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HANSARD

Monday, May 8, 2017 — 1:00 p.m.

Speaker: The Honourable Nils Clarke

YUKON LEGISLATIVE ASSEMBLY

2017 Spring 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
Hon. Sandy Silver	Klondike	Premier Minister of the Executive Council Office; Finance
Hon. Ranj Pillai	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
Hon. Tracy-Anne McPhee	Riverdale South	Government House Leader Minister of Education; Justice
Hon. John Streicker	Mount Lorne-Southern Lakes	Minister of Community Services; Minister responsible for the French Language Services Directorate; Yukon Liquor Corporation and the Yukon Lottery Commission
Hon. Pauline Frost	Vuntut Gwitchin	Minister of Health and Social Services; Environment; Minister responsible for the Yukon Housing Corporation
Hon. Richard Mostyn	Whitehorse West	Minister of Highways and Public Works; the Public Service Commission
Hon. Jeanie Dendys	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

Ted Adel	Copperbelt North
Paolo Gallina	Porter Creek Centre
Don Hutton	Mayo-Tatchun

OFFICIAL OPPOSITION

Yukon Party

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

THIRD PARTY

New Democratic Party

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

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**Yukon Legislative Assembly
Whitehorse, Yukon
Monday, May 8, 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 at this time with the Order Paper.

Tributes.

TRIBUTES

In recognition of Emergency Preparedness Week

Hon. Mr. Streicker: Mr. Speaker, I rise today to recognize Emergency Preparedness Week.

One year ago, a fire began in the Alberta boreal forest. It quickly spread and forced the immediate evacuation of Fort McMurray. We all held our breath as we watched the citizens run a fiery gauntlet to get out safely. It was a testament to the citizens and the firefighters that no one was killed. Nearly 600,000 hectares — that's one-and-a-half-million acres — burned. The remnants of that fire smoldered all this past winter.

I think we are all aware here that it could have been us and I thank all Yukoners for our generous donations through the Canadian Red Cross. We sent dozens of our firefighters to go and help the community of Fort McMurray. By the way, May 8 — today — is the World Red Cross and Red Crescent Day. That was one year ago.

One week ago, we had the largest earthquakes I have ever felt here in the territory. Within minutes, our emergency measures operation emergency command centre office had spun up. Our thanks go out to them for their swift and coordinated response. We are still looking at some of our building stock to make sure that it is safe. However, the best news of the day was that there were no injuries. We got a look at how well our response systems can and would come into play. That was one week ago.

This week, our neighbours across the country are dealing with emergencies due to flooding. First responders are acting quickly to ensure safety. Fifteen hundred troops have been called out in Quebec. People are leaving their homes and their valuables behind — sometimes by canoe — to get to higher ground. Fifteen hundred people have had to leave their homes in Quebec. Three hundred people have had to evacuate in Kelowna. Montreal and other municipalities have declared states of emergency. Our hearts go out to those across the country who are facing emergencies in these flooded regions. We are reaching out to the provinces.

Timely and tragic incidents highlight the importance of Emergency Preparedness Week. As a government and as citizens, we need to be prepared when incidents like this happen. Natural or man-made disasters may be beyond our control, but there are actions every Yukoner can take to

reduce the risks and impacts of emergency situations. Emergency Preparedness Week is an annual reminder for each of us to be prepared, to ensure that we can cope on our own for a minimum of 72 hours during an emergency while rescue workers help those in urgent need.

Basic emergency preparedness starts with each individual. It starts with awareness of the risks that face each of us and our families. It requires plans to manage those risks whether we need to evacuate from a wildfire or a flood or respond to an earthquake or, if we need to, to shelter in place. Preparedness requires that we have the supplies we need to care for ourselves, our families and even our pets in the days after an emergency.

During this national week focused on emergency preparedness, I encourage each of us to take concrete actions to prepare for events I hope we never face. Practise your family escape route in case of a house fire. Pack an emergency kit for your vehicle and one for your office in case you can't go home. Remove materials from your yard that would help wildfire to spread. Replace the batteries and refresh the food in your 72-hour kit so you can be self-sufficient. Update your family emergency contact numbers and designated meeting place in case you and your family are separated.

To help Yukoners plan, prepare and be aware, the government has mailed a booklet on emergency preparedness to homes last week. The information is also available year-round at preparedyukon.ca and I know most community offices have copies as well. I encourage everyone to bookmark preparedyukon.ca and to follow Protective Services on Facebook and Twitter. You'll get timely information during an emergency and prevention and safety information all year long.

Emergency management across Canada is a shared responsibility. Everyone has a role to play — individuals, municipalities, First Nation governments, communities, the territory and the nation. When each of us does our part to reduce the risks and impact of an emergency, we contribute to our community's resiliency and to the territory's ability to respond and recover.

Emergency preparedness is not something that the government focuses on only during this important week. The Protective Services division of the Department of Community Services is crucial to preparedness response in the territory.

On behalf of all of us in the Legislature, I would like to acknowledge and thank all of the staff and volunteers who work to keep us safe in our communities across the Yukon. Full-time and volunteer responders with Yukon Emergency Medical Services provide pre-hospital care to the sick and injured. Career and volunteer firefighters in the Yukon fire services don't just respond to fire. They educate us on fire prevention and ensure that the buildings we use meet the National Fire Code of Canada.

Building Safety's standards keep us safe by ensuring that the structures in which we live and work are safely constructed. Wildland Fire Management protect lives, property and community assets from wildland fire and supports community efforts to reduce fuels.

The Emergency Measures Organization leads the government's emergency preparedness coordination planning. It helps ensure that Yukon government staff receive emergency measures training and share information with neighbouring jurisdictions. It provides guidance and training to Yukon government departments, municipal and First Nation governments and unincorporated communities on emergency management planning. During an emergency, it brings together the people and resources needed to support the First Nation governments, communities, municipalities and agencies that are responding.

For individuals, the Emergency Measures Organization provides advice and public information related to emergency preparedness. It coordinates the territory's Great Yukon ShakeOut earthquake preparedness drill each fall. It works with the volunteer organizations for ground, inland and civil air search and rescue and amateur radio.

The prepared yukon.ca website has information about planning, creating emergency plans and building an emergency kit. While we can be confident in the people and services in place to mitigate and respond to emergencies, Emergency Preparedness Week reminds us that each of us has a role to play. Each of us can plan for our family's safety. Each of us can take concrete steps to ensure we are self-sufficient during an emergency. By preparing for emergencies, each of us can help protect lives.

Mr. Speaker, I would just like to acknowledge that in the gallery today we have one of our own EMS folks, Mr. Devin Bailey. I would like to welcome him here today.

Thank you, Mr. Speaker.

Applause

Mr. Cathers: I rise on behalf of the Yukon Party Official Opposition to pay tribute to Emergency Preparedness Week.

In light of last Monday's early wakeup call of an earthquake followed by aftershocks and another tremor two hours later, it serves as a good reminder to all of us to be prepared in the event that we're faced with an event of a significant and unexpected nature in the Yukon.

This year, the Government of Canada has attributed the theme of "Plan. Prepare. Be Aware." to Emergency Preparedness Week. There are few people in southern Yukon who did not feel the tremors last week. As my colleague, the Minister of Community Services, noted, the events in Fort McMurray last year with the wildfire as well as flooding going on currently across the country are other good reminders of the types of natural events that we could be faced with, either with warning or without warning. Again, that serves as a reminder for all of us to plan, prepare and be aware.

Here in the Yukon, we're surrounded by a vast expanse of wilderness. Our communities are located in the midst of a large network of rivers and lakes. We're also surrounded by hundreds of miles of trees and mountains. One of the best things about being a Yukoner is having the opportunity to enjoy and take advantage of our beautiful wilderness

surroundings. We have access to some of the most remarkable wilderness in the country but are also, as a result, exposed to risks year-round in our daily activity.

Emergencies can happen at anytime, anywhere. It is important to be prepared for something that is minor, such as a power outage, or more extreme events, such as a large district wildfire. Efforts in the past have included Operation Nanook. The Canadian Armed Forces have done work in areas of preparing for events such as a large wildfire or earthquake response. It is important for each and every one of us to recognize our responsibility to take a leadership role in our own homes and with our own families in preparing ourselves to protect ourselves and our families during an emergency situation.

Everyone is encouraged to ensure their family has an emergency kit available that contains supplies, water, personal and any medical items and pet supplies. This kit should be easily retrievable in an emergency and able to sustain a family over a 72-hour period. It's also a good idea to have emergency kits in each vehicle in the event of a roadside emergency. Again, we would also encourage people to consider creating an emergency plan for your family, which will help you be aware of what needs to be done in an emergency situation and ensure that your family is taken care of during that critical period immediately following an emergency.

In closing, I would like to acknowledge and thank the many people in Yukon who work and volunteer in emergency response roles. To staff and volunteers, including firefighters, the Fire Marshal's Office, Emergency Medical Services, Search and Rescue, Emergency Measures Organization, Wildland Fire Management, the RCMP, RCMP auxiliary constables and Victim Services auxiliary support, and many more across the territory, thank you for your dedication to the safety and well-being of the Yukon and all its citizens.

Ms. White: I rise today on behalf of the NDP caucus to pay tribute to Emergency Preparedness Week and to the many staff and volunteers across the Yukon who work so hard to keep us safe.

We acknowledge that a great number of people and organizations across the country and around the globe work hard to keep people safe during the most stressful of times. We have only to look toward Quebec to see those groups in action right now. We thank them for their continued dedication and hard work, but today we choose to look closer to home.

It was a literal wake-up call last week for many of us when we experienced our first larger-scale earthquake. Luckily there was very little in the way of property damage and no reported injuries. It's fairly easy to talk about our own personal responsibility about being prepared, but how many of us are really prepared for a 72-hour emergency? I certainly am not, Mr. Speaker. Every household in Yukon has just received a pamphlet with helpful hints and checklists to help us become more prepared, and hopefully last week's earthquake will be the catalyst to help us take our responsibility more seriously. It's a great pamphlet, but what it doesn't do is inform the

public about the where and how to get to there, should a disaster strike us.

Whitehorse is a prime example of a place with few exit or entrance routes, especially if you are in the downtown or Riverdale areas. Do you know where the muster points are for your neighbourhood or in the City of Whitehorse itself? Where should you go? Should you make your way to the Canada Games Centre or is it somewhere else that is a safe spot? Did you know there is a second emergency exit from Riverdale over the hydro dam?

In our office, we spend a lot of time thinking about seniors and people with disabilities. What happens with them during an emergency? What happens with a senior living on the third floor of an apartment building or a Yukon Housing building when the power goes out and they can't navigate the stairs? What happens with a person living independently but without transportation? What is the government's plan and responsibility to make those emergency plans known to all community members, and how do we make sure those plans are communicated and carried out during an emergency? How can we, as a community, better understand what to do in the case of evacuation due to fire or earthquake?

We saw the confusion locally when the downtown core and schools were evacuated during 9/11, and I'm sure there are lessons we can learn from last year's Fort McMurray experience. Unfortunately, disasters and emergencies rarely come at convenient times. Mr. Speaker, I truly hope that, in the very near future, another pamphlet will be sent out to every household that indicates escape routes, muster points and other important information.

Again, thanks to the staff and volunteers across Yukon working to keep us safe.

Speaker: Introduction of visitors.

Are there any returns or documents for tabling?

TABLING RETURNS AND DOCUMENTS

Hon. Ms. Dendys: Pursuant to section 97(6) of the *Workers' Compensation Act*, I have for tabling the 2016 annual report of the Workers' Compensation Health and Safety Board.

Further, Mr. Speaker, pursuant to section 97(6) of the *Workers' Compensation Act*, I have for tabling the amended 2015 annual report of the Workers' Compensation Health and Safety Board. This report corrects the 2015 annual report tabled in the Legislative Assembly last May, in which certain financial statements were mistakenly, entitled "Notes to the financial statements". An explanation of the corrections are provided on the inside cover of the amended annual report.

Speaker: Are there any reports of committees to be presented?

Are there any petitions?

Are there any bills to be introduced?

Are there any notices of motions?

NOTICES OF MOTIONS

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

THAT this House urges the Government of Yukon to allow direct sales from local beer and liquor manufacturers to bars, restaurants and consumers, eliminating the markup on local products.

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

THAT this House urges the Government of Yukon to consider expanding the proposed amendments to the *Workers' Compensation Act* so that all workers covered by the Yukon Workers' Compensation Health and Safety Board benefit from presumptive post-traumatic stress disorder or injury (PTSD or PTSI) legislation.

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

THAT this House urges the Government of Yukon to provide a land grant at no cost and provide a low-interest loan toward the construction of the Vimy Heritage Housing facility.

I also give notice of the following motion:

THAT this House urges the Government of Yukon to consider a bipartisan mission with the Official Opposition to Alaska and Washington, DC, to lobby the United States government on reinstating Shakwak funding.

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

THAT this House urges the Minister of Education in collaboration with the Minister of Health and Social Services to instruct their departments to begin work to develop a health curriculum for use in schools that educates on the dangers of prescription opioid abuse for all students in the Yukon education system.

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

THAT this House supports the work of, and the individuals appointed to, the Electoral District Boundaries Commission.

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: Tax policies

Mr. Hassard: Mr. Speaker, during the 2016 election campaign, the now-Minister of Economic Development said that eliminating the small business tax would help grow the economy and create jobs. He also said it would help local contractors to compete. Some Yukon businesses believed him and indeed some may have even voted for the Liberals

because of this promise. My question is very simple: What caused the Minister of Economic Development to change his mind?

Hon. Mr. Pillai: Thank you, Mr. Speaker. First, speaking to that question, I don't think it was just me changing my mind. We have really looked at a one-government approach, so certainly there was a collective conversation with my colleagues. First and foremost, we looked at the financial situation of the government. We have discussed that over and over, and I think when we looked at the financial impact with the change, the discussion was to make the change at this time as much as we could — and that was the one percent.

The member opposite is correct. It is something that I said and we certainly campaigned on it. We also had a series of data in front of us that wasn't quite what we saw after taking office. To the member opposite, those are some of the reasons why we made the decision that we did.

Mr. Hassard: The Liberals broke their election promise to Yukoners to eliminate the small business tax. Unfortunately, this isn't the only promise that was broken since the election. They have also promised to increase the ceiling for the small business tax credit from \$1 million to \$5 million and increase the asset limit to allow larger companies to qualify.

The announcement was made by the current MLA for Copperbelt North who, during the campaign, said that increasing the credit will allow more Yukoners to invest in local businesses and increasing the cap will allow larger companies to take advantage of this program, yet we see nothing at all in this budget that reflects that.

Can the minister tell us what action this government has taken to fulfill this commitment made to Yukoners?

Hon. Mr. Pillai: Overall, as we look at this theme concerning our taxation and the programs that we're implementing, first and foremost, I think that, politically, it's an easy decision. You can walk in — certainly we campaigned on it and had those discussions. Likely, the easy political decision would have been to just say, "You know what? We're going to reduce it and eliminate it as stated." Then I wouldn't be sitting here and I wouldn't be defending the decision to only reduce it by one percent, but what you have to do is take into consideration the information in front of you. Like we've talked about, sometimes you have to make those tough decisions. That's for the small business tax.

As for the other programs that we're looking at, we have multi-year mandates. These are the first pieces that we have looked at. We're going to continue to make the business environment and the business ecosystem more friendly. That's not just within tax and financial triggers and programs, but also working to communicate with our contractors better, which we've continued to do, and looking out and understanding through planning where we can see the best bang for our buck when it comes to the economy.

Mr. Hassard: There is a growing gap between what the Liberals promised during the 2016 election and what they're actually doing. This government promised to get contracts out

by the end of March. We've seen them amend that campaign promise. This government promised to eliminate the small tax rate — again, a broken promise. This government promised to increase the small tax credit, but again they've broken that promise.

Mr. Speaker, can the minister tell us: Are there any other campaign promises they intend to break?

Hon. Mr. Silver: I appreciate the question from the member opposite. We do have a five-year mandate and we will be getting to a lot of the commitments. You don't put everything in your first budget. I believe it was the fourth budget in a row by the time the Yukon Party finally said, "We've done it; we've accomplished all that we set out in our campaign promises." Now the member opposite wants us to complete everything in the first four months.

