorse, Yukon  
Tuesday, November 21, 2017 — 1:00 p.m.**

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

*Prayers*

## DAILY ROUTINE

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

## TRIBUTES

### In recognition of Geoscience Forum awards

**Hon. Mr. Pillai:** I rise today on behalf of the Yukon Liberal government, the Official Opposition and the Third Party to pay tribute to the recipients of the awards presented during Yukon's 2017 Geoscience Forum, which is wrapping up today.

The Yukon Geoscience Forum is still underway and there is a Chamber of Mines annual general meeting today — just concluding, actually. Not all of the award winners could be here, but we want to acknowledge their contribution to the industry's success in Yukon.

The Leckie awards were created as a tribute to the late Robert E. Leckie, who worked as a mining inspector in Mayo from 1987 until November 1999. The awards given in his honour reflect Mr. Leckie's dedication to mine site reclamation and acknowledge miners for their exceptional reclamation and restoration efforts.

Last evening, I had the honour of presenting the awards to this year's winners at the Yukon Geoscience Forum banquet. The Leckie Award for responsible and innovative exploration and mining practices in quartz mining went to Minto Explorations Limited, in recognition of their development in recognition of their development of a wetland treatment system that is being used to naturally treat water at the mine.

This type of wetland treatment system can effectively treat water with minimal maintenance while a mine operates, and then remain in place and continue to treat water after the mine closes. Minto also has demonstrated responsible development in progressive reclamation through the mine's operating period. They are truly worthy recipients of this award.

Mr. Speaker, the Leckie Award for excellence in environmental stewardship in quartz mining went to Triumph Gold Corp. The company took the initiative to clean up historical disturbances within its operating areas, which including re-sloping old trenches, plugging drill holes and relocating core left by previous operators. The award also acknowledges the company's efforts to provide employment opportunities to First Nations and ensure that cultural sensitivity training was provided to all their employees. The company has supported many community events and assisted community groups in achieving their goals, which helps build sustainable communities.

The Leckie Award for excellence in environmental stewardship in placer mining was given to M2 Gold Mines Ltd. Their outstanding reclamation techniques along the Indian River include meticulous contouring and strategic placement of boulder piles to create back eddies that improve fish habitat. Overburdened and organic soils were re-contoured and a vegetative mat was spread over the surface to promote regrowth. Without question, M2 have demonstrated leadership and are promoting environmental stewardship with their outstanding reclamation practices.

I also want to acknowledge the dedication to the Leckie awards by a Department of Energy, Mines and Resources employee who is here with us today and will soon be retiring after 27 years of public service. Judy St. Amand began working with Robert in 1995 and has been instrumental in continuing his legacy by managing the awards program in his honour since 2003.

Also, the Yukon Prospectors Association presented the 2017 Yukon Prospectors of the Year to Tim Liverton and Hardy Hibbing, who have invested more than four decades of their time working in southeastern Yukon and in the Swift River area. These gentlemen have also made significant social and economic contributions to their community of Watson Lake.

The Yukon Chamber of Mines presented their community award to Alkan Air in recognition of their contributions to the community. Alkan Air is a huge supporter of the Yukon Hospital Foundation and Yukon Imagination Library. The company also launched a flight training academy aimed at garnering northern youths' interest in the aviation industry so they can get educated in and work in the north.

The Chamber of Mines also acknowledged the contributions of one of their members, Sally Howson. Sally has been a committed volunteer in Yukon and has set a standard for respectful and early engagement with communities and First Nation governments. She has also made countless contributions to engagement in environmental best management practices.

On Monday, November 20, 2017, Yukon Women in Mining recognized five champions: Mathieya Alatini, Sue Craig, Rob McIntyre, Ron Light, and Eira Thomas. Yukon Women in Mining champions are individuals who have blazed the trail in their field while championing diversity through direct mentorship, positive corporate culture development and strong advocacy.

The award also recognizes organizations that support awareness and advancement of women in one of Yukon's most significant private sectors. Sue Craig, who we have spoken about before, received awards at Roundup last year and also a national award from the Prospectors and Developers Association of Canada recognizing her work.

Finally, I want to acknowledge Stuart Schmidt, who was awarded the Yukon Beringia Research Award at the Yukon Placer Forum in recognition of his outstanding contributions to Yukon palaeontology and Beringia research. Mr. Schmidt's most recent fossil contribution was a helmeted muskox skull that he discovered in September. It represents a species that is

now extinct and it's incredibly rare. Over the years, Mr. Schmidt has contributed many fossils to the Yukon palaeontology program collection and has provided never-ending support to the Heritage Resources staff. My colleague presented that award to him this week.

I ask the honourable members of the House to join me in acknowledging the great efforts by mining companies, operators and others who go above and beyond the normal call of duty to support their sector's operations. Mr. Speaker, before we give a hand — I will wait until we do our portion where we recognize visitors, but can we give everybody a big hand — there are some people here with us today.

*Applause*

### **In recognition of Yukon Historical and Museums Association and Yukon Archives**

**Hon. Ms. Dendys:** I rise today on behalf of the Liberal government to pay tribute to two very important organizations that are dedicated to preserving and sharing Yukon's rich heritage.

Incorporated on October 25, 1977, the Yukon Historical and Museums Association has been a united and passionate voice for the heritage community for 40 years. The Yukon Historical and Museums Association's mission is to inspire and share a passion for Yukon heritage. They do so by providing opportunities and support for education, networking, advocacy, partnerships and awareness. Their role is to capture in their vision: to be a central place where anyone and everyone can learn about our history, heritage, tools and practices, share their interests and perspectives on heritage, come together to identify common interests, and support the protection and preservation of Yukon heritage.

Through a variety of programs and services, the YHMA makes learning about history and culture accessible and fun. I have had many opportunities over the last year to attend, as minister, many events that they have hosted. Yukon's heritage community is knowledgeable, helpful and passionate about the important work that they do. I would like to commend the YHMA Board of Directors and all of the volunteers for their work to preserve and share our heritage with Yukoners and visitors alike.

For 45 years, Mr. Speaker, the Yukon Archives have been safeguarding Yukon's past, ensuring that our history is preserved today and for generations to come. The Yukon Archives has been entrusted with many historical records that mark turning points in the territory's history, preserving significant territorial, municipal and non-government records. Thanks to the generosity and support of the community, the Yukon Archives continue to grow and expand. Archival materials such as diaries, photographs and maps — donated by individuals, families and organizations — form part of the documented heritage.

Our recent expansion of the Yukon Archives facility is nearing completion. This new addition will have the capacity to store future collections' growth in the new state-of-the-art, purpose-built facility. We are going to be doing an opening in

mid-December and would really welcome all Yukoners to attend.

But, no matter how amazing the expansion will be, it just wouldn't thrive without the dedicated people who work there. Sadly, one of the Yukon Archives' biggest champions is no longer with us today. I would like to recognize the late James Smith for his dedication, not only to the Yukon Archives, but to the territory that we all love to call home.

As both the Yukon Historical and Museums Association and the Yukon Archives celebrate their anniversaries, I would like to pay tribute to everyone who worked tirelessly to make the organizations what they are today: from early champions to present-day supporters, generous donors, the incredible staff, the volunteers — thank you all for all that you do to protect our heritage, both as a window into the past and as you help guide us into the future.

On behalf of the Government of Yukon, thank you and enjoy your anniversary celebrations. There are many people here today. We will introduce them during the visitor introductions. Thank you so much.

*Applause*

**Ms. Van Bibber:** It is with pleasure that I rise on behalf of the Yukon Party and the NDP caucus to pay tribute to the Yukon Historical and Museums Association and the Yukon Archives celebrating 40 years and 45 years respectively.

The association's name says it all: Yukon, historical, museum. In 1977, a small group realized that there was a need to capture, preserve, store and find our local history so that future generations would know what had happened within our territory. As with all collections, many artifacts and valuable information is tucked or hidden away, waiting to be shared. Such a dilemma to have — to have so many memories that will tell our story.

The YHMA also does many other events like recently co-hosting the 150<sup>th</sup> birthday of Joe Boyle and the World War I celebration, walking tours, flea markets, and the well-known Yukon/Stikine Regional Heritage Fair, which encourages children to develop an interest in history. The YHMA also offers a variety of programs and services to promote and protect history and culture. These include the Yukon heritage training fund, the joint marketing program, the Yukon Heritage Symposium and numerous conferences and workshops for the development of skills and best practices.

The Yukon Archives is a treasure trove of documents and preservation of local family histories. With the expansion of the Yukon Archives, we can rest assured that we will have space for many years to come. Since 2002, Yukon Archives has been digitizing its photographic holdings, currently boasting 3,718 image records from 17 collections, available on the website with search capability. It is amazing the lengths gone to not only preserve photographic records, but modernize them for use in the technological world we live in today.

The Yukon Archives collects through donations from citizens and families, all levels of government, societies and associations. If one is looking for information, letters, diaries,

maps, recordings, films, photos or manuscripts, they will likely be found at the Yukon Archives. Due to the care and dedication of Yukon Archives staff over the years, they are very likely in pristine condition. It is truly a Yukon researcher's or enthusiast's dream.

I would like to congratulate Yukon Archives on 45 years of encapsulating the tales and history of Yukon for generations to come, and the Yukon Historical and Museums Association on 40 years of promoting heritage and history in Yukon. I believe our history is in good hands.

*Applause*

**Speaker:** Introduction of visitors.

## INTRODUCTION OF VISITORS

**Hon. Mr. Silver:** I would like to ask everybody in the Legislative Assembly to help me in welcoming Professor Lord John Alderdice. He was the Speaker of the Northern Ireland Assembly from 1998 to 2004, the Leader of the Alliance Party of Northern Ireland from 1987 to 1998, and, since 1996, he has sat in the House of Lords as a Liberal Democrat. He also runs the Centre for Resolution of Intractable Conflicts and he is here with no stranger to the Legislative Assembly, Mr. Kirk Cameron.

*Applause*

**Hon. Mr. Pillai:** I would also ask the Assembly to help me in welcoming some people who are here today to support us in our tributes. Some of our staff here are: Mr. Stephen Mills and Briar Young from Energy, Mines and Resources; Brian Herbert, who was with us last night on behalf of Minto Explorations Limited, and was here as an award winner; Judy St. Amand — Judy, thank you for 27 years of amazing service — and as well, Kelly Sutherland and Jennifer Walters, who have been very helpful over the last little bit. Thank you as well for your help.

**Hon. Ms. Dendys:** I have many people whom I would like to welcome to the Legislative Assembly today: Linda Johnson, formerly the territorial archivist; Loree Stewart, formerly the executive director of the Yukon Heritage Resources Board; Kathy Gates, founding member and formerly director of the Dawson City Museum and Historical Society; Michael Gates, Yukon's history hunter and formerly the curator of collections for the Klondike National Historic Sites in Dawson City. He has been an active member of the Dawson City Museum and the Yukon Historical and Museums Association and has contributed to heritage projects and conferences over the years in a variety of ways. Marjorie Copp was the executive director of the Yukon Historical and Museums Association for approximately 14 years over three decades. Marjorie has also been on the boards of the Old Log Church and the Yukon Transportation Museum. Lianne Maitland is the executive director for the Yukon Historical and Museums Association; Cathy Hines, current board member and currently active on the Heritage Fair committee and fundraising committee; Brent Slobodin

served as president of the Yukon Historical and Museums Association from 1991 to 1998, and again from 2000 to 2002; Sally Robinson is the current president of the YHMA; Diane Chisholm, chair of the Friends of the Yukon Archives; David Schlosser, Yukon Archives and acting territorial archivist; and Lesley Buchan, Yukon Archives and private records archivist — welcome.

*Applause*

**Mr. Adel:** I rise in the House today to recognize one of my constituents, Roger Hanberg. It's always nice to see Roger in the House supporting us. Thank you, Roger.

*Applause*

**Ms. Hanson:** I would just like to acknowledge also — I believe the minister mentioned his name, but given the tribute we're doing tomorrow to a former chair of the CYI, Mike Smith — Gerald Isaac, who was also executive of the Council of Yukon First Nations, a land claims negotiator, land use planning councillor, and a proud member of the Tr'ondëk Hwëch'in.

I would also like to recognize a constituent of Whitehorse Centre and housing advocate, Fred Horrocks.

*Applause*

**Speaker:** Are there any further introductions of visitors?

Are there any returns or documents for tabling?

## TABLING RETURNS AND DOCUMENTS

**Hon. Ms. McPhee:** I have for tabling the Yukon Police Council annual report, 2016-17.

I also have for tabling the *Crime Prevention and Victim Services Trust Fund Annual Report 2016-2017*, which is tabled pursuant to section 9 of the *Crime Prevention and Victim Services Trust Act*.

**Hon. Mr. Streicker:** I have for tabling a legislative return in response to a question from the Member for Pelly-Nisutlin on November 6, 2017.

**Mr. Istchenko:** I have some documents for tabling, as promised during motion debate last week. These are: *Kluane Destination Development Forum* summary from November 2014; the Kluane tourism leadership summit from April 2014; the report to the economic development committee, an economic development plan for Haines Junction, December 2006; the *Kluane Region Tourism Plan* from December 2000; road access into Kluane National Park, part 2, presented by Bill Brewster, December 2, 1988; and *Kluane National Park Reserve — the Question of Access* from November 1988.

**Hon. Ms. Frost:** I have for tabling a legislative return in response to the question asked by the Member for Kluane on November 9, 2017, regarding a seniors facility in Haines Junction, Yukon.

**Speaker:** Are there any further returns or documents for tabling?

Are there any reports of committees?

Are there any petitions?

Are there any bills to be introduced?

Are there any notices of motions?

## NOTICES OF MOTIONS

**Mr. Hutton:** I rise to give of the following motion:

THAT this House urges the Government of Yukon to track progress on the implementation of the calls to action from the Truth and Reconciliation Commission of Canada.

**Speaker:** Are there any further notices of motions?

Is there a statement by a minister?

This then brings us to Question Period.

## QUESTION PERIOD

### Question re: *Legal Profession Act* review

**Mr. Cathers:** Mr. Speaker, as you may recall, the former Premier recused himself from any discussions and decisions related to the *Pharmacists Act* or the pharmacy regulations based on the advice of the Conflict of Interest Commissioner. I have a simple question for the Minister of Justice and Attorney General: Did the minister seek the advice of the Conflict of Interest Commissioner, prior to involving herself in decision-making related to the *Legal Profession Act, 2017*, about whether there was the potential for a real or perceived conflict of interest, and if so — if the minister did seek advice from the Conflict of Interest Commissioner — can she assure this House that she is following that advice?

**Hon. Ms. McPhee:** I did not seek advice from the Conflict of Interest Commissioner in dealing with the matter that came to me as a result of my role as the Minister of Justice and Attorney General. I do, of course, have counsel from the department on a regular basis. At no time has this issue ever been raised, and I have been nothing more than forthright about the fact that I've previously been involved with the Law Society of Yukon, if that is what the question's referring to.

**Mr. Cathers:** Mr. Speaker, I'm certainly not attempting to make any inference related to that. I'm simply pointing to a situation that the former Premier was in, noting that he sought the advice of the Conflict of Interest Commissioner and, based on that advice, recused himself from discussions as advised by the Conflict of Interest Commissioner.

Can the Minister of Justice explain why she didn't seek advice from the Conflict of Interest Commissioner prior to involving herself in discussions and decision-making related to the *Legal Profession Act 2017*?

**Hon. Ms. McPhee:** I'm not sure what the inference is here. I'm not going to be terribly paranoid about it, Mr. Speaker. I take the member opposite's word that he is not making any inferences, although I certainly see them.

I did not seek advice of the Conflict of Interest Commissioner because I was not then or now in any conflict. My only — by virtue of being a lawyer, I'm regulated by the

Law Society of Yukon. I am regulated, therefore, by the *Legal Profession Act* in this territory. There is no other way for me to practise law, but to be regulated by the *Legal Profession Act* and by the Law Society of Yukon.

As a result, I now have a position to which there is a benefit to me being a lawyer and to being a member of the Yukon Law Society. It allows me to be familiar with the *Legal Profession Act* — to be familiar with the terms, the requirements, the necessities and the regulations they are under. As a result, that is a benefit, not only to me in my position, but certainly in my understanding the business of this House and all of the bills that come before it.

### Question re: School replacement

**Mr. Hassard:** Mr. Speaker, yesterday, the Minister of Education confirmed that her government is looking to renovate or replace seven schools. These are the only seven schools the minister has told us about that will be part of her five-year capital plan. Despite the highly publicized issues at the Ross River School, it, unfortunately, did not make this list. We asked the minister yesterday why she left this community off the list and she said Ross River was — and I quote: "... a different kind of priority."

Earlier this year, the minister responsible for housing was speaking about Ross River School and stated — and I quote: "We're not going to sink more money into sinking ground."

Let's also not forget that the government broke its promise to build emergency housing in Ross River. It appears quite clear that when the minister says Ross River is a different kind of priority, she means not a priority.

Will the Minister of Education agree to put Ross River School in her five-year capital plan?

**Hon. Mr. Mostyn:** Thank you, Mr. Speaker. As the minister responsible for maintaining and building schools, I'm more than happy to take this question from the Leader of the Official Opposition. As the member knows, this school was built in 2000. It was built on permafrost. There have been significant problems with this school over the years. Since taking office, I have been dealing with those problems. I've had several engineering firms through the school to assess its suitability for staff and students. Time and again, the engineers dispatched to Ross River have said that this school is a safe building — a safe structure for the staff and students. I was relieved by that, but there are problems with the permafrost underneath the school and I have, as Minister of Highways and Public Works, taken action to ensure that this structure is maintained and is suitable for use going forward.

As the members opposite know, this school is a very important piece of infrastructure for the community of Ross River. It's used for a number of different — it's a really central hub for the community. It would be a shame to lose it so we're doing everything in our power to make sure that this school is usable by the community into the future.

**Mr. Hassard:** While the minister said a lot, he certainly didn't address the questions, so we'll try again. This spring, the government received an engineering report on the Ross River School that told the government that they should re-

level the school before the beginning of the school year. However, in the Liberals' own words, we know that they believe Ross River is a different kind of priority. So rather than act on this recommendation, what did the government do? Well, they went and got a second opinion and ignored the recommendation from the first engineering report. Now we see that they've left Ross River out of their five-year capital plan.

Mr. Speaker, will the minister take action to fix the Ross River School?

**Hon. Mr. Mostyn:** I thank the member opposite for the question. This is an important issue. Ross River is a priority for this government and has been since we took office; it's one of the very first files I opened and started to deal with.

As I said, this facility is very important to the community and it's very important to this government — as is the community of Ross River. So we tried to come up — we have come up with a plan to deal with this facility, which, admittedly, has had its problems. The members opposite know that because they spent millions of dollars trying to fix it several years ago. Now we've inherited it and we're taking steps to deal with it.

The engineering firms we employed on this job — we did get a second opinion on it. They actually suggested that we make sure that the school is not moving any more before we start levelling. That seems like a really good idea to me — to make sure that, before we go correcting problems, the whole situation is stabilized. So we're actually going to look at that this winter. In the spring, once we know what is happening with the school and the permafrost, we're then going to take concrete action to make sure that it is levelled. We're going to look at re-freezing the ground. We have also publicly stated that we're going to do that.

The members opposite, I'm sure, have been following the file and know these answers, but I'm more than happy to answer them again on the third supplementary.

#### **Question re: Whitehorse Correctional Centre inmates' mental health**

**Ms. Hanson:** Yukoners have now been waiting since September — over two months — to hear from the Minister of Justice as to who will be appointed to lead the Whitehorse Correctional Centre internal investigation. The trigger of this investigation is as a result of one case in particular; that being the long and drawn out incarceration in remand of Mr. Nehass. The need for this investigation is because of the treatment — or lack of treatment — of individuals who are incarcerated with mental illness. The need for this investigation is because of individuals with mental illness being held in isolation or administrative segregation. Finally, the need for this investigation is because individuals are being incarcerated at WCC in place of hospitalization and appropriate treatment.

Can the minister tell this House who has been appointed to lead the investigation of the Whitehorse Correctional Centre?

**Hon. Ms. McPhee:** What I can do is commit to telling you that tomorrow. As a matter of fact, the final negotiations with respect to the inspector who has been named are ongoing as we speak. There is to be notification, Mr. Speaker, with respect to the terms of reference for that individual and the work that we are having carried out under section 36 of the *Corrections Act*. As a result, the paperwork is on my desk and will be announced on November 22, 2017.

**Ms. Hanson:** We are indeed pleased to hear that this is finally happening.

Will the minister confirm that the terms of reference for this independent, internal inspection will be made public?

**Hon. Ms. McPhee:** Yes.

**Ms. Hanson:** Excellent. Thank you, Mr. Speaker. I am pleased that the minister has confirmed the terms of reference will be made public. This internal investigation is the first of its type and we want to make sure that it is done properly. The minister has said in answer to previous questions that whoever does this will have access to any records within the correctional services, apart from personal medical records.

Many mental illnesses are often undiagnosed, particularly among vulnerable populations. In this context, the worker evaluating WCC's treatment of mentally ill inmates will be challenging.

Mr. Speaker, can the minister confirm: What mental health data will the inspector have access to, in order to complete this investigation?

**Hon. Ms. McPhee:** The inspector will have access to anything they require, because that is what the legislation says — anything or any record, with the exception of personal medical records — those will therefore not be accessible to the inspector. Other than that, the terms of reference comply with the piece of legislation being used, and as a result, the access will be unhindered.

#### **Question re: School replacement**

**Mr. Istchenko:** Yesterday, the Minister of Education confirmed that her government is currently considering either renovating or replacing seven schools. The seven schools she referred to seemed to align almost perfectly with the Department of Education's seismic report, except for one school. The Nelna Bessie John school in Beaver Creek is the only school that was identified as part of the seismic report, but has not been listed by the minister as a priority for her capital plan.

Mr. Speaker, did the government base this list of schools they are looking at from the seismic report and if so, why has the minister not included the Beaver Creek School on this list?

**Hon. Ms. McPhee:** I truly appreciate the opportunity to address this question from the member opposite, particularly because today during Question Period, the reference has been made several times to the fact that the schools that I listed yesterday — in answer to another question — were in fact the five-year capital plan. They are not the five-year capital plan. I didn't say that yesterday. I will stand corrected if the Blues say that, but I have the notes from which I spoke yesterday.

What I said was that, in fact, those schools are on a list of schools that need — let me see if I can be exact: “... the government is working on this long-term plan to spread the cost of school upgrades and replacements over a reasonable period of time. The schools that are currently being considered for renovation or replacement include...” — and then I listed a number of schools.

The list of schools revitalization plan, as it has been termed with respect to some of the questions, is primarily based on the age of the building, taking into account some of the seismic issues around those buildings. That is how that list was made. My point yesterday, and my point today, is that we are taking a look at that list with separate criteria — or additional criteria, if I can say that — including the needs of the communities.

**Mr. Istchenko:** I was speaking about the seismic report. The schools on the seismic report look a lot like the schools that she listed yesterday — that is the question that I asked. Also, the school in Beaver Creek is exactly the same age as the school in Destruction Bay.

Mr. Speaker, yesterday, the minister confirmed to the House that her government is considering renovating or replacing the Kluane Lake School and the St. Elias Community School. For my constituents, what year can we expect work to begin on these schools?

**Hon. Ms. McPhee:** The Department of Education, as I said yesterday, is working closely with the Department of Highways and Public Works to ensure that our school facilities are safe and available for use for many years to come. At this point, we are taking into account the age of buildings, state of repair, seismic issues, community needs, et cetera.

We’re undertaking comprehensive planning to address future school construction and renovations to existing school buildings. Responsible investment in education will support improved student achievement and better outcomes for Yukon’s social, economic and community goals.

A proper planning process includes functional plans, business cases, community concerns, state of repair — as I said — and age of buildings.

#### **Question re: Wildland Fire Management review**

**Mr. Hassard:** Yesterday, it was reported that the Department of Community Services had completed an audit at the end of January into Wildland Fire Management. According to the CBC, the audit found — and I’m quoting directly from the story — that the audit “... found deep problems with organization and oversight, making it susceptible to ‘possible theft and misappropriation of funds’”.

Can the minister let us know what his government has done since January in response to this audit?

**Hon. Mr. Streicker:** I thank the member opposite for the question. The department did carry out an internal review over the past year for wildland fire seasons leading up to, and including, the 2016 fire season. They did identify some issues, but one of the first things I want to say is that the report also noted that the staff are doing a great job in fighting fires, and I

would like to acknowledge that. The things that were being looked at were systemic issues and ways that we could make improvements. I think it’s always our job as government to look at our branches and make sure that we do reviews from time to time to ensure that there is efficiency, safety and value for all taxpayers.

Yes, we have a three-year plan that came out of that report. Within the three-year plan, we have a series of actions that have been targeted for this year, and many of them are out of the way — done. In fact, my understanding is that three-quarters of those action items will be taking place this year.

**Mr. Hassard:** We’re certainly happy to hear that is taking place. My question then is quite simple: Will the minister commit to tabling that plan here in the Legislature?

**Hon. Mr. Silver:** Just to recap what the minister said — this wasn’t an audit. The document in question is an early draft of a branch review, and they are two different things, as the member opposite knows. We have not released, nor will we release, draft versions of branch review documents.

These documents are developed to be internal working documents. Due to the way that they are done, there’s lots of confidential information in these documents, so we don’t, as a practice, release reviews.

I do understand that there is an updated work plan developed from this report that does outline the progress that has been made on the recommendations of the plan, and we will provide that to the members opposite as soon as possible.

#### **Question re: Student support services**

**Ms. Van Bibber:** Two weeks ago, we asked the minister about a backlog at Student Support Services. After two weeks, we still don’t have an answer. Mr. Speaker, this is an important question and the delay is concerning.

Can the minister confirm whether there is a backlog at Student Support Services — yes or no?

**Hon. Ms. McPhee:** I’m somewhat puzzled, I guess, by the fact that this is the third time that I’ve been asked about Student Support Services, which is not a problem. I want to get all the information possible to the members opposite. As a result, I have been working on a legislative return for over a week now to make sure that the information is thorough, comprehensive and accurate. I intend to file that legislative return, again, tomorrow. The questions are just a day early. As a result, I hope that all of the information that the member opposite is seeking will be available to her — and more, if she needs it.

#### **Question re: Southern Lakes water enhancement project**

**Ms. White:** This spring, we heard from the CEO of Yukon Energy Corporation that a decision will be made about the Southern Lakes water enhancement project quite soon. This project would see the levels of the Southern Lakes raised and held above their normal levels in order to store water for electrical production over the winter months.

This project was first brought forward in 2006. Since that time, most affected citizens and First Nation governments

have been clear on their objections to this plan. Their main concerns have been about bank erosion, fish, animal and bird habitat impact, and environmental impacts on the water.

What is this government's position on the Southern Lakes water enhancement project?

**Hon. Mr. Pillai:** I thank the member opposite for her question. She is certainly very accurate in her assessment of stakeholders on this particular issue. I have had the opportunity on at least two occasions to meet with stakeholders. The South McClintock Community Association came into our Cabinet offices and provided a very clear perspective on how they feel about this project. On other occasions, I have had the opportunity to speak with the Carcross/Tagish First Nation.

So at this particular time, I think there needs to be more conversations with stakeholders. I think there needs to be a clear indication of impacts, or potential impacts, in this area. It has been a conversation that has gone on for quite a long time. But at this point in time, my work with Yukon Development Corporation and Yukon Energy Corporation has really directed the teams to ensure that they have conversations with all — not just individuals who may have been identified through previous studies.

**Ms. White:** Just to be clear — so far, there have been 11 years of conversations with affected stakeholders. We have been told that this is an attractive project and one that Yukon Energy Corporation has spent a lot of time and money on. There have been many public meetings with residents and other meetings with First Nation governments impacted by this potential project.

Much of the corporation's focus has been on the lakefront properties around Marsh Lake but, in fact, many more lakes will be impacted by raised storage levels, including both Tagish Lake and Bennett Lake. Landowners on these lakes have witnessed substantial erosion in some areas over the years, with wind damage and flooding. Understandably, these citizens are concerned about sustained higher water levels as well.

Mr. Speaker, how much weight will be given to all of those whose properties will be impacted by higher water levels if this project proceeds?

**Hon. Mr. Pillai:** Just to reiterate — that is exactly what I'm pointing to. There is impact potential to all of the previous stakeholders who were identified by the Member for Takhini-Kopper King. That is my concern.

I want to ensure that if a project such as this goes forward, we completely understand the potential impacts to all in the Southern Lakes. I think that is the appropriate thing to do and the right thing to do, and those are the discussions we've had. As the member has identified, there have been 11 years of studies and still, to this day, as minister responsible, I don't feel that this project has had the appropriate scope of impact for us to move forward on it, and that is being quite open and honest.

What I've seen previously is studies that have been done — they've been very technical studies, but within those technical studies, the engineering teams have identified areas

that potentially could be impacted. But it's very difficult — and we've seen this — to then go into neighbourhoods and explain to one neighbour that we believe through an engineering study that they will be impacted and then say to their neighbour, "You won't be impacted." I don't think that will fly for Yukoners, so I've asked our teams to go back and to do more due diligence.

**Ms. White:** Thank you, Mr. Speaker.

I'm sure that all of those who are facing the exhaustion of being involved in these conversations and these studies for the last 11 years will not rest easy.

Reading through the reports, the media stories, surveys and studies and having attended numerous public meetings, it is surprising that the Yukon Energy Corporation continues to spend money studying and working on this project when so many objections were raised by citizens and First Nation governments over environmental impacts, property erosion, lack of information and general unease over the whole project. I'm sure everyone will be happy when a decision is reached on whether to continue with this project or shelve it. Then, Mr. Speaker, people will be able to determine what their next steps or actions need to be.

Mr. Speaker, when can Yukoners expect a decision on the Southern Lakes water enhancement storage project — one that they were told would be forthcoming?

**Hon. Mr. Pillai:** I believe that probably part of the perspective from the member opposite is quite aligned with my perspective on this. As we talk about the fatigue to the stakeholders and this ongoing conversation — and the member opposite is correct — there has been a significant amount of money that has been spent on this project. Because there has been a significant amount of money spent on this project, the last time that a conversation was had with the Yukon Utilities Board on this particular project, the Utilities Board directed Yukon Energy to go back and continue to do the due diligence because they did not want to see a scenario where the money that was invested on the early due diligence was wasted. I commend the Yukon Energy Corporation. Although they may have wanted to go in a different direction, the actual oversight governance has directed them to continue the conversation.

I've said directly to the individuals who we've met with that we hear their concerns. When I take into consideration the potential energy output of that project, but the liability and potential risk to individuals, I think there has to be a big conversation. Will we see that project shelved in the near future? That's a possibility, but right now we're taking the direction of the Utilities Board and continuing to have conversations.

#### **Question re: Francophone high school**

**Mr. Kent:** Yesterday, the Minister of Education confirmed for this House that the total budget for the new francophone school here in Whitehorse is \$27.5 million; \$20 million would be the Yukon government contribution, with a further \$7.5 million coming from the Government of Canada for the community spaces.

Can the minister confirm if the current construction estimates received by the government are within this budget envelope of \$27.5 million?

**Hon. Ms. McPhee:** The current construction estimates is a question that I will allow one of my colleagues to take, but what I can confirm is that we are in the final phases of determining a design and that the design for the French first language high school will be within the budget. It is required to be within the budget, which has been set for the Yukon government contribution of \$20 million plus community spaces allotted, pursuant to the federal government funding of \$7.5 million; that our plan is for it to be placed next to F.H. Collins for the Riverdale campus model, which is something that was inherited — that location was chosen by the former government and inherited by our government. As a result, the budget has been set for the purposes of accommodating, as I said yesterday, up to 150 students.

The final determination of the details that I understand the member opposite is asking for will be determined when the design is complete.

**Mr. Kent:** Just by way of background for the minister, that decision to build on the F.H. Collins site was a joint decision by the government of the day as well as the francophone community. That is why that decision was arrived at and hopefully the minister, as she mentioned, can get one of her colleagues to get back to us with the current construction estimates that the government has.

Yesterday, the minister confirmed that the new francophone school will be built for 150 students. On November 8, she told us that, currently, there were only 53 students enrolled in the francophone high school in Whitehorse.

I am wondering if the minister could confirm at what point she projects that the school will reach the full occupancy of 150 students?

**Hon. Ms. McPhee:** I did say — I think it was November 8 — 53 students. I have now confirmed that it is 58 students, so I stand corrected with respect to the 53 number.

The projections made by the CSFY are that a number of students who currently go to different high schools presumably will come when they have the proper space and the proper programming at a French first language high school. So the projection is that some students will return whether they are in the middle of their high school years or at the beginning, and the intention would be that students would continue, hopefully, to go to that school because of the enhanced programming and the French first language focus on the culture and heritage.

**Mr. Kent:** Mr. Speaker, I appreciate that response from the minister.

We have heard an awful lot in this Legislature from this government about including operation and maintenance costs in their capital planning, so I am wondering if the minister could let us know what the government projects the O&M costs for the new francophone school will be and whether or not there will be corresponding O&M decreases to other schools as students move from those schools into the

francophone school, as she suggested in her previous response?

**Hon. Ms. McPhee:** I appreciate the question. I do know that work has been done. I don't have the number at my fingertips with respect to estimated O&M for the new French first language secondary school. I will undertake to provide it in a legislative return to the member opposite.

We have indicated through answers to numerous questions — and I think a number of opportunities to speak to the public and through the work that we're doing — that the projected O&M costs are critical when you're talking about a capital build of any kind. While it isn't included in the figures I've mentioned so far for the budget, I do know that work has been done and I will have that number produced for the member opposite.

**Speaker:** The time for Question Period has now elapsed.

### Notice of opposition private members' business

**Ms. White:** Pursuant to Standing Order 14.2(3), I would like to identify the items standing in the name of the Third Party to be called on Wednesday, November 22, 2017. They are Motion No. 19, standing in the name of the Member for Whitehorse Centre, and Motion No. 209, standing in the name of the Member for Whitehorse Centre.

**Mr. Kent:** In order to expedite debate on government business, such as the supplementary estimates, the Official Opposition will not be identifying any private members' business for Wednesday, November 22, 2017.

**Speaker:** We will now proceed to Orders of the Day.

## ORDERS OF THE DAY

**Hon. Ms. McPhee:** I move that the Speaker do now leave the Chair and that the House resolve into Committee of the Whole.

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

*Motion agreed to*

*Speaker leaves the Chair*

## COMMITTEE OF THE WHOLE

**Chair (Mr. Hutton):** Order, please. Committee of the Whole will now come to order.

The matter before the Committee is Vote 52, Department of Environment, in Bill No. 203, entitled *Second Appropriation Act 2017-18*.

Do members wish to take a brief recess?

**All Hon. Members:** Agreed.

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

*Recess*

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

**Bill No. 203: Second Appropriation Act 2017-18 — continued**

**Chair:** The matter before the Committee is Vote 52, Department of Environment, in Bill No. 203, entitled *Second Appropriation Act 2017-18*.

**Department of Environment**

**Hon. Ms. Frost:** The supplementary budget I am presenting today for the Department of Environment will result in an increase of \$885,000, or two percent of the \$42,325,000 voted previously. The majority of this increase, or \$805,000, falls under the department's operation and maintenance budget, while \$80,000 of this increase will go toward the capital budget. The entire increase is 100-percent recoverable and represents ongoing collaboration with various partners.

The largest amount — \$512,000 in operation and maintenance and \$25,000 in capital — is recoverable from the Government of Canada and supports our work with the *Inuvialuit Final Agreement*.

Many people may not be aware of Department of Environment's role in supporting the implementation of the *Inuvialuit Final Agreement* in Yukon. The multi-year agreement includes our work for Herschel Island-Qikiqtaruk Territorial Park and species management on the North Slope.

This increase represents \$219,000 in core funding for this work, the reallocation of \$98,000 that was not spent in 2016-17, and \$195,000 to support the Wildlife Management Advisory Board in North Slope. The \$25,000 in capital funding will go toward the purchase of two new snowmobiles for use on the North Slope and Herschel Island. As you may know, a significant amount of the department's annual budget is dedicated to maintaining and updating inventories of the territory's air, water, fish and wildlife. These inventories help us to gauge when and how to focus our efforts.

Yukoners cannot thrive and live healthy lives if the environment they live in is not healthy and thriving. Our communities will not be sustainable if our ecosystems are not. Our economy cannot grow if we do not make sure our fish, wildlife and plants can too. Knowing all that we can about the species we live with, and the ecosystems we share, helps to guide our decisions to manage our impacts on them.

There are four different collaborative initiatives for environmental sustainability that make up the rest of the operation and maintenance increase. Together, the Selkirk and Mayo renewable resources councils contributed \$120,000 to support a larger Mayo and upper-Klondike moose survey that was carried out this fall.

Parks Canada and the Gwich'in Renewable Resources Board contributed \$18,000 to support the Porcupine caribou herd satellite monitoring program. Our ecological land classification program, which helps various professionals across the territory speak the same language when working

within Yukon's ecosystems, delivered a course on identifying Yukon's ecosystems. Its registration fees covered approximately \$7,000.

As well, \$148,000 is going to our Water Resources branch to implement a two-year agreement with Canada's Public Safety and Emergency Preparedness unit to support an operational flood forecast system specifically for Yukon.

While so much of the department's work is focused on ensuring and monitoring the health of the environment, a lot of what we do also supports the health of Yukoners. The health benefits of being in nature are scientifically proven and opportunities to enjoy the wilderness are fundamental to the social and economic well-being of communities. We know our campgrounds provide a space for Yukoners and visitors to connect with nature and make memories, which is an investment worth budgeting for. Our network of 42 campgrounds and more than 1,000 campsites is one that Yukoners and visitors to the territory continue to enjoy. In fact, demand for our camping facilities continues to grow.

In collaboration with the Canadian Northern Economic Development Agency, or CanNor, our Parks branch worked on a project to build hiking trails at the Wolf Creek and Pine Lake campgrounds this past fall. The project cost a total of \$80,000. Yukon will contribute \$25,000 and CanNor provided \$55,000, which represents the final \$55,000 increase to our capital budget.

Mr. Chair, as you can see, 100 percent of the recoverable increases to the Department of Environment's budget will fund collaborative projects that support sustainable management of our natural environment and our responsible interaction with it. Through our partnerships with First Nations, Inuvialuit, the Government of Canada, renewable resources councils and a number of other partners, we continue to maintain the health, sustainability and prosperity of this shared environment.

This collaborative work helps to make sure that this remarkable place and the honour of its stewardship is shared with our children, their children and many more generations to come. This concludes the changes requested for the Department of Environment's budget.

**Mr. Istchenko:** I want to thank the official who is here today and the minister for their time. I'm glad we have Environment up. I have a few questions.

In the spirit and intent of this being a lot of conversations around mining, I have a couple of questions about wetlands. As we know, there was a wetlands policy being developed before the last election. We were near finishing but there was some more work to be done in consultation with the local First Nations — the Tr'ondëk Hwëch'in up in Dawson. It has been a year since the election and, in talking with some of the placer miners, it doesn't seem that this has moved very far.

Can the minister give me a little bit of an update on where we are with this wetlands policy? I know it is work between the Department of Environment and the Department of Energy, Mines and Resources.

**Hon. Ms. Frost:** I would like to thank the member opposite for the question. The Department of Environment is

working diligently on a Yukon-wide wetlands policy, as identified, and the objective is to provide an overall guidance document for decision-making on wetlands management now and into the future.

Environment and Energy, Mines and Resources are working together to address the significant management requirements in wetlands — in particular, the point around the Indian River and the work that's happening with the Tr'ondëk Hwëch'in. The Yukon government is consulting and working with Tr'ondëk Hwëch'in on wetlands reclamation guidelines. We're looking at doing that in collaboration with the Department of Environment. A decision on the inventory, mapping and data collection is ongoing. We're working collaboratively with the Klondike Placer Miners' Association, as well, in acquiring data that is much-needed for an integrated management structure. Attached to that are the obligations under the Dawson district renewable resource planning process, which will tie quite nicely into the work that's happening there as well.

**Mr. Istchenko:** I know there's a broader wetlands policy that is being developed — a Yukon-wide policy. I'm specifically speaking — and the minister did highlight it — about the policy around the Indian River. I believe there was \$88 million in gold brought out this year. I think the Indian River is responsible for just about half of that.

I know it's important to a way of life there in Dawson City. Also, the reclamation work that the miners have been doing is creating habitat for moose and birds. They're finding, ironically, that it is left better than what they had before. It's different, of course, but there's better habitat possible.

I'm just wondering if there are some timelines, because I know we have this winter to work on this, but it would sure be nice if there could be something in place. Some of those placer miners have had to basically find something else to do — to look at tourism or something else to do with their mind while their waiting for this to happen. It's important to them, so I'm just wondering if I can get a bit of a timeline on that.

**Hon. Ms. Frost:** To segue into that, I'll give a little bit of context.

Yukoners have expressed an interest in conserving wetlands and that has been historical. It ties itself nicely to our self-government agreement and the obligations there, and in looking at now and into the future. Wetlands range in size from 6,000 square kilometres in Old Crow Flats, Van Tat K'atr'anahtii, to smaller, locally important wetlands. Wetlands are biologically diverse and an integral part of the functioning of many important ecosystems in Yukon, from the mountains to the Arctic coast. In addition to providing water supply and recreational opportunities, wetlands play a crucial role in flood control and will likely play a role in stabilizing the environment as climate changes.

With regard to Yukon's specific wetlands policy, aside from attaching it to a land use planning process, we do need to come up with a Yukon-specific policy, and that is what we're working toward using best practices that are there, best practices that have been implemented elsewhere, through the Vuntut process and through the north Yukon land use plan.

The Department of Environment is leading work to specifically address wetlands in the territory, and a policy for Yukon wetlands is in its early stages of development. The policy will be a coordinated government effort that will invite interested parties and partners to participate in the development. Working with First Nations, stakeholders and the public on the development of a territory-wide wetlands policy demonstrates our commitment to build strong relationships and engage Yukoners in the decisions affecting them.

We are aware of the concerns related to industrial impacts on wetlands habitat. Part of the intent of developing a policy is to provide consistent guidance on wetlands management to land managers, industry, and assessors. The work with Tr'ondëk Hwëch'in in the Indian River area cannot be concluded before the Yukon wetlands policy is finalized. The final policy will consider any recommendations or outcomes that result from the work in the Indian River.

We are currently working with the placer miners, we're working with Energy, Mines and Resources, and collaboratively, we will come up with recommendations. Really good work has already been done with Klondike Placer Miners' Association and Tr'ondëk Hwëch'in, and what we're doing right now is trying to bring that information together and come up with a policy and a framework agreement that all parties will agree to.

At this point in time, that is a bit of a challenge in getting that data together in a timely fashion, because it is coming in real time as we get through the seasons and in working with our stakeholders and our partners.

**Mr. Istchenko:** A little bit by the way of background — I know that at a few of the meetings that I've been with Klondike Placer Miners' Association when I was with the Minister of Environment, they had a map, probably three feet by three feet on the wall, and one of the placer miners threw a dart at the map, and it was a little wee poke. That was basically the square — the size of that placer mining area and the area we're talking about with wetlands.

So what I'm gathering from the minister is that there will be no wetlands policy — interim policy or any sort of policy — for that little area or set of guidelines for when you go through your water licence and through your YESAB permitting, until the broader Yukon water wetlands policy is stated, which could take two to three years, probably.

**Hon. Ms. Frost:** The point that is being made with respect to the relationship is that it is one that is very sensitive. It's sensitive because of the traditional areas and the sensitive heritage areas in the Indian River plateau, recognizing that Tr'ondëk Hwëch'in's needs and interests are fundamental in our decision-making.

What we have committed to doing with Energy, Mines and Resources and the Department of Environment is to work with the Tr'ondëk Hwëch'in, work with the Klondike Placer Miners' Association and come up with some interim measures that would work for all parties. We have undertaken some of that work already. I'm happy to report that we have worked with the Tr'ondëk Hwëch'in and the Klondike Placer Miners'

Association from an environmental lens, but also from a regulatory lens. We have taken a tour of the Indian River plateau, specifically looking at some of the pressures there right now. In conducting that preliminary assessment, we've attempted to collectively — what we're attempting to do is really to come away with some interim measures. The interim measures will look at the interest of the landowner and the traditional territory belonging to Tr'ondëk Hwëch'in.

We're hoping we can come away in very short order with some interim measures with the Tr'ondëk Hwëch'in and the Klondike Placer Miners' Association on Indian River. There's some really good work going into that; a lot of money is being spent right now by both parties to gather the data, do the assessments — plus, as I mentioned in my opening comments, we're looking at best practices.

We have looked at other wetland areas as initiated under a special management area. Whitefish wetlands is another good strategy; however, short of the fact that we don't have a land use plan in Dawson City or in the Dawson district area, we need to come up with some interim measures, and we're working toward that.

The point around the broader Yukon strategy — I think your earlier question was that you wanted to know the timelines. We're looking at a broader Yukon strategy being designed. I'm hoping, through progressive engagement and consultation and drafting and the good work that has already been done, we'll have something to present and finalize by the summer of 2019.

**Mr. Istchenko:** I would just hope that something in the interim could be put in place as there are quite a few families with a way of life who have been waiting for this and maybe they could get busy in the next placer mining season. I will move on.

Has the minister had an opportunity to sit down with the helicopter companies in the Yukon and have a conversation about contracting through the Department of Environment?

**Hon. Ms. Frost:** I can confirm that the Department of Environment is working with the helicopter companies and with Highways and Public Works on an improved procurement process in an attempt to streamline our approaches.

**Mr. Istchenko:** I am not sure if we are on consultation number three or consultation number four with the helicopter contractors. I spent a lot of time on that file and we were very close to coming up with something like the minister said between the Department of Highways and Public Works and the Department of Environment.

Quite often, I still get forwarded e-mails from the helicopter contractors who are not satisfied. They will highlight something in there. Helicopter contractors are regulated by Transport Canada and they understand what they can and cannot do with their helicopters. So if I could just encourage the minister to follow through with this, maybe that is something that I can ask again in the spring. It is important to them. They are all about safety and they are all about a great quality of work, but there have been some real hiccups. I thought we had a solution on two separate occasions, but it

seems like there is something somewhere that is causing this, so if the minister could look into that and get back to me that would be good — if she could commit to that for me.

**Hon. Ms. Frost:** I would say that it is a priority and we are working toward a solution and reaching out to the industry and working with Highways and Public Works.

I would encourage the Member for Kluane — if you are receiving information that is relevant and would help to get us closer to that finish line, or to that place where we can design a better approach, that would be really helpful as well. I have not been personally involved. The department is working with Highways and Public Works on a proper procurement approach that involves the interests — because really I think in the wintertime a lot of the pressure for use of the industry comes from Environment. In the summer, they are occupied through Community Services and elsewhere with Wildland Fire Management or with the mining sector. So at the moment it is a priority and we are working toward fixing it.

**Mr. Istchenko:** For the minister, when I receive information, it's always cc'd to different departments of Environment or Highways and Public Works. The people there just cc me on the list with it, so the department would have that information. I'm sure the deputy minister could get some of those things to the minister's office.

I want to go to another thing. I have a question about the Kusawa park plan. Could the minister give me the status of the plan, please?

**Hon. Ms. Frost:** What I can confirm — and the member opposite may be aware also — is that the Kusawa plan has been signed off and, at this point, we are working with the impacted First Nations to finalize that plan, and then work toward the implementation of the Kusawa park management plan.

**Mr. Istchenko:** I do realize there was ongoing work, but the plan had never been actually signed off by all parties. I'm just wondering, for the minister, I know some of the issues — or not issues, but I guess there was some wording in the plan that some felt should be changed and that's why the plan didn't get signed off. I'm just wondering if there has been any ongoing work with the First Nations and all parties that are part of this, and I guess I would ask for a timeline.

**Hon. Ms. Frost:** I do stand corrected; the agreement is negotiated. We have yet to implement it. There's one specific item that's still outstanding and we're working with the respective parties to resolve that and we're working toward a formal implementation of the plan.

**Mr. Istchenko:** I thank the minister for that answer. I know there are some economic interests in there that would be great for the Yukon moving forward.

I want to switch to parks and campgrounds. The government made a commitment to expand existing campgrounds and infrastructure. To elaborate on this statement, does this government intend to continue on the path of previous governments and answer the calls of Yukoners to expand and improve current campgrounds and explore the possibility of opening new campgrounds in the future?

Is this something that we'll see in a line item in a budget in the spring for new campgrounds, and also existing or more infill in campgrounds?

**Hon. Ms. Frost:** I'll just maybe start here. It is agreed that we are looking and exploring all of our options, recognizing that parks are a significant and integral part of what we do in the Yukon in terms of our health and well-being.

Access is really important. We have had quite a lot of questions around accessibility and expansion. Yukoners and visitors to our territory seem to be well-aware of the fact that our campgrounds are easily accessible and that we are putting the resources into modernizing and upgrading.

Now, there has been quite a lot of money already put into campgrounds in the Yukon. We will continue to do that. We are trying to look at approximately one-third of the campgrounds over each season to modernize and bring them up to an A standard. Exploring our parks provides experiences for many people around the world and we want to ensure that high standard is maintained.

Representing the interests of all parties in our communities as well — the adventures and the feedback of all visitors have to be considered. We continue to do that with our partners — to seek the necessary feedback and look at where we are going to improve.

The Yukon government currently maintains 42 campgrounds, with more than 1,000 campsites, 12 recreation sites and six territorial parks — like Tombstone — where people can connect with nature. I will give just some statistics, because those are really a telling sign of where some of the resources will go, given the pressure. So Tombstone Territorial Park saw 15,000 people last year.

As well, we had over 1,500 attend the interpretive centre programming area. We are working toward expanding, upgrading, investing and maintaining our campgrounds to ensure they are safe and enjoyable for all our citizens of Yukon, and that means working together with our community partners as well — and identified Challenge Disability Resource Group and others. Mobility is really important to the campsites so that all Yukoners can enjoy the sites, so we will start working on taking the best practices and feedback that we have received and looking at implementing that. We have increased and provided some new campsites most recently in Yukon and, as time permits, I am sure that we will continue to do that but, in the short term, we will look at upgrading and modernizing those that we have.

**Mr. Istchenko:** I thank the minister for the answer. By way of background — we hear that a lot in here. I should not say that, but I should just say that a little bit of history — what I am getting toward is O&M and costs.

In the early 1980s, if I had asked anyone in this House what Tombstone was, they would have said that's the best western ever, probably, and then it was identified to become a park through a lot of great work by many individuals and, last year, 50 helicopter hours — and that is a lot of money — to just sling out the human feces from the outhouses in there. There is a huge cost that comes with this development.

We have heard a lot in the House over this new mandate about O&M and costs and O&M and stuff like that. As we move forward, I guess that begs the question: Is the department or this government looking at increasing fees or taking into consideration some of the O&M, or are they looking for private sector investment and at maybe letting some of these sites be run by other organizations — i.e. non-profit?

**Hon. Ms. Frost:** I am just going to go back to the previous question. The member had some specific questions around allocation and financial resources allocated to expansion work and improvements to campgrounds, so I just wanted to, for the record, make that note.

This year we invested \$300,000 to expand and improve campground infrastructure so that they continued to be safe, clean and accessible. While the statistics for 2017 haven't been compiled yet, we know that this past summer was busier than normal. I gave some data previously — historical stuff — and we want to keep working on increasing our allocation going forward to best align with the pressure areas. Going forward, we will continue to put those resources in place. I would venture to say that we are going to put the same amount of resources in — if not that much, then perhaps more, depending on where we see the pressures and where the needs are to ensure that campgrounds are safe.

The recommendations around fee increases — the Financial Advisory Panel came forward with some recommendations. Those are things that we will certainly take under advisement. I should note that what we're hearing, and the feedback that we're getting is that the campgrounds in the Yukon are some of the best in all of the country, and we want to maintain that high level of standard so we will put the resources where they're needed.

**Mr. Istchenko:** If I could get a confirmation — I would agree wholeheartedly that campgrounds are awesome. It's a way to get a cabin by the lake if you don't have one, for Yukoners, and they sure enjoy it. I'm pretty sure that we're the only jurisdiction on the planet to give free firewood away in our campgrounds — and don't try to take that away from Yukoners, either.

The fee structure on campgrounds is quite affordable. I guess my question would be — whether it's through the Financial Advisory Panel or if there are discussions looking at fee structures.

**Hon. Ms. Frost:** We'll certainly take that under advisement. What we are hearing — and the member opposite would know this as well — the feedback that we're getting is that the campgrounds that are ideally located or closer to the urban centre see the most pressure. What we're also seeing is that folks tend to get out to the campgrounds — Pine Lake is a good example. The member — in his riding — would know that people go there and set their tents up on a Monday and don't come until the Friday, and that ties up the whole campground.

As we look at options, we really need to consider regulating or having better control so that everyone can enjoy the campsites that are closely located to Whitehorse,

especially our families. It's not only about the accessibility, and I agree we need to consider that. We're looking at, as we have visitors coming to our territory — there's a tent set up, a lawn chair or a mobile home in the park that isn't occupied, and it isn't occupied for days on end.

There's quite a lot that has to happen, and we will certainly take the recommendations — the Financial Advisory Panel has suggested that perhaps we need to look at some options.

**Mr. Istchenko:** I do understand, and I know there has been some work done on the 72 hours and stuff like that. Is the department looking at an online reservation system as an option?

**Hon. Ms. Frost:** At this point, we are looking at all of our options. What we do know — and I stated this earlier — is that we always try to look at best practices. My understanding is that an online system is very difficult to manage and very difficult to regulate in other jurisdictions. We are looking and we will consider all the options.

**Mr. Istchenko:** Sticking with campgrounds — the minister did speak about a safe place for Yukoners. I know there were a few letters sent earlier this year to the minister. I'm a little disappointed that we didn't get a response about some of the safety issues in the campground — with the plowing or grading of the roads before the campgrounds opened, but also the wood within the campgrounds.

I know that at Pine Lake or Watson Lake, and in many of the campgrounds, there's a lot of deadwood in there, and trees fall. There's a huge opportunity. I know we did it one year when I was the minister — to use the local wildland fire guys in the fall time as the fire threat went down and they were still on, and to partner with the Department of Community Services and clean some of these campgrounds up. It also provides you some firewood, which is free to Yukoners.

I'm wondering if the minister will basically commit to making sure that all of the roads are bladed and ready to go for when the campgrounds are open, and that we can get in there and clean up some of the issues with deadwood. There are leaning trees, and they are safety issues.

**Hon. Ms. Frost:** I would like to thank the member opposite. We will certainly take under advisement and consideration the recommendation around the clearing of the deadwood in the area. It makes good sense that you would want to ensure that safety, but you can also certainly use that for the campgrounds.

My understanding is that, through Highways and Public Works, we have the regular maintenance schedule for the campgrounds. We will continue to work with our partners and ensure that the roads are regularly maintained and easily accessible.

**Mr. Istchenko:** I thank the minister for that response. If I could just get a legislative return committing to that — and which campgrounds will be done before they are open, and whether they will work with the Department of Community Services. Basically she can review the Blues, and I did ask some questions — if I could get that in a legislative return, please and thank you.

Can the minister provide an update on the contract for the remediation of the Marwell tar pit, phase 2?

**Hon. Ms. Frost:** The government completed a comprehensive assessment of the Marwell tar pit site, which included a risk assessment to human health in the area's ecology. This assessment shows the contamination in the Marwell area is stable. There are no active or immediate risks to human health or the environment related to contamination at the site.

Due to the stable and predictable situation, there will be investments in monitoring to ensure that the contamination remains stable; however, the full-scale cleanup is being deferred to future years.

**Mr. Istchenko:** I had sent a letter to the minister about the permit hunt system and I was looking for an external audit, an independent audit, of the system — maybe running it not from the Department of Environment, but through a non-profit society or somewhere else.

Earlier today in Question Period, there was a question about reviews or audits and stuff like that. The answer I got from the minister was an internal audit.

I would at least ask that the minister provide a copy of that audit before it gets edited to the local renewable resources councils and to the Yukon Fish and Wildlife Management Board, and basically to all Yukoners, all organizations, such as the Yukon Trappers Association — I could list them all. Fundamentally, it is about what Chapter 16 of the *Umbrella Final Agreement* states. Chapter 16.6.1 says that the renewable resources councils shall be established as the "... primary instrument for local renewable resources management in that Traditional Territory as set out in a Settlement Agreement." So they are a key player when it comes to resource management. They are said to be — in the *Umbrella Final Agreement* — the primary instrument, so when it comes to the management of any sheep or any wildlife population or fish population — I don't believe that there is enough input and enough focus put on our renewable resources councils and our Yukon Fish and Wildlife Management Board. I believe that there needs to be better engagement and a better working relationship with the Department of Environment.

Will the minister commit to providing a copy to all Yukoners and to the boards I spoke about and the councils when their review is done of the permit hunt?

**Hon. Ms. Frost:** What I would say is that we will commit to getting back to the member with some information post-review. Where we are right now is we're looking at moving to an e-licensing process. In that endeavour, we are going to look at the business process and that means meeting with our stakeholders. The Department of Environment works with the Yukon Fish and Wildlife Management Board and the renewable resources councils. It is defined under the self-government agreement. Chapter 16 clearly defines our process and the rights to engage around resource management on the traditional respective territories; however, across the board, we need to take into consideration regulatory changes that are not impactful. We want to ensure that we do this in a way in which conducting public reviews and looking at proposed

changes are done in a way that is streamlined and easily implemented.

The business process will take a little bit of time and we will do that by way of engagement as defined in the *Umbrella Final Agreement*.

**Mr. Istchenko:** I appreciate the answer from the minister.

Will the minister commit to a timeline — if the department or the minister has not met with the boards and the committees about the permit hunt system, will she commit to a timeline before, I guess, they engage in looking at a review or an audit of the permit hunt system, or will this be done after this internal work is done?

**Hon. Ms. Frost:** With regard to timelines, we are just now starting a review process and that means some engagement has to clearly happen. Now the member may be aware that when we go to a regulatory process internally it takes up to two years if there are proposed changes. If there are no changes and it is more of an internal administrative process that does not require regulatory changes, it will happen sooner. As we go to our e-licensing process, our hope and desire is to have that implemented by next hunting season.

**Mr. Istchenko:** Does the minister agree that if there is to be a closure for hunting or fishing of an area going to a permit hunt or a fishing restriction at a lake, the main reason should be for conservation?

**Hon. Ms. Frost:** I would say that may be one consideration. There certainly may be other considerations as well.

**Mr. Istchenko:** Is there a plan in place and a commitment of this government to ensure long-term healthy wildlife populations across the Yukon and can the minister provide details of this plan?

**Hon. Ms. Frost:** With regard to healthy populations, what we do is look at managing the species — so species by species, we come up with specific management plans that govern how we deal with that specific species in question.

**Mr. Istchenko:** I was reviewing the *Wildlife Act* proposed regulation changes and a good portion of those changes are related to fish.

Any time there is a regulation change proposal related to anything, it is not about opportunities, it is about closing something.

So that would come forward, they would close it and basically they would say to look at it in five to 10 years and nothing ever gets done. A good example would be Pine Lake.

The local renewable resources councils and the Yukon Fish and Wildlife Management Board and local trappers and hunters and the Yukon Fish and Game Association — many of the conversations I have had with them are that I think Yukoners as a whole, First Nation or non-First Nation, are getting very tired. I understand how the *Umbrella Final Agreement* is set up. In the *Umbrella Final Agreement*, it does say that there have to be hunting opportunities and there are percentages on who gets what animal.

I think the frustration with Yukon hunters or anglers right now is with the fact that there's always a closure, but there's

no looking at what can be done to increase our populations, whether it has to do with habitat or whether it has to do with predators, and, when it comes to water, whether it has to do with spawning beds in the water or has to do with climate change and changing times.

I think the government's Department of Environment does a wonderful job of managing hunters or fishermen, but I don't think we're doing the job — I don't think we're listening to our renewable resources councils when it comes to managing our populations. Yukoners as a whole are looking for options when these rate change proposals come forward. Yes, we're going to limit this, but we will do this, this and this. So will the minister commit to start having that conversation with the department? It's something that I was working on as a previous minister, but to commit to pushing the department to have those conversations on a local basis? Every issue we have in the Yukon when it comes to fish or wildlife is a local issue. Locals are the ones who are harmed or hurt by the lack of opportunity.

**Hon. Ms. Frost:** We will take under advisement the recommendations the member opposite brings to the table, given his experience as a former minister.

We are looking at working with our partners regionally and within the respective jurisdictions and responsibilities, looking at — currently we do have 14 proposed rate changes before the Fish and Wildlife Management Board, and we are working diligently with the Fish and Wildlife Management Board. We do continue to meet with them. In fact, we have a meeting coming up very soon with them.

I have met with the RRCs and will continue to do so now and into the future. We are working with them. The priority is really to increase our population so that we can implement and provide opportunities for harvesting; however, we also need to look at a management measure. The Alsek integrated moose management agreement is a good example of that — where the Department of Environment has been collaborating with Champagne and Aishihik First Nations to recover moose populations in the Alsek area through the Alsek integrated moose management agreement.

That is done really, I think, in collaboration with our partners and we support the increased wolf-trapping efforts in the region to eliminate the pressures on the moose, and we will continue to look at that best practice elsewhere in the Yukon.

**Mr. Istchenko:** I thank the member opposite for her answer.

I do want to continue on with this pilot moose management program. The minister didn't mention the Alsek Renewable Resources Council. As I stated earlier, the councils are equally represented by locals and they have been a big part of that too, and I believe they should continue to be a big part of that.

Can the minister give me the status of it? How is it going and how long will this go? It was a three-to-five-year plan. How much money is budgeted for it this year, next year and the year after?

**Hon. Ms. Frost:** I would like to thank the member opposite for that.

Any moose recovery action undertaken by the department — we try to keep within the moose management guidelines. That really sets the parameters and, of course, the management and the implementation are defined by our partners. It is defined by the consultation and engagement protocols in establishing the management plan. Conservation is an essential piece. Once we have hit a threshold, then there will be opportunities for, perhaps, an extended harvest.

The department has now completed the second year of its three-year initiative and, over that time, has contributed \$100,000. The three-year agreement concludes in March 2018. Pending an evaluation of the project agreement, it could be extended for another two years, so I think it doesn't say that it concludes. I think we need to do an evaluation and look at whether there is a need to continue forward, and that will be done with good faith discussions with our partners.

**Mr. Istchenko:** I thank the minister for that.

A little bit of history — in 1983, in game zone 7 areas, when we went to the permit draw system — and our populations haven't really climbed. When I said to the minister earlier that we need to focus more on growing our populations, every First Nation member would tell you the way it used to be and the way it is now. I think we have that opportunity to build that. That is why I was part of developing this program with Champagne and Aishihik First Nations and working with the local resources council and the local trappers, as the minister.

It's a little bit disappointing this year, and if the minister can maybe ask the officials — there was no bait this year. No one saved any bait this year. There was a program every year. They would save bait from animals that needed to be destroyed to go toward the program, and I heard from the local trappers that they were just about to get ready here and there was no bait, and so they are scrambling for bait. That was a decision from someone in the department. Can I get an answer on that please?

**Hon. Ms. Frost:** It is new information, so what I will commit to doing is going back to the department and getting more information. Right now I don't have that in front of me, so I would be happy to provide that.

**Mr. Istchenko:** What I've always said is — and I've used this for many, many years when I was a chair of the Alsek Renewable Resources Council — that we have many tools in the toolbox. Another example of trappers finding it difficult to work on some of the limitations the department puts on this program would be the snares. The local resources council there, through their proper funding, allows trappers to come and get snares and supply snares for trapping. But the department won't let them use snares and tells them that they have to buy their own snares.

I hope we can learn from some of this when we look at this program, and I would really hope — because I'll be pushing; I think I told the Premier this in my opening remarks. Fish and wildlife are so important to us as a cultural way of life. I just sent a letter to the Fisheries and Oceans minister

about salmon and the cuts to the staff at Dalton Post. It is incredible and it is not right.

I would just hope that when we look at this program and we audit it or we review it or whatever we do with this program — and I know that there are other areas of Yukon that just think it is the most wonderful thing that we're actually taking the youth out back on the land. We have some locals who volunteer so much of their time. They're trappers. Let them get a little bit of gas money. They're not making money there, but they're reinventing trapping again.

Trapping was at an all-time low. A lot of it had to do with the fur prices and the European Union back in the day. So we're back on the land and I think one of these programs is something that could be so successful to keep pushing in all of Yukon. Whether it is in the member's riding of Vuntut Gwitchin in the Old Crow area — and I've had many conversations in that area where they do the rabbit camps, because they have that in the riding. I've talked about swapping kids on getting our youth back out on the land, so I think it is good.

I would just hope that the minister can understand the fact that some of the things that the department would do wouldn't really work so well with what the local resources council or the local communities are asking for, so if the minister could comment on that, that would be great.

**Hon. Ms. Frost:** Certainly as we go about our work with rural Yukon and looking at engagement with the renewable resources councils, they will all come forward with their priorities and that will evolve in due process to the Fish and Wildlife Management Board and, eventually, I'm sure will find its way to my desk. We will have those discussions as we travel throughout Yukon. I understand the pressures. I certainly respect that it is an industry that we hope to bring back and it is something that we want to see supported.

The integrated community moose management project — the funding agreement that the member opposite is speaking about — ends in March of 2018. There was an agreement that contributed \$74,000 in the first year of the initiative and then \$50,000 thereafter and that is coming to an end. So in total, we spent \$174,000. That \$174,000 covered the snares and it covered some other initiatives. As we go forward, I indicated that there may likely be an extension and a discussion around the results of the management agreement. We will take that under consideration and bring that back for further discussion with the renewable resources council, the Champagne and Aishihik First Nations and others who are affected and impacted.

**Mr. Istchenko:** The last thing I have today is — we had brought up the issue of elk. I would like to comment quickly. There were some options on the table when it came to the management of elk and the problem with elk-agriculture conflicts. A lot of work has been done. I'm just wondering if the minister — we didn't see very many permits this year, and we highlighted that.

I'm wondering if the minister, through the elk technical team and working with all of the partners, is looking at some fundamental changes to increase that opportunity for hunting.

**Hon. Ms. Frost:** With regard to the elk-agriculture conflict and where we are, as a note, there's a technical team established for the management, and that has been around for awhile. What we are doing under that process is — we have four focus groups. The four focus groups look at management options. One of the considerations is harvest options. Once that information comes back, we'll take that under consideration and advisement.

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

**Chair:** It has been moved by Ms. Frost that the Chair report progress.

*Motion agreed to*

**Chair:** Pursuant to Motion No. 200, adopted by the House on November 16, 2017, Committee of the Whole will receive witnesses from the Yukon Financial Advisory Panel.

In order to comply with Motion No. 200 and to allow the witnesses to take their places in the Chamber, the Committee will now recess and reconvene at 3:30 p.m.

*Recess*

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

### Appearance of witnesses

**Chair:** Pursuant to Motion No. 200, adopted by the House on November 16, 2017, Committee of the Whole will now receive witnesses from the Yukon Financial Advisory Panel.

I would ask all members to remember to refer their remarks through the Chair when addressing the witnesses. I would also ask the witnesses to refer their answers through the Chair when they are responding to members of the Committee.

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

*Witnesses introduced*

**Hon. Mr. Silver:** It's my pleasure to rise today and introduce three of the members of the Yukon Financial Advisory Panel who are appearing as witnesses in the Legislative Assembly here this afternoon. Our government formed the panel in the spring of 2017, Mr. Chair, to provide independent and expert advice on improving the government's financial outlook.

The panel's terms of reference, previously shared with the House — we outlined the panel's mandate: (1) to develop options on how the Yukon government can deliver on its priorities while meeting the fundamental needs of Yukoners and returning to a healthy financial position; and (2) in formulating its options and advice, the panel will meaningfully consider the thoughts and opinions of Yukon residents, governments, organizations and other stakeholders, as expressed through public engagement.

In seeking the views of Yukoners, the panel undertook two rounds of public engagement. Phase one took place in

June and July and primarily took place online, and was designed to solicit the values of Yukoners with regard to government financial planning. During phase two, the panel shared draft options and considerations with Yukoners. In September and October, the panel held public meetings in 15 Yukon communities.

It met with 11 Yukon First Nations, eight municipal governments and 21 stakeholder groups. In all, more than 800 Yukoners provided their views to the panel. Following this intensive public engagement, the panel reflected on what it heard in a final report, which was released publicly on November 15.

The panel is made up of Norm McIntyre as chair, Grace Southwick, Ron Kneebone, Trevor Tombe and Tim O'Neill. I would like to personally thank all five members of the panel for their dedication and hard work over the past seven months.

With us today, Mr. Chair, is Norm McIntyre, a certified public accountant and chartered accountant who has practised publicly for 22 years advising individuals, businesses and First Nation governments on tax and accounting matters.

We also have Grace Southwick, who is the director of Kluane First Nation's Department of Lands, Resources and Heritage. She has held senior leadership roles with KFN since 1998, including economic development, human resources, employment and training, and renewable resources.

Also, Mr. Chair, we have with us Ron Kneebone — he is a professor of economics and scientific director of the social policy and health research division in the School of Public Policy at the University of Calgary. His published research includes government budgeting financing, government deficit and debt reduction and characteristics of federal, provincial and municipal fiscal policy choices.

I welcome the opportunity to have these members as witnesses here in the House this afternoon. I am personally interested in hearing the panel's views and reflections on the process that they undertook to engage with Yukoners. I am also very interested in whether the panel had the material and the access that they needed to do the work and were free to pursue options that they thought would be of value.

Finally, Mr. Chair, I think it would also be very useful to have the panel's view on why it is important to undertake such an examination of the territory's financial situation. With that, I will turn the floor over to members of the Yukon Financial Advisory Panel for their opening comments.

I want to thank you for the opportunity to speak today. Thank you, sir.

**Chair:** Thank you, Mr. Silver.

Would witnesses like to make opening remarks?

**Mr. McIntyre:** We followed the mandate in our terms of reference, which was to look at the finances, look at options to bring them into balance and consider the government's priorities. We thought the final report addressed the mandate fully. The process we went through was very transparent. We were able to get full access to any information we wanted. All the members of the panel were independent.

The public engagement process was well-run. We got good input from Yukoners, First Nation governments,

municipal governments, and various stakeholders. Our draft report was well-circulated. We amended it based on input from Yukoners and came up with additional options for consideration. We felt the process went very well. The report took the depth and breadth of the public engagement process, converted it into options and that was our presentation in the final report. I will leave it at that.

**Mr. Cathers:** I would like to thank the witnesses for appearing here today, as well as the opportunity to meet with them on — I guess it would now be three occasions related to the work that they are doing.

I would like to thank them as well, as it will come as no surprise to the panel that we were pleased to see them identify in their report, including notably in the area around pages 92 and 93, the reference to that it is an option for government to balance the budget simply by restraining the rate of growth of government, which as members know — not to draw you into a political debate on options — it is no secret that it has been our position that government should restrain the rate of growth.

In reference to — I'm looking at page 38 of the final report. I appreciate the fact that the panel has identified the issue of the numbers looking different if you're looking at the government's main books or at the fully consolidated budget. I will just read a quote from that section on page 38 where the report notes that — and I quote for Hansard: "Recently, the Yukon government projected large deficits in the coming years, varying between \$40-60 million, or roughly 1.5% of GDP. This is a large change from earlier years where large surpluses were the norm. But, one must interpret these numbers cautiously. The financial health of the Yukon government is stronger than its headline deficit projects suggest. There are a variety of entities that are excluded in such calculations. The full consolidated budget balance is typically stronger when net income from these entities is included."

I do appreciate the fact that further on — on page 38, the Financial Advisory Panel acknowledged in its report that things such as intergovernmental transfers from the Yukon government to government entities have an impact on the books. Again, I'll just briefly quote the reference from the report where it notes that — "Of the \$170 million in other entity revenue expected for 2017-18, \$120 million is a transfer from the Yukon government. With other entity expenses of just over \$140 million, there is an overall surplus..." and that "Combined with the small surplus for the general government of \$6.5 million in 2017-18 the consolidated surplus becomes over \$33 million."

I do appreciate and welcome the fact that the Financial Advisory Panel in your report noted, or you twice recommended — there are at least two references to improving the comprehensiveness and transparency of territorial budgeting to include fully consolidated books and projections. My first question is: In looking at the government's projected expenses for future years, including the projections of both deficit and debt, what level of detail did the panel have in looking at those assumptions? By that, I

mean, were you provided with detail on the amount of infrastructure spending or borrowing by the Yukon Development Corporation or Yukon Energy Corporation or by other entities such as the hospital? Did you have the details on that? If so, can you share them? If not, could you comment about the level of detail that government did provide you about their future-year spending projections?

**Mr. Kneebone:** Thank you for the question. We relied heavily on the Public Accounts provided by the government and by the Auditor General, I assume. They are as comprehensive as possible and are the data we relied upon. I hope that answers your question.

**Mr. Cathers:** Sorry; I maybe didn't phrase it as clearly as I could have. I appreciate that clarification of the starting point for looking at past years. I'm referring to — when you're looking at the projections for future years, such as the reference on page 38 to showing the projected downturn on both the non-consolidated and the consolidated books, and the reference further on — and I'm just trying to find the exact page — to potentially being in debt in a future year by as much as \$699 million, what basis are you relying on for that information? Do you have the details on what the government's projections are based on, or are you simply relying on largely the overall number that they have given you about those future years?

**Mr. Kneebone:** So you were thinking about the future — the projections about the future. The future is always uncertain — that's the problem with the future — so part of it was our estimates. You may see on page 38 the notes to the graphic on that page. We note that we made an assumption about the size of the net surplus with the other entities. Part of it is that we're making educated guesses about what the future holds.

**Mr. Cathers:** I appreciate that answer. Just for clarification, you're basing that assumption largely on a continuation of the trajectory rather than on scrutinizing the details of the projected costs for everything from operational spending to infrastructure spending for the government's entities for future fiscal years — is that correct? You're just looking at that largely as a continuation of the trend versus having the opportunity to see what is composing government's projections for future years?

**Mr. Kneebone:** I would have to check with my colleagues to be doubly sure, but I believe you're right — that we were just basically depending on trends.

**Mr. Cathers:** I appreciate that clarification. One of the reasons for this is that members of the panel will no doubt not be surprised to hear that there will probably be future debate with this in the Legislative Assembly on what those assumptions are based on for the future years.

From my humble perspective, one of the biggest questions when it comes to government spending for future fiscal years is what government chooses to do or not to do. For example, there's reference in the report to the expected cost of electrical infrastructure, and there's a wide range of options in that area of whether government chooses to expand the grid through growth of the transmission and distribution

network — decisions about whether government invests in hydro or allows the corporation to borrow money to make those investments, and whether government goes into areas such as wind, for example — which does require a backup system in most cases.

Feel free to correct me if I have misunderstood, but I understand that you're largely basing that on the trend and will be drilling down with the government in the future into what those projections are based on.

As referenced on page 33 of the report, there is reference — and I appreciate that — to infrastructure and the importance of redundancy in infrastructure for electricity. I understand that you just haven't been given this level of detail, but I can tell you from past experience — I would assume the current government is in this situation as well — that among the biggest potential cost pressures are the potential hydro and transmission projects that are being contemplated by Yukon Development Corporation and Yukon Energy Corporation, and whether government chooses to expand them or not is largely up to the government.

Moving on to another specific question — I'm just going to ask briefly about the terms of reference. The terms of reference state that the panel's term would end after six months. I think I know the answer to this but, just for clarification for the record — does the panel have any role in reviewing future budget decisions, the detail of those future projections, or any involvement in advising government on the budget for future fiscal years?

**Mr. McIntyre:** Mr. Chair, the panel will not be advising the government on future decision-making nor will it have any input into the decision-maker on the options.

**Mr. Cathers:** Just to clarify — the panel won't be involved in budgets for future years, and when it comes to the broad options identified and some of the sub-options, such as raising fees, the panel's role is not going to be to advise government on which would be better or worse, but is simply to provide generally a range of options as you've included in here about the upsides and downsides of each of those options. Is that correct?

**Mr. McIntyre:** Yes, that would be correct.

**Mr. Cathers:** I appreciate the answer from the panel.

Based on that, I understand that it is entirely up to government to decide whether to accept or reject any of the options or recommendations within the report — correct?

**Mr. McIntyre:** Mr. Chair, that would be correct.

**Mr. Cathers:** I will not spend a lot of time on the point — while just flagging for the media, those in the gallery, and anyone who is either listening to this on the radio or reading it in Hansard — that among the most important decisions to be made by this government or future governments are those that relate to whether or not to invest in infrastructure and in the area of pressures, particularly pertaining to electricity, and relate to whether government installs new capacity for new, large, industrial customers, and who pays the cost of line expansions or the investment in new generation.

I would just note — I'm just trying to find my next question, as I'm flipping through the pages here — that

there's a reference made on page 42 to the fact that additional revenue raised by the Yukon government is not under the current territorial funding formula being clawed back in the same way that it used to be under previous ones. There is a reference in a footnote on page 42 to the fact that there's an indirect effect — I'm quoting from the report, for Hansard: "Raising tax rates tend to distort and lower economic activity, which shrinks tax bases below what they would otherwise be. In this way, raising a Yukon tax does shrink the TFF grant, but this effect is of second order."

Can the panel elaborate on that at all, as well as whether the panel has any involvement or information, beyond what we have, of potential changes in the new territorial funding formula agreement after it expires? Is the panel aware of any changes that we know are happening, or may happen, in matters such as the way the gross expenditure base is calculated, whether it uses a reference year in the report versus annual adjustments, and whether there are any potential changes around the clawback, or reduction, of own-source revenues in the territory?

**Mr. Kneebone:** Speaking for myself, I know nothing about what the federal government is thinking about. As far as I understand it, the TFF is a matter of negotiation between the territory and federal government, and I have not heard or read anything about what the future negotiations might be.

As for the footnote referred to, it's just making a simple point that, when any government raises taxes, it tends to influence economic activity in the jurisdiction where the tax is raised. So it does have some effect on the tax base and therefore a small effect on the TFF, but, as the footnote indicates, this is a very minor effect.

**Mr. Cathers:** I thank the witness for the answer on that. Just to clarify — to make sure I'm not putting words into your mouth — in this case, if there were an adjustment at the negotiating table that you're not part of, and you simply don't have that information — but it is a potential that, if there were to be a change in the negotiating position of the federal government, the Yukon government could make a choice to implement a new tax or a new fee, and potentially, if there were changes put on the table in the next territorial funding formula negotiation, we could end up not actually receiving the predicted financial benefit of that potential revenue source.

**Mr. Kneebone:** Again, I'm not privy to the nature of the negotiation or what the possibilities are. I do know it's a negotiated settlement, so that to me suggests that there are lots of options and lots of different outcomes that are possible.

**Mr. Cathers:** I appreciate the answer. I'm going to just move on to another area related to the terms of reference. Could the panel indicate — when did you first receive the terms of reference? Were you involved in the development of the terms of reference? The reference to the start date for the engagement process says that it was June 14. Was that date chosen by the panel or was it chosen by government?

**Mr. McIntyre:** Mr. Chair, I'm stretching my memory here, but the terms of reference were developed by the government. There was a review by the panel of those terms of reference to make sure that we agreed with them — which

we did. The start date really was a collaborative decision, I think, between the government's public engagement representatives and the panel as to when a reasonable start to the public engagement process could begin.

**Mr. Cathers:** Just in looking at the report, there is reference to — in discussion with municipal governments, property tax rates between Yukon and municipal rates was an issue. I assume it means the difference between them. It references the fact that the panel added an option to review property tax rates, especially near municipalities. Is that something that the panel received any feedback from the public on, or is that a newer option that there hasn't been public feedback on?

As you may expect, the reason I'm asking that is that, while we understand that some municipalities have argued for years — an ongoing difference of opinion between the Yukon government, during the past government and actually previous governments as well, and municipalities was about whether government tax rates near municipalities were too low. Municipalities — at least some municipalities — have long held the view that there should either be an increase in tax rates or perhaps the ability for them to charge fees from those citizens not in their borders, whereas the Yukon government has long held the position, previously, that municipalities also receive direct transfers from the public purse — through matters such as a comprehensive municipal grant — which are effectively contributions from other Yukon citizens who are not within their borders.

My specific question on that, after setting the context, was: When did that option get put on the table, and how much feedback did you receive from citizens who would be affected by that — about the potential that their property taxes might go up?

**Mr. McIntyre:** That was a modification from the public engagement process. We didn't speak to it in the initial draft of the report. That was based on discussions with municipalities and then input from the public, in the public engagement process. So the heavy weighting would be from the municipalities, and then the odd comment from the public.

**Mr. Cathers:** I appreciate that answer. I would just flag for the panel — I appreciate that they had the process that was laid out and that they don't have the option of going back to consult beyond their terms of reference, but it does sound like we have an option where there wasn't a lot of opportunity for rural Yukoners to weigh in on. We will just flag that to the government as they consider whether to look at that option because — I will give them fair warning — if they go after raising property taxes, they are going to be getting some questions from us.

I just want to move on to some specific areas related to the breakdown of the costs in the report. If members will just bear with me, I am going to find the proper page.

There is reference in the report to health spending, including per capita health spending in the territory. In the report, there is reference to real per capita spending on health care being \$500 per person more than if the health spending growth at the age/gender cohort level matched the rest of

Canada. Just for the reference of Hansard, that is a quote from page 52.

In looking at that, what is not clear in the report is the level of detail — what is included in that definition of health spending. The reason that I am asking this relates to the fact that, in some reports that have been done at a national level, depending on who is doing the report, some of those reports include expenditures by the Social Services branch of Health and Social Services as health spending, whereas in most Canadian jurisdictions — with the exception of the north and a few other places — social services is under a separate department from health.

In the past, some of the reports and comparisons that we have seen released have included Yukon spending in the Social Services branch of Health and Social Services as health spending because they are under the same department. I think it is fair to say that if you are doing that, you are not quite comparing apples to apples. I might say, somewhat facetiously, that our oranges are being counted as if they were apples if you included those social services costs.

Are the numbers and comparisons used in the report on pages 51 to 55 exclude spending by the Social Services branch from health spending, or are those numbers being considered as part of the overall health spending when you are doing the comparison of the Yukon to other jurisdictions?

**Mr. Kneebone:** Mr. Chair, our desire and the better part of our effort was put toward making sure they were kept separate. It is important to keep those apples separate from those oranges, in part because, later in the report, we emphasize that what are known as the social determinants of health are an important consideration for the government to think about — that health outcomes can be improved, not necessarily only through spending on what we generally understand to be health — hospitals and doctors and nurses — but also through efforts like increasing the stock of affordable housing and other measures that improve the health and health outcomes of people with low incomes. So it was our effort to try to keep those as separate as possible.

**Mr. Cathers:** I appreciate that and, just on a similar vein, I understand that Social Services would be separated out from those numbers.

Does it include spending by the Emergency Medical Services branch of Community Services as health spending? In those calculations of health spending — again particularly in those sections where it's comparing our per capita spending to other jurisdictions — does it include the funding that is provided under the Department of Health and Social Services to a number of NGOs, or is that separated out for the purposes of that?

**Mr. Kneebone:** These are very good questions and they raise difficulties in all of these sorts of data. We have relied, for our data, on independent resources, from Statistics Canada and from the Canadian Institute for Health Information — CIHI. I would have to dig deep into those data sources to answer your specific questions. It's almost inevitable that, when these organizations do comparisons across jurisdictions, whether provinces or territories, there are

going to be some inconsistencies, and it's almost inevitable that this will happen.

Some jurisdictions include ambulance services within the provincial or territorial government; some do it within municipalities. Some provinces define health care spending that others would suggest was more of a social spending. These organizations — CIHI and Statistics Canada — make every effort to separate those as much as possible, and that's what we relied on.

**Mr. Cathers:** I appreciate the answer and the clarifications. So you're largely relying off information from CIHI and others, rather than doing an assessment by the panel of what elements of the Public Accounts you would classify as health care spending — is that correct?

**Mr. Kneebone:** Mr. Chair, yes, I think that's correct. The reason for that is we want to make a comparison across jurisdictions. In order to do that, we wanted to make use of as comparable a set of data as possible. That required that we rely on Statistics Canada and CIHI.

**Mr. Cathers:** I appreciate that clarification. Just to confirm — I think you actually answered this, but I just want to make sure I didn't miss this: Where there is funding of NGO service providers under Health and Social Services, if there are areas where that spending is different or provides services that may not be available in comparator jurisdictions, you're not doing a qualitative assessment of that to the extent that CIHI or other reporting agencies are themselves including NGO spending as part of health spending, and you're largely using the numbers that they have developed to determine what is or isn't health spending — correct?

**Mr. Kneebone:** Yes, that's correct.

**Mr. Cathers:** I do appreciate that clarification.

In the graph on page 55, there's a comparison given of health spending per capita in the Yukon to the other two territories and the provinces. In looking at that graph, there are a few things that jumped out to me in reviewing it. From the graph on page 55, it appears that, in looking at the numbers — and again, it's a graph. It doesn't give the precise dollar breakdown of the components in the graph.

But there is a comparison of health spending per capita in the Yukon to the other two territories and the provinces. As I mentioned, in looking at that graph, a few things jump out at me. It seems that the capital spending on health per person is substantially higher in the Yukon than in any other jurisdiction except the Northwest Territories. First of all, I would just ask if you could confirm that I am interpreting that correctly. My second question is: How much of that is due to the Whitehorse hospital and emergency room expansion, how much of that is that due to Whistle Bend place and, thirdly, the MRI expansion?

My next question on that is: In those areas where our capital spending is higher, have you made any attempt to assess what that is based on, whether it is based on the Yukon expanding services or getting up to the same level of services or other areas, or doing other investments that may have a reason to affect why those numbers are higher than other Canadian jurisdictions, or, whether it be new infrastructure,

replacing aging infrastructure or simply providing services in the territory that previously we had to rely on Outside for?

**Mr. Kneebone:** A lot of questions in there — if I haven't answered them all, let me know. First, I think your interpretation is correct that what I see as purple — I am colour-blind, but what I see as purple, as that bar — is larger than the other territories, so your interpretation is correct. We did not look into what the source of that is — whether it was specific projects — at all.

One of the problems with the graph is that it is a snapshot. So it runs into the problem that, if in a certain year, a certain jurisdiction spent a lot, it may cause you to come to a conclusion that wouldn't be warranted if you looked at other years. I think that's all, unless you can remind me of your other questions. But basically, to answer your question, yes, capital spending in that year was higher than in the other territories, but we did not look into the sources or the reason for that extra spending.

**Mr. Cathers:** I apologize for packing too many questions in. I'm in the habit of doing that. I'm trying to break that in discussions with your appearance here — to not have too long a list of questions.

So actually, I believe you indirectly answered my question, which was that you haven't done an assessment of the basis for the capital spending — or the reason — or determined whether it has to do with new technology or replacement of aging infrastructure, et cetera. I see you are appearing to indicate agreement on that, so I appreciate that clarification.

In appreciating your comments about it being a snapshot, one of the things that I was not quite clear on the explanation for is why the graph cited 2016 numbers — originating from the Canadian Institute for Health Information, I believe — while the report earlier, in doing the comparison of real per capita health spending in the Yukon, used numbers for 2014. Just in attempting to compare the two, it of course is using snapshots from two different years.

Can you just explain to the House what the reason was for using 2016 numbers on the graph and 2014 data for the \$500-per-person higher spending number per capita?

**Mr. Kneebone:** Mr. Chair, the only answer I can give is probably what data was available that we used. I can't really give you any other information than that. Our choice was not designed to give a misleading picture. I suspect it was the data that was available to us.

**Mr. Cathers:** Just to be clear, I wasn't attempting to imply that you had any bad reason for using those government numbers. I was just asking for clarification on why there was 2014 numbers versus 2016.

In looking at that — and again, recognizing trying to compare the 2016 graph to the 2014 numbers — in looking at the graph citing the 2016 numbers on page 55 — since the Yukon seems to have a substantially higher portion of capital spending in that breakdown, how much of that \$500-per-person number that is cited on page 52 is due to the higher capital spending on health care in Yukon as referenced in the 2016 graph — again, recognizing that both of them are talking

per capita spending? In one case, we're using 2014 numbers and then in the graph, it is 2016 numbers.

I apologize if I asked that question fairly opaquely, but just to clarify — if the report is saying that the per capita spending on health care in Yukon is about \$500 higher per person and two pages later in the report, it is indicating in the graph that Yukon has what appears to be the highest per capita capital spending on health care, are you able to give us a number or rough estimate of how much lower the \$500 per person would be if you took out the capital spending or reduced it to a level comparable with the average of the provinces?

**Mr. Kneebone:** Mr. Chair, I can't cite figures offhand. I don't have them with me. I think you raise some useful points — that it would be useful to have the same year in making these comparisons. Indeed, it would be useful to have what an economist would describe as a time series — how capital spending has changed over time — so that we don't get misled by what might be a temporary increase in capital spending. I think that is a worthwhile thing to do. We should maybe want to look into correcting it.

**Mr. Cathers:** I do appreciate that clarification because just for reference — the panel probably knows, but for others there have been, in recent years, the expansion of the emergency room at the Whitehorse hospital and the new ambulance station that was part of the Whitehorse hospital expansion, though operated by Emergency Medical Services. It was built by the Yukon Hospital Corporation and I would assume it would show up in some of those capital spending numbers, as well as the new MRI at Whitehorse General Hospital and the Whistle Bend continuing care facility.

The capital spending on health, to me, seems to be at a higher than normal level during the past five years or so. So it would seem to me that some of those numbers referenced in the 2016 and 2014 numbers would be affected upward by that higher than normal spending.

I think you actually indirectly answered this earlier, but one of the specific questions on my list was that when you are comparing health spending, you are relying largely on information from CIHI and other public reporting agencies rather than doing a qualitative comparison to other jurisdictions, including whether programs like some of the recent programs like the family supports for children with disabilities program, which provides a higher level of service than most, if not all, in the country, or the chronic conditions support program, which again covers some things that are not covered elsewhere, or medical travel or the home care system — the report doesn't dig down into that level of detail to try to assess whether a higher quality of service or the range of service provided in the Yukon is affecting the total cost of health care per capita. Is that correct?

**Mr. Kneebone:** Yes, that is correct. One of the recommendations or suggestions of the panel is to actually think hard about health care spending and to make those comparisons across jurisdictions. That was beyond the scope of our panel to do so, but we suggest that would be a useful exercise to do. In that exercise, you would want to be careful

to do exactly what you are suggesting, which is to compare as closely as possible the different types of spending on health — which, as you indicate, can be very broad — and not just thinking about MRI machines, doctors and nurses, but also thinking about other aspects of health.

So any review of the health care system, which we suggest would be a useful thing to do, would have to be very carefully done in that manner.

**Mr. Cathers:** I appreciate that. So unless I am putting words into your mouth, then I don't think I need an answer on this; I think you have already answered it. But my conclusion, or what I understand, is that programs like the Yukon's health and human resource strategy programs, like the family physician incentive, the bursaries for doctors and nurses, the health profession education bursary — those costs are included in the per capita health care spending and not excluded, and there is no comparison of what occurs or doesn't occur in other jurisdictions.

Secondly, the Yukon has done better than most jurisdictions in successfully accessing health funding under the Canada Health Infoway over the last number of years, which has allowed Yukon to advance a number of health care initiatives and innovations, including, in most years, more projects than a lot of the smaller provinces and territories.

So I'm just seeking clarification on the record that it doesn't — again, you're not digging down into the type of service, the level of service, the quality of service to the extent that those investments show up in capital spending. So the report doesn't dig down into the detail of why that spending occurred or the merits thereof.

**Mr. Kneebone:** Yes, that's true. We are flying at 50,000 feet at this point when we look at these data and we did not drill down to the level that is being suggested. That should be done in any really comprehensive examination and comparison of the health care system in Yukon Territory versus other jurisdictions.

**Mr. Cathers:** I think my last question in the area of the health spending, unless I come across another note — we discussed this earlier back in September, I believe it was. I just wanted to get it on record so that there is no question of whether I am putting words into your mouth on this. When it comes to areas such as — there has been a substantial amount of public debate about the Whitehorse General Hospital being at or over 100-percent capacity, 60 percent of the time the past year, with — according to physicians and the reports — typically 40 percent of those beds being occupied by patients who would be better served in alternate-level-of-care facilities, or ALCs, and who would best be served in a continuing care facility.

I would just ask, just for the record in Hansard, to confirm or correct my understanding that the panel did not look into the detail of that and whether there would be a reduction in health care costs if patients were in a continuing care facility, in a hospital, or look at what the effects on patient outcomes would be of opening up more continuing care beds or expanding home care.

**Mr. Kneebone:** Yes, that is correct. I think that in the report we noted these issues — which are common across health jurisdictions across Canada — and, on that basis, we recommended that all governments, including the Yukon, should look carefully at the health care system and whether or not the resources of the health care system are being utilized as efficiently as possible.

Again, that was beyond our mandate to look at. It is something that a more in-depth examination of the health care system really should look at.

**Mr. Cathers:** I appreciate those answers as well.

I am just going to go back to a couple of process questions that we have prepared. Those include the fact that the panel was announced on April 27. The engagement process, as I understand it from the previous answer in debate this afternoon, was chosen in collaboration between the panel and the government.

Can the panel please indicate why the decision was not made to begin the engagement process on or closer to April 27 to provide more time for engagement outside of the summer, and was that a decision by the panel, by the government, or a collaborative reason, and can you elaborate on the reason for that timing choice?

**Mr. McIntyre:** I guess there would be two issues that came up. One was the ability of the panel to get together as individuals and start the work, and the other issue would be the public engagement platform. The first engagement process was an online process, and getting that up and running took some time — so a combination of matters.

**Mr. Cathers:** When was the final report submitted to the government, and did the government see any versions of the report in between the draft and the final report? If so, when did they see those? Did the final report change as the result of any input from the government?

**Mr. McIntyre:** The draft report was presented to the government on or about September 12, I think — somewhere in that neighbourhood. There was no input from the government on changing the draft. The draft that we provided was the draft that went to public consultation.

**Mr. Cathers:** With regard to the final report, did the government see an advance copy or have any opportunity for input or adjustment prior to the panel releasing it?

**Mr. McIntyre:** We presented the final report to the government caucus a week prior to the public release of the report, and there were no changes as a result of that meeting.

**Mr. Cathers:** I appreciate that. I'm going to move on to another area. In my opinion, it's probably one of the single-most important issues that's addressed within this report, and that is the projections that would see government increase the debt from the current level — unless there has been an update since the Premier and I debated this earlier this Sitting. The current long-term borrowing, we were advised, is the same as what it was at the end of the 2016-17 fiscal year — \$193.5 million in total long-term debt. The projection in this report shows that, by the year 2030, the Yukon might be \$699 million — almost \$700 million — in debt — borrowing a half-billion dollars over the time period from now to 2030.

Can you provide any elaboration on the basis for that? You have indicated already that you didn't have access to the details about what's making up the trends or projections, but is there anything you can elaborate on about why we would go from the situation we're in here in 2017 to, over the next 23 years, going from our current level of less than \$200 million in debt to almost \$700 million in debt?

**Mr. Kneebone:** Those projections are based on trends. I think the answer is that, if the territory continues along those trends, this is the inevitable end result. One of the reasons for this panel, I understand, is that the government wants to avoid that outcome and is looking for options to avoid that outcome.

**Mr. Cathers:** I appreciate that clarification. Again, since the panel has already noted that they're relying on the trends, rather than the detail, and that it's beyond the mandate of the panel to pick which of the broad options should be proceeded with, other than identifying the options available to government, you're not making a qualitative decision of whether it is more appropriate for government to go to option one and restrain the rate of growth versus any of the new revenue tools that were identified.

**Mr. Kneebone:** Mr. Chair, yes, that's correct. We are laying out options as best we can — and possibilities.

**Mr. Cathers:** I do appreciate the answer. The next question I'm going to ask is just about the basis of when the time was chosen for the range of the years covered during the report. It certainly appears, in looking at the trends over the past number of years, that there is a different fiscal picture presented. If one looks at the past seven years and the trends of comparing Public Accounts to Public Accounts, the years that revenues were higher than expenses and expenses were higher than revenues, that picture changes if you add in those previous three fiscal years, and it presents a more negative trend if you look at the 10-year horizon than the past seven years.

Can you comment on who made the choice to cover 10 years versus using the last seven or, say, the last five, and how it changes the financial picture?

**Mr. Kneebone:** It may have been me, simply because the Public Accounts provide a very handy and useful summary of the 10-year period, and 10 years is a nice, roundish kind of number. Rather than trying to cherry-pick a period that might be deemed to be biased in the results one way or the other, we just chose — there was a table available from the Public Accounts showing 10 years so that's what we went with.

**Mr. Cathers:** Thank you, Mr. Chair, and I appreciate that indication, but I'm looking for my note in all the paperwork here comparing those numbers from the past number of fiscal years. I did note, in doing research on this, that looking at the past seven fiscal years compared to the past 10 fiscal years seems to present a very different trend and a very different picture going forward.

Would you agree with that assessment or is that something you need to look at?

**Mr. Kneebone:** The problem with looking at data over these periods is trying to not bias your results. If I were to be

extremely careful about this, what an economist like me would do is get as many years of data as possible — more than 10 — and look for trends. One of the problems with picking a period is that the period may very well have been a period of recession or it may have been a period of boom, and so those are biased results.

We would like to have as long a time period as possible in order to be able to have the booms wash out with the recessions to get a fair picture.

There are different ways of doing that. You can try to do econometric analyses, which involve a lot of things that bore people and require a lot of data. The other approach is simply to take a 10-year average — or if you have more data that would be wonderful — and not put too much emphasis on it, but rather simply recognize that these are trends. There are going to be movement in those trends. Some years the rate of growth of spending will be higher; some years it will be lower; and the same with revenues.

What we're looking at is just a very broad statement of the direction of the government's finances. That's really all we're trying to accomplish by looking at those trends that are observed over the previous 10 years.

**Mr. Cathers:** I appreciate that answer. I'm going to move on to a couple of specific options identified by the committee in the report and just ask if you can elaborate on them. There's reference to improving the comprehensiveness and transparency of territorial budgeting to include fully consolidated books and projections. Can you just elaborate a little more on the reason for there being benefit in moving toward that model?

**Mr. Kneebone:** I'm a big believer that governments and their budgets should be as transparent as possible. Governments work for the benefit of their taxpayers and their citizens, and the citizens ought to be able to understand as comprehensively as possible the budgets of their governments. That's a challenge, because the governments also have to satisfy the demands of accountants, like Norm here, and to satisfy the accounting rules, but they also need to be stated in such a way that the average citizen can appreciate and understand.

To my mind, that's the basis of democracy, and that's behind our recommendation that the budget should be as transparent and as easily understood to taxpayers as absolutely possible.

**Mr. Cathers:** I appreciate the answer. Throughout the process — I understand there was a presentation to caucus a week before the final report was released, but no changes were made to the report as a result of that. Throughout the process, how many meetings or conversations did the panel have with caucus, including caucus presentations, or members of Cabinet or political staff from the point of announcement of the panel to the end of that process?

**Mr. McIntyre:** I believe we had one initial meeting with the Premier and, subsequent to that we had no interaction with the government until we had that meeting a week prior to the draft report. That would be it.

**Mr. Cathers:** The final report references deputy minister and assistant deputy minister focus groups. Can the panel elaborate on what those were, how many of those focus group meetings were held to consult on the draft report, and what their engagement was throughout the entire process, either at the outset or during the development of the report, and how much of a role those senior officials played in providing comments? I'm specifically referring to the conclusions of the report; not so much information where you may have asked questions, but to what extent they were given the opportunity to provide input or advice on what options the panel should be looking at recommending.

**Mr. McIntyre:** Mr. Chair, we had one meeting with the deputy ministers and we had one meeting with the assistant deputy ministers. It was a presentation of the draft report with commentary back from the DMs and the ADMs. There were no direct changes to the report as a result of those specific engagements. Additional options were made really on the basis of the First Nation, municipal, public and stakeholder consultation engagement process.

**Mr. Cathers:** I appreciate the answer. I have three other questions about consultation, but they are related so I am going to put them in together.

On page 3, it references — I believe it says and correct me if I'm wrong — that the panel met with 11 of the 14 First Nation governments. Can you please explain only why only 11 were met with and which three were not? The sub-question on that is: At what level were those First Nation governments consulted? Was it at a leadership level — with chief and council, officials, or did it vary in those individual instances?

The next related question is about engagement with the eight municipal governments. At what level were they consulted? Was it at the mayor and council level or an officials' level? In the Yukon as well, there are a number of unincorporated communities that do not have municipal governments, including some of them — especially in the Member for Mount Lorne-Southern Lakes' riding — that represent a large number of people. Were local area advisory councils directly consulted? If not, why not?

**Mr. McIntyre:** On the First Nation front, there were mixed sessions. We had some meetings with First Nation representatives who weren't part of leadership and some of the meetings were with the leadership. The First Nations that we consulted with were CAFN, Kluane First Nation, White River First Nation, Selkirk First Nation, Na Cho Nyäk Dun', Tr'ondëk Hwëch'in, Vuntut Gwitchin, Little Salmon Carmacks, Ta'an Kwäch'än', Teslin Tlingit Council, and Carcross/Tagish First Nation.

In the municipal context, we met with — it was mixed once again. There were some representatives of the bureaucracy, but some leadership. As far as communities go that aren't incorporated, I'm not 100-percent sure how the public engagement consultants connected with the communities — whether it was with the advisory boards. I'm not 100-percent sure how that came together.

**Mr. Cathers:** I appreciate the answer. If you are able to follow up and provide that information later — if the government is — we would appreciate that information.

Just moving on to another area I meant to ask earlier and missed doing so, it notes in references on page 107 the projection — again based off the projections made by the government based on their budgeting decisions for future year spending. With the projection of going into debt — changing it from the current \$193.5 million to \$699 million by 2030 — is the panel able to provide us with any estimate of — I understand that going down the road that far, it's hard to predict what the interest rates will be, but do you have any information that you can share with us around what economists are expecting the range of potential interest rates to realistically be by that point in time? I understand that's asking for a long-term prediction, but just in terms of using best available information and best guesses from the economists attempting to gaze into the crystal ball 23 years down the road on interest rates — recognizing that it's difficult to predict those changes — but countering that conclusion with the argument that, if someone is borrowing a large amount of money, whether it's for a mortgage for a home or a government entering into debt on behalf of the taxpayers, one should attempt to have an idea, I would contend, of the range of potential borrowing costs that you might be paying for your mortgage or your debt on behalf of the public during the life of that agreement. Is there any information he can provide us about a range of what the interest rates are likely to be and, just for illustrative purposes, what the borrowing costs would be of \$700 million at current market rate and at the projected future rates?

**Mr. Kneebone:** If I could answer these questions, I would be quite a famous economist.

When we think about these things, one of the things I would do is look to the Bank of Canada's policies. They're fairly clear in that their goal is to maintain the rate of inflation at around two percent, plus or minus a little bit — they have a target. That helps to inform interest rates, because then, if you also make an assumption — and it is an assumption — that the long-term rate of real GDP growth in Canada is about two percent a year and if you add those numbers together — I don't want to take you too deep into this, but we're thinking about an interest rate of between four and five percent.

The interest rate that the Yukon government actually pays on its debt depends on the maturity of that debt. A well-managed debt-management program for a government ladders its debt so that some of its debt comes due early and some of it comes due late, and there are different interest rates on that.

You would have to take all that into consideration in coming up with a guess — and that's what it is — of what the long-term interest rate that the Yukon Territory would be facing in 10 or 15 years. Those are the sorts of things I would take into consideration when thinking about those problems.

**Mr. Cathers:** I appreciate that is a tough question for anybody to answer accurately. I realize the challenge for anybody doing it. Just for the sake of information — especially for Yukon citizens who may be interested in this

debate and are wondering — in the range of options that government presumably is going to contemplate because they were outlined by the panel as potential options, what would be the implications of that option if the trajectory continues?

So based on that sort of four- or five-percent interest rate, with the deduction the Yukon government would have, are you able to provide us with an estimate of what the rough annual cost of borrowing would be at that rate — using that rate and realizing that it might go up or down?

**Mr. Kneebone:** Mr. Chair, without pulling out my calculator, if it was a four-percent interest rate on a \$700-million debt, I think that's \$28 million — if I'm not mistaken. I should be better at maths than that, but I think that's true.

**Mr. Cathers:** I appreciate the answer and the attempt at a best guess. Based on further reflection, if you come up with a revision to that, I would certainly accept that. I will admit that I do think it should be noted for the record that doing those numbers in your head is something that most people can't do — so thank you for that.

I just want to move on to another area — in the “what we heard” section, there is reference to the opportunity for government to establish work processes that provide collaborative, integrated services while, at the same time, creating more opportunities for First Nation governments to be at the decision-making tables to work toward a common future for Yukoners. It's not entirely clear. Was that a suggestion that some government services be devolved to First Nation governments?

On a related area, is there contemplation as well, in here — in the reference to working with municipal governments, can you elaborate on some of the options that were being considered in a potential devolution of programs to First Nation and municipal governments — what that would mean in terms of the cost to the public for those areas? Am I asking just too detailed of a question and you have outlined a potential area without having access to information to be able give us a precise prediction or calculation?

**Mr. McIntyre:** Through the engagement process, it became apparent on the First Nation end of things that there was a concern about being involved in setting priorities, setting of government expenditures and how First Nation governments could be more collaborative in that process. There was also the concern about the availability of program service transfer agreements going forward with the Government of Yukon — that there may be opportunities there to have better outcomes and save costs by devolving some programs and services to the First Nation governments and/or collaborating to deliver services.

At the municipal level — to strengthen the communities, the municipal governments felt that there could be some decentralization of positions within the Yukon government to the communities to strengthen the local economy. We didn't get into any specifics of what those might be. One example is that the Government of Yukon has regional economic development officer-type positions. Could those be moved out to the community rather than having a person come out from Whitehorse and visit the community periodically?

There wasn't a broad range of options discussed, but just the general concept was out there.

**Mr. Cathers:** I believe I'm running close to my time to hand over to the Third Party for questions. I just want to ask another question. There is reference in the report to the potential of government collecting \$4 million in revenue per year by eliminating the fuel oil tax exemptions for businesses and others. That is something that obviously — \$4 million into government pockets comes at the expense of others. There is some potential economic effect as a result of that on their productivity, as well as with the reference to the prediction that there would be \$25 million related to an increased cost as a result of the carbon tax on increasing the costs of fuel.

Did the panel do a calculation with that potential \$29-million increase in the cost of fuel for businesses and homeowners? Did the panel do any analysis of the negative economic impact on businesses, low-income families or others, or is that simply identified as an option that government can pursue if it wishes to do so?

**Mr. Kneebone:** The carbon tax is an interesting issue. It is going to be costly, and indeed that is the idea. It is going to be costly to anyone who makes use of fossil fuels, whether through their vehicles or possibly through heating a home. The report talks about how the carbon tax revenue can be used to offset the effects that it has on peoples' incomes. The idea here is to make it more costly for you to burn a fossil fuel — basically, raise the price of fossil fuels to discourage you from using fossil fuels, but then rebate that revenue to you so it does not affect your economic well-being. The whole intent is to discourage you from burning fossil fuels.

**Mr. Cathers:** I do have a number of more questions but, based on the agreement with the Third Party, I will cede the floor to them to allow them an opportunity to ask questions.

I just thank the panel members, and the other two who are not present, for their work in identifying a range of options and their frank assessments of the merits and downsides of those as outlined in the report.

**Ms. Hanson:** Mr. Chair, if you don't mind — I'll beg your indulgence — I would prefer to stand. If I sit down, I may not get back up again. My back is — I need more drugs for the rest of the afternoon. Let's put it that way.

I would like to thank the panel for the work that they have done and for the briefings they have provided to the opposition members. We've had two opportunities to meet with them — two of them, for sure — and then the addition of Mr. Kneebone at this time, and one other person.

That has been helpful in terms of setting the context, and I do think it is important. Quite frankly, Mr. Chair, I'm not that interested in process so much. I think that has been fairly well-documented.

I am interested and we are interested from the New Democratic Party point of view in the substance and the purpose of this review, which was, as any of us going into this a year ago — going into the election and just after it — the realization that the picture that had been painted wasn't quite

the reality that we face. I just want to preface my comments with, on page 40, the panel notes that the reality is that overall own-source revenue — the revenue that we generate as a territory, primarily through taxes or fees — has declined over the last five years quite dramatically from 21.3 percent, I think, to just over 15.5 percent or 15.7 percent. In going forward, we started looking at and had identified over the last couple of years that this is a problem. I think that it opens up a number of options.

As I said, Mr. Chair, to the panel members, there will be — and I anticipate — some vigorous debate about the substance of some of the options that have been put forward here in this report. I think that's the healthy aspect of what we're talking about as we go forward.

I just want to ask — there was reference to the territorial formula financing agreement. One of the things that the panel could confirm for me — in the report, it speaks to the fact that the territorial formula financing arrangement that we have with Canada already factors in that we will have an allowable tax rate that's 30-percent less than the national average. Is that correct? Could you comment on how, even with that, Yukon's tax system then compares to the next-lowest tax system in Canada?

**Mr. Kneebone:** Yes, we did a comparison of the amount of taxes that Yukon taxpayers pay versus what is paid by citizens in other provinces and territories. It's somewhere in the report, but what we show is that were tax rates in the Yukon set at the same rates as they are set in Alberta, then there would be considerably more revenue collected by the Yukon government than it is now. Yukon is a low-tax jurisdiction without a doubt.

**Ms. Hanson:** I think I read that the point you made about Alberta was that Alberta was one of the lowest tax regimes in Canada. So even at that, there would be more money generated in the Yukon. So it was looking at options for revenue to be generated.

Then if we look at page 97 of your report, that's where you mentioned — you talk about if the Yukon wants to avoid restraint, then the other options that we may have are to look at options with respect to raising revenues. I would just like to spend a little time, Mr. Chair — if I can — asking some questions about options that the report identifies with respect to revenue generation. On page 98, you say that of the total government spending, barely five percent is funded by user fees by Yukoners. Some of those are — we heard even this afternoon in debate about somewhat sacred cows; the notion that everybody should be able to get free firewood, as much as you want, in any campground in this territory, which seems to have become a birthright.

You point out in your commentary here that Yukon is at five percent for user fees. You talked about the Northwest Territories funding about 10 percent of their consolidated government spending with fees, Nunavut over 17 percent, and the national average over 13 percent. You say that if Yukon matched the same 10-percent share of spending funded by fees as seen in the Northwest Territories, it would raise over \$60 million. Could you identify what kinds of fees you're

referring to, just in terms of making sure that we're comparing like kinds of user fees, just using the northern territories as the example, particularly if we're talking Northwest Territories to Yukon. We seem to be most comfortable with that comparison.

**Mr. Kneebone:** We're talking about all sorts of fees — all fees that we can generally define as user fees, whether they're camping fees — sorry; off the top of my head, I can't remember some other examples — but any fee. What we refer to as a user fee — differentiating it from a tax — I pay a user fee because I am actually using the service very directly. That's a comparison we made. We tried to compare those user fees across all jurisdictions in Canada. The numbers are, as you described, were the Yukon Territory to apply the same user fees as in other territories they could raise a considerable amount of revenue.

**Ms. Hanson:** I thank the witness for that. On page 103, the reference here is to alcohol, tobacco and cannabis taxes. We're not there yet with the cannabis taxes, but you do identify that the Yukon government generates revenues from alcohol and tobacco taxes, expected to be roughly \$23 million in 2017-18. The option is to consider raising alcohol and tobacco taxes.

I'm just wondering what kind of comparative data — I don't know — does the panel know if, when we say we're generating \$23 million in revenue from those two sources, there is a comparative number in terms of volume for other jurisdictions? The other area — we just talked about user fees. You're able to give a number, comparing like to like. Is there a comparator for another jurisdiction that might be useful?

**Mr. Kneebone:** Yes, you should be able to make those comparisons. All governments report revenue they collect from what we refer to as sin taxes — alcohol, tobacco and soon cannabis — if you view cannabis-smoking as a sin. Those comparisons can be made. I don't have them handy with me, sorry.

**Ms. Hanson:** It's certainly one that we can pursue locally.

On page 104, the panel talked about other tax changes that were possible in terms of revenue generation and the implications for it. Here we're speaking to the issue of — in the "what we heard" section there, it says: Why would you not implement a hotel tax?

I can say to the panel that it's certainly something that I've heard at both AYC meetings at the Tourism Industry Association of Yukon over the last five or six years. So here the panel identifies that Alberta charges a four-percent hotel tax and BC a two-percent, in addition to the provincial sales tax, and Manitoba five, and Alaska from two to 13 percent. Your projections of using an Alberta base — can you explain how you come to the projection of roughly \$2 million as revenue?

**Mr. Kneebone:** Mr. Chair, these are rough and ready estimates. We looked at the number of hotel rooms in Alberta, the number of hotel rooms in Yukon and did some division to come up with a guess of how much revenue would be obtained from a hotel tax.

**Ms. Hanson:** I heard my colleague from Lake Laberge referencing the discussion in the options paper with respect to the taxes on fuel in terms of off-road commercial activities in areas, such as mining, tourism, logging, sawmills, hunting, farming and fishing. Could the panel members explain the difference that you make in this section here where you talk about some exemptions being defensible on equity grounds, but how you make the differentiation between those kinds of exemptions and give the examples that you would put out as an equity exemption and those that would be considered a subsidy?

**Mr. Kneebone:** That is a good question. Governments often provide these exemptions. Economists are not generally in favour of them, except when it comes to equity issues. I can't, off the top of my head, come up with an example of an explanation for providing an exemption for fuel tax — I think that is what you are referring to — on equity grounds. No, I can't off the top of my head — sorry.

**Ms. Hanson:** I will just note that the panel said that, to the extent that there is a strong public policy argument to subsidize any particular industry, a more transparent and less distortionary way to do so is providing a direct cash transfer rather than incentivizing the burning of fuel, which goes back to trying to, in terms of a global perspective — global in the sense of a budgetary one — achieve the objectives of reducing greenhouse gases.

Other areas that I just wanted to — I am mindful of the time and the poor little Third Party here.

I will come back to a couple of other ones, but I was very much taken by the — and I thought it would be worthwhile spending a bit of time on the section on page 111. I think it's certainly an important statement of both the principle and then some ideas here. So the notion that Yukon owns the natural resources — I mean it is something that is so blatantly obvious, Mr. Chair, but the recognition that the Yukon government and various First Nation governments manage these resources on behalf of Yukoners and that we have a full claim to the value of the resources.

Can you explain the next statement? It says royalties are not taxes. Can you explain why royalties are not taxes?

**Mr. Kneebone:** A royalty is a payment to the citizens of the territory for the development of a resource. As suggested, Yukoners own the resource. Now, the resource is in the ground and they don't have access to it. That is why there has to be a relationship made with a corporate entity or someone to actually dig that resource out of the ground so that we can enjoy the benefits of it. Having done that, they deserve a reward, but so too does the owner of the resource. They deserve recognition that it is their resource and that, when the resource is sold, they should get a share of it. That is a royalty. It is not a tax on the producer of the gold — in many of these cases. Rather it is a profit-sharing arrangement, if you like, between the producer of the unit, who dug the ore out of the ground, and the owners of that ore.

**Ms. Hanson:** The panel goes on to say that the current fee structure should be viewed less like a royalty and more as an administrative fee to recover certain — and I would add,

not all — costs associated with the necessary support functions for government. Could the panel sort of explain how it made the assessment that it's less like a royalty and more like an administrative fee to recover certain costs?

**Mr. Kneebone:** I think the point we are trying to make here is that the two sides — the producer or the entity that digs the ore out of the ground and the owner of the ore — have to come to some arrangement. The two sides incur costs. There are a lot of administration costs on the part of the owners of the resource who are represented by the citizens — who are the owners and are represented by the government — and the producer of the company that pulls out the ore. You can think of the return from developing that ore, the share that goes to the owners of the resource, is compensating the owners of the resource, the citizens of Yukon as represented by the government — compensating them for the administrative costs that they have had to incur in order to make this development possible.

**Ms. Hanson:** I note that the panel — when they spoke about this this morning — identified some of the costs — the projection that they had for a gold fee. We had some discussion about whether the gold fee that they actually have in here is a composite of others, but it is indicated to be about \$255,000. The costs to the government for administering that are significantly more, so I think it is related to that.

The panel then went on to say that the current system in Yukon is one with potentially questionable equity implications. With such a low royalty, there are two concerns: one is over-extraction of the resource, where even inefficient producers may find it worthwhile to operate; and two, resource value is captured by producers rather than the resource owners, as Mr. Kneebone has said, Yukoners as a whole.

We can address the first by restricting the number of licences that are issued, but this is where I would like the panel to comment on the second one because they say it is more difficult.

The current royalty system is equivalent to the government transferring the value of the extracted gold to producers. That is, it is equivalent to the government optimally extracting some share of the resource value that the Yukoners own and then providing a government transfer to miners on the order of potentially millions of dollars.

You say that to the extent that this is acceptable to Yukoners on equity grounds, then the case to increase royalties diminishes. With respect to foregone revenue, what equity grounds would the panel think would be there?

**Mr. Kneebone:** I think the question is fairly simple. It comes down to the gold that's being produced — in this case, if we're talking about gold, it has a certain value — and we have to make a decision about how much of the value of that gold goes to the owners, the citizens of Yukon, and how much goes to the producers. There needs to be recognition that there would be no value at all unless someone actually took it out of the ground. So that's why, when we make these decisions, we have to balance what is a fair — or, if you like, equitable — allocation of those revenues. How much should go to the

owner? How much should go to the producers who, if it were not for their efforts, there would be no value at all? These are things that need to be considered.

All jurisdictions have to balance those two things and come to what they deem to be an equitable distribution of the profit that comes from exploiting this resource.

**Ms. Hanson:** In part, this issue is — as I indicated at the outset and as the review panel rightly pointed out — that it's both the Yukon government and various First Nation governments that share ownership of our natural resources, our natural non-renewable resources. Once they're gone, they're gone. As you mentioned in the report, chapter 23 of the final agreements provides for the sharing by Yukon of royalties, but if in fact we're giving more than we're getting — then you point out here that some self-governing First Nations are concerned that certain royalties levied by Yukon are too low and that the scope of resource revenues liable to be shared, as we've agreed to in our treaties, is too narrow to provide a meaningful incentive to support economic expansion through resource development in the respective traditional territories.

Coming back to the equity grounds, do you see a correlation there between the concern you have identified on page 112 and the concerns that are being raised by First Nations on the fiscal issues?

**Mr. Kneebone:** Yes, I do. It's a complicated matter when we recognize that there are different owners of this resource and different levels of government. Certain citizens of the territory are represented by the Yukon government, and certain other citizens are represented by self-governing First Nations. They all are owners of this resource. It becomes very complicated because of these different levels.

When we think about the equity concerns of these things, all of this has to be taken into consideration. I'm not suggesting by any means that there's an easy answer to this, but it certainly is something that's worthy of contemplation and serious study.

**Ms. Hanson:** I appreciate that, and I think that's exactly why having a range of options set out — and, to some degree, through the work of this panel, there are some implications that are helpful. Sometimes in the territory, Mr. Chair, we look inside, as opposed to looking out and seeing that the world does provide us some options.

The panel, in light of what the witness has just said, says on page 113 that, compared to other jurisdictions, Yukon's placer royalties are low and points out that BC's mineral tax on placer gold is 0.5, so we're 0.05 at a fixed rate of — 37.5 cents is what it boils down to. You used a value of \$7.50 an ounce — or 20 times higher than Yukon's, basically — I think we use it that way. Alberta's, you say, is 200 times.

What I found interesting is your statement that simply increasing the per-ounce placer royalty rate is not the only — you say that perhaps not even the best or most advisable option. Could you explain what you mean by that? What you set out is that, to address the concerns that any suggestion of change will put at risk placer mining — which you identify clearly and is in the "what we heard" sections in this part of

the paper. That is a core concern of the industry. You talk about avoiding it, using the system that's used in Alaska. As I understand it, that is a royalty levied on the net income of placer miners.

Could you explain how, if Yukon were to adopt that, some placer miners — and you say potentially many — would pay less, while others would pay more?

**Mr. Kneebone:** I'm not sure how much detail you would like to go into, but the general idea is that there are many ways of designing an effective royalty regime that satisfies the requirements and preferences of the owner of the resource, the citizens of the Yukon. There are many ways of designing this — a fixed amount or a variable amount. They have different options. The variable amount enables more miners, perhaps, to stay in business. They're not being driven out, necessarily, yet we are grabbing a larger fraction of the revenue earned by the more productive and larger producers.

There are many options, and these can be tweaked in many different ways to satisfy different criteria that you're looking to satisfy.

**Ms. Hanson:** I thank the witness for that. This whole area is one that we've heard references to over the last number of years, so I'm sure this whole section will provide lots of fodder for debate for Yukoners over the next few months.

You also point out in this report that our fee structure — so it's not just what you get when you extract the ore, the gold or whatever, from the ground; it's our licences and our registration fees.

It goes back to the user fee discussion we just had — that they are much lower than elsewhere. The co-lease rates, which are also shown, are pitiful, if compared to BC — if I'm correct. So our annual licence rents vary between five cents and 20 cents per acre, compared to BC, which is \$2.84 an acre — and the list goes on, you say.

Which jurisdiction would you suggest that Yukon compare itself to when it looks at — because the costs and exploration costs and that are more expensive — I don't know if registering a claim should be more expensive here, but should we be comparing ourselves — or would you think the most relevant comparison is Northwest Territories or BC?

**Mr. Kneebone:** That is a really good question and any jurisdiction that applies a royalty — collects a royalty from those who develop the resource — has to recognize that, in fact, yours is not the only jurisdiction with that ore and that if you place too high of a royalty, people will leave your jurisdiction and go elsewhere. So you have to be competitive, as it were, with your royalty regimes.

So the question is: With whom do I want to be competitive? Is it Alberta? Is it BC? Is it the Northwest Territories? The answer to that question — I suspect you would need to be competitive with all of them. It really depends on the industry. If the Northwest Territories had no gold, for example, you would not have to worry about them. So you need to be competitive with all of them and you would have to pay attention to just how easy it is for a producer to move from the Yukon to another jurisdiction. It may be easy to move to Alberta — I'm making things up — and it might

be hard to move to the Northwest Territories; that would affect your decision about how competitive you want to be with each of those jurisdictions.

**Ms. Hanson:** On the issues of revenue that might be generated, largely with respect to the anticipated increase in mining activity in the Yukon that we hope we will see in the next short while. In the past, and as people anticipate that, the report also identifies that — and I'm quoting here: "... many Yukoners expressed concern around the relatively high number of fly-in and fly-out workers at large-scale mining operations in Yukon."

We have heard many reasons, Mr. Chair, as you know from your community in particular, about the difficulties. Housing is scarce and mining companies don't build camps anymore. They fly people in and out and, as the report said, the income taxes paid by these workers will — for the most part — go to the province where they come from. They don't live in the Yukon, so they don't pay income tax here.

To address the problem, you identified that Northwest Territories had implemented a payroll tax. Could the witnesses explain just exactly what a payroll tax — everybody is paying for it — why do we want another tax? I mean, really, how does this work?

**Mr. Kneebone:** Mr. Chair, it is fairly simple. You want to be able — as you described, the fly-in/fly-out workers are earning income in Yukon but paying taxes to other jurisdictions — it might be Alberta or BC. You want to be able to — and that is a problem, because they are using public services. I dare say they drive on Yukon roads; they may even receive health benefits from Yukon. They should be paying tax revenue for those services.

How do you do that? A payroll tax is one way of doing it, so that when I collect my — if I'm a fly-in/fly-out worker, I receive a cheque from the mining company and the mining company has deducted — it's called a payroll tax, because it is a tax on the payroll of the company that is taken directly from my cheque and paid to the Yukon Government, and that is a way of taxing those fly-in/fly-out workers.

**Ms. Hanson:** With the payroll tax, the folks who live in Alberta — thank you very much, you left it here, but if I'm living and working in Yukon, I get that back?

**Mr. Kneebone:** I'm sorry, could you repeat the question? I'm not sure I understood.

**Ms. Hanson:** My understanding of the Northwest Territories model is that with the payroll tax, those workers who live elsewhere pay their taxes elsewhere; they've contributed two percent of that taxable income to the Northwest Territories — or whatever — that the payroll tax is based on, if it is a taxable income or their whatever — payroll tax — payroll, but the resident of the Northwest Territories, who similarly paid that payroll tax, are they then rebated that two percent?

**Mr. Kneebone:** Yes, that is correct. Either you could think of a system where they're not charged the payroll tax at all — often it is easier just to charge everyone the payroll tax and then rebate citizens of Yukon for that tax.

**Ms. Hanson:** The panel makes reference throughout the report, variously calling it “sovereign wealth fund” or “savings fund”. Could the panel just describe potential sources of revenue for the savings fund and how they would anticipate what the purpose of the savings fund would be, to simply put it?

**Ms. Kneebone:** Mr. Chair, savings funds or sovereign wealth funds are intended to remove volatility from the government’s budget. I’ll use the example of Alberta, because I’m familiar with it, and I think most are. Alberta collects a lot of resource revenues, but that is very volatile. The problem with volatile revenue is that, when you allow it into your budget, you tend to get used to it very quickly and start to spend it. Then, when the oil price — in Alberta’s case — falls, the government is left high and dry with a high level of spending without the tax revenue to support it.

In the Yukon, the similarity here is with the corporation income tax revenue that is generated by the mineral industry. It tends to be very volatile. It rises and falls in good times and bad times in the industry. The problem for the government is that, when the revenue comes in, if the government is not careful — and all governments tend to find this to be a difficult thing to do — they start to spend that money and act as if it’s going to be a permanent increase in revenue. Then, when that corporation income tax revenue falls, the government is left high and dry.

What a savings fund does — if a government can commit to it — is that during the good times, those revenues are put into a savings fund and not allowed to influence the government’s spending decisions. That way, should the revenue fall in the future, the government hasn’t allowed its spending to increase to a level that is not supported by its tax revenue. Indeed, should bad times come, you could then draw from the savings fund to cushion the effect on the government’s financial position of a loss of revenue that comes from a recession. That is how a sovereign wealth fund can work.

Another advantage of a sovereign wealth fund is that it adds to the stability of the government’s revenue. So if you can commit to building up a savings fund, what you can do is generate a level of revenue that is now permanent and steady. You earlier referred to non-renewable resources. You can make a non-renewable resource a renewable resource through savings. So you are turning oil — in Alberta’s case — or gold or other ore into a permanent asset by turning it into dollars and then putting it into a savings fund. If you can do that, it generates a steady income stream that adds to the stability of the territory’s finances and makes its budgeting that much easier.

There are a lot of advantages to a sovereign wealth fund or a savings fund. Most of those advantages are gained only if the government can make a strong commitment to not touch those savings once they are in there, except for purposes that people decide are appropriate.

**Ms. Hanson:** I thank the witness for that, because not only was it a very thorough explanation, but it is one I fervently believe in too.

I just want to go back to one of the areas, given the time — the panel made some observations based on what they heard with respect to the broad range of issues associated with housing. I mean, it’s a perennial issue in the Yukon — just the blatant statement that we need more housing. Setting aside the discussion that the panel sets out in here about the role of the Housing Corporation and, you know, reviewing that, there is an observation that the Yukon government may also consider its involvement as a direct property developer, especially in the Yukon region where the private sector may be better able to do this.

So my question is: the Yukon government has — with one exception that I am aware of; one subdivision — been the primary developer of lands that are made available to you or me to build a house. So all of those development costs are costs that are assumed, the liability over time and the carrying costs are carried by the Yukon government. Are you aware of any other jurisdiction where the government is the land developer for private home ownership?

**Mr. Kneebone:** I’m sure there are, but I suspect not to the extent of what is experienced in the Yukon. Again, this is not an issue we were able to dig into very deeply, but as an outsider, I was very much struck by the very large influence of the Government of Yukon in the housing sector. In the report, we suggested that the government back away from that, if it is possible to do so, and to focus on providing affordable housing for people in need, rather than just housing in general. But again, this is a difficult issue. There are a lot of jurisdictional overlaps in housing in the Yukon, and this would take a careful study.

**Ms. Hanson:** I appreciate the observation. I think that the option that the panel presented about reviewing the size and purpose of the government’s role here is well worth pursuing.

The panel made a number of observations with respect to the Government of Yukon operating costs and just noted that with personnel costs and the Yukon government approaching \$460 million, each one-percent growth in personnel costs is roughly \$4.6 million. One of the areas that the panel observed — if they have time to explain the option of exploring the possibility of more efficient human resource management policies to better facilitate the sharing of work across departments and more flexible job descriptions. Anyway, your observation is that the government has a public service of approximately 5,000 people. That’s about the same size as a small federal department. Why would you focus on HR functions in that context?

**Mr. Kneebone:** The focus on HR was because I think — well, I know — HR is common. Every department needs an HR department. They need to process cheques. They need to make sure work processes are proper, et cetera.

There is not a lot of differentiation between the requirements of an HR department in the Department of Finance versus the requirements of what we would expect an HR department to do in another department. Given the similarity of those responsibilities, it makes sense to try to just

have a single HR department to service the whole government.

What we're looking for here are efficiencies that come from a large scale, and HR is one that seems to be fairly obvious.

**Ms. Hanson:** I thank the witness for that response. The panel makes an observation early on about how you could do nothing. I guess the consequence of that — I would just be curious if the panel could just restate for the record what the “do nothing” scenario is.

**Mr. Kneebone:** I think we changed the name to “wait and see”. “Wait and see” is a more accurate description, because there is no such thing as doing nothing. Doing nothing is doing something. It means you're not reacting. I prefer to wait and see. I think we changed it to that.

So what is “wait and see”? It's just continuing to do what we're doing now. That is certainly an option. As we stress in the report, it's not like the Yukon is on the precipice and about to fall into a hellish situation — it isn't. But it is, we believe, travelling on a road that's going to lead it to run into some trouble.

As we said in the report, we congratulated the government for recognizing there's an issue here and trying to respond sooner rather than later. A big problem all governments get into is that they see a problem and they don't deal with it. It can lead to a problem that, if the trends continue — and of course we're never certain if those trends will continue. As we note in the report, new mining activity may arise and change some of those trends, but if those trends do not change and if the problem gets worse and worse, then the pain that comes from eventual adjustments to become more fiscally sustainable are all that much greater.

So it's always best to respond sooner with relatively small adjustments than to wait and, if those problems become worse, so does the solution become worse, or more difficult or more painful.

The problem with “wait and see”, of course, is that it may very well be the case that, if we wait and see, things will work out. There will be more mining activity, there will be some adjustments to the TFF that we can't predict, maybe things will work out and the government's budget will move back into balance.

In all my advice over decades — that's depressing — to governments, I have always stressed to them that you shouldn't be in a position of gambling, and that you should lean on the side of being small-c conservative in the sense that we're not gambling with taxpayers' revenues — the taxes that they pay — or gambling with their incomes, and we're not gambling with the services that we provide them. We should be very conservative in all these things.

So “wait and see” is an option, but we have to be careful that this may also carry a risk that may not be appropriate. “Wait and see” is a difficult choice, as are all the choices we describe that are available to the government. Careful choices have to be made.

**Chair:** Order, please. The time is now 5:30 p.m.

The time designated for the appearance of witnesses pursuant to Motion No. 200 has now expired. The Chair shall therefore thank the witnesses for appearing today and rise and report to the House.

Thank you very much to the witnesses.

*Witnesses excused*

*Speaker resumes the Chair*

**Speaker:** I will now call the House to order.

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

### **Chair's report**

**Mr. Hutton:** Mr. Speaker, Committee of the Whole has considered Bill No. 203, entitled *Second Appropriation Act 2017-18*, and directed me to report progress.

Also, pursuant to Motion No. 200, witnesses appeared before Committee of the Whole to discuss matters related to the Yukon Financial Advisory Panel.

**Speaker:** You have heard the report from the Chair of Committee of the Whole.

Are you agreed?

**Some Hon. Members:** Agreed.

**Speaker:** I declare the report carried.

The time being 5:33 p.m., this House now stands adjourned until 1:00 p.m. tomorrow.

*The House adjourned at 5:33 p.m.*

### **The following sessional papers were tabled November 21, 2017:**

34-2-41

*Yukon Police Council Annual Report — April 1, 2016-March 31, 2017* (McPhee)

34-2-42

*Crime Prevention and Victim Services Trust Fund Annual Report 2016-2017* (McPhee)

### **The following legislative returns were tabled November 21, 2017:**

34-2-87

Response to oral question from Mr. Hassard re: Designated Materials Regulation (Streicker)

34-2-88

Response to oral question from Mr. Istchenko re: seniors facility in Haines Junction (Frost)