



# Yukon Legislative Assembly

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34<sup>th</sup> Legislature

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## HANSARD

Thursday, May 18, 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
<b>Hon. Sandy Silver</b>	Klondike	Premier Minister of the Executive Council Office; Finance
<b>Hon. Ranj Pillai</b>	Porter Creek South	Deputy Premier Minister of Energy, Mines and Resources; Economic Development; Minister responsible for the Yukon Development Corporation and the Yukon Energy Corporation
<b>Hon. Tracy-Anne McPhee</b>	Riverdale South	Government House Leader Minister of Education; Justice
<b>Hon. John Streicker</b>	Mount Lorne-Southern Lakes	Minister of Community Services; Minister responsible for the French Language Services Directorate; Yukon Liquor Corporation and the Yukon Lottery Commission
<b>Hon. Pauline Frost</b>	Vuntut Gwitchin	Minister of Health and Social Services; Environment; Minister responsible for the Yukon Housing Corporation
<b>Hon. Richard Mostyn</b>	Whitehorse West	Minister of Highways and Public Works; the Public Service Commission
<b>Hon. Jeanie Dendys</b>	Mountainview	Minister of Tourism and Culture; Minister responsible for the Workers' Compensation Health and Safety Board; Women's Directorate

### GOVERNMENT PRIVATE MEMBERS

#### Yukon Liberal Party

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

### OFFICIAL OPPOSITION

#### Yukon Party

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

### THIRD PARTY

#### New Democratic Party

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

### LEGISLATIVE STAFF

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

**Yukon Legislative Assembly**  
**Whitehorse, Yukon**  
**Thursday, May 18, 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 the 25<sup>th</sup> anniversary of Yukon Arts Centre

**Hon. Ms. Dendys:** I rise today on behalf of the Yukon Liberal government to pay tribute to the 25<sup>th</sup> anniversary of the Yukon Arts Centre.

This outstanding facility opened to the public in May 1992. Since then, the Arts Centre has been established as an important catalyst for arts presentation and development in the country. It is the only class A gallery in the north, which means it is a professional and suitable venue for visual art exhibits from around the world. This allows Yukoners to enjoy the same caliber of exhibitions that are presented in some of Canada's largest urban centres.

The centre provides opportunities for Yukoners, not only as audience members, but as artists as well. The facility allows local artists to showcase their work here at home while continuing to hone their artistic skills. The centre was built after years of planning and dreaming by Yukon community members who envisioned a place to celebrate and enjoy the arts.

Up until then, high school gymnasiums, community libraries and even an army hut served as our community performing and visual art centres. The vision behind this outstanding facility was to build a state-of-the-art community centre to serve artists and audiences who were already forging a strong, vibrant, sustainable arts community.

As Minister of Tourism and Culture, I am proud of the Yukon government's support for this important centre over the years. The Arts Centre operates a \$2-million budget, with about \$1.2 million of funding coming from Yukon government. Our funds support the operation and maintenance of the centre, as well as some of the innovative programming it offers.

The Yukon Arts Centre is much more than a building. The centre's staff also manages the Old Fire Hall and the Whitehorse wharf, expanding the Arts Centre's reach to deliver a wide range of programming. The centre has a history of showcasing some large national shows as well — for example, the Magnetic North Theatre Festival, the Aboriginal Curatorial Collective gathering, and the Indigenous Performing Arts Alliance Intertribal Gathering were held at the Arts Centre.

This summer marks the second year the Arts Centre has partnered with the Southern Lakes Artist Collective and others to establish an arts presence at the Carcross Commons art house.

The Yukon Arts Centre continues to grow and to remain relevant in the rapidly changing world. It is adapting to meet the challenges and opportunities of the digital world. It is also working on meaningful community and First Nation arts development — a pan-northern network of art makers and presenters, and continues to outfit the facility with equipment that enhances its work.

As we mark this milestone for this important community facility, I am particularly proud of the Yukon government's continued support for the Arts Centre. We are committed to supporting the growth in the creative industry sector and the numerous ways it contributes to Yukoners' quality of life as well as to the experiences of our visitors.

Congratulations to the Arts Centre, the board, the staff and all those who have worked hard to support the centre.

I must say that during my first couple of weeks on the job, I had an opportunity to go and meet with the staff and to go on a tour of the facility. There is so much passion there, and I really see that. It really resonates with the staff. People love their jobs. I really want to thank the whole artists' community, but particularly the staff who make this centre what it is today.

I would like to acknowledge a few people in the gallery: Mary Bradshaw, the Yukon Arts Centre gallery curator; Jacqui Usiskin, who is part of the gallery staff; Elyssia Sasaki, program assistant, Yukon Arts Foundation; and one of the founders, Duncan Sinclair; Missy Follwell, former Yukon Arts Foundation director; and we have Laurel Parry's mom, Jan Ogilvy, here and Laurel herself. Laurel has contributed so much to our arts community. I really want to thank her for all of her hard work over the years. We will be doing something special for her a bit later because Laurel is going to be leaving us soon. Joan Stanton and Corrie Gallienne — and I think that's all. I hope I didn't miss anyone. I really thank all of you for coming to be here for this tribute today so thank you very much.

*Applause*

**Ms. Van Bibber:** I too rise today on behalf of the Official Opposition in celebration of the 25<sup>th</sup> anniversary of the Yukon Arts Centre. It is a milestone for our entire community. It's hard to remember a time when we couldn't look up the hill behind Mountainview Drive and see the silhouette of the Yukon Arts Centre. It has become such a huge part of our community and it has been a key driver in the development of arts and culture in our territory.

The stage has seen world-renowned artists and Canadian legends. We have seen Yukon artists, dancers and performers being nurtured and grown on the same stage. Many of our children and teens have taken part in some event — community dance showcases, ballets and plays.

Exhibitions are on display year-round and they showcase artists and photographers from across the north, the nation and

the world. Complementing the public art gallery is the ATCO Electric Yukon Youth Gallery, which displays the work of our local Yukon artists in a professional setting. Proposals for this space are accepted throughout the year and planned months in advance.

Additionally, the Arts Centre is home to the community gallery, which is an exhibition space for emerging and established artists to showcase their fine art, design and craft disciplines. It is wonderful to be able to see the work of Yukon artists on display and also allow the professional community exposure for regional artists in the territory.

The Old Fire Hall is a unique branch of the Yukon Arts Centre and also happens to be a heritage building owned by the Government of Yukon. The Arts Centre has used the space to continue as a community hub for entertainment, films, speakers and a rental space for many users to enjoy. Just this last Sunday evening, I went to the film *Journeys to Adäka* when it premiered at the Arts Centre.

I would like to acknowledge the Yukon Arts Foundation, which has been operative for 16 years, run by a volunteer board of directors dedicated to the Arts Centre's success. This Sunday, the Yukon Arts Centre is hosting a free, all-ages party to celebrate 25 years of supporting arts in our community. The doors will open at 3:00 and will include a special children's performance, organized in collaboration with Every Student, Every Day.

We extend our sincere congratulations to the Yukon Arts Centre and to the Yukon Arts Foundation Board of Directors for your continued support for our arts community. Welcome to the gallery.

*Applause*

**Ms. White:** It is with great pleasure that, on behalf of the NDP caucus, I get to pay tribute to the 25<sup>th</sup> anniversary of the Yukon Arts Centre. I might like to point out that I am the luckiest member in the Assembly because this facility is in my riding. It's in the riding of Takhini-Kopper King.

It's hard to believe that it has been 25 years since this facility opened its doors. This high-tech arts centre only came into being after years of hard work by volunteers to fundraise, lobby government and dream to make it a reality. Mr. Speaker, I'm very proud to say that it was an NDP government that saw the hard work of this group of dedicated volunteers become a physical reality — that structure we see today.

Gone were the performances in school gymnasiums — and I participated in a couple. It was never very good lighting. It wasn't very good seating and you always had a head in front of you. That first month of operation was a month of celebration like never before. We saw dance, music, theatre, and visual arts brought to life in a brand new, state-of-the-art facility — the likes of which had never been seen in the north — quality sound, quality lighting and permanent platform seating that guaranteed that there was a line of sight for everyone.

For many people, the reality that this was truly a Yukon arts centre dawned on us when we saw our own friends,

family and maybe even ourselves performing on that stage. It may have been as MAD students, or it may have been at the Rotary Music Festival — both of which I participated in. It was a great feeling to realize that all Yukoners were invited to not only sit in those theatre seats, but to perform on that stage.

Since those exhilarating first days, we've seen the Yukon Arts Centre continue to grow and excel in bringing to Yukon exceptional visual and performing arts to the gallery and to the stage. The Yukon Arts Centre is now more than just a building on the hill; it has taken on the operations of the Old Fire Hall next to the Yukon River. This venue offers smaller and more intimate venues for visiting and local artists and it's a great place to host events.

In their effort to continue growing the arts, the Yukon Arts Centre has sponsored summer events on the wharf. It's a perfect opportunity for Yukoners and tourists alike to enjoy local talent in the open air.

All of this could not have happened without the hard work of the CEO and staff of the Yukon Arts Centre, but also the dedication of the group of volunteers who sit on the board of directors; however, what is probably most important are the volunteers who take our coats, hand us our programs and show us our way to our seats. This group of volunteers — no doubt numbering in the hundreds — welcome us to every single event. I also want to take an opportunity to thank Al Cushing, the recently retired CEO of the Yukon Arts Centre, for his work over the last number of years and wish him well in his future endeavours.

I don't want to miss the opportunity — we have Sarah Frey in the gallery and she is an integral part of that community right now. It's also important to point out that Missy is no stranger to the Assembly because she served as Deputy Clerk for a number of years. Welcome and thank you very much.

*Applause*

### **In recognition of Yukon Bike to Work Week**

**Hon. Ms. Frost:** Mr. Speaker, it's an honour today to rise on behalf of the Yukon Liberal Party to pay tribute to Yukon's Bike to Work Week, May 29 to June 4. Today's tribute to Yukon's bike-to-work initiative falls on the eve of Bike to Work Day, which will be celebrated tomorrow on May 19 across Canada.

Yukon Energy Corporation sponsors the Bike to Work Week challenges across Yukon. Workplace and school teams as well as individuals can participate in a friendly competition to get out of their cars and on to their bikes for the daily commute. I know that some of my Cabinet colleagues do that every day and it motivates us to do the same, and tomorrow is a great opportunity to do that.

For those of you who are able, biking to work offers many obvious and not so obvious personal benefits. Studies show that the fresh air and exercise that you can get from biking increases physical, emotional and mental fitness. Biking to work is also a great way to save money on gas and other motor vehicle expenses.

The less time we spend driving, the less we have greenhouse gas emissions polluting our air. Last year, during the Bike to Work Week challenge, Yukoners saved 2,061 kilograms of greenhouse gases from being released into the atmosphere. This is good news for our environment.

Every action we take to reduce greenhouse gas emissions, however small, makes a difference toward mitigating the effects of climate change. We may not all be able to bike to work regularly, but there are other actions we can take to reduce the environmental impact of our daily commute. For example, Yukon Rideshare, a partnership between the City of Whitehorse and Yukon government, is an excellent resource for finding carpool companions. Carpooling results in fewer cars on the road, releasing less greenhouse gas emissions. It is also easier on your wallet, saving money on gas and parking.

Yukon Rideshare isn't just about carpooling though. We can also connect with other people who want to bike or walk to work together. Yukon Rideshare can be a resource for those participating in Bike to Work Week by helping others ride or find other best routes to travel and making the journey a little more fun by finding co-riders.

In 2016, 194 Yukoners registered for the Bike to Work Week challenge and cycled a total of 66,185 kilometres. This year, Yukoners have been challenged to increase Bike to Work Week participation by 10 percent. I encourage all of my Cabinet colleagues to support department staff participating in Bike to Work Week and to look for ways to make small changes in our community habits for the benefit of Yukoners and our environment.

This tribute is also on behalf of the Yukon Party and the NDP.

**Speaker:** Introduction of visitors.

## INTRODUCTION OF VISITORS

**Hon. Mr. Streicker:** Thanks, Mr. Speaker.

I would like to acknowledge two long-standing residents of Tagish, Mary Ann and Rob Lewis, who are with us again today in the gallery. They are no strangers here and I would like to welcome them.

*Applause*

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

## TABLING RETURNS AND DOCUMENTS

**Hon. Ms. Frost:** I have for tabling a legislative return in response to a question from the Member for Watson Lake.

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

Are there any reports of committees?

Are there any petitions?

Are there any bills to be introduced?

Are there any notices of motions?

## NOTICES OF MOTIONS

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

THAT this House urges the Yukon Liberal government to release a list of the legislation it plans to table during the 2017 Fall Sitting of the Legislative Assembly at the same time it informs the public when the 2017 Fall Sitting of the Legislative Assembly will be held.

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

THAT this House urges the Government of Yukon to consult with stakeholder groups on amending the *Miners Lien Act* to strengthen protection for Yukon businesses and contractors.

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

THAT this House urges the Government of Yukon and the RCMP M Division to fully implement all three tiers of the RCMP auxiliary constable program as soon as possible.

I also give notice of the following motion:

THAT the Standing Committee on Statutory Instruments be mandated to conduct a review of building standards and inspections, including:

(1) assessing the consistency in interpretation of legislation and regulations by building inspectors;

(2) reviewing the *Building Standards Act* and regulations, and making recommendations for any changes that would improve customer service, including, but not limited to, ensuring the appeal process is timely and effective;

(3) recommending changes to improve access to service for people in rural Yukon;

(4) recommending changes to make it easier for home builders, including reducing paperwork and red tape; and

(5) investigating whether further improvements can be made to make it easier for Yukoners to build log homes;

THAT the Committee report to the House its findings and recommendations no later November 1, 2017; and

THAT if the House is not sitting at such time as the Committee is prepared to present its report, the Committee Chair shall transmit the Committee's report to the Speaker, who shall transmit the report to all Members of the Legislative Assembly and then, not more than one day later, release the report to the public.

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

THAT this House urges the Government of Yukon to take action against distracted driving by:

(1) reviewing current penalties in the Yukon *Motor Vehicles Act*;

(2) reviewing and comparing penalties in other jurisdictions across Canada for distracted driving; and

(3) considering strengthening the current *Motor Vehicles Act* by increasing the fines and penalties for drivers who put

themselves and others at risk by driving while texting or talking on their phones.

**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: National Inquiry into missing and murdered aboriginal women and girls

**Ms. Van Bibber:** Mr. Speaker, each missing and murdered indigenous woman or girl is a tragedy that leaves behind a community and a family who truly loved them. The National Inquiry into Missing and Murdered Indigenous Women and Girls will be here in Whitehorse for a community hearing on May 29. There is also a series of community visits taking place in several Yukon communities this week leading up to the hearing. Hopefully, this can finally help begin the healing process. Can the minister update this House on what work the government is doing in leading up to participating in the community hearing?

**Hon. Ms. Dendys:** Thank you to the Member for Porter Creek North for the question. I appreciate speaking to this issue in the House today. Our government is very supportive of the commission's work and the National Inquiry into Missing and Murdered Indigenous Women and Girls in Canada. The world is looking to Canada to lead this, and we are honoured to have been chosen as the first site for these hearings to take place.

I, along with the women's organizations, sent a letter to the commission, inviting them to the Yukon. We started with advisory meetings a few weeks ago. This was an opportunity for us to welcome the commission to the Yukon and to set out what our expectations are.

We have been working very closely with women's organizations, in partnership, and with Yukon First Nation chiefs as well, to bring the guidance that is needed. The advisory meetings were grounded in ceremony and set the tone for this work to happen in Yukon.

Again, our government is very supportive of the work of the commission. I had a meeting with the commission staff this week. They had some questions, along with the other organizations. Maybe I will get to some of the other —

**Speaker:** Order, please.

**Ms. Van Bibber:** Thank you, Mr. Speaker. Violence against aboriginal women and girls is a serious problem that does concern us all. I think all members of this Legislative Assembly want to ensure that this inquiry is successful and will ultimately help the healing process.

Is there any way that we as the opposition MLAs can support the government's efforts as it prepares and ultimately participates in the National Inquiry into Missing and Murdered Indigenous Women and Girls?

**Hon. Ms. Dendys:** Thank you to the Member for Porter Creek North for the supplementary question. I will just finish by saying that we have included some additional resources in the form of a senior advisor in the Women's Directorate. This

position will be provided to lead Government of Yukon's participation in the National Inquiry into Missing and Murdered Indigenous Women and Girls. The senior advisor will work very closely with our department, our government colleagues, aboriginal women's organizations and Yukon First Nation governments to coordinate the response to the commission on behalf of Government of Yukon.

I myself will be helping to co-chair an advisory body that will work with the commission as this work continues in the Yukon. Yes, they are meeting with communities within Yukon this week and we have been working with them to advise them on best practices in the Yukon and to work toward a trauma-informed approach.

In terms of the question around support from other MLAs, I think that every single one of us in this House holds a responsibility to work with our communities. I thank the members who attended the rallies in Kwanlin Dün recently and I think those are things we can do. I would love to work with all members of the House around our response —

**Speaker:** Order, please.

**Ms. Van Bibber:** As part of the government's commitment to support the national inquiry, they promised to — and I quote: "... restructure the Prevention of Violence Against Aboriginal Women Fund to make funding more readily available to communities."

I'm wondering if the minister could provide an update to this House as to the work being undertaken toward this goal.

**Hon. Ms. Dendys:** Thank you to the Member for Porter Creek North for the final question.

Yes, this is an area that we are undertaking to do some review of programs and to make it more accessible. We have dedicated funds this year to the three aboriginal women's organizations in Yukon and we will be working toward reviewing all of the funding that is available right now to the organizations. We do not have time set yet, but our intent is to go out into the communities. I would like to do that myself as minister to hear directly from the organizations what their concerns are.

My background includes working with a First Nation government and I know that there were challenges in the past in terms of our access to violence-prevention dollars, so I come with some personal experience in regard to this. We will be having a very close look at this over the coming months and we will be making recommendations to our Cabinet and to Management Board around some potential changes to these funds and to the access to these funds. We really want to empower our women's organizations to do the work at the community level.

### Question re: Type 2 mine remediation

**Mr. Kent:** Thank you, Mr. Speaker. I have some questions today for the Minister of Energy, Mines and Resources.

As members know, Canada is responsible for remediation and care and maintenance of a number of historical mine sites throughout the Yukon, commonly known as type 2 sites. Dealing with Canada on this file I'm sure has been as

interesting for the current minister as it has been for successive EMR ministers since we achieved devolution.

This year, we have noticed that there is a multi-million-dollar drop in Canada's funding for this line item. We understand from officials that the care and maintenance activities will continue at last year's funding levels so the drop must be on the remediation side.

Can the minister identify which sites will receive less money this year compared to last year? Is the minister working on a long-term stable funding agreement and a revised management structure with Canada for this work?

**Hon. Mr. Pillai:** Thank you to the member opposite for the question. Absolutely — it's a very interesting relationship between Canada and the Yukon. It differs from site to site. The structure we would look at in Faro would be different from some of the things we're undertaking at the Ketzá mine site, which would be a bit of a different undertaking from the Mount Nansen site.

When we get into the exact dollars, it will be good to have this discussion as we go into the EMR budget. Essentially what we are looking at is that we believe that we're going to see our numbers rebound in some ways as we go through our supplementary. We believe that, but we're not sure, because what happens is that it's back and forth between Canada on the governance model. We are looking to still undertake the work that we have tried to execute as planned previously, but the back-and-forth with Canada is what really affects our budget numbers as we go back and negotiate — still looking at the same FTEs — still 289 FTEs in Energy, Mines and Resources. We can talk a bit more about that as we go through.

Honestly, we're still looking to have a stronger relationship, as was alluded to, when we look at funding in the governance model.

**Mr. Kent:** I thank the minister for that response. I think his final comment leads to that long-term stability on the funding side of things. Often the money does arrive very late in the fiscal year — you get a sense of the final dollar amount.

Last year, the federal government was actively working on a model for Mount Nansen remediation that would be similar to what is happening at Keno Hill. Keno Hill remediation and care and maintenance is being done by the private sector and the model is working quite well as they prepare their final remediation plan for YESAB submission. Can the minister update the House on where the Mount Nansen process is at and when we can expect a successful proponent to be chosen, if one already has not been chosen?

**Hon. Mr. Pillai:** Thank you for that question. A bit of background on the Mount Nansen remediation for those in the Assembly today — through the care and maintenance activities, the Government of Yukon continues to manage the short-term risks at the Mount Nansen mine site to protect human health and safety and the environment. Just a side note: even after the little scare we had with the earthquake a few weeks back, we had to dispatch our whole team out of EMR, not just to make sure the dam was secure here with Yukon

Energy Corporation, but because we deal with a lot of dam site structures — just something to note as another risk that we have with this activity.

We're planning to submit a proposal for the ongoing care and maintenance activities at the Mount Nansen site to the Yukon Environmental and Socio-economic Assessment Board this spring, followed by a water licence application in the summer of 2017. These are key steps as we move through it.

The Government of Canada is pursuing the sale of the Mount Nansen site due to the high cost of remediation. That's what the member alluded to. I think it's a fantastic model, really bringing in the private sector which, in many ways, knows how to do this best when it comes to remediation.

The Government of Yukon and Little Salmon Carmacks First Nation, in conversations and in negotiation, fully support this approach, Mr. Speaker.

**Mr. Kent:** My final question is about the Ketzá mine site. We heard at the EMR briefing that conversations are currently taking place with the affected First Nations — Ross River Dena Council and Teslin Tlingit Council are two First Nations who share traditional territory where this site is located. Those conversations are dealing with plans for the site. When it was put into care and maintenance prior to the election, we found out the Yukon government would be responsible for the costs associated with engineering and design for remediation of that site.

Can the minister confirm what the cost estimates are at this time for that planning and when he would anticipate that work starting?

**Hon. Mr. Pillai:** A little background as well on the Ketzá project — the Government of Yukon has been responsible for care and maintenance and the remediation planning for the Ketzá River mine site since it was abandoned in 2015. To the care and maintenance activities — the Government of Yukon manages the mine site to protect human health and safety and the environment. Care and maintenance includes the treatment of contaminated water for arsenic, maintenance and monitoring of dams, diversions and roads, and the provision of safety and site security.

In closing, the Government of Yukon is working with the Government of Canada on a bilateral agreement to complete the remediation of the Ketzá River site and in accordance with the devolution transfer agreement.

The answer to the question — I think we're looking at this year. I don't have my budget in front of me — I apologize — but we're looking at about an allocation of about a half-million dollars in the early design stage. There is a third party that is also part of this conversation. It's a little bit of a different process and I think the member opposite knows it well.

I think that's another great topic, as we look at what money has been put aside for that. When we get into the EMR budget review, I can explain a bit more about what the process looks like and how the money is going to be allocated as we look at that design piece over the next year.

**Question re: Social inclusion and poverty reduction**

**Ms. White:** We have asked questions this spring about poverty in Yukon. We know that poverty has a major impact on people's health and well-being, and this leads to increased pressure on our health care system and other social programs that have a real impact on the government's bottom line. In last year's budget debate, we learned that nearly 300 children and their families receive social assistance from this government, and that doesn't even include those receiving assistance from their own First Nations or from INAC. So it was disturbing on Monday to hear from the minister that she was not familiar with the *Social Inclusion and Poverty Reduction Strategy*.

Mr. Speaker, why had the minister not taken time to review the *Social Inclusion and Poverty Reduction Strategy* in the first six months of being the Minister of Health and Social Services?

**Hon. Ms. Frost:** Mr. Speaker, let me respond by saying that it is clearly a priority. Poverty results from a complex interplay of various factors within our society and within our economy as a major factor in our planning and in our considerations. My admission that I haven't bored into all of the reports and submissions that have been tabled in this House is the reality.

I am taking the time necessary and getting the necessary briefings, and my admission to this House is — the binder of materials for Health and Social Services from home care, from hospitals, from expenditures that we have seen, and trying to balance the budget and make good corporate and government decisions — evidence-based decisions — that really take into consideration all of these components that I highlighted — the complexities are significant.

We are encouraged, however, by the contributions that we have received from Canada to increase the profile and look at re-profiling what we currently have. All of the various assessments and reports are being taken into consideration — the housing action plan, the Housing First model —

**Speaker:** Order, please.

**Ms. White:** The Yukon *Social Inclusion and Poverty Reduction Strategy* came about not only with the hard work of the department itself, but also from the dedicated time of over 20 NGOs. These groups represented people living in poverty, people with disabilities, youth and seniors, First Nation governments and service providers. The strategy itself came from two prior documents on housing and poverty that gathered input from 37 different NGOs and governments.

The studies have been done. We know what the problems are and we know some of the ways to fix them. All that is missing is the political will to tackle poverty. When will this government take decisive action to fight poverty with actions?

**Hon. Ms. Frost:** In response, the department, as we are going through our assessments on all of the various reports, including the Yukon *Social Inclusion and Poverty Reduction Strategy* — the department staff and the bureaucracy of this government have been in place for a lot of years. We have seasoned staff — experienced staff — who have been actively

involved in the planning and the budgeting. I am happy to say that, as we make our decisions and as they provide the briefings and recommendations, those are factors that are taken into consideration.

Personally, I have not taken the time — and that is my admission — and I will now take the time to review the document that is on the table.

Thank you to the Member for Takhini-Kopper King for holding me to task. I will certainly follow through and make myself more educated on that specific document.

**Ms. White:** Again, we keep hearing good intentions from this government, but unfortunately good intentions don't put food on the table or roofs over the heads of Yukoners living in poverty. This government claims to be about evidence-based decision-making, yet it has all of the evidence it needs in the poverty reduction strategy. Years of consultation and hard work by the department, non-governmental organizations and affected people have gone into these reports. We need more than good intentions. We need actions. When asked about increasing social assistance rates or increasing the minimum wage, the government refuses to make a commitment, yet somehow they found the money to cut corporate taxes by 20 percent on profits over a half-million dollars. Why did the government choose to cut taxes on corporate profits while they refused to increase social assistance rates and the minimum wage?

**Hon. Ms. Frost:** The commitments that this government made to provide services and programs — whatever we can do to make lives of Yukoners better — happier lives lead to better sustainable economies of our communities. Most certainly our priority is to ensure that we reduce poverty, our economic bases in our communities and in rural Yukon — that we are no longer focusing on a Whitehorse-centred model. We are looking at working with our communities to ensure that poverty reduction strategies are addressed in our communities. That means that we need to seek the partnerships — and most definitely we are, as we go through our budgets and the detailed specifics of our budgets. We will see strategies that will find themselves in a longer term plan.

**Question re: Coroners Act review**

**Ms. Hanson:** Yukon's *Coroners Act* is one of those pieces of legislation that has not kept up with the times. While coroners acts and regulations have been modernized in jurisdictions across the north and across Canada, this has not happened in Yukon.

Yukon's *Coroners Act* dates back to the 1970s. Any amendments to the act or regulations have dealt strictly with remuneration for those doing the job of chief coroner or coroner. Everything else has remained the same, despite the need to recognize that across Canada, the role, the responsibilities and the expectation of the office of the coroner has evolved.

When is this government planning to review the current *Coroners Act* and regulations?



**Hon. Ms. McPhee:** I thank the honourable member for her question.

I agree with her — very much so. One of the first questions I had — among a few others when I arrived in this job — was to speak to the department about exactly the question she has asked. That work has been underway. I have not yet received a report but I have asked for background material. It's a piece of legislation that I am personally quite familiar with. I've asked for the background material and a plan going forward. I will, of course, have to bring that to my colleagues and we'll have some discussions about what that plan may be.

I don't disagree that it is outdated legislation and it certainly deserves attention. It has not been looked at for a number of years, with the exception of the changes that the honourable member mentioned, which were long overdue — and, properly so, attention was given to that — but it was not a broader scope of question and that is what I have asked for.

**Ms. Hanson:** Thank you to the minister opposite. It's good to know that she has this important piece of legislation on her radar and that she will know that our *Coroners Act* is, in fact, out of step.

In the current act, a coroner's inquest is only mandatory if a death occurs of a prisoner in the custody of the RCMP. That scope is very narrow when compared to other provinces and territories. In other jurisdictions, inquests are mandatory if a person dies in custody, if a child in care dies, or a person dies on the job. Those are only a few examples from across the country of situations that trigger a mandatory coroner's inquest.

In the minister's scope that she has asked her department to look at, is she considering expanding the range of circumstances in which a mandatory coroner's inquest will take place?

**Hon. Ms. McPhee:** I don't think it's wise at this time to speak about the specifics. What I have asked the department to do is bring a range of options forward — not the least of which is looking at best practices across the country to determine more modern pieces of legislation and what decisions they have taken with respect to the focus of how coroners' work is done and in what situations certain things occur. But without speaking about the specifics today — and I don't think that's a responsible thing to do — I have asked them to bring all the information possible, and particularly with respect to best practices in jurisdictions that might be comparable to ours.

**Ms. Hanson:** We're not asking for specifics, but we raise these questions based on the lived experiences of Yukoners — and some members in this Legislative Assembly will know what I'm speaking to.

It is interesting that in our current act, there is a whole section dedicated to what happens if a death occurs at a mine site. It is clear who should be notified, who should be on a jury, et cetera. The act is silent on other job-site fatalities. Nowhere in the Yukon *Coroners Act* do we provide for families, communities or the public to ask the chief coroner for a public inquest.

In other jurisdictions across Canada, this is an integral piece of the coroner's legislation. We know from our experience in the Yukon that families are often left with little information and many unanswered questions about the circumstances surrounding the death of a family or community member.

Will the minister commit to ensuring that family, public or community requests for coroner inquests will be respected?

**Hon. Ms. McPhee:** I appreciate the question and the information you convey in that question, because I think it is a good piece of education for those listening and following what's happening here in this House. I agree, as I have said, that the legislation is outdated, and primarily with respect to the items brought up by the member opposite about the act being outdated. There are references to certain job sites, for instance, and not others, certain details of when a public inquest can happen and not others.

Obviously, the scope needs to be reviewed. We need to look at best practices without reinventing the wheel, but also with a Yukon perspective as to what will be the best piece of legislation going forward for this territory.

#### **Question re: YESAA process**

**Mr. Cathers:** I have some YESAA-related questions for the Minister of Energy, Mines and Resources. A project submitted by the British Exploring Society involves youth camping, canoeing and hiking in the South Canol area, with a base camp of 50 people and several smaller camps. On April 26, one of the YESAA-designated offices completed its assessment of the project, recommending the project not be allowed to proceed.

According to the company's website, the trip is sold out for this year and some pre-trip meetings for those participating have already taken place. Has the minister or any of his colleagues been in contact with the society about this project, and when can they expect the Yukon government to issue a decision document?

**Hon. Mr. Pillai:** On this particular case, it's very interesting. The process occurred where we had an organization begin to go through a process to look at summer activities. There was a notice that there seemed to be a lack of notification with an affected First Nation, as I understand. I apologize, but I will have to get to the member opposite on exactly what the time frame is on a decision document. I know the file a bit, but I need to look into it more and meet with our officials, and then I'll get you that answer.

**Mr. Cathers:** Another project recently assessed by YESAB that has received some extra public attention is an all-weather road to support mineral exploration into claims in the Rackla belt. YESAB recommended that this project be allowed to proceed in spite of concerns raised by a number of parties.

Can the minister please update the House on any conversation he has had with any affected parties on this project since the recommendation was received and what the due date is for the decision document on this project?

**Hon. Mr. Pillai:** We have heard the news in the past about the YESAA report and I will give a little bit of background and then I can talk about time frame.

The Rackla belt project, for those in the Assembly today, is a grassroots discovery that was made by ATAC Resources in 2006. The project covers an east-to-west trending belt of claims, consisting of about 1,700 kilometres of claims. It's located about 55 kilometres northeast of Keno City in the traditional territory of Na Cho Nyäk Dun.

Before I get into more details — yes, absolutely, the first step is that there have been discussions with the affected First Nation. I have had a couple of opportunities two weeks ago of sitting with the chief and having a discussion as we moved through this, looking to see what they are doing, and then I had an opportunity to see Chief Mervyn yesterday as well. We are trying to work closely, taking into consideration what was laid out by YESAB in the process, and then we move through to the date.

For the member opposite, the decision-making bodies in the Government of Yukon and First Nation of Na Cho Nyäk Dun have until June 2, 2017 to review YESAB's recommendations, consult with each other and issue the decision document. This is what has been laid out — either accepting, varying or rejecting. That's the timeline we're at right now — June 2.

**Mr. Cathers:** I thank the minister for the answer. In the YESAB assessment of the all-weather road into the Rackla area, we noticed that there were conflicting recommendations contained in documents sent to YESAB by Yukon government departments. On the one hand, the Department of Environment said the projects shouldn't proceed because it would cause irreversible effects. On the other hand, the Department of Energy, Mines and Resources said the project could go forward as the effects could be mitigated.

How do these conflicting views and conflicting recommendations by government departments fit with the Liberal government's one-government approach?

**Hon. Mr. Pillai:** Mr. Speaker, you have these challenges and differing opinions, but it is a one-government approach. What I like about it is that we've made the decision or have stated right from the start that what we would do is work toward making sure that we take into consideration impacts on the environment while at the same time making sure that we build an economy.

As everybody knows in the Legislative Assembly, this is an extremely controversial conversation. There is a series of groups that have stated their opinions, whether it be the outfitters, whether it be members from environmental organizations — and then on the other side, of course, seeing the chambers.

I believe our internal discussions, which I'm not going to table today, will lead us to a position where we can stand as a government, moving forward through this process, taking into consideration the different perspectives. I think that's good. Even with my colleagues here — certainly even this morning, I think we had some differences in opinion. That's good,

because that really challenges us and doesn't send us down one path. It really gets all the right answers out.

I think that's what we'll look at from departments and, at the same time, take into consideration what's happening with Na Cho Nyäk Dun and what the process is they are looking for, because their citizens also, I think, are having those same discussions as we are in government, where some feel really supportive of it and others see it as a real opportunity and a challenge, as well, to their traditional areas.

**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:** Thank you, 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.

### Motion re appearances of witnesses

#### Committee of the Whole Motion No. 1

**Hon. Mr. Pillai:** I move:

THAT from 3:30 p.m. to 5:30 p.m. on Thursday, May 18, 2017, Joanne Fairlie, chair of the Yukon Development Corporation Board of Directors; Justin Ferbey, president and chief executive officer of the Yukon Development Corporation; Kells Boland, chair of the Yukon Energy Corporation Board of Directors; and Andrew Hall, president and chief executive officer of the Yukon Energy Corporation, appear as witnesses before Committee of the Whole to discuss matters relating to the Yukon Development Corporation and the Yukon Energy Corporation.

**Chair:** It has been moved by Mr. Pillai:

THAT from 3:30 p.m. to 5:30 p.m. on Thursday, May 18, 2017, Joanne Fairlie, chair of the Yukon Development Corporation Board of Directors; Justin Ferbey, president and chief executive officer of the Yukon Development Corporation; Kells Boland, chair of the Yukon Energy Corporation Board of Directors; and Andrew Hall, president and chief executive officer of the Yukon Energy Corporation, appear as witnesses before Committee of the Whole to discuss matters relating to the Yukon Development Corporation and the Yukon Energy Corporation.

*Committee of the Whole Motion No. 1 agreed to*

**Chair:** Is it the wish of members to take a brief recess?

**All Hon. Members:** Agreed.

**Chair:** The Committee will recess for 15 minutes.

*Recess*

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

**Bill No. 201: *First Appropriation Act, 2017-18* — continued**

**Department of Finance — *continued***

**Chair:** The matter before the Committee is continuing general debate on Vote 12, Department of Finance, in Bill No. 201, entitled *First Appropriation Act, 2017-18*.

**Ms. Hanson:** When we left off the other day, we were just talking about the expert Financial Advisory Panel. The Premier had indicated that he was going to be meeting with them, I think, today and that he would be scheduling a briefing for members of the opposition sometime this month.

I had asked the Minister of Finance to confirm that the expert Financial Advisory Panel will be presenting options — and the way it was phrased — for achieving fiscal sustainability. We were told the intent was to inform what will be contained in the 2018-19 budget.

It's my understanding that we are going to be spending \$200,000 this year and another \$300,000 next year on a new budgeting system. First of all, is it intended that the new budgeting system will be completed by the next fiscal year? How will the recommendations that are anticipated coming from the expert Financial Advisory Panel be integrated into that new budgeting system?

**Hon. Mr. Silver:** Thank you very much, Mr. Speaker, and thanks to the member opposite for the question. It's good to quantify it and to distinguish between the Financial Advisory Panel and the changes that we have to the Department of Finance.

The money up-front this year is just for the technical components of keeping track of expenditures. That is the first budgetary consideration. There are a few different things going on in the Department of Finance as far as innovation in how we're collecting statistics and how we're revamping the department.

Before I get into that piece — as far as the financial panel, there was a problem with their schedule so they didn't make it up here today — much to my deputy minister's happiness. That means she is able to have a day off tomorrow for the first time, I think, in forever. What we're going to do, though, is we'll find out from them their new schedule and we'll be talking next week with both opposition parties to let them know when their briefings are going to be scheduled, again, based on the schedules here of the financial panel.

There are a couple of new budgeting options that we're doing. There is the reorganization business case and also the new division of Economics, Fiscal Policy and Statistics. Again, all of these initiatives are separate from the panel. The \$200,000 up-front is just for those technical components. I

don't know if the member opposite might want to adjust the question for the rest of that — if she wants me to go into the new budgeting system specifically, which is going to be completed for 2018-19, or on the reorganization business case, if she can clarify.

**Ms. Hanson:** I think I may have misled the Finance minister. It is my understanding that the new budgeting system for the Yukon government — that we're spending money on this year, next fiscal — will mean that the new budgeting system will be ready for the 2019-20 budget.

What I was asking about is how, in this new budgeting system — I would like to have him outline what the dynamics of this new budgeting system are, and then how he anticipates the recommendations — maybe it's a backdoor way of getting the sense of the scope of what you're looking for from this panel in terms of recommendations, when it talks about fiscal sustainability.

**Hon. Mr. Silver:** Thanks for the qualification from the Leader of the Third Party.

Again, with the panel — just to go over what they will do — we're looking at an unstable situation here. I guess the direction for the panel is to engage with Yukoners on those fiscal matters and those economic challenges and make some recommendations about the potential government fiscal, economic and spending options. That public engagement is anticipated to start, as we know, once we conclude here in June, break during July and August and restart in September. The work of the panel is not going to replace any future direct budgeting discussions between the government and First Nations and all of the processes that are already set up. What it does is it provides options. It provides the variables for the government to then take into consideration.

As far as the new budgeting system, it is for 2018-19. That is when the process will be completed. The technical components — keeping track of the expenditures is a good way to say it, I guess — is in that first part of the budget.

We do not have just departmental budgets, but also envelopes, such as building maintenance and other things. I think the new system is going to allow — as opposed to input from the Financial Advisory Panel, it's more about allowing departments to enter information only once. Now it is being entered several different times and sections. It is basically keeping track of those outcomes and trying to streamline that process.

I will leave it at that unless there is any other further clarification that the member opposite wants to ask for.

**Ms. Hanson:** I think where the Minister of Finance is going — if he would just confirm this — is that the intention is to have a whole-government envelope system and that you are going to establish an envelope for certain elements. Is it possible to outline what those broad categories of envelopes will be?

**Hon. Mr. Silver:** To answer the question directly — yes, we are trying to look for more of a whole-government approach, because right now those envelopes, or those different systems in different places where the information is coming from — like building maintenance or tax or policy —

come in and create inefficiencies. Also, because it is coming from multiple sources, it creates more opportunities for failure or more opportunities for misguided information or duplication. That new \$200,000 for planning and development of a new budgeting system for the Yukon — to answer the member opposite's question — is more of a whole-of-government approach, yes. The desired outcome is more efficiency, more accurate information and fewer opportunities for information to go astray.

**Ms. Hanson:** I thank the department and the deputy minister for providing, as requested during the briefing, the organization chart for the Department of Finance. Can the minister elaborate on the role of the office of the comptroller? As I understood it, it may lend itself to the — when we talk about compliance and what role that office will have with respect to other departments.

**Hon. Mr. Silver:** I thank you for the question. This is changing under the new system. The program objective of the office of the comptroller is to manage, administer and control the consolidated revenue fund, including the provisions of accounting services. It develops, administers and controls all relevant financial policies and controls of the Government of Yukon, monitors compliance over financial management, procurement and accounting activities through all government operations, as well as preparing the Public Accounts and financial statements, including the coordination of the audit services of the Office of the Auditor General of Canada. Management, assessment and control of the Yukon consolidated revenue function, as I said, include the provision of accounting services. It develops, administers and controls all relevant financial policies and controls for the government.

What we are going away from is that it was almost as if, in that situation, there was a conflict of interest — I don't know if that's the best way of saying it. There was a problem with the oversight of the comptroller in the roles that the person had to fulfill in the previous system. Looking at that, looking at efficiencies and trying to focus specifically on these job descriptions I just described was the initiative as far as the reorganization of the Department of Finance — as well as to be proactive in training and outreach of our financial rules in YG to prevent errors, rather than to have the Office of the Auditor General find those errors.

**Ms. Hanson:** I thank the minister for that answer. The issues of ensuring there is that understanding, compliance and outreach — what is the relationship between that role and the role of the government internal audit services with respect to auditing government operations and departments and segments of the departments or functions carried out by departments?

**Hon. Mr. Silver:** Again, this would be under the auspices of the Executive Council Office — more of a question for that — but we can talk specifically as it relates to the comptroller. The only thing that I would add about the comptroller that would be considered maybe the same as an auditor is those spot checks. There is more of a spot-check function from the comptroller's office, whereas you can look at the auditing system — the auditor's department here — as

more of a performance of programs, or more of an internal part of the Auditor General's services. It's more of a performance of the programs, whereas, as I mentioned, all of those other outreach and items from the comptroller's perspective — that would be, in a nutshell, the big difference between the two.

I'm not doing a good enough job of explaining the auditor's function as a whole, but we can get into that in Executive Council Office if you want more of a drawdown on the specifics of the functions of the auditors as opposed to the comptrollers. In comparison to the comptroller's functions — kind of that Venn diagram, where the two would overlap. You could see the comptroller doing the spot checks, but on the other side the auditor is more of a performance function, more of a function as far as programs go.

In a nutshell, you might want to consider the difference between prevention versus ex-post or after-the-fact reporting.

**Ms. Hanson:** I understand then that the policy compliance function under the comptroller general would be with respect primarily to the *Financial Administration Act* and the GAM, or *General Administration Manual*.

If the minister could explain — there is a new function of a director of program evaluation so the scope and the terms of what that is expected to do. Again, if we're looking at program evaluation, I think it's really important. It's a central agency kind of function — but is it evaluation of fiscal programs only? What are we looking at?

**Hon. Mr. Silver:** I think the main difference is that the new program is going to evaluate and look at the efficiencies of the programs and services, and they are not limited to the parameters that an audit would be limited to in their job. I guess it's looking more at the programs as a whole of the department and then taking a look at the effectiveness inside of those departments — those specific programs — and again, not limited to how the audit department would be working here.

**Ms. Hanson:** Just to confirm, we're talking about program evaluation within the context of the Department of Finance and not the Government of Yukon as a whole?

**Hon. Mr. Silver:** We will be looking at the whole government in this component.

Again, this is all part of the business reorganization case. In that area of investment, the new programs evaluation branch — program evaluation being that cornerstone piece to what we want to do here with this programming — this is an investment — to a future way of looking at the way that we actually do this analysis of the effectiveness in a whole-of-government approach. I don't know if that answered the question specifically.

**Ms. Hanson:** This is another line of questioning. Has the Premier as the Minister of Finance entertained any conversations — as the Department of Finance and the scope of the management framework for the Government of Yukon has broadened over the last 14 years with devolution and with the assumption of, I would say, all of the provincial-like responsibilities — or entered into any conversations with the Office of the Auditor General to look at the next step, which

would be Yukon, in my mind, having an independent auditor of its own — distinct from the Audit bureau functions, which are episodic? I think the last one on record is several years old anyway.

Getting an audit plan out of the Audit bureau over the last couple of years has been challenging — perhaps, just because of the government's direction — to look at, given the fact that we are at a budget of roughly \$1.4 billion. If I recall, that's commensurate or reasonably commensurate with, say, the Province of Prince Edward Island, which has a provincial Auditor General — an independent function. I'm just curious. I raise it now but may come back to it in general debate on the Executive Council Office.

The fact of the matter is, we now have one chapter a year in an Auditor General's report that looks at one department or agency, if we're lucky. Maybe they do a follow-up in that same year to a previous audit, as opposed to sort of a continuous undertaking and a review. But getting into the understanding of both the legislators and the public service as a whole that once things are voted on in this Legislative Assembly, all departments and agencies are accountable to this Assembly for every penny that's spent on our behalf — that is sort of raising the bar. We've talked about the divining and developing the methodology — a change in methodology is what was described in terms of strategic and operations planning so as to improve performance. Now we want to be able to ensure that this happens. I'm wondering if the Premier, the Finance minister, has given consideration to this as a part of that growing toolbox of good government?

**Hon. Mr. Silver:** No, I have not had that conversation with the Auditor General of Canada. We do use the OAG of Canada, whereas Prince Edward Island has — I don't know if you would call it devolution, or just a different way of doing things. They have decided upon their own system so that they don't use that office. We can, and both the member opposite and I have been on the Members' Services Board and had those Public Accounts Committee conversations about what the next audits are.

We know how much input we have, as a government, into those next obvious audits, and we have shared lots of conversations about the Public Accounts committees in general. We have to do more, and I think that is the direction we want to go in. In that capacity, I think that's where we're going to be looking at — as far as using this Legislative Assembly as well for more conversations when it comes to the Public Accounts in general. That's the one step. That's the first step that we want to look at. As opposed to approaching the Auditor General to kind of download another type of system there, we're going to be looking at reviewing the Public Accounts and the committee.

Again, as we're looking at a change in how we're doing the finances as a government, it's worth noting that financial reorganization structure. I think that inside of that, once we do an analysis of how well that is performing, we'll know what the next logical steps are. The one thing is having the conversation based upon our platform — but also, it is not limited to the conversations that I have had with the member

opposite as far as, "Do we do enough as legislators? Do we do enough when it comes to Public Accounts?"

I agree with the member opposite in concept — maybe not in completeness — but the intent of the investment in the reorganization. It's important to note again — the economic and fiscal policy that is at the forefront of budgeting development, giving that advice to Management Board on governance, policy and spending — that is going to be part of this new business case and this new revamp — evidence-based recommendations to advance to Management Board that balance out the needs of not just a political party necessarily, but also industry, the economy, society, NGOs and that type of thing. Getting that information into the government — support for the legislative accountability through the Public Accounts Committee as well — is part and parcel of the business reorganization, so that is what we're talking about when we're saying that we want to take that step toward reviewing the Public Accounts. The whole-of-government approach as well — and we spoke about that a bit earlier — to budgeting and financing, and data management — I'm big on the data management — and reporting that provides the evidence and recommendations and advice to Management Board.

There is a bunch more, but financial planning and evaluation capacity within the departments to effectively develop on the government's mandate and sticking to the mandate letters, developing business cases based upon those mandate letters. I think we're going to be into a lot of interesting conversations between the opposition and ourselves as to how well this reorganization, this financial strategic investment is going to work — what we then pivot to after that. But again, part and parcel of that is reviewing the Public Accounts.

I think right now, this government is more interested in that than taking a look at changing our audit system to get away from the Office of the Auditor General of Canada and to provide something else.

**Ms. Hanson:** I thank the Minister of Finance for that answer. I think that this is a discussion that is worthy of being continued, because I think that what has been described very well is the front end of the function of government — which is, yes, get good planning and have good decisions taken by Management Board — by the politicians. Where the auditing function is absolutely critical — and where the Public Accounts show it — is then the execution. There is where we say to the 4,700 people who work on behalf of the people elected by Yukoners to execute what was agreed to as political and policy direction and the comprehensive audit, "How effectively and how efficiently was that carried out?" I think that we are seeing manifest in so many different ways that we haven't got a handle on that aspect in this government — not this politically striped government, this government writ whole.

It is only by the fact of the way the Auditor General's legislation is written that the three northern territories are part of the Office of the Auditor General of Canada. It is explicit in the legislation. In my conversations at Public Accounts

meetings with the Auditor General, there was nothing to say that you couldn't see a separate office set up. I am just putting that out. I am not asking the minister to debate it or whatever. I know we will come back to this. We have time.

I would like to ask the minister — going back to his comments when he was reflecting on the revenue section of the Department of Finance — it's Vote 12, under the TFF — he mentioned that there is \$919 million there and that represents a 2.7-percent increase. To tell the truth, I haven't compared that to the percentage increase over the last year. Certainly, when we looked over the last 10 years, there have been various years where it has gone up six percent, nine percent and then zoom down to three percent and now we are at 2.7 percent. Can he just reflect on what last year's was, in terms of the percentage difference and then what the forecast is for the next three?

**Hon. Mr. Silver:** I will answer both. I guess what we are talking about is valuation versus audit in the differential. To us, I think reporting is a huge priority. When I take a look at how we are revamping statistics into the Department of Finance, the financial statistical investment, the Financial Advisory Panel and the advice there and the reorganization — all of those things together are what we need to develop the evidence that we need. That is on the evaluation side.

The member opposite is correct that there is nothing stopping us from changing and going to a different model like Prince Edward Island does as far as audits. Nothing is stopping us except for cost. As we move forward in the next few mandates, I will take the member opposite's comments under consideration, as far as that goes. We have the Auditor General of Canada at our disposal — that's the audit function that we do use right now. We have the internal audit system. Having more costs associated to changing how we do audits — I'm not there yet, but I'm sure we could have a lot more discussion about the validity of a change. Again, that evaluation piece is where we're going right now.

To take a look at the second part of the question, 2015-16 was for the grant for Canada — actual was \$874,086,000. The estimate for 2016-17 was \$894,506,000. That represents a percentage difference of 2.3 percent.

**Mr. Kent:** I just have one question for the Minister of Finance; it is with respect to the tax credit the federal government is phasing out for the use of public transit passes. It is on behalf of some Yukoners who raised this with me who took advantage of that tax credit. As we know, in the current budget, the refunds will no longer be available after June 30, 2017. After that date, any transit pass purchase will not be eligible to be submitted to the Canada Revenue Agency for this credit.

I'm curious if the Department of Finance has or has access to the stats of the number of Yukoners who use that particular credit. If the minister doesn't have it, I'm willing to have him provide that to me in a letter or legislative return. I'm curious if the minister would consider reinstating this as a Yukon tax credit, if that's an option, once you gather additional evidence if the transit numbers do go down.

I know the passes that are purchased by the Department of Education for high school students work fairly well. It looks like there's a significant uptake there. But I'm just kind of wondering if the minister has any numbers with respect to the number of Yukoners who use that tax credit, and if he would consider reinstating it as a Yukon tax credit, if that's possible, once additional evidence is gathered.

**Hon. Mr. Silver:** I appreciate the question. My response is going to be basically the question, in a way. The federal program — we are waiting for the statistics as far as taking a look at the changes and how it affects us here. We've been looking into it. We don't have the statistics yet, but it's definitely a valid question and whether, once we get further information on it, if we could or would look into a Yukon tax credit as a supplementary to the federal program, which is sunseting on us.

**Chair:** Is there any further general debate on Vote 12, Department of Finance?

Seeing none, we will proceed to line-by-line debate, starting at page 11-6.

***On Corporate Services***

***On Operation and Maintenance Expenditures***

*On Deputy Minister's Office*

*Deputy Minister's Office in the amount of \$715,000 agreed to*

*On Directorate*

*Directorate in the amount of \$939,000 agreed to*

***Total Operation and Maintenance Expenditures in the amount of \$1,654,000 agreed to***

***On Capital Expenditures***

*On Office Furniture and Equipment*

*Office Furniture and Equipment in the amount of \$140,000 agreed to*

*On Information Technology Equipment and Systems*

*Information Technology Equipment and Systems in the amount of \$468,000 agreed to*

***Total Capital Expenditures in the amount of \$608,000 agreed to***

***Corporate Services Total Expenditures in the amount of \$2,262,000 agreed to***

***On Financial Operations and Revenue Services***

***On Operation and Maintenance Expenditures***

*On Program Management*

*Program Management in the amount of \$263,000 agreed to*

*On Financial Operations*

*Financial Operations in the amount of \$1,747,000 agreed to*

*On Financial Management Information Systems*

*Financial Management Information Systems in the amount of \$627,000 agreed to*

*On Tax Administration*

*Tax Administration in the amount of \$609,000 agreed to*

*On Banking, Investments and Debt Services*

*Banking, Investments and Debt Services in the amount of \$1,182,000 agreed to*

*On Public Utilities Income Tax Transfer*  
*Public Utilities Income Tax Transfer in the amount of \$213,000 agreed to*

**Total Operation and Maintenance Expenditures in the amount of \$4,641,000 agreed to**

**On Capital Expenditures**

*On Operational Equipment*

*Operational Equipment in the amount of \$40,000 agreed to*

**Total Capital Expenditures in the amount of \$40,000 agreed to**

**Financial Operations and Revenue Services Total Expenditures in the amount of \$4,681,000 agreed to**

**On Economics, Fiscal Policy and Statistics**

**On Operation and Maintenance Expenditures**

*On Program Management*

**Ms. Hanson:** I just realized I had missed — I just wanted to confirm because these changes — and certainly we saw that in Corporate Services and we're seeing it here in Economics, Fiscal Policy and Statistics. There's a whole new Program Management line here that didn't exist in prior years. Can the minister just confirm which of those positions — I'm presuming some part of that is from the Yukon Bureau of Statistics and Business and Economic Research. There were a number of positions that were identified in the mains highlights, but which positions does that reflect — the \$355,000?

**Hon. Mr. Silver:** The Program Management unit mandate is to provide that overall leadership in the management of the Economics, Fiscal Policy and Statistics division. The new Program Evaluation unit and Fiscal Policy unit will be managed this fiscal year under the Program Management activity. The YBS staff is included in that envelope from the previous, but also adding to that is: one FTE, 1.0 of an ADM; 0.5 of a director of program evaluation; 0.17, evaluator; and 0.25, tax and fiscal policy analyst. Also, there were three people transferred from Economic Development.

**Ms. Hanson:** I'm not that quick at math. It was: \$207,000 for an ADM; \$20,000 for an evaluator; 0.7 of an evaluator? I didn't get how you get three FTEs to make up roughly \$100,000. Are they partial FTEs? It's just that there are zero, zero, zero prior to this — I just want to be clear what is going into this Program Management function.

**Hon. Mr. Silver:** The member opposite is correct. They are partial — hired throughout