What we are committed to is creating the economic conditions that allow investors and employers to invest in marketing, training and investing in innovation to create more good jobs. We've committed to encouraging economic activity in the territory by creating a favourable corporate tax for those who are looking to do business in the Yukon. We've reduced that tax rate from 15 percent to 12 percent to get us within sight of the national average or just below it. We've done the same with the small business tax — cutting it another 33 percent.

What we want to hear is more solutions. We've said in the media that we're not done with this campaign promise. We want to take a look at sole proprietors; we want to take a look at how our actions affect not only small corporate businesses but small businesses in general. We will open that up to a conversation this summer and we're looking forward to hearing from the opposition as to where they think we should be focusing our initiatives.

When it comes to procurement as well, Rome wasn't built in a day. We have committed to having these plans, we will have them in place and we hope to get to that by the next means budget.

Question re: Mineral staking

Mr. Kent: I have a series of mining-related questions for the Minister of Energy, Mines and Resources.

Mr. Speaker, what is commonly known as the "free-entry system" for staking claims is extremely important for individuals who are involved in the mining industry, and the Yukon Party has long been a strong proponent for maintaining this as the preferred way of acquiring mineral claims.

Is the government contemplating changes to the quartz and placer mining acts under the successor resource legislation? If so, will the minister commit that any changes to the QMA and PMA will not include changes to free entry?

Hon. Mr. Pillai: I think what we are really getting into is class 1 notification, and then we are talking about legislation as well. Just a bit on the notification piece — the consent order — a legal case, of course, that was in motion and that we inherited coming into this job — was prepared by the Government of Yukon and Tr'ondëk Hwëch'in and was filed in the Supreme Court Yukon on March 2, 2017. This

agreement that we put in place gives us more time to have discussions over the next year when it comes to notification.

The people we have to work with to come up with resolutions to these challenges — the previous government really didn't get that clarified. It just continued to escalate and then there was a legal challenge, of course. Working with prospectors, first of all — they have done some of the most intense work, really looking at what a class 1 looks like, which has really been the bone of contention. Listening to industry — I sat with them for an hour and a half in January and they said it was the longest that they have ever actually had a meeting with a minister. Having those discussions with them and being able to take that information and then work with First Nations, such as Tr'ondëk Hwëch'in, to come up with a regime over the next year — I think those are going to be some of the key pieces, but I am willing to answer the rest of those questions as we go along.

Mr. Kent: Free-entry staking and that method of acquiring mineral claims is not something that's captured in class 1, so the minister in his answer is incorrect, but I will follow up with some class 1 exploration questions for the minister.

Class 1 exploration has been described to me by a number of prospectors as their bread and butter. Notification for this activity has now been in place in some parts of the Yukon and may be Yukon-wide by the next year. Much of this activity has a very low impact on the environment. The Yukon Prospectors Association has proposed revised thresholds so that some activity can take place without notification.

Can the minister tell us if he is considering these revised thresholds in his discussions with First Nations as we move toward Yukon-wide notification? Perhaps he can tell us if he is considering including free-entry staking within class 1, because that would be something certainly very new to the Yukon.

Hon. Mr. Pillai: Absolutely — you are correct. We are looking at the difference between either the work that has been done after staking or the staking — and I apologize. The reason I went down that road is that it really has to do with impact and activity on land. My discussions with the Prospectors Association — they have done some great work. We were just in Dawson City about a week ago. My discussions with the Tr'ondëk Hwëch'in — if they are willing to look at some of that early work. They absolutely are looking toward that early work.

Having industry work with First Nation governments, I think we can build some platforms in between so that we can have those conversations. To my critic across the way, I haven't been looking at changes within legislation for that; I am just trying to come up with a remedy that can get us to the right place.

Mr. Kent: My final supplementary is a follow-up on a question raised by the MLA for Watson Lake last week.

Mr. Speaker, we now have over 50 percent of the Yukon off limits to new staking. The latest extension to the ban in the Liard area put us over that threshold. In the past, when a staking ban has been put in place, relief from assessment has

been granted to existing claimholders as the uncertainty created often makes it difficult for some of them to raise the necessary capital to keep their claims in good standing.

Since this was raised last week, has the minister had a chance to confirm whether or not relief is in place, or consider providing relief for claimholders in this area?

Hon. Mr. Pillai: Thank you for bringing that up. I owe the answer to the Member for Watson Lake.

Yes. Relief from assessment work has been provided in the Ross River area previously. So relief from assessment was granted to the Kaska Dena Council/Liard First Nation area for a period of one year. It's ending on January 31, 2018. The answer I don't have for you is when it was put in place but I can find that out. But absolutely, there is relief — to answer that question.

What I find intriguing too — to my critic — I think that we should continue this discussion, because what you've talked about is the free-entry system but, certainly in 2015, as you know — you made some pretty strong statements. I have some communication pieces that have gone on as we looked at this. I think it was on June 18, 2014 that a letter from the previous Premier was sent to the chiefs of Yukon First Nations that had settled land claims committing to have in place a class 1 criteria table and thresholds prior to the 2015 field season. Then, on October 2, 2014, the previous Premier sent a letter to all self-governing First Nations inviting their participation in the class 1 thresholds consultation. I'm going to continue on that road.

I think you wanted to get it done because you knew that this would solve a lot of problems. We will continue to work with prospectors. We will continue to work with First Nations on that path but we are trying to come up with a remedy so we don't see more legal challenges.

Question re: Energy retrofits

Ms. Hanson: In the 2016 election, this government promised to invest \$30 million annually in energy retrofits. Last Thursday, the minister was clear that the Liberal platform commitment was for an annual \$30-million investment in new money for energy retrofits, not simply funding for ongoing projects.

This year's budget includes little new money for energy retrofits, other than the \$200,000 investment — less than one percent of what they promised.

The minister said the decision was based on the financial pressures this government is under and that he is confident that Ottawa may come to his government's rescue with energy retrofit funding in future years.

Mr. Speaker, will this government only fulfill its promise to invest \$30 million in energy retrofits per year if Ottawa foots the bill?

Hon. Mr. Pillai: Most of what the member opposite stated was accurate. There were a couple of things. First of all, I think what we would like to see happen is, depending on how criteria is built for the green programs — we had a good discussion about them here last week. They were identified by the member of the Official Opposition. Would I like to see

that money move in this fiscal year? Absolutely. Are we going to see that happen? I'm not sure. Our goal is to move dollars into proper criteria. There were different questions that were asked last week: Would we use it for infrastructure?

I think your colleague asked me if we would use it for infrastructure and capital builds in communities. I don't think that's where we're going, but our goal is to see that money move, hopefully, in the next year and be able to roll it out. Within this framework right now, do we have \$30 million to fill that program need? You know where we sit right now from a financial perspective.

Ms. Hanson: Thank you, Mr. Speaker and indeed I do, but I didn't campaign on this commitment. You did and I'm asking the question: Is the government committed to spending \$30 million new every year? Energy retrofits create local jobs and reduce energy consumption, which in turn help save money. Whether they are targeted at government, industry, or residential buildings, the long-term benefits of energy retrofits are well-documented. In short, energy retrofits are sound investments. Yukon's commitment to these programs should not be dependent on Ottawa's willingness to foot the bill. How much new money, if any, will this government allocate to energy retrofit programs aside from any potential federal funding?

When can Yukoners expect to see new Yukon government funding — next year or five years from now?

Hon. Mr. Pillai: Thank you, Mr. Speaker. I think we have to take a look at the whole financial framework of the government. As much as I would like to say that we have all of this money that has been created here — and I apologize if I'm off, but I think we're at nine- or 10-percent own-source revenue.

First and foremost, this is all money that's coming from the federal government — whether it's a new program or what we have in our financial framework. I'll touch on a couple of things and a couple of the pieces that we've looked at. The previous government had put the residential energy incentive program in place. We have committed to keeping that in place. It's a \$1.6-million spend. Yes, it's an old program, but we're going to continue to have that in place as it was over-subscribed.

We have about \$2 million for HRV upgrades in the Yukon main building and then we're going to continue on with the airport, the schools, Grey Mountain Primary School and Whitehorse Correctional Centre as well. There is \$250,000 for the good energy incentive program, which rebates Yukoners who have purchased energy-efficient appliances and heating systems for their homes.

When you prepare a platform, you look at the data that's in front of you. I certainly wasn't here to see where we were from a financial perspective. You use the best numbers that you have. You come up with a plan that meets that. You saw the platform that we built. There wasn't grandiose spending. We looked at some simple programs, like you said. I agree with you completely — the retrofits are a smart piece. They're good for local contractors, not just big contractors. Small contractors can take on a lot of these jobs. It saves people

money at home. We're committed to it. I hope to see us being able to roll a program out through our partnership with the federal government.

Speaker: Order, please.

Ms. Hanson: Thank you, Mr. Speaker.

You know the financial pressure this government is under does not give them a free pass to break their election promises. The fact is that the government chose to fulfill certain promises, like a 20-percent tax cut for corporations, and then they chose to break other promises, like investing in energy retrofits. It's a question of priorities. Contractors and workers in the building trades shouldn't be left on hold while this government waits for a callback from Ottawa.

If this government's support for energy retrofit programs is, as we've just heard from the minister, largely dependent on funding from Ottawa, can the minister at least tell this House what, if any, funds have been requested from Ottawa and when he expects to hear back from Ottawa?

Hon. Mr. Streicker: Thank you, Mr. Speaker. I agree with the member opposite that energy retrofits are sound investments in the territory and that's why we put it in our platform and that's why we're going to get to the \$30 million a year.

It is important that at the same time we build up the capacity within the territory in terms of trade and in terms of local governments. By the way, last week when the Member for Takhini-Kopper King asked about how this will be afforded by individual homeowners, one of the things that we have been discussing is using the rural well program as a way in which to put the money up front and allow for those homeowners to pay it back over time — sort of as a loan against their property.

The way that this will happen is allowing for local solutions to local problems. That investment will pay back in the territory because it will make us more energy efficient. It is the one place where we use energy here that we really have local solutions, which is using insulation to not have to heat our homes. We're not dependent on money from Ottawa for this; however, we will certainly seek it in partnership with Ottawa.

To answer the question: When will we know? We anticipate that within the next several months we will be getting more details that came out under the green fund and other infrastructure funds.

Question re: School structural safety

Ms. White: Last week's earthquakes resulted in temporary closure of two schools — both the Elijah Smith Elementary School and Ross River School. Both have since been deemed safe and reopened. These two schools were not assessed in the last two seismic evaluations of Yukon schools.

Can the minister inform this House of the extent of the damages at the Elijah Smith and Ross River schools and tell Yukoners why these schools were not previously assessed in the last two seismic evaluations?

Hon. Ms. McPhee: Thank you very much to the member opposite for the question. The earthquake was a

surprise to everyone. I actually don't have the answer to the second part of her question, which was why they weren't included in the seismic evaluations, but I will find out and return to her with the answer to that question.

I can indicate with respect to the schools after the earthquake last week that all the schools in the territory were checked. Ross River, as all members of this House know, is an issue with respect to the permafrost that the school is built on. Evaluations are being done of the Ross River School all the time, not the least of which was immediately after the earthquake, which is why the students were out of that school for a few more days than the other locations.

I can indicate that the engineer who was brought to Ross River was the same engineer who has been doing the assessments of that school for at least over the last year. For consistency's sake, we wanted the same person to evaluate that school, so it took some days to have that particular person attend Ross River and make the evaluation. The report was done afterwards that the school was all clear and the students were returned.

I should also note with respect to the Leader of the Official Opposition's comments that he made last week that the field trips that were planned for those students were pre-planned for that week.

Ms. White: It's interesting to note that these two schools are more recent builds than most schools in Yukon. The latest seismic evaluation of Yukon schools was completed in 2013 and the previous one was done in 2010. As I mentioned, neither the Elijah Smith or Ross River schools were included in those assessments. In fact, only eight out of 29 schools were assessed — those built between 1950 and 1961. The report made several recommendations for physical improvements to ensure their viability in case of an earthquake.

Can the minister tell this House if those remedial steps were completed as recommended in those evaluations?

Hon. Ms. McPhee: Thank you for the supplemental question. I should indicate that the Ross River School, as I said, was assessed, a report was done and the students were returned there. I didn't note the issue with respect to Elijah Smith, which the honourable member has also brought up. The Elijah Smith situation — with respect to that school after the earthquake — involved the breaking of some interior windows. Those of you who have been to that school know that the library inside has glass windows. They cracked or were broken as a result of the earthquake. There was also a full assessment done of the structural capabilities of that school. As a result, the kids were only out of that school for one day while they cleaned up the glass and then closed off the library so that the repairs can happen.

As I have already said, I don't have information with respect to the seismic review or assessment that the honourable member is mentioning, but I will get that information for her.

Ms. White: Many here will remember the closure of Ross River School in 2013 due to melting permafrost and shifting foundations. The school was closed for eight months

while repairs were made. Issues with the condition of this school have been ongoing since it was built in 1981, mostly due to permafrost conditions under the school.

Can the minister tell this House what modernizing and remediation work is ongoing at Ross River School to ensure that the students of Ross River don't face another extended school closure?

Hon. Mr. Mostyn: This government takes the safety of our schoolchildren very seriously. I can assure the member opposite that we don't shirk our responsibilities when it comes to children and staff in our schools.

We know about the problems with the Ross River School. The permafrost that the school was built on has led to a shifting foundation. They have a number of engineering marvels to try to correct the issue. I could go into detail about thermosyphons and insulation and everything else, but the fact is that we are not entirely convinced that these measures are working as expected. We have taken up a much more stringent review process of this school. We had engineers out there on March 8. We have them doing geotechnical and structural inspections to the school twice a year. Following the earthquake in that area, I have actually asked my officials to see if we could step that up and actually do more inspections to make sure that school is operating within acceptable parameters.

Question re: Yukon Energy Corporation 20-year resource plan

Mr. Istchenko: I have an energy question. Yukon Energy Corporation spent the winter travelling to several Yukon communities as part of their consultation for their 20-year vision. In the sessions, Yukon Energy Corporation indicated that they would like the government to borrow \$300 million to help address future energy needs.

Can the Minister responsible for Yukon Energy Corporation let this House know if they intend to respond positively to this request and if they have included the borrowing of money for Yukon Energy Corporation in their budget?

Hon. Mr. Pillai: Again, some of that statement is accurate and some of it is not. They put together an IRP program. The IRP program is essentially the long-term plan for infrastructure. There were three different models. There was a \$200-million model, there was \$300-million, and then, with a high industrial load, depending on how many renewables, it was \$400 million.

As you know, from being in government, it's not just debt. There's a combination of debt. There are two former ministers across the way who can explain that to your team. Essentially there's a mix of equity and debt on some, and some of it goes to rates. We're going to have some long conversations about what has transpired with the corporation, certainly.

But at this point in time, we're looking at what is in place and looking at funds that are available that will deal with green — taking that and putting that into the equation and

seeing if the IRP, as it lays out right now — under the plan, for I think, \$207 million — is the right plan that's in place.

I have also gone back over the work that has been done on the next generation hydro and the \$4.1 million. So, before we say that the \$4.1 million has basically just been paying for studies and we shelve it, I think it's appropriate to go out and talk to some of the stakeholders that were a part of that consultation. So we continue to do that and continue to look at what programs can reduce the cost of this infrastructure.

Mr. Istchenko: I thank the minister opposite for educating me on the briefing that I went to from Yukon Energy.

As part of Yukon Energy's future vision, they are recommending that the government build a third natural gas generator for the territory.

Can the minister let us know if the government is considering moving ahead with this recommendation? Would the minister be able to tell us what the cost of it would be? Also, have they given any thought as to where it would be built?

Hon. Mr. Pillai: There are a couple of pieces. When the opposition was in government, they went through a YESAA process — and I think I'm accurate on this. I think the third turbine was part of the YESAA application that had gone through at executive committee. Actually, the site that's in existence right now has the ability to add a third turbine.

What the next steps are — we're trying to make sure that we go through Management Board and we do our spending appropriately and correctly as per the protocol of government. There's an ask that's in place right now. It goes to Yukon Energy, then Yukon Development Corporation and then into a Management Board submission that gets reviewed. I believe that the LNG is one element off a bigger ask, so there are a number of items that they are looking at. That's sort of looking at some of the early work but also the first steps of the IRP.

Mr. Istchenko: I do thank the member opposite for answering the question.

As part of Yukon Energy's plan, they say they will have to undertake what they call "Southern Lakes enhancement". The Yukon Energy resource plan describes the Southern Lakes enhancement concept by saying that it would increase the water storage in the existing reservoir on the Southern Lakes systems by increasing the upper allowable limit to 30 centimetres.

Can the minister let us know if the government is considering moving ahead with the Southern Lakes enhancement by increasing the upper limits of the water levels on the Southern Lakes?

Hon. Mr. Pillai: It's an option to look at — on how we can produce more energy. There are two different conversations happening with two different groups. There has been an ongoing conversation with Carcross/Tagish First Nation. I believe that has happened — not just over the last months, but even longer, over the last number of years.

I just responded to individuals within the community in Marsh Lake — the South M'Clintock residents group, I

believe — just this week. They have some concerns about it so we have to make sure that we have those conversations with the people of the affected areas first.

Certainly, there are some we are looking at, and part of it is what's happening just naturally as we look for these opportunities to use existing infrastructure with some changes, but also what's happening actually. When we get into it, we can have some other discussions. There are some interesting things happening just as we see temperatures change, but certainly it is absolutely an option on the table — but making sure we have support to move forward on it.

Speaker: The time for Question Period has now elapsed.

We will now proceed to Orders of the Day.

ORDERS OF THE DAY

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

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

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

Chair (Mr. Hutton): I will now call Committee of the Whole to order. Is it the wish of members to take a brief recess?

Some Hon. Members: Agreed.

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

Recess

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

The matter before the Committee is general debate on Bill No. 2, entitled *National Aboriginal Day Act*.

Bill No. 2: *National Aboriginal Day Act*

Hon. Mr. Streicker: I would like to welcome to the Legislature, Ms. Louise Michaud and Mr. Shane Hickey — and regrets from Sephora. I have already heard from colleagues from across the House that they are disappointed that Sephora is not joining us today.

Mr. Chair, we are prepared to answer questions to Committee of the Whole.

Mr. Kent: Welcome back to the officials. A quick follow-up to a question that I raised during Committee last time we were up — and that's with respect to an economic analysis — recognizing, of course, that one hasn't been done yet. I did ask the minister if he would do one going forward. I believe that the language I reviewed in the Blues is they would consider it but I was hoping for a more definitive

statement by the minister that they will do it because I think, as he mentioned, they had some difficulty in accessing any information from the Government of NWT so, as the second jurisdiction that will bring in this day as a statutory holiday, perhaps if we have an economic analysis done that will help inform other jurisdictions as to what the costs and, more importantly, the benefits will be of recognizing June 21 as National Aboriginal Day as a statutory holiday.

I will follow up with my first question for today as well. I have heard from a number of businesses on the potential costs to them of this statutory holiday. I will give a couple of examples for the minister. One business that will be closing down for the day has six employees. They anticipate that it will cost them approximately \$1,800 in wages for that day, plus the lost revenue for having to not produce any of their services for that day. On the other end of the spectrum, I did hear from a company that needs to work that day, so it will have to pay the requisite overtime to their 60 employees. Their anticipated cost is \$30,000.

My question for the minister is about a couple of things perhaps that they would consider — or whether or not they have considered this — and if he could provide an answer as to why if they won't do it — and that is with respect to deferred implementation, which would mean that we would celebrate June 21, 2018 as the first National Aboriginal Day. That would give these businesses time to prepare and give municipalities time to account for it in their budgets — that type of thing. Perhaps the minister would potentially consider a staggered implementation, where this June 21, the Yukon government would recognize it as a holiday and then bring it in as a full statutory holiday next year.

Again, we heard from some businesses in the hospitality sector that the short time frame — the short window — notification they had doesn't allow them to move some of the events or other things that they had planned so that their staff would be able to have that day off. I am just hoping to hear back from the minister that he would potentially consider some of these options as we look to implement National Aboriginal Day.

Hon. Mr. Streicker: Mr. Chair, there were several questions there. I will try to do my best to respond to them. If I don't get all questions that the Opposition House Leader has asked, then I would encourage him to ask again. I am not trying to avoid anything.

First of all, as to whether or not we will do a study — the answer is yes, although I want to make sure that I am careful with that. After last Thursday, I did go back to the department and we discussed economic analysis regarding the implementation. We had actually already looked at other jurisdictions to try to understand whether they had done economic analyses, especially those that had recently added a statutory holiday. None of them have undertaken a comprehensive cost-benefit analysis due to the broad scope and criteria that would need to be included in the analysis, the data that would be required and costs associated with doing that analysis. It is not as simple as comparing one statutory

holiday to another on a different date, because there are different factors that come into effect.

We do want to do analyses. We are looking for evidence-based decision-making and we will do some. I just want to be careful, because the scope of what is being requested may be different. For example, the department has informed me that five years of data is useful when you're looking at this type of analysis.

I'll try to get to some of the questions that the member opposite asked. If the question is: Are we considering delaying? No, we're not considering delaying for a period of time; we would like to bring this holiday in. Part of the reason for that is that we recognize this was a platform commitment and we put it out there. Another reason is this year is Canada's 150th birthday and we wanted to celebrate National Aboriginal Day in the same year, so when we gave it that consideration, it was with respect to timing and that now was the time.

We did run on a campaign of bringing it in and we think that has helped to inform the business community. We took steps as well to speak with them directly and let them know that we were going to see it early.

With respect to the question that came last time about how much it will cost, we did some analyses ourselves as well in what I would call preliminary cost estimates of what this might look like. We ran some numbers about overtime on a statutory holiday for ourselves and the business community and, again, these are challenging numbers because it's different between different sectors within the business community. When it comes to how employers can prepare to celebrate the statutory holiday, when the survey was conducted before the election happened, employers and the business community overall said they support the creation of a statutory holiday. For many of them, there would be no impact. While there is some cost to some employers — that is correct — there are also benefits.

We had debate on this issue during the election. The original petition was first tabled in 2015 here in the Legislature and the consultation took place a year ago — May to July 2016. So we feel that there has been time and opportunity for input into debate and now the time is to respond to the people and to act. We recognize that there is going to be some productivity lost over the day itself for some businesses and that there will be overtime costs for essential services. Businesses in other sectors, however, such as tourism, culture and hospitality will benefit. In weighing those out, we took the decision that we would go forward with the holiday this year and we're looking forward to celebrating it with our businesses.

Mr. Kent: Perhaps when the minister is on his feet again, he can comment on the option that came to us of perhaps a staggered implementation where Yukon government would be celebrating National Aboriginal Day as a holiday this year — similar, I guess, to days like Heritage Day — the one near Yukon Sourdough Rendezvous — that is a Yukon government holiday, but not a statutory holiday. I believe Easter Monday is the same. It's not considered a statutory

holiday, but it is a holiday for some individuals, including Yukon government here in the territory.

Would the minister consider staggering so that businesses have a chance to prepare? Is it something that can be done within the way the legislation is written, or would it just have to come into force and effect on June 22 and then give June 21 off as a holiday to Yukon government and then, in 2018, have it fully implemented as a statutory holiday?

Just leading into my next question again, this was a suggestion that was sent to the previous Minister of Community Services on July 8, 2016 during consultations on observing National Aboriginal Day as an additional statutory holiday, and it came from the Klondike Placer Miners' Association. I'm going to take some time to read the letter that they sent to the minister at the time. I believe the current minister has a copy of this as well from the KPMA. That's what they had mentioned to me when I spoke to them in preparation for this debate.

What this is says is:

"Dear Minister Dixon,

"The Klondike Placer Miners' Association (KPMA) would like to thank the Yukon Government and the Department of Community Services for inviting Yukoners to provide input regarding the possibility of National Aboriginal Day becoming an additional statutory holiday in Yukon. We have encouraged our membership to participate in the online survey.

"The KPMA values First Nations' significant contributions to Yukon's rich culture and heritage, as together First Nations and gold mining comprise two of key pillars of the Yukon identity. We therefore support initiatives that recognize First Nations achievement as we feel Yukon as a whole will benefit from such recognition.

"The KPMA does have concerns however regarding the considerable cost borne by its membership should an additional statutory holiday be observed during our short production season. Due to the nature of our industry, our employees typically work long days for weeks on end. This results in overtime costs for our employers which far outweigh regular hours' payroll. Consequently, statutory holidays have substantially higher cost implications for placer mining than sectors which operate using a standard work week.

"Should the Yukon Government amend the *Employment Standards Act* and related legislation to observe National Aboriginal Day as a statutory paid holiday, the KPMA would like to respectfully submit that National Aboriginal Day be exchanged for an existing statutory holiday that is already observed within the summer months. This would facilitate a fitting recognition of First Nations contributions to Yukon society without adding any net increase to employer costs.

"Thank you again for the opportunity to comment.

"Sincerely..." and it was signed by the executive director of the Klondike Placer Miners' Association.

My question for the minister is, as we go through — all things being equal, I guess — if this June 21 is implemented as a stat holiday and the staggering isn't enacted, would the

minister and his Cabinet colleagues consider looking at exchanging this holiday for another one that takes place during the summer months as suggested by the Klondike Placer Miners' Association? It was actually further suggested to me by the president of the Yukon Chamber of Commerce in a conversation I had with him — he suggested perhaps just another holiday of some sort be taken off the books, not necessarily in the summer months, as was suggested by the KPMA.

But again, I'll ask if the minister is considering that request from the Klondike Placer Miners' Association as part of his deliberations?

Hon. Mr. Streicker: Thank you to the member opposite for his suggestions.

I'll try to answer it in a few parts. Again, first of all, with respect to the question of exchanging this holiday with another, there are two thoughts that I have around that. The first one is: the holidays that exist have specific reasons for being celebrated, and so does this one. What we're looking at is to recognize this as a holiday that acknowledges the deep history of this territory. My question back then ultimately becomes: Which one do you suggest? If there's a notion that we would swap a holiday — one for another — then, quite simply, which one? If you have a suggestion, I'm totally open to hearing it. But when I looked through them, I thought that's not very likely. Again, our reasoning around it is simply that we are celebrating specific things. I do thank the KPMA for their letter. We did receive it, we did discuss it and there were some excellent points that were made.

With respect to how we can offset the effect of an additional holiday during the summer season on seasonal industries — for example, mining, and including tourism — we did, first of all, send the survey out. I note that invitations were sent out specifically to affected employers. We know that the date, June 21, is the one that has been selected by the country — by Canada — as the date to celebrate National Aboriginal Day. It has a culturally relevant significance — being the longest day of the year — so we weren't seeking to try to switch the day around that has been established.

But when we put out the survey, we did seek specifically to get in the catchment of that survey those industries that would be significantly affected — seasonal industries — and we got feedback from the chambers as well, and those seasonal industries.

One thing about the *Employment Standards Act* is that it has some flexibility built into it that can work to offset the effects that statutory holidays might have on business operations. If the holiday occurs at a peak time, the employer does have the ability to provide alternative time off for the employee or employees that can be added to the employees' vacation time later on with the agreement of a majority of employees to shift a holiday to a time that works for everybody. So those are options that are available.

I note as well — can we require those employees to work? An employer can still require employees to work on National Aboriginal Day. However, as with other statutory holidays, an employer is required to pay the employee at the

applicable overtime rate for all hours worked on the holiday or pay the employee at their regular rate of hours worked on the regular holiday and be given a day off that may be added to the employee's annual vacation or grant the employee a day off at a time convenient to the employer and the employee. So, in that way, we hope to work with businesses like placer miners to allow them, when they're in their very high season and they want to stay working at that time, to shift the day off when it works for that business or industry.

Mr. Kent: Just to be clear with the minister, the suggestions of swapping this out with another summer holiday or another holiday of sorts were suggestions that were given to us by the Klondike Placer Miners' Association and the Yukon Chamber of Commerce. They are not our suggestions. If there are some follow-up conversations, I suggest that perhaps he and his colleagues talk to the KPMA at the gold show. I know that the Minister of Economic Development and Energy, Mines and Resources and others will probably be meeting with KPMA executives during the gold show — which is coming up in a couple of weeks — as well as reaching out to the Yukon Chamber of Commerce and getting their suggestions on it. It is certainly not an easy decision if you were to go that route, but again, these are some of the solutions that were brought forward by industry associations. I think following up with some of your concerns and questions with those organizations would also be helpful.

Just a few more questions — and I will start with some of the specific issues for the Yukon government. I note that the minister has mentioned that they feel — and I want to make sure that these numbers are correct that he used either in his second reading speech or his introductory remarks at Committee here — that the extra costs to the Yukon government will be \$117,000 and the payroll costs for one day are \$1.16 million. If he can confirm that I have the correct numbers that would be great. I did ask officials during the briefing this question, but I will just get the minister to confirm as well that there are no effects on the collective bargaining agreements that we have in place with the teachers and the Yukon government employees. My understanding from officials is that they just refer to the statutory holidays and holidays identified in the *Employment Standards Act*.

The final question is YG-related — and I am just trying to get a sense of it and whether he has the answer today or if he could provide this to me — there are a number of contracts that would have been signed and put into place with companies prior to the tabling of this legislation. I just want to make sure that the government will honour any change orders that come forward from those contractors that either have to lose production for a day or have to stay working and pay their employees because when they bid on those specific contracts, they wouldn't have known about this legislation coming forward during the time of the contract. Some of them I'm sure were signed last year or perhaps even the year before. Again, just for the contracting community, I want to make sure that the Yukon government would honour any change orders that come forward for increased payroll as a result of an additional statutory holiday being put into place.

Hon. Mr. Streicker: Again, I will try to answer all of those questions and if I miss any, please just ask me again.

First of all, I did stand up and state that the estimated overtime pay for — we used July 1 just because it is a nearby date and a good comparator. Last year that was \$116,700. Now, I note that on years when there was firefighting happening, those overtime hours go up, so it is a fluid number. It depends on how much emergency response we have going on at that time. I am not sure if I heard the member opposite and I want to be careful. The average pay on that date was not \$1.6 million, but \$1.157 million.

With respect to the question about the collective agreement with the Yukon Employees Union and the Yukon Teachers' Association reflecting the change of the statutory holiday, these agreements have been reviewed and no changes are required.

With respect to the question about honouring contracts — will we be honouring them — I will have to check back with the department, but the note that I have in front of me right now is that they will be dealt with on a contract-by-contract basis. I can't give you a generic response right here, but certainly we're not ignoring the situation and we will be working with our contractors.

Mr. Kent: I thank the minister for the clarification. I think the number I used for the payroll for the day was \$1.16 million, so \$1.156 million is very close. Thank you for that clarification and thank you for the response as well on the contract-by-contract basis. Obviously some companies may be affected and may have to put in change orders, so they will appreciate hearing from the minister that those change orders will be considered on a case-by-case basis.

Just a couple of questions — one on education and one on health care and how this impacts them. I checked the schedule and I don't believe there are any BC provincial exams scheduled for June 21 this year. With BC not honouring this day as a statutory holiday yet — hopefully they do in the future — are there any provisions in place? Would the students, I guess, have to write the exams on that particular day if June 21 is chosen as the day going forward or can the Department of Education make alternate arrangements so that they don't have to write on June 21? If the minister needs to consult with the Minister of Education and get back to me in a letter or in a legislative return, that's fine.

Another question is on the health care side. I would welcome a written response on this just in case there are any Yukoners who may be affected. I haven't had the chance to look to see if there are any affected this year, but the specialists' clinic at the hospital this year — I'm just wondering if there are any appointments booked for Yukoners on June 21 that will either have to be moved or if the specialists' clinic would stay open, just for this year obviously. In years out we can make some changes, but if there are any appointments booked for individuals at the specialists' clinic — obviously the hospital and other primary health care facilities will stay open, but I believe the specialists' clinic does shut down on statutory holidays.

Whether the minister can answer those questions now or if he needs to get back to us in writing after consulting with his colleagues, I would appreciate hearing back from him on those two issues at this point.

Hon. Mr. Streicker: First of all, I did mishear. I appreciate the member opposite clarifying. I was trying to decide if I heard 1.6 or 1.16, and it was \$1.16 million for the average pay on a stat holiday.

I want to say that the Premier has asked me to go to the gold show a week and a bit from now for this very reason — to talk with the Klondike Placer Miners' Association. I will be there and I appreciate the suggestion.

I will also say that I already had the conversation with the Yukon chamber regarding substitute holidays. They posed the suggestion to me as well, and I asked them the question as to which holiday they would consider. They didn't have an answer. It wasn't an obvious answer for them. I think these are questions that we have explored, and I will continue to follow up with the chamber. I think it is important that we work with our partners in the business community.

With respect to the question regarding education and exams on that date, I don't know of any at this point. What I do know from my colleague is that, in the past, when there have been exams set on dates that don't work for us, there has been accommodation. I am assuming that there will be accommodation going forward. If there is anything different from that, we will check in with the department and we will get back to you.

With respect to the specialist clinics, I thank the member for his question. At this point, I will wait until I hear back more directly from the department officials. I am sure they are on it, but I will get an answer and provide it in writing.

I do note that we also estimated the overtime pay for our essential services in the health care and social assistance sector. Those dollars came to \$16,100 — again, based on July 1. We will have essential services running on the stat holiday, so Yukoners can rest assured that, as with other statutory holidays, we will make sure that Yukoners are provided for. I will get back on the question regarding the specialist clinic and appointments that had been set up.

Mr. Kent: I'm not sure where this would land — whether it's in Community Services or perhaps the Department of Finance or perhaps the new Financial Advisory Panel — but once we get a better sense on what the costs are going to be to the private sector businesses as well as, I guess, to municipalities and others, would the government be willing to entertain additional municipal grant opportunities for municipalities to mitigate these impacts, as well as for the private sector — some additional taxation tools that would help to mitigate the impacts over and above what the government has put in place, which, I believe, is dropping the small business tax from three to two percent and from a 15-percent to a 12-percent reduction on the corporate tax side of things?

Hon. Mr. Streicker: First of all, with respect to the municipalities, this weekend coming up is the Association of Yukon Communities' annual general meeting. I'm sure many

of us from all sides of the House will be there. I note that this year we are entering back into a discussion around the comprehensive municipal grant. I have had conversations with the association about that. I think that's where that conversation happens. When that conversation started in my first sit-down with the association, we had already announced National Aboriginal Day and they didn't raise it as a concern. But I do anticipate that we'll get questions and I think that's all part of the back and forth.

With respect to the business community, when we developed our platform, we did so in a way where we tried to balance all of these things out. That was part of the notion that we put in there. While the member opposite is asking for compensation over and above, one of the things that we did when we thought about bringing in National Aboriginal Day and a discussion around corporate taxes — that was all part of that discussion. That is what we have already delivered on.

There is still the question that is outstanding regarding the small business tax. The Premier and the Minister of Economic Development have both noted that, when we started to look at it, we saw that there were many small businesses that wouldn't benefit directly from that tax reduction because some of them are run as sole proprietorships and some are incorporated. There was a discussion that we wished to have. The minister and the Premier have noted that and we will continue those discussions. Certainly, we're happy to stay in conversation with the business community around these things, although we're not out there stating that they are to come back and ask us for further reductions. Those conversations are underway because we established them through our platform.

Mr. Kent: I thank the minister for his responses that he has provided today and the brief time that we had on Thursday in Committee of the Whole. The final question — and perhaps suggestion — for the government — once we get through third reading and assent today and we start recognizing National Aboriginal Day as a holiday, I hope the Premier will reach out to the Prime Minister to look at making National Aboriginal Day a national holiday. It would be great to see this celebrated from coast to coast to coast, beyond just the Yukon and Northwest Territories.

I thank members opposite for their time and thank the minister and his officials for the time here in Committee of the Whole, and I will turn the floor back to the minister and then over to colleagues from the Third Party.

Hon. Mr. Streicker: I thank the member opposite for his suggestion. In fact, it has already happened. I know that the Premier has begun that conversation with the Prime Minister. We completely agree. We think that we are a great example, and we are hopeful that the country and other provinces will take the lead of the Northwest Territories and now us. We hope that we will create a bit of momentum out of it, and we certainly will work to take the Yukon message to Canada.

Some Hon. Member: (Inaudible)

INTRODUCTION OF VISITORS

Mr. Gallina: Mr. Chair, I just wanted to take a moment for this House to recognize our guests in the gallery today. Connor Whitehouse is a Porter Creek Centre constituent in the growing neighbourhood of Whistle Bend. Welcome back, Connor.

Laura Cabott has represented hundreds of residential school survivors across the north and I wanted to take this time to recognize her and thank her for her efforts. Thank you.

Applause

Ms. Hanson: I thank the Leader of the Official Opposition and the minister for an interesting exchange. I just have to comment on the irony of encouraging National Aboriginal Day as a national holiday when we have been talking for 35 years — since the first call for National Aboriginal Day to be recognized. If we were to go through the series of requested deferrals or trade-offs or everything else that we are suggesting at the federal level, we would be seeing the federal Conservatives recommending another 35 years of delay.

I think that one of the things that we witnessed this afternoon is that when the Truth and Reconciliation Commission of Canada released its recommendations and calls to action, all of the parties in this Legislative Assembly, and in the last territorial election, said that we embraced the calls to action. The challenge that we faced then was getting at it.

I understand that there is always — it's like how you look at the image. We have heard a lot of discussion this afternoon about costs. The economic analysis that was called for by my honourable colleague from the Official Opposition was asking the minister to talk about the potential costs — the costs here and costs there. I guess I would ask, on the balance: If there is an economic analysis being done, what potential economic benefits would we also see accruing as a result of implementing an opportunity for businesses to expand and to develop that perhaps haven't? It's perhaps a whole series of sectors that may be able to take advantage of this.

I'm asking if the minister could comment on that aspect of what I heard. It sounded like some form of analysis that was going to be undertaken.

Hon. Mr. Streicker: Thanks to the Leader of the Third Party for her question and thoughts.

Certainly there are costs and there are benefits. I'll answer the specific part of the question and then I'll try to generalize a bit. First of all, when we did the survey, what we saw was that nearly half of the employers and members of the business community who responded to the survey said that they would see little to no impact on their operations. The costs are not across the board — that is clear — and 20 percent said that they would benefit from the holiday. We have identified those cultural sectors where we think there is opportunity. I think we're excited on this side about those sectors and I know that the Minister of Tourism and Culture is working to place the Yukon in that light.

There was a —

Some Hon. Member: (Inaudible)

INTRODUCTION OF VISITORS

Ms. Hanson: Sorry to interrupt, Mr. Chair, but I do want to just take an opportunity to welcome to the Legislative Assembly the person who introduced this motion to the Legislative Assembly, debated it passionately and led the petition call — Kevin Barr, the former MLA for Mount Lorne-Southern Lakes — and Jan Stick, our former colleague from Riverdale South.

Applause

Hon. Mr. Streicker: It is with real pleasure that I get to stand today and say thank you to Mr. Barr for not only bringing this forward, but also for representing Mount Lorne-Southern Lakes. I would like to commend him as well.

To follow up, there was a Harvard business review study, which we took a look at, that talks about when there is a holiday and when there is time off work, it isn't just those sectors that benefit from culture and tourism business; it's also that holidays contribute toward the performance of employees and partially mitigate losses in production and wages. It's not an easy number to come up with. Certainly we will look at this when we try to do the analysis afterward.

I want to be careful because, when we looked at other jurisdictions, we didn't even see some easy way to do the analysis. It might not be as in-depth as some would like, but we will do our best to try to gather what information we can — both on the costs and the benefits.

I would also like to note that when we do the consideration of National Aboriginal Day as a holiday, it isn't just the economic cost. There are social and cultural benefits that we think strongly are in favour of National Aboriginal Day. When we look at the territory as a whole, we see that this is a real opportunity and we're happy to be moving forward.

Ms. Hanson: It's pretty clear to everybody where we stand as a caucus and as a party with respect to the implementation of this holiday. We think the time has come for it and, as we said previously many times in this House, it is largely a symbolic action.

If I may, Mr. Chair, I would just like to quote two paragraphs from the Truth and Reconciliation Commission in their section on the challenge of reconciliation. They talked about the need for a paradigm shift. They talked about the notion of public memory and they talked about — and I'm quoting here: “Reshaping national history”, I would say equally territorial history “is a public process...” and this is not, if I may say, simply about a National Aboriginal Day holiday for aboriginal people to celebrate their history and their culture. It's about us understanding each other.

On that notion, they say it's a public process — “...one that happens through discussion, sharing and commemoration. As Canadians gather in public places to share their memories, beliefs, and ideas about the past with others, our collective understanding of the present and the future is formed. As citizens, our ideas, world views, cultural identities, and values are shaped not only in classrooms and museums or by popular

culture, but also in everyday social relationships and patterns of living that become our way of life.”

The point, Mr. Chair, as they say, is: “Public memory is dynamic — it changes over time as new understandings, dialogues, artistic expressions, and commemorations emerge. Public memory, much like national history, is often contentious. Although public memory can simply reinforce the colonial story of how Canada ...” — of how Yukon — “... began with European settlement and became a nation ...” — or a territory — “... the process of remembering the past together also invites people to question this limited version of history.”

It’s for those reasons that I think there comes a time when governments make a decision based on values. To me, this is a symbolic exercise of the importance of this value of reconciliation.

Hon. Mr. Streicker: I would like to thank the Leader of the Official Opposition for those words. Those are very strong words.

When we discussed National Aboriginal Day as a holiday here in the Yukon, I think what I want us to take away from that is that it is a holiday for all Yukoners. In other words — and I was walking down the street the other day discussing the holiday with someone and they made a comment to me about how they are not First Nation, saying: “Is it a holiday for me?” I said, “Of course it is.”

I thought back to Remembrance Day and I’ve heard some of the tributes that have been given in this Legislature for Remembrance Day. None of us were — well, I hope I’m not incorrect. I don’t believe any of us were fighting in those wars, yet we acknowledge and remember on those days. The reason that we do that is because it is a shared history that we have. In a similar way, when we celebrate National Aboriginal Day, we all as Yukoners have the ability to share the original heritage and culture of this territory. That is critical and I thank the member for her comments.

Chair: Is there any further general debate?
Seeing none, we will proceed clause by clause.

On Clause 1

Clause 1 agreed to

On Clause 2

Clause 2 agreed to

On Clause 3

Clause 3 agreed to

On Preamble

Preamble agreed to

On Title

Title agreed to

Hon. Mr. Streicker: Mr. Chair, I move that Bill No. 2, entitled *National Aboriginal Day Act*, be reported without amendment.

Chair: It has been moved by Mr. Streicker that Bill No. 2, entitled *National Aboriginal Day Act*, be reported without amendment.

Motion agreed to

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

Chair: It has been moved by Ms. McPhee that the Speaker do now resume the Chair.

Motion agreed to

Speaker resumes the Chair

Speaker: I will now call the House to order.

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

Chair’s report

Mr. Hutton: Mr. Speaker, Committee of the Whole has considered Bill No. 2, entitled *National Aboriginal Day Act*, and directed me to report the bill without amendment.

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

Are you agreed?

Some Hon. Members: Agreed.

Speaker: I declare the report carried.

GOVERNMENT BILLS

Bill No. 2: *National Aboriginal Day Act* — Third Reading

Clerk: Third reading, Bill No. 2, standing in the name of the Hon. Mr. Streicker.

Hon. Mr. Streicker: Mr. Speaker, I move that Bill No. 2, entitled *National Aboriginal Day Act*, be now read a third time and do pass.

Speaker: It has been moved by the Minister of Community Services that Bill No. 2, entitled *National Aboriginal Day Act*, be now read a third time and do pass.

Hon. Mr. Streicker: I am willing to entertain further debate if there is any. I thank everybody.

Thank you, Mr. Speaker, and I appreciate both sides of the House for this work on this act.

Mr. Hassard: Thank you, Mr. Speaker. As I have indicated previously, the Official Opposition fully supports National Aboriginal Day. We feel it is incredibly important to recognize and celebrate the unique heritage, diverse cultures and outstanding achievements of aboriginal people, both here in Yukon and across the entire country. We believe that here in the Yukon, the celebration of Yukon First Nations enriches the lives of all Yukoners and, for this reason, we believe that the government has an important role to play in taking part in this recognition and celebration.

Asking pertinent questions of the government on this matter — as with all matters — is how we, as legislators, exercise the responsibilities given to us by the good people of the Yukon who have elected us here in this Assembly today. I think it is important to note that the Leader of the Third Party has criticized the Official Opposition for asking for costs and not benefits. However, I believe that in asking for an analysis

to be done — that an analysis actually takes into account costs and benefits.

While I do believe that the government has left some questions unanswered, I hope that they take all comments into consideration moving forward — not just with this bill but with all bills in the future as well. That being said, the Official Opposition will be supporting Bill No. 2 at third reading.

Ms. Hanson: I thank the government for introducing this legislation as one of the first pieces of legislation to be introduced in this Sitting of the 34th Legislative Assembly. As we have said many times on this side of the House, the celebration, the marking of National Aboriginal Day in the Yukon, is one of those very beginning steps of the process of reconciliation. Hopefully, it marks an understanding that the process is part of a dialogue that we will all engage in as we open ourselves to revisiting that sense of what we think our history is — to developing that shared history for the future based on a completely different set of understandings of the history of the past — and experiences and opening ourselves to the recognition that the need to do that comes from the very real and lived experiences from so many generations of children and adults stemming from the issue of residential schools. But more, Mr. Speaker — it speaks to the very foundation of our understanding of the history of this territory and, indeed, of North America.

National Aboriginal Day, as it will be celebrated on June 21, 2017, is a very good first start. We applaud the government for introducing this bill and for carrying through with it. It is a good sign of a commitment made and a commitment delivered. I also want to say thank you to the many hundreds of people who signed petitions and responded so well to the initiative of the former MLA for Mount Lorne-Southern Lakes when he took his lived experiences of working with people who were residential school survivors. He took this to heart and recognized the importance of it.

Speaker: Are you prepared for the question?

Some Hon. Members: Division.

Division

Speaker: Division has been called.

Bells

Speaker: Mr. Clerk, please poll the House.

Hon. Mr. Silver: Agree.

Hon. Ms. McPhee: Agree.

Hon. Mr. Pillai: Agree.

Hon. Ms. Dendys: Agree.

Hon. Ms. Frost: Agree.

Mr. Gallina: Agree.

Mr. Adel: Agree.

Hon. Mr. Mostyn: Agree.

Hon. Mr. Streicker: Agree.

Mr. Hutton: Agree.

Mr. Hassard: Agree.

Mr. Kent: Agree.

Ms. Van Bibber: Agree.

Mr. Cathers: Agree.

Ms. McLeod: Agree.

Mr. Istchenko: Agree.

Ms. Hanson: Agree.

Ms. White: Agree.

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

Speaker: The yeas have it. I declare the motion carried.
Motion for third reading of Bill No. 2 agreed to

Speaker: I declare that Bill No. 2 has passed this House.

We are now prepared to receive the Commissioner of Yukon, in his capacity as Lieutenant Governor, to grant assent to the bill which has passed this House.

Commissioner Phillips enters the Chamber, announced by the Deputy Sergeant-at-Arms

ASSENT TO BILLS

Commissioner: Please be seated.

Speaker: Mr. Commissioner, the Assembly has, at its present session, passed a certain bill to which, in the name and on behalf of the Assembly, I respectfully request your assent.

Clerk: *National Aboriginal Day Act.*

Commissioner: This is a very historic day for the aboriginal people of the Yukon Territory and for aboriginal people all across this country. I assent to the bill as enumerated by the Clerk.

Commissioner leaves the Chamber

Speaker: I will now call the House to order.

Bill No. 200: Second Appropriation Act, 2016-17 — Second Reading

Clerk: Second reading, Bill No. 200, standing in the name of the Hon. Mr. Silver.

Hon. Mr. Silver: I move that Bill No. 200, entitled *Second Appropriation Act, 2016-17*, be now read a second time.

Speaker: It has been moved by the Hon. Mr. Premier that Bill No. 200, entitled *Second Appropriation Act, 2016-17*, be now read a second time.

Hon. Mr. Silver: It is my pleasure to table the supplementary estimates for 2016-17.

In any given year, the tabling of the supplementary estimates reflects changes in circumstance. Unforeseen events can lead to necessary spending, necessary new spending, or impact revenues. This is to be expected.

However, our government found a state of public finance that was certainly unexpected when we took office. The 2016-17 main estimates presented by the previous government forecasted a \$9.5-million annual surplus; however, as the

fiscal year unfolded, it became clear that there was no surplus. There was indeed a deficit — a significant deficit, in fact. The supplementary estimates our government presents today forecast an annual deficit of \$8.3 million for the year that ended March 31, 2017.

Mr. Speaker, this is a difference of \$17.8 million. On a budget of \$1.4 billion, this does not reflect a rounding error or unforeseen expenses. It represents a major addition of projects that did not appear in the 2016-17 main estimates and cost implications that were known but not included. Let me provide one obvious example to start off: the signing of the new collective agreement. That \$7.2 million was, on its own, almost enough to wipe out the previous government's so-called surplus. Now, let me get into more detail to explain why Yukoners are now learning that the previous fiscal year ended in a deficit rather than a surplus as they had been told existed.

Mr. Speaker, today is not the first indication of the 2016-17 main estimates being insufficient. We all know that on January 23, 2017, our government issued a special warrant in the amount of \$29.4 million for operation and maintenance and capital expenses. It has been well documented that I am not a fan of special warrants — and I'm not. While my view of these warrants has not changed, my hand was forced by the spending decisions made after the tabling of last year's budget. With the legislative session now underway, we are now able to share more information. The special warrant captures all increases to expenditures. It does not capture changes to recoveries from third parties or from Canada, and it does not capture changes to revenue. Mr. Speaker, the tabling of this supplementary budget provides a full story. There is a deficit of \$8.3 million.

Let me begin with operation and maintenance. The special warrant authorizes additional spending authority for \$21.6 million in operation and maintenance. This involved increases spanning 11 departments with sharp increases to Education. But there are departments forecasting a decreased O&M as well and those are highlighted in the supplementary budget. The supplementary budget includes \$17 million in additional O&M forecasted expenditures.

To begin, the previous government did not account for additional costs in Education, including \$3.5 million in additional teachers' and educational assistants' salaries. French teachers' and educational assistants' salaries are being paid by the Yukon government, resulting in an increase to O&M of \$3.5 million. However, this will result in an identical increase to the recoveries and accounts for a portion of the total \$4.8 million in increased O&M recoveries.

Costs related to pension solvency within the Yukon Hospital Corporation costs the government an additional \$3.5 million, as well as \$496,000 at Yukon College. Unbudgeted spending resulted in \$2.2 million spent to open additional beds at the Thomson Centre and McDonald Lodge. There were increased costs in home care, additional beds and support at the hospital.

Personnel costs are higher than budgeted in most departments as a result of the new collective agreement. The

previous government did not account for increased costs of \$1.9 million within the Executive Council Office.

This amount includes costs associated with the royal visit totalling \$429,000. These increases are offset by some new operation and maintenance recoveries. As mentioned, these totalled \$4.8 million. Other recoveries include a \$2.3-million rebate of the Workers' Compensation Health and Safety Board payments and \$900,000 from Canadian Northern Economic Development Agency — CanNor — for the Yukon Now tourism initiative. There were a number of other small changes to cost-sharing agreements. Still, approximately \$12 million of the overall \$17 million is unrecoverable. Adjustments under the supplementary budget reflect overall gross increases to operation and maintenance costs in the amount of \$17 million.

I will move on to capital expenses. The special warrant required \$7.8 million for capital expenses. This figure reflects unbudgeted expenses related to commitments made after tabling the 2016-17 main estimates.

Leading up to the election, a commitment made by the previous government was for \$1.5 million in 2016-17 to expand the MacBride Museum, with another \$1.5 million to come later. We have accounted for this cost in the supplementary estimates.

There are cost overruns at the hospitals in Watson Lake and Dawson City, and within the Crocus Ridge residential construction. These totalled \$2.6 million. An additional \$1.8 million was required for the new Salvation Army Centre of Hope and a further \$1.8 million for affordable housing projects. The previously mentioned beds and home care also resulted in \$1.1 million in capital being spent.

Another approved item — but not budgeted for — was a pilot project to upgrade the wide area network in the communities of Carmacks, Teslin and Watson Lake, to upgrade the municipal area network in Watson Lake. The amount approved for 2016-17 was \$1 million in capital expenses and \$595,000 in operation and maintenance expenses for this pilot project.

The government also had to cover the removal of hazardous materials and demolition costs for F.H. Collins at \$2.1 million; the Art and Margaret Fry Recreation Centre in Dawson City — an additional cost of \$1.4 million; the learning commons and electrical upgrade renovation, which added a further \$585,000 — all approved but not put into the fiscal framework.

As with the operation and maintenance, there were decreases and deferrals in the capital vote. For example, reduced spending at the Whistle Bend continuing care facility of \$24.3 million must be re-appropriated to 2017-18 and into 2018-19 budgets.

Projects under the federal infrastructure program did not materialize as predicted in the previous main estimates, which means further reductions. Community Services is forecasting lapses of \$6.3 million from municipal projects under the federal infrastructure funding programs and another \$2.3 million in gas tax-funded projects that progressed more slowly than anticipated.

Another \$5.6 million is lapsing in Whitehorse land development. As lots are badly needed in Whitehorse, this investment will be carried forward to future years to supply these lots. As a result of these lapses, gross capital spending in supplementary estimates decreased by \$25 million. While this reduces the funds required for specific funding projects in 2016-17, these funds will still be needed and will be largely reappropriated in 2017-18.

Of the lapses I identified, some projects had federal cost-sharing agreements associated with them. This leads to decreases in recoveries from Canada of \$11.6 million. This accounts for nearly all of the decreases in recoveries from Canada, totalling \$12.2 million.

There were also increases to recoveries from third parties, totalling \$3.5 million. Canada Health Infoway, which funds e-health projects, accounted for \$2.1 million. Recoveries offsetting higher expenses in the Salvation Army redevelopment accounted for \$1.1 million. This unbudgeted spending is troubling. We are fortunate that the deficit in 2016-17 will not be greater.

Mr. Speaker, as I mentioned previously, special warrants do not capture changes to revenues. On revenues, the total changes in the 2016-17 supplementary estimates for revenues consisting of transfers from Canada, taxes and general revenues is a decrease of \$4.8 million. Changes to revenues include a \$1.1-million reduction in transfers under the Canada health and social transfers. In the supplementary estimates, Yukon also saw a \$5.3-million downward adjustment to tax revenues.

One item that our government will not be reporting on is the innovative budgeting initiative, or IBI. This initiative was an interesting concept and definitely had merit; however, the departments could not fully implement this initiative. For one thing, there was a lack of human resources and appropriate systems in place. Progress was also hindered by unbudgeted spending, which I have detailed in my remarks. Clearly there are significant opportunities to find operational efficiencies, but we must provide the public service with the tools to achieve such efficiencies. We are doing this through our strategic investments in Yukon's Department of Finance.

The value of net financing assets is higher. End-of-fiscal-year net financial assets reported in the main estimates were \$57 million. The beginning year balance changed by \$21.6 million. This is to adjust the opening net financial assets figure to coincide with the final 2015-16 Public Accounts closing net financial assets figure. The deferral of some capital projects influenced the change in non-financial assets upward by \$32.5 million.

The supplementary estimates for 2016-17 reinforce the need to establish a budget process that is more thorough, more inclusive and more transparent.

Budgets in future years will be more realistic with respect to the work that can be done and will be done. Much of the additional spending detailed in the supplementary estimates could have been anticipated with proper planning and forecasting. Future budget forecasts will apply more data so that the decisions can be evidence-based. Our government will

integrate fiscal forecasting with budgetary planning as an ongoing process. We will build a stronger capacity for our territorial government to make evidence-based decisions. We will put economic and fiscal policy at the forefront of budgetary development.

We recognize that the budget development process itself can be improved and we are committed to working with the public service to build strong financial capacity in the government. Budgets are about building a shared understanding of our territory's fiscal position so that we can make shared decisions on the best pathway forward.

Our government is committed to doing that work, and I hope that all members of this Legislative Assembly will join us in that effort. Thank you very much, Mr. Speaker.

Mr. Cathers: As Official Opposition Finance critic, I am pleased to rise here in second reading on the 2016-17 first supplementary estimates. In beginning my remarks, I would reference — the Premier referred to his desire to — and I quote: “build strong financial capacity” within government. In fact, what is disturbing to us in the Official Opposition, formerly in government, is that the Premier doesn't seem to be recognizing the financial capacity that exists within government, and in fact has helped, along with the work of ourselves, as ministers — the work of officials within every department of the Yukon government have been key to helping us keep the Yukon in the black and keep us with the healthiest financial resources in Yukon history during most of that time.

I would point out to members that, while they like to talk about a reduction in recent years to some of the cash reserves that we used for purposes, such as, for example, loaning money to Yukon Energy Corporation to install the two generators so they didn't have to approach the bank for financing, we are receiving revenue in some cases from those investments. We actually paid down debts that the Yukon Hospital Corporation had. In fact, in addition to the roughly \$100 million in cash in the bank that this Premier inherited as Finance minister, the Yukon's finances have never been in a better situation upon any government taking office.

I would also note, for those who are left somewhat confused or unclear on the details of a budget and simply hear the debate between the government and the opposition and aren't clear on the details — I would note to the media and anyone listening that I would encourage you to look at what happens in the final supplementary reconciling the 2016-17 fiscal year. There are usually lapses that show the result of the period — the 12-month variance report. Unless something is different from the norm, I think we can expect the so-called “\$8.2-million deficit” to be reduced further when those final tallies are in.

I also have to remind the Premier that a number of the decisions made by this government since taking office have had an effect on the fiscal situation. The Premier referred to the decision to book the additional pension requirements for both the hospital and the college. I would note that, again, while that has been done in the past, we believe that it could

have and should have been done in the 2017-18 fiscal year. That alone accounts for roughly \$4 million of the so-called deficit.

I would note as well that we see here — and for people looking for the information on this, if you refer to page S-8 — that’s “S” as in “Sierra” — of the *Supplementary Estimates No. 1*, you’ll see that the reductions in transfers from Canada and the reductions in recoveries from Canada themselves total over \$16 million. Now, some of that — roughly \$1.1 million as the Premier referred to — was a reduction in the Canada health transfer and the social transfer. Contained within the reductions and recoveries is a reduction of \$3.256 million in funding for type 2 mine sites and a reduction in \$11.599 million — roughly \$11.6 million — in infrastructure funding programs.

Now, we will need to ask additional questions to find out the exact details of this, but it is certainly my expectation that much of that \$11.6 million may be due to delays in decision-making by the new government because, in fact, as members are getting themselves acquainted with large infrastructure projects, one of the key pinch points, for lack of a better term, where projects can get delayed is if there is a variance in the project that requires approval, either by the minister or by Management Board — if that signature is not provided in a timely fashion by the minister or if Management Board doesn’t review the matter and make a decision on it in a timely manner, that project can easily slip into the next fiscal cycle. While we will have to ask questions to determine the details of which project may be affected, we believe that this has likely been the case when government took not only a month before swear-in, but we note that there weren’t very many ministers around during the month of December. We look forward to hearing additional details on delays in which projects have led to that \$11.6 million in reduced recoveries from Canada as a result of the delays of those projects.

I am not going to spend a lot of time talking about special warrants. As we’ve pointed out — I’m trying to think of a term that isn’t unparliamentary, Mr. Speaker. But we’ve pointed out in the past in a public forum where we can use words that are unparliamentary here that it does seem that the Premier said one thing when in opposition and then, upon taking office, had a dramatic change of heart when it came to special warrants — using not one, but two — and in fact setting the record for the amount of money spent by a Finance minister and Cabinet through special warrants — nearly a half-billion dollars spent via special warrant when in fact the Legislature could have easily sat for a five-day or 10-day Sitting to approve a supplementary budget, as we suggested, during the month of January. Those funds could have very easily faced the scrutiny of this Legislative Assembly.

I know that the assertion has been presented that ministers needed additional time to study the budget, but in fact that luxury is not always available to ministers upon taking office, including finance ministers. As we’ve noted in the past, every other government in Yukon history has had their first major legislative Sitting quicker than the current government, and every other finance minister has had to get up to speed and

table a budget quicker than the current Finance minister chose to do.

I would also point to my own personal experience. When I was first sworn into Cabinet, I was sworn in on a Monday morning and on the Monday afternoon I had to walk down the stairs in the Legislative Assembly to face Question Period and later that week was defending a budget that had been approved by Cabinet, when I was not a member of that Cabinet, and facing the former Member for Klondike, my immediate predecessor in the role, who was then sitting across the floor, prepared to ask questions and debate me on a budget that he was intimately familiar with, but I was not.

The moral of this story is that I survived and that is in fact the case for many other ministers who have not had a tremendous amount of time to prepare to face the Legislative Assembly and face Question Period on a timeline that meets their preference.

In recapping some of the high points, I would note that the 2016-17 fiscal year was shared almost equally between the Liberal government and the former Yukon Party government.

There are decisions that were made by the government on what to book in which fiscal year, including the choice on booking the hospital and college pension plan solvency. I would note for those who are not clear that this is to some extent an accounting exercise. It is required to ensure that those corporations are compliant with the *Pension Benefits Standards Act* of 1985, and I’m not disputing the choice to book those numbers. In fact, the first time that government in recent history provided additional resources to help those corporations with the pension plan solvency — I was Minister responsible for Health and Social Services and the Hospital Corporation when we extended the offer to the Hospital Corporation to provide them with the funding to cover their solvency deficit. Again, that was a choice that very easily could have been made in this fiscal year.

I would note again that in fact the Auditor General has been quite complimentary of this way government has kept its books. The Auditor General, in certain performance reports, has identified areas of improvements within departments, which we have responded to and listened to, but I would quote from the Yukon Public Accounts for the 2015 fiscal year, which is the last year for which Public Accounts are available.

I’ll read from the Auditor General of Canada’s letter: “Auditor’s Responsibility — My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted accounting standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

“An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

"I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

"Opinion — In my opinion, the consolidated financial statements present fairly, in all material respects — "

Some Hon. Member: (Inaudible)

Point of order

Speaker: Member for Takhini-Kopper King, on a point of order.

Ms. White: Mr. Speaker, I would like to call attention to 19(d), which is referencing and reading from a document at length that we don't have in front of us. Maybe the member could table a copy for the rest of us while he reads off the sheet or maybe just reference it and move on.

Speaker: Member for Lake Laberge, on the point of order.

Mr. Cathers: On the point of order — I don't believe there is a point of order, since the Public Accounts have been tabled and a copy provided to all members. I'm reading an excerpt from that document.

Ms. White: You will find in 19(d), it references reading at length from the document, and I believe that this is a great example of that.

Speaker: You are referring to 19(d). Are there any further submissions on the point of order?

Speaker's ruling

Speaker: I take the point of the Member for Lake Laberge that this is a public document. Obviously, that public document — it would not have been within the knowledge of the House to have that public document available to scrutinize or review while the Member for Lake Laberge is reading from it. We have two options. The first is that we could stand down and get copies of that report if that is what the House wishes to do, or the Member for Lake Laberge could wrap up his comments in a reasonably expeditious manner.

Mr. Cathers: Thank you, Mr. Speaker. I will, of course, respect your ruling and would reference the member — if she wishes to see a copy, she could look online on the audited Public Accounts as that information is available. I will conclude my comments very briefly.

Again, in conclusion, excerpting the remarks of the Auditor General: "Opinion — In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Yukon as at 31 March

2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards."

"Report on Other Legal and Regulatory Requirements — In my opinion, the transactions of the Government of Yukon and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Yukon Act*, the *Financial Administration Act* of Yukon and regulations and the specific operating authorities disclosed in Note 2(a) of the consolidated financial statements." It is signed by Michael Ferguson, CPA, CANADA, FCPA, FCA (New Brunswick), Auditor General of Canada, on October 19, 2016.

Just for members who may wish to review that — if they have a copy of the Public Accounts, which was tabled in this Legislative Assembly, they will find it on pages 21 and 22. If they have not received or not kept a copy of the Public Accounts, they will find those documents available online, I believe, through the Department of Finance website.

Speaker: Thank you for referencing that document.

Mr. Cathers: Thank you, Mr. Speaker. What I would note in conclusion is that the Auditor General for year after year after year — and I could go on at length because it's for the past 14 years — has given the government a clean bill of health and stated that the financial matters were stated appropriately within the Public Accounts and has signed off and given a clean bill of health to the Yukon government for the way its finances were prepared. I would just refer any Yukoners who are wondering who to believe in this discussion to look to the Auditor General and recognize that the Auditor General is non-partisan and unbiased. The Auditor General says that the finances were good enough for him.

In conclusion — we are not done debating this topic, I am sure, but the Minister of Finance can rest assured as well that we are going to spend more time focusing on the future and on the financial plans tabled in this Legislative Assembly, which are quite concerning to us. They include a significant upward trend on spending, including an annual increase in capital spending of some-\$45 million per year, prior to what was included in the previous government's plans.

Now, the Premier can defend that change, but he should not indicate that it wasn't a change. To suggest that he wasn't aware of the number included for net capital within the five-year projections for future years would suggest that either the Premier was not paying close attention or didn't bother to read the budget before framing the Liberal platform and making some pretty significant commitments. For either one of those, I think he owes Yukoners an explanation. You may not agree with a government's plans, but if you make a deliberate decision to increase spending in a certain area, even if that spending itself is laudable in nature, you need to acknowledge the choice to increase that spending and not indicate otherwise.

In concluding my remarks, we do feel that decisions were made that created the deficit. We look forward to asking some specific questions about infrastructure spending, either during debate on the supplementary or in debate on the budget.

I should just note that, again, in the area where there was \$16.1 million in reduced funding from Canada alone in the 2016-17 fiscal year, including \$11.6 million in infrastructure funding alone, we believe that some of that \$11.6 million would indeed have been able to be spent if this government were a little quicker getting to work.

Ms. Hanson: I guess we've just had a really good example of why the Yukon Party is, after 14 years, no longer in government.

The fact of the matter is that we are talking about the supplementary budget for the past fiscal year — 2016-17. The fact of the matter is that not only were there troubling aspects of that fiscal year with respect to unbudgeted spending, which is troubling, but it's the other side of that, which is the troubling aspect of — it's not just spending but it's the revenue side. So we're not just talking about the transfers from the federal government, which we've already heard some discussion about, but the inability — perceived inability, demonstrated inability — of the Yukon Party over 14 years to accurately predict revenues with respect to various sources of taxation.

Mr. Speaker, as I'm sure the current government did in preparation for the 2016 election, the New Democratic Party did do an economic analysis. We did look at Public Accounts going back. We did look at the pattern that had been established by the Yukon Party government over the course of its many, many years in government. I mean, it will be interesting — we hear the Member for Lake Laberge talking about the assertions around the various sources of federal revenue for infrastructure — but if we look at the fact that over the course of 14 years of this government, from 2003 to 2014, we've actually seen them demonstrate a lack of ministerial oversight with respect to one of the most significant areas of a budget, which has been the type 2 mine sites. The most active area in terms of mining has been abandoned mines and now we're seeing Canada re-asserting its role in this file. So, Mr. Speaker, there's something to be said — and will be said, I'm sure — as we look at and reflect upon some of the situations that the Government of Yukon is going to be putting forward for debate in this Legislative Assembly with respect to that particular area — the type 2 mine sites.

Mr. Speaker, one of the things that's clear when we look at 2016-17 — this last fiscal year when the data was available to us — is that Yukon's dependency on the Government of Canada had grown by 15 percent, or \$138.8 million, since 2012-13.

It's one thing to say that the Auditor General says, "You have clean books" — the Auditor General says that what you brought in corresponds to what you put out — but it doesn't say anything about what the value of those decisions were. The fact of the matter is that Standard & Poor's has also

commented upon the kinds of decisions that the Government of Yukon took and has taken over the last 14 years — and commented with concern. The Member for Lake Laberge can speak all he wishes about the transactional aspect of the Public Accounts. He might want to read the notes that accompany each of those areas of each of those departments. They reveal a whole bunch more with respect to some of the issues that the Minister of Finance was describing earlier with respect to the pension solvency issues. There are issues around long-term loans for the Yukon Hospital Corporation and for others that we are collectively on the hook for.

Mr. Speaker, there are other areas that have caused, and do cause, concern. I have raised this before, but I'll put it out there as a marker. We saw, under the Yukon Party government that total tax and general revenue had declined by 22 percent since 2013-14.

When we start looking and see that their 2015-16 total corporate tax revenue had declined by 78 percent, or \$25.2 million, since 2013-14, those are decisions that governments take with respect to foregoing sources of revenue that could be used for the public good. It is one thing to say we don't have the money; on the other hand, as they have chosen not to, the Yukon Party did that, and I'm hopeful the Yukon Liberal Party will not be totally committed to following the Yukon Party's lead on that side. Equally, we saw that, in 2015-16, total person income tax revenue had declined by about 20 percent, or roughly \$14 million, since 2012-13. That's a loss of \$72 million.

There are decisions that are taken that cause governments to see not just on the foregone revenue side — they are the kind of spending decisions made that see a government with a decline in its annual surplus of \$188 million. That's a pretty significant amount, Mr. Speaker.

It's really important, when we look at the supplementary estimates and look forward to the mains, that we are cognizant that decisions are not just about spending — the decisions are about sources of revenue. Are we exploring and are we, as government, taking advantage of all the sources of revenue we can have to grow this economy, as opposed to just saying, for ideological reasons or whatever, "That is off-limits". We need to be able to explore the reasons and rationale behind the decisions to forego revenue, to forego making decisions about, for example, modernizing our mining regime — the white elephant, but it's out there and it's not just the NDP that has been saying that. We look at First Nations who have taken more progressive stances on mining in the territory than the Yukon Party did, and I'm hopeful that the Yukon Liberal Party, as it looks at developing modern successor legislation, is not going to be scared to look at those opportunities.

That's for the future, Mr. Speaker. When it comes to the supplementary estimates, there are some specific questions we'll ask but, in general, quite frankly, it is done. It is past. There's not much you can do about crying over spilled milk. We have lessons to be learned from the experience of the last 14 years; there are certainly lessons to be learned from the last year, in terms of the frantic pre-election spending by the previous government. We now need to focus on the next

couple of years and what we can build as a solid foundation for this territory.

With that, Mr. Speaker, we'll be looking forward to further debate on the supplementaries and moving forward.

Hon. Ms. McPhee: I thank the honourable members for their comments. I rise in the House today to speak about the supplementary budget 2016-17.

I take the point of the Leader of the Third Party. Supplementary budgets are made up of items that have already been spent, but in this case, because of the timing of the election and the election of a new government, this supplementary budget is made up of items that have already been spent by the former government and not accounted for.

The purpose of a supplementary budget is often to provide for expenses that come up between budget cycles and/or come up unexpectedly. The former government — I say to you today — could have done a supplementary budget to account for many of the expenditures that are in this particular budget now. The expenditures in this budget were known to them at various points during their tenure, and I won't even say during the last year, but certainly some time before that. They were known at some point in 2016, at the very least, and could have been addressed. Certainly, many of the expenses in this budget were known to the Yukon Party before they called the election in October 2016.

Mr. Speaker, there are generally a number of categories, or kinds of expenditures, that live in supplementary budgets. Sometimes there are unknown costs. They are simply not accounted for. An example might be the collective agreement — the collective agreement when it's retroactive or going forward. But I note that, again, those kinds of expenditures could have been accounted for in some way in the main budgets or in a supplementary budget. Negotiations with respect to collective agreements and the fact that there is going to need to be retroactive pay for a large workforce do not surprise anyone, and no accounting has been made for that and so those costs live in this supplementary budget as well.

There are sometimes other categories of expenses that live in supplementary budgets — unexpected costs not known to the government at any point and they do come up unexpectedly, but there are very, very few of these here in this supplementary budget.

Another category of expenditure in a supplementary budget involves expenditures that are made by a government — in this case by the former government here in the territory — but weren't accounted for in any budgeting process. These are, of course, the most troubling. They are commitments and expenditures that are made — in this case, by the then-Yukon Party government — outside of their budget and outside of the budget that is presented and debated in this House. It is particularly troubling when these expenditures come in an election year.

The other sorts of expenditures that live in supplementary budgets are lapses in expenditures. They are also problematic because they may indicate a commitment that has not been

met, but I will leave it to some of my colleagues to comment on particular ones in their departments.

Lastly, there are things like budget adjustments for proper accounting process and they don't tend to be problematic. There are a number of budgetary expenditures that I will note with respect to the departments that are my responsibility — at this point, mostly in Education because they are by far the most troubling — but an example in Justice, for instance, would be that there is \$1.4 million in the supplementary budget for O&M expenditures for Justice.

The vast majority or close to half of that is \$600,000 for the collective agreement I've mentioned earlier that could have been addressed. There is about \$639,000 for enhancing services for victims of crime. That's 100-percent recoverable and I note that because some of the expenditures in the supplementary budget are for projects that arose between budget cycles and for which expenditures are recoverable. No one is too concerned about expenditures that the Yukon doesn't have to pay for, but recoveries are shown separately in supplementary budgets, so it's important for those reading to understand. They are shown, however, in the documents. Another example in Justice, again a 100-percent recoverable piece is \$125,000 going to the Community Wellness Centre for drug treatment court. I mention that because of the recoverability and the ability to understand how they work.

Expenditures that are of much more concern are those that were made without proper authority or process to do so and expenditures made outside of any budgeting process or budgeting debate process. There are several of those that are problematic in the Department of Education. In this supplementary budget, the Department of Education is requesting a little over \$15.3 million in funding, \$12.133 million of which is for operation and maintenance expenditures and \$221,000 is for capital expenditures.

The department's request for \$12.133 million for operation and maintenance is primarily spent as follows: a total of \$5,861,000 is requested for the operation and maintenance for the Public Schools division. The recoverable piece comes in here because \$3.5 million is for the Commission scolaire francophone du Yukon — CSFY — school board, all of which is recoverable, but there is an increase of \$3.5 million in this supplementary budget for additional school-based staff, which was required to continue services and partially accounted for by increased enrolment. Of that \$3.5 million, some was for accruals, but the way the teachers are paid through the course of a year — nobody is going to be too concerned about that.

In 2016, the record shows that a little over 19 teachers and almost 40 educational assistants were hired for Yukon schools. Generally nobody would think that is a problem if it is supported by student enrolment and, for the most part, it was; however, those teachers were hired and those EAs were hired without those funds ever being put in a budget. It's a significant increase. It's supported by the enrolment increases, but there is a big "but" here. Once a government strays from the proper process of making such decisions — such very expensive decisions — errors will be made and accountability

will be cloudy and obscured. Consistency will falter and decisions that are not evidence-based will be the result.

The increase of Yukon Education staff, both in teachers and educational assistants, is not, by any account I can find, approved by Management Board and was not included in any budget. An almost \$3-million decision was made with the stroke of a pen with no accountability.

In the Department of Education as well, in the Education Support Services division, there's a request included in this budget of \$4.9 million for educational support services. The vast majority of that is funding that resulted from the custodians, who used to be employees of the Highways and Public Works department, being transferred over to the Education department. This is a good move. It is excellent for education to have the custodial staff as part of our team. It makes them responsive to school needs for the students and staff in a more team-oriented opportunity for all of them. Additional funding for that program transfer, which will be a reduction in Highways and Public Works, is \$3.3 million. There are some additional expenditures in Advanced Education — I would hasten to point out that some of which are recoverable and most of which were known to the former government prior to the end of the budget cycle or simply not accounted for.

There is some \$895,000 that accounts for increases at Yukon College and they're based on their collective agreement. Again, as I've mentioned earlier, that's something that could have been anticipated and included in the budget for full disclosure and accountability.

With respect to education, the capital budget — some \$3.2 million — is also in this supplementary budget. A real concern with respect to that is that \$2.7 million of it was previously approved in a 2016-17 funding request for the replacement and demolition of F.H. Collins Secondary School, but it was not in a budget anywhere. The ongoing demolition and removal of hazardous products and materials from that school site continues. The money was previously spent. It wasn't accounted for, despite the fact that the demolition of that site was supposed to have been completed almost a full year ago in the summer of 2016. It is now over-schedule and it is now overbudget, because the \$2.7 million in this supplemental budget is not nearly enough to finish that project and it's not nearly what will be spent and was spent to properly complete that work. There are additional monies in the main budget to deal with that significant amount — some \$2.8 million to complete the deficiencies and another \$2 million to complete the outside work at F.H. Collins. There simply was not a proper accounting of what it would cost for the demolition of that site or to complete the school itself.

With respect to Yukon College, there is \$50,000 in the supplementary budget to complete some security upgrades — also not a new issue. There is a further \$585,000 to complete two projects — one involving the electrical supply, which is required for the campus area and the buildings at that location, and the renovations of the learning commons for Yukon College — again significant amounts of money that were spent and not accounted for.

There is \$156,000 for the purchase of two activity buses. It is always important to provide services for students in schools. One of those is for Kluane Lake School and one is for Golden Horn Elementary School. I am told that those expenditures were approved in 2015, but did not occur in any recent budget. That again causes concern.

I have not by any stretch gone line by line through this, but I think it is important to highlight, in what is a very large portion of the supplementary budget allocated to education and the Department of Education, what the primary concerns are. I thank you for the opportunity to do so.

Hon. Ms. Frost: The supplementary budget I am presenting today will cover Environment, Health and Social Services, and Yukon Housing Corporation. With respect to Environment, the increase of \$1.399 million — or less than four percent of the \$37.109 million voted previously, the majority of the increase is \$1.274 million that falls under the department's operation and maintenance budget. As noted, 45 percent — or \$580,000 — is required to support an increase in negotiations through the collective agreements. Of public servants, I wanted to make note that, as stated, we do appreciate all the efforts that our tireless public service put in to ensure that Yukoners — as ministers responsible for our respective departments are prepared to answer the respective questions. I think that we are here as ministers to respectfully represent our respective departments with respect to accountability and strategic planning — and with our evidence-based decision models that we have rolled out with a long-term vision to align our budgets appropriately.

I guess what I wanted to say, and the moral of this story is that effective planning around budgets and supplementary assessments have to take into account the long-term objectives on all of these areas that I am responsible for — that we are responsible for on this side of the House. That would not happen without the support of the public servants.

With respect to Environment, the biologists who maintain baseline inventories — and I am going to use this as an example — for species, and the scientists who keep the databases on air quality, water and land quality — our conservation officers — all of the data that is collected will feed into our future plan for building an accountable and fiscally prudent budget regime from this point forward.

The environmental compliance component, with regard to the environmental responsibilities for contaminated sites, is essential and has to be documented as well. With regard to working with the First Nations, the implementation of our respective agreements and our numerous managing partners in the territory — this is essential, and I think it should be noted that our partners must and will be involved in terms of budget planning and fiscal planning from this point forward. The list goes on.

The remaining amount of our operation and maintenance budget is 100-percent recoverable through Environment and relates to projects that could not be completed in 2016 and 2017 — an indication that perhaps the planning is reflected in what we're seeing today, or the lack thereof.

This includes \$110,000 of recoverable funds under the federal climate change preparedness for the north program. This money supported projects like our partnership with Champagne and Aishihik First Nations to establish and staff a position that will help develop the First Nation's capacity around climate change. Another \$416,000 of recoverable funds supported an additional contribution to the Wildlife Management Advisory Council North Slope region under the *Inuvialuit Final Agreement*. We also have \$148,000 of recoverable funding that supported a two-year agreement with Canada for the operational flood-forecasting system. This project for water monitoring equipment and software is a robust forecasting tool that will help us make our communities and important areas in our Yukon prepared to face any natural disasters that come our way, such as flooding.

Our supplementary request for capital money is made up of increases and decreases. In balance, it totals out to \$125,000 in Environment. The most significant increase was \$225,000 for equipment and software tools needed for operational flood forecasting. The money is again 100-percent recoverable from Canada, so the majority of expenses and revenues in Environment are recoverable from the federal government.

One thing I wanted to note with Environment is a bit of a distinction, which is an increase of \$25,000 that was needed to complete the demolition and cleanup of a district office in Watson Lake while, on the other hand, a reduction of \$52,000 was related to work in the Whitehorse and Haines Junction offices, which was much needed. Inappropriate planning — you spend over here to tear down a building and you take away from the necessary expenditures or funding required for the enhancement of current and existing buildings, buildings that needed to be addressed.

Now moving on to housing, we acknowledge the work that the Yukon Housing Corporation has put in to prepare me for the supplementary estimates for 2016-17 projects. The primary source of funding for the supplementary estimates relates to funding agreements with Canada — northern housing trust fund, affordable housing initiative and investment in affordable housing agreements. You'll see a pattern here. The collective agreement increase for this particular budget was \$166,000 for negotiations on the collective agreement in 2016 that was not accounted for but is accounted for in this particular budget — our supplementary budget.

Rent supplement program investment in affordable housing — 100-percent recoverable from Canada — is \$184,000 from Canada and \$148,000 through rent revenues from tenants. Here we have shared services to reflect the dissolution of the shared services agreement between Yukon Housing Corporation and Yukon Liquor Corporation. With the division, you now have a \$198,000 deficit, which shows that the Yukon Liquor Corporation, effective July 4, was formerly 100-percent recoverable, but it shows a decrease in Yukon Housing Corporation's expenses here. I just wanted to note here that a few of the projects that make up these capital supplementary estimates — affordable housing, which was the

Salvation Army expense. We have \$1,175,000 that was set aside for the Salvation Army redevelopment project. That is sitting there and has yet to be accounted for in the transfer over to Department of Health and Social Services.

Interestingly enough, the municipal matching rental construction funding through Yukon Housing is showing an unspent amount from 2015-16 of \$417,000 that was not accessed, which is interesting, because we're seeing that we need to start aligning ourselves with addressing housing shortages, the Housing First model, and implementing a housing action plan for Yukon.

Northern housing trust rural projects to cover final payments on the 2014 affordable housing community projects in Carcross and Carmacks — that specific project did not include the urban responsibilities, urban initiatives. It was mainly to address these two communities.

Moving on, we have unspent funds carried forward from 2015-16 due to slower than anticipated uptake in the northern housing trust fund for rental housing allowances of \$165,000. We go on to say that there is a northern housing trust rental quality enhancement — \$422,000 required to complete approval of projects in 2015, \$215,000 of unspent funds carried forward.

Now this is significant because there were some questions posed around mobility and access. The northern housing trust accessibility enhancement budget — there is \$189,000 required to complete projects for the 2015-16 fiscal year and \$50,000 unspent carried forward. This program supported accessibility upgrades in homes in both Whitehorse and in the communities, yet we carried forward a surplus of \$246,000. It is a pattern, so I guess the moral of the story is that proper planning, fiscal prudence, evidence-based decision-making and coming up with a long-term model — a long-term plan — will help to better align ourselves to address the needs of Yukoners.

In the highlights for Health and Social Services for the 2016-17 supplementary budget, it is important to make note of the following points that were not included in the supplementary estimates. It is clear that the previous government failed to plan adequately for what they knew was a growing seniors demographic. As a result, we have additional costs for the following: hospital pension solvency; 10 additional beds at the Thomson Centre, four additional beds at McDonald Lodge in Dawson City; additional home care supports throughout the Yukon; 10 additional beds at Birch Lodge; four additional holding beds to address some of the issues around bed availability and cost overruns for Yukon Hospital Corporation projects for two community hospitals. We are requesting an increase of \$650,000 consisting of \$450,000 for social assistance in Whitehorse due to increased costs per caseload and an increased number of cases, and an increase of \$200,000 related to changes in applying the national child benefit subsidy. The moral behind that story is that perhaps we have a social need in our community that we are not appropriately addressing. There is a need to put a good business plan and a good business model together to start addressing some of these challenges.

An increase of \$200,000 to the seniors income supplement is requested as a result of an increased volume of subsidies as well as an increase of 0.8 percent in the Canada GIS amount upon which the Yukon seniors income supplement is based. The new rate came out effective October 1, 2016. This speaks to the increasing number of seniors in the Yukon, and that goes back to my previous point about the necessity to plan for the older adults in our population base and the need for re-profiling of some of the projects and the deliverables that we are obligated to fulfill — a re-profile of just over \$7 million from 2016 to 2018 to match project timelines; an increase of \$15,000 for the brighter futures program funding for the Watson Lake Food Bank and Soup Kitchen Society to assist with the Watson Lake food crisis. It is 100-percent recoverable from Canada. There is an increase of \$44,000 for a one-time funding agreement with the Canadian Partnership Against Cancer to fund an analysis and placement for the execution of work in areas relevant to the mission of the partnership. This is 100-percent third party recoverable through support work that Yukon is undertaking in the area of cancer education, awareness and evaluation.

We also see another increase of \$2,157,000 in expenses requested for health services and supports, and that's adding additional physician supports of the chief medical officer of health and a newly negotiated contract for physicians in Dawson City — additional physicians there — as well as in Watson Lake — another cost added for housing and overhead expenses related to physicians practising in those communities.

The supplementary budget includes a memorandum of understanding with Canada of \$9,000 to fund the implementation of air quality index in Yukon, which is 100-percent recoverable from Environment Canada.

There is an increase of \$50,000 requested to align expenses to recoveries for the Bell friends program, which is related to the mental health initiative supports. This is another project that is 100-percent recoverable from Canada.

A one-time additional funding of \$56,000 is requested for the Smokers' Helpline, an agreement with Health Canada that is 100-percent recoverable.

As the Premier mentioned, we are requesting \$1,849,000 for additional positions for McDonald Lodge, Thomson Centre, home care to address demand, and supporting an additional four beds in Dawson City and 10 beds at the Thomson Centre. A request of \$354,000 is to provide additional interim continuing care supports around these demands that was not accounted for previously.

Another big cost that was not part of the initial mains is one-time supplementary funding that we're requesting — \$3,579,000 for pension solvency for Yukon Hospital Corporation based on the 2015 actuarial report as per the federal pension legislation.

Revenues and recoveries — we're seeing some revenue recoveries from Indigenous and Northern Affairs Canada for indigenous children in care. In terms of re-profiling, we have \$24 million for the future years for the new Whistle Bend

continuing care facility to match project progress with budget requirements.

We see a one-time transfer of \$169,000 for the chronic disease management project. Again, as the Premier mentioned previously, we have a one-time increase of \$1.26 million to deal with the Hospital Corporation cost overrun on these four construction projects.

An increase of recoveries in the amount of \$2,100,000 is due to a revote of \$1.4 million in approved supplementary funding of \$804,000 for the client registry information system.

I just wanted to finally conclude that perhaps some of these projects were not accounted for and not planned and we're now seeing them in our budgets in terms of some of the pressures. I can assure you that the members of this House will take that note and, as we move forward, we'll certainly ensure that we plan appropriately and note for definite that we are appreciative of our public servants and the work that they have done, despite perhaps what the opposition is indicating.

Hon. Mr. Mostyn: All right, here we go. Here we go, Mr. Chair.

I'm happy to rise today to address the supplementary budget 2016-17 in this Assembly. I'm not a numbers guy; I'm a words guy, so I'm going to approach it from that perspective. This is closure. This is the last piece of business of the former government — the Yukon Party's last financial document. As such, it is important. It is a slice of history, a document that shows an \$8.7-million deficit in 2017 — a deficit. I'm sure the good members of the opposition will want to discuss it. They've shown an interest in talking about deficits.

I will note that my Department of Highways and Public Works and the Public Service Commission present fairly well in this document. On projected spending of \$213 million, Highways and Public Works lapsed just \$2.7 million, and this demonstrates a remarkable accuracy in the spending prediction. I have to commend my officials and of course my predecessor on an accurate budget for spending what it projected spending, for the most part.

Same for the much smaller Public Service Commission, which lapsed just \$877,000 on projected spending of \$47 million — Again, it landed pretty close to the mark. It came pretty close to where it said it would.

I will talk about the spending of both of these departments in a little more detail later. This supplementary document — this Yukon Party budget is really remarkable for what it reveals about the government's plans and what it forgot when it was pulling together its main estimates budget last year. Take the continuing saga of F.H. Collins Secondary School — the school that was designed and launched and then undesignated and unlaunched and then redesigned smaller to save money. As we know, the school has cost more than the \$49 million original school design — the one that was abandoned because it was too expensive. It has now cost more — much more — for less.

This saga is Homeresque in its length and detail, Mr. Chair, and it continues to be reflected in its supplementary

budget — the last document of the Yukon Party government. The school's budgeted replacement cost in the last 2016 capital estimates almost doubled in the supplementary, rising to \$5.1 million from \$2.9 million. As my colleague from Riverdale South noted earlier, despite that spending, the grounds at F.H. Collins were not completed.

They have serious problems; there are deficiencies. There is yet another \$2 million needed to complete other deficiencies in the grounds and the school itself. This money was never budgeted until we came along. It is necessary. It wasn't in the budget, in the Yukon Party budget, or the supplementary budget.

Another \$2.9 million is needed to complete the demolition and remediation of the old school site, to put in parking stalls and a bus loop. This stuff doesn't just magically appear. Was the project completed? No. Was it properly funded? No. That's another \$4.8 million not accounted for in this supplementary — money just flowing out. Everyone remembers the \$6 million abandoned when the original design was tossed on the embers of the last government's end-of-year bonfire. Add another \$4.8 million to the flames.

That's the Education department's capital budget. There is also a \$12-million addition to the last government's operation and maintenance budget — in the Yukon Party's last supplementary budget. Again, that's about an eight-percent rise. Some of that, about one-third, is the price of taking on 47 custodians from Highways and Public Works. It is a transfer. That leaves another huge jump of about \$7 million flowing into Public Schools, Advanced Education and Yukon College — additional money that wasn't anticipated when the budget came down. This will make for an interesting discussion in Committee, Mr. Speaker.

We discovered more new teachers hired last year — 19 new teachers and 40 education assistants, among others. Those were a lot of bodies in the run up to an election. As my colleague has noted, we have not come across any evidence this large human resources decision came from Management Board. This has cost us about \$3.5 million. Were they in the original budget? No, they were not.

We also found promises of continuing care beds at the Thomson Centre and McDonald Lodge — \$2.2 million. Are they in the former government's original budget? No, but they are part of the deficit. Whistle Bend continuing care cost of operation — \$36 million. Budgeted? No, not in the budget. Pension increases at the Yukon Hospital Corporation and Yukon College, total of \$4 million — budgeted? No, not budgeted. The previous government announced a major fibre redundancy project. Is it in this supplementary budget? No. Have they formally applied for federal funding? No, not again.

As the Member for Klondike noted, they did approve but didn't budget the wide-area network pilot project. That cost \$1 million and \$600,000 in ongoing operation and maintenance funding that we're dealing with. There was \$1.8 million in cost overruns at the Salvation Army shelter. There was \$1.5 million diverted to MacBride Museum, with another \$1.5 million expected later. Again, this wasn't in the

original budget. I am looking in the supplementary budget for the Dawson City Airport paving project, which was announced more than a year ago — is it in there? No, it's not in there.

So what does this tornado of numbers mean? What are the implications of all of this unexpected deficit spending we inherited? That discussion is coming. But — spoiler alert — it forced us to reassess, to make some hard choices to do the hard work of governing. This document is an important part of that narrative and it shows an important difference. We want to show the true cost of government. We want to make evidence-based decisions. We want to show Yukoners what it costs to run the Yukon government. This is an important difference.

Let's look at the long-range projections. This year, the former government expected to spend just \$215 million on the capital budget. That's far less than in previous years and less than we are spending this year. Through our hard work and through the tough choices we've made, we are projecting spending \$243 million this year. That's a difference of \$28.5 million. That's \$28.5 million that we're expected to spend on our economy this year.

It gets more interesting next year. Yukon Party projected spending \$175 million on capital spending, which would have been the lowest capital budget in years. Apparently they were really expecting that — to spend that little on the capital budget. Much lower capital spending — low, very low — and that's what they were expecting. That's what they put in their documents in the long-term outlook.

It's astounding because the economic capacity in the territory is around an estimated \$220 million this season, and that's a good figure to support the local economy — a lot better than \$175 million projected by our friends on the opposite benches.

That's our target; that's what we're shooting for — an accurate projection. However, if you predict less, the deficit shrinks magically — poof — gone. If you go with the higher, more accurate projection, the deficit grows. Today, Yukoners have a clearer view of where they are headed. The collected difference between the two views — the Yukon Party has understated capital and operations cost and ours is about \$90 million. This is the sharp contrast in our perspectives. I look forward to the coming debate.

As my colleague for beautiful Mount Lorne-Southern Lakes clearly noted, we inherited a picture drawn in red ink and we plan to finish it with some healthy splashes of black. To put it plainly: we aim to fix it.

The Member for Watson Lake has noted that her community languished under the Yukon Party for years — to quote: "It has seen almost no investment for a number of years." That's terrible. I can understand her frustration, which is wholly substantiated by this supplementary budget. We aim to do better.

Our goal is to work with all Yukoners and all municipalities, using evidence-based decision-making and good estimates so people know what's going on. Our goal is

to work with all Yukoners, all municipalities, for all Yukoners.

Now, as promised, I have a few notes from Highways and Public Works and the Public Service Commission. Highways and Public Works is a large and diverse department. We have a variety of divisions, branches and agencies that provide central functions to government as well as direct services to the public. It's a mixed bag, Mr. Speaker.

The department also has a lot of moving parts. Many of these parts are very public-facing, operating 24/7 every day of the year behind the scenes. In a harsh climate, we keep Yukon's roads, bridges, airports and buildings open and safe year-round. We also keep government departments speaking to one another, communicating internally. I'm honoured to work with a team of more than 800 hard-working civil servants — Yukoners — who work so tirelessly to keep things running in our territory.

The total supplementary budget for Highways and Public Works is a net decrease of \$2.7 million. The decreases are \$1.3 million in O&M and \$1.4 million in capital costs. In operations, our Information and Communications Technology team developed a pilot project. We spoke about that earlier — \$1 million — with \$600,000 in O&M. It establishes fibre services in Carmacks, Teslin and Watson Lake. The transportation team saw collective agreement increases. We talked about that earlier. My colleagues have all noted that. Effective January 1 — \$650,000 — the department was able to absorb most of the other collective agreement increases internally.

As I noted, the department transferred 47.5 full-time positions to Education — custodians. Now the schools are going to take on that job. That decreased our O&M by \$3.3 million.

In capital, the Nares River bridge replacement of \$1.2 million was deferred last year. This government continues to work with the Carcross/Tagish First Nation to bring that project to fruition. We experienced some weather delays on the Alaska Highway restoration project and had to defer about \$850,000 on the highway. Construction near the Pioneer RV Park on the Alaska Highway was completed underbudget, saving us about \$500,000. The Hunker Creek gravel pit and resurfacing project on the Klondike Highway was completed underbudget, saving us about \$150,000. The Campbell Highway reconstruction project is a multi-year contract that will be completed next year. Several projects within this portfolio were completed underbudget, with the rest of the work being deferred to next year at \$1.5 million. The Dempster Highway resurfacing and erosion control project was completed underbudget — a decrease of \$230,000.

Our bridges are aging. As such, they required some tender loving care with \$1.7 million. We focused that work on Five Mile Creek, the Klondike River bridge, Clear Creek bridge, Twin Creek bridge no. 1 and no. 2, Aishihik Road, Canol Road and a couple of others.

The Whitehorse airport apron panel project was deferred to this year, a decrease in the budget by about \$800,000.

About \$700,000 in building development was spent on exterior upgrades to the main administration building. We see it every day on our way into work.

Highways and Public Works will continue to do the good work of keeping our Yukon roads, bridges, airports and buildings open and safe year-round. That of course will not change.

The only significant change in the Public Service Commission's supplementary amounts is a decrease of \$877,000 for the employee future benefits fund. Nothing is more exciting than employee future benefits, Mr. Speaker. It is a subject some people could talk for hours on — I'm not going to do that. I will say, though, that it covers the cost of benefits to be paid to Yukon government employees when they leave the organization or retire. This amount is an estimate based on actuarial review.

If anybody has ever met an actuary, you have never had fun. It varies each year, depending on factors such as accumulated service, wages, rates and demographic factors, such as the rate of retirement. When an employee's future benefits amount is calculated, it has to be based on that actuarial review from the previous year. When a more recent actuarial review is received, the expense is then revised, based on the latest information. We update it. In this case, the evidence suggested that we decrease the employee future benefits fund by \$877,000. The last variation in the Public Service Commission has to do with \$120,000 that was moved from the Health, Safety and Disability Management branch to the Corporate Human Resources and Diversity Services branch. This allowed the Public Service Commission to transfer a position and thereby provide more support across government to manage workplace accommodation solutions.

There we have it, Mr. Speaker, my summary of the two departments and my comments on the supplementary budget. I'm sure we're going to discuss this deficit in more detail in Committee. I thank you very much for your time this afternoon. With that, I will take my chair.

Speaker: If the member now speaks, he will close debate.

Does any other member wish to be heard?

Hon. Mr. Silver: Thank you, Mr. Speaker, and thank you to my colleagues in this Legislative Assembly today for their comments here on second reading. I'm going to respond to some comments from the Member for Lake Laberge. Other than that, I think we have pretty much covered everything we need to talk about here at second reading and I look forward to some line-by-line conversations in the specific departments.

It is disappointing that the Member for Lake Laberge is, if not denying the forecast future pressures in his government's tenure, at least not putting any credit toward that action being a real thing as far as unaccounted-for spending — millions of unaccounted-for spending.

The member opposite made a comment. He said what they could have done was do a five-day session to showcase the previous government's spending. Again, the Yukon Party

could have had a supplementary budget to defend spending outside of the mains. That didn't happen. They could have done that before the election; they did not.

I will give the Member for Lake Laberge partial points for bringing up pension solvency, but to say that this is merely an accounting exercise speaks to his lack of knowledge on this file. The numbers change often, and we knew that, as the member opposite knew the previous year, this was going to be a large expense coming in 2016-17. This was no surprise to the former government. This is why this government included our best estimates in this pursuit.

It's the same thing as taxes. When you are forecasting taxes year by year, you don't necessarily know what the tax is going to be year by year, but we still try to do our best in forecasting for these numbers. It is called "responsible government". Now the member opposite — his government knew, but chose not to do their best estimates for budgeting for the solvency issue — crisis, almost. Why? Well, one reason, I guess, would be because there goes their surplus.

I will meet the member opposite halfway on this, though. If you take a look at the solvency deficit issue, it's really a function of a monetary policy framework that was probably not envisioned when the pension legislation was originally enacted. I will give that. Funding was proven to be an inefficient tool, I would say. The deficits first appeared in 2004. At that time, the hospital had just under a half-million dollars, going-concern deficit and a \$1.6-million solvency deficit. The college had a small going-concern surplus and a solvency deficit of around \$756,000. Since then, Yukon government has contributed \$21.3 million in extraordinary payments, and corporations have secured \$28.6 million in lines of credit. This is about a government showing the true cost of governance, and we will commit to making sure that the solvency pension issues will not just be "maybe" in this one and "maybe" in the next one like the previous government, but we will actually continually have these numbers for public consumption.

Special warrants — again, the Yukon Party likes to put words into my mouth. I will say that I still don't have any difference in opinion as to special warrants and their use. If we are in our 14th year in office and if we are still using special warrants, I myself will be shaking my head and I will be very disappointed with our government if that is true, because that is not acceptable. I won't waste time this afternoon reading documents that are linked to the Legislative Assembly website and others that define special warrants as being necessary during transitions — like, for example, during elections. That's fine. Again, the member opposite knows that. In 14 years, using your special warrants in your last mains is not open and accountable, in my opinion. In your first year, it is not optimal but, at the same time, that is an acceptable practice. Just for note, Mr. Speaker, in 32 years of governance here in the Yukon, there have been 62 special warrants — 32 years, 62 special warrants.

Moving on, the member opposite also criticized us — that we didn't get sworn in until December 3. Well, we were anxiously waiting underneath the stairs in the basement for the

paper shredding in the main office to finally end. We waited weeks for the Yukon Party to vacate their offices. The member opposite knows that. We didn't complain at the time. We understand that when you are in government for 14 years, it takes time to transition and move out of those offices — totally acceptable and totally understandable on their behalf — but to criticize us for waiting until December 3 as if we were completely in charge of all circumstances and variables as to why that date was when it was, including a late election — but we will leave that. Again, this is me having to respond to at least put our side of the record in the Legislative Assembly here today.

The member opposite was talking about the Auditor General and how, according to the Auditor General, everything is tickety-boo here, I guess. Again, the Auditor General would have no clue of unforecasted spending. If the numbers just aren't in the mains, how could the Auditor General know, as far as we're outlining all of this spending here today? I don't see how the two are related but, anyway, we'll give the member opposite a chance during Committee of the Whole to unravel that.

Let's move on here a bit.

To suggest that solvency and transition are the reasons for our fiscal situation is to completely ignore the millions of dollars I spoke about in my introductory comments, and also to ignore the lack of planning by the previous government on large spends, like the \$36 million a year it's going to take to operate the Whistle Bend continuing care facility.

With all that being said, I agree with the Leader of the Third Party: it is time to move on. The Yukon Party has been telling anyone who will listen that the current situation we're in — seeing revenues over the past few years decrease and our expenses increase, sometimes without forecasting. To say that the Liberal government is to blame is just amazing.

What we are responsible for is to show that the "rosy" fiscal situation that the member opposite still holds on to only rings true if you don't account for a considerable amount of previously unaccounted-for spending and previously unaccounted-for future pressures. We are also responsible for changing how we're going to do accounting moving forward. This is needed. It's needed today. I would suggest as well that it was also needed in previous years.

What we're doing moving forward — we spoke already about the Financial Advisory Panel. We spoke a bit about the business case, reorganization plans for the departments, based out of the Department of Finance. Intended outcomes of this investment of resources and reorganization are to include economic and fiscal policy that is at the forefront of budgeting development and advice to the Management Board on government policy and spending — that is us moving forward.

Evidence-based recommendations and advice to Management Board that balances the needs of society, industry and the economy — that's what we're doing to move forward. Supporting the legislative accountability to the Public Accounts Committee — the Leader of the Third Party has lots of information and opinions on where we should go with the Public Accounts Committee, and she has made these

considerations and concerns available to the government for debate, and we applaud her efforts.

A whole-of-government approach to budgeting and financial data management and reporting that provides evidence-based recommendations to it, and also advice to Management Board — again, this is what we're doing to address the current situation we find ourselves in.

I completely applaud the efforts of the Department of Finance in the conversations that we've had — where we are today and where we need to be tomorrow — so that we do not pass financial burdens on to our children.

This also includes a new division in the Department of Finance — economic, fiscal and statistics department. This new division will provide fiscal policy analysis and advice that has not been available to previous Management Boards. We have seen decisions happen with millions of dollars in spending this past summer — not having gone through Management Board and not accounted for. This division will also operate in a highly collaborative manner with all departments to ensure that all budgetary planning incorporates the latest information and provides an internally consistent fiscal plan, a whole-of-government approach that has been desperately needed for years. This is what we're doing to move forward on it.

Budgeting and reporting process are to be improved and to be streamlined and supported by a consistent set of assumptions across government departments for planning purposes — again, speaking to the need of a whole-of-government approach, not working in silos. One might think that it's easier to work in silos. You have less people to communicate with and less people to ask for directions. We don't agree. We believe that it's a lot of hard work up-front to change how we do business across the government, but I think that investment up-front is worthwhile and I believe that the deputy ministers across the board would agree with me, as would most public servants.

Future budget documents through this new division will be including the economic and population outlooks, thereby improving the sophistication of the budgetary documents, and will also allow third parties outside of government to access these fiscal outlooks and the associated risks and benefits to investing in the territory. All these things we're committing to when we move forward.

I'm very proud of the work that this government has done. I'm very proud of the departments and their willingness to take a look at a new government's approach to the fiscal responsibility piece. We're also looking forward to getting down to Committee of the Whole in the main budget, but again, it's very important to outline where we are today and why we're here.

I believe that we are all putting our cards on the table as to what we believe constitutes how we got into the fiscal situation that we're in today and the forecasting that we're doing that shows a more robust forecast of the current trends. It's hard, if somebody's paying attention to all this, to think that within three months, a government is responsible for the forecasting years without looking at the evidence that we've

put forward as to spending from the previous government that has never been accounted for and pressures into the future that have never been forecasted.

What I'm hearing from the opposition is that the Auditor General thinks we're okay, so we must be. I think it's interesting to hear that from the member opposite. We can talk about Premier Fentie's comments on the Office of the Auditor General, but we'll leave that for another day.

Moving forward, we definitely want to get to our mains, but this is very important for the record — for Hansard — and for the public to have a full accounting of the money that wasn't in last year's mains. There wasn't a supplementary budget. This is the spending situation and the fiscal situation that we found ourselves in.

With that, Mr. Speaker, I want to thank everybody for their comments here today and I look forward to further debate.

Speaker: Are you prepared for the question?

Some Hon. Members: Division.

Division

Speaker: Division has been called.

Bells

Speaker: Mr. Clerk, please poll the House.

Hon. Mr. Silver: Agree.

Hon. Ms. McPhee: Agree.

Hon. Mr. Pillai: Agree.

Hon. Ms. Dendys: Agree.

Hon. Ms. Frost: Agree.

Mr. Gallina: Agree.

Mr. Adel: Agree.

Hon. Mr. Mostyn: Agree.

Hon. Mr. Streicker: Agree.

Mr. Hutton: Agree.

Mr. Hassard: Disagree.

Mr. Kent: Disagree.

Mr. Cathers: Disagree.

Mr. Istchenko: Disagree.

Ms. Hanson: Agree.

Clerk: Mr. Speaker, the results are 11 yea, four nay.

Speaker: The yeas have it. I declare the motion carried.

Motion for second reading of Bill No. 200 agreed to

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

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

Motion agreed to

Speaker leaves the Chair

COMMITTEE OF THE WHOLE

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

The matter before the Committee is general debate on Bill No. 200, entitled *Second Appropriation Act, 2016-17*.

Do members wish to take a brief recess?

All Hon. Members: Agreed.

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

Recess

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

Bill No. 200: Second Appropriation Act, 2016-17

Chair: The matter before the Committee is general debate on Bill No. 200, entitled *Second Appropriation Act, 2016-17*.

Hon. Mr. Silver: Thank you, Mr. Chair. I would like to welcome to the Legislative Assembly today Deputy Minister of Finance, Ms. Katherine White, who is no stranger to this hallowed hall. I thank her and her officials for helping prep me today.

It is my pleasure to stand today and to begin general debate on Bill No. 200, entitled *Second Appropriation Act, 2016-17*, more commonly referred to as the 2016-17 supplementary estimates.

Our government found a state of public finance that was unexpected when we took office. The 2016-17 main estimates introduced by the previous government forecast a \$9.5-million annual surplus. However, as the fiscal year unfolded, it became clear that there was no surplus, that there was a deficit — a significant deficit in fact.

I know that members of the opposition have disputed the spending amounts in these supplementary estimates. They have said that it's all Liberal spending. At second reading today, I went through what was actually included in the supplementary estimates, and it is all spending from the previous government. I was surprised to hear only one speaker from the Official Opposition on second reading of the bill. They have repeatedly told the public that they couldn't wait to get into the Chamber and get to work. What did we see today? We saw only one speaker from the Official Opposition. They took a very similar approach to the Speech from the Throne, where no one except the leader got up to represent the constituents. It was the same approach on the legislation to create National Aboriginal Day. I believe there was one speaker from the Official Opposition on that bill as well.

Mr. Chair, we are accounting for every single dollar that was in the supplementary, as we told the public we would. Today we provided detail on all the expenditures so the public could hear who made what decisions and on what items. I expect the opposition to have lots of questions on the supplementary. They had so many questions that they wanted us to sit for 40 days, until July 4, to get them all answered, so we're very eager to hear all these questions.

Our government presented a 2016-17 supplementary estimates that account for the unbudgeted spending of the previous government. I would like to preface these discussions by expressing to the members that this government is already taking corrective action to get Yukon's house in order.

The addition of unbudgeted items from previous budgets will ensure that we have a fuller picture of Yukon's finances when making decisions. It will also help us as we make decisions to return Yukon's financial position to one of sustainability where decisions are grounded in evidence.

The supplementary estimates that our government presents today show a revised deficit of \$8.3 million. The supplementary estimates also show total revised expenditures of \$1.4 billion — operation and maintenance expenditures of \$1.1 billion and capital expenditures of \$282 million.

What is troubling about the supplementary estimates budget is that it represents major additions of projects that didn't appear in the 2016-17 main estimates — cost implications that were known but not included. Let me provide one obvious example at this time: the signing of the new collective agreement of \$7.2 million was, on its own, almost enough to wipe out the previous government's surplus.

Here are a few more, Mr. Chair: renovations for the MacBride Museum, \$1.5 million, with an additional \$1.5 million to come later — not included in the previous government's budget, announced publicly on the eve of an election, but not accounted for. Severance packages for MLAs, Cabinet staff, approximately \$624,700 — of course, nobody can forecast how many severance packages are going to happen, but this is an expense that wasn't accounted for and that has to be accounted for, so that's why it's showing up on the supplementary here today. There is: \$3.5 million in additional teachers' and education assistants' salaries; \$2.2 million to open additional beds at the Thomson Centre and McDonald Lodge; \$429,000 for costs associated with the royal visit; \$1.8 million for the new Salvation Army Centre of Hope; \$2.1 million in demolition costs and the removal of hazardous materials for F.H. Collins, not previously accounted for; and \$1.4 million for the Art and Margaret Fry Recreation Centre in Dawson City.

I remember being in this Legislative Assembly only a few short months ago, having the debate of why is there only \$1 million in the mains for the recreation centre in Dawson when the governments had prepared together, they had planned together, they had talked and the City of Dawson committed that they were going to finish what they could with the limited amount of funds given by the Yukon Party government. That was more than \$1 million — that's for sure. Again, they spent more than was budgeted, even though there were conversations — government-to-government — as far as how much was going to be spent that summer. Still, the supplementary needed to put an extra \$1.4 million for the recreation centre in Dawson.

There is \$585,000 for the learning commons and electrical upgrade renovation — not accounted for. There is \$3.5 million in costs related to pension solvency within the

Yukon Hospital Corporation, as well as \$496,000 at Yukon College.

We had a good debate with the Member for Lake Laberge as to whether or not he believes that's something that should be in the budget — on the books. We believe it should. His government in previous years — sometimes they did, sometimes they didn't.

There is \$2.6 million for cost overruns with hospitals in Watson Lake and Dawson City, and within the Crocus Ridge residence construction. Those two hospitals were constructed years ago and there were conversations in the Legislative Assembly here about being on budget and on time for those two projects, but we come in and form the government and we find out that \$2.6 million in over costs for years previous — not accounted for.

Mr. Chair, this is a long list and it's one that's made up entirely of expenditures approved but not accounted for by the Yukon Party government of the day. In total, this supplementary budget includes \$17 million in additional operation and maintenance expenditures.

As well as the O&M, there were decreases and deferrals in the capital vote, as we discussed in second reading — for example, reduced spending at the Whistle Bend continuing care facility of \$24.3 million that must be reapproved in 2017-18 and also 2018-19.

Community Services also lapsed \$6.3 million from municipal projects under the federal infrastructure funding programs and another \$2.3 million in gas tax-funded projects that progressed more slowly than anticipated. This results in votes that decreased in some departments by as much as \$13 million in Community Services and a reduction of about \$15.7 million in Health and Social Services.

As a result of these lapses and others, gross capital spending in the supplementary estimates decreased by \$25 million. While this reduced the funds required for specific projects in 2016-17, it's important to note, Mr. Chair, that these funds will still be needed and they will be largely re-appropriated in the 2017-18 and 2018-19 budgets.

Mr. Chair, I would like to go on and talk more on the revenue sides of the supplementary budget, but as I look at the clock, I move that you report progress.

Chair: It has been moved by Premier Silver that the Chair report progress.

Motion agreed to

Hon. Ms. McPhee: I move that the Speaker do now resume the Chair.

Chair: It has been moved by the Hon. Ms. McPhee that the Speaker do now resume the Chair.

Motion agreed to

Speaker resumes the Chair

Speaker: I will now call the House to order.

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

Chair's report

Mr. Hutton: Mr. Speaker, Committee of the Whole has considered Bill No. 200, entitled *Second Appropriation Act, 2016-17*, and directed me to report progress.

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

The House adjourned at 5:30 p.m.

The following sessional papers were tabled May 8, 2017:

34-2-15

Yukon Workers' Compensation Health and Safety Board 2016 Annual Report (Dendys)

34-2-16

Yukon Workers' Compensation Health and Safety Board 2015 Annual Report — Amended (Dendys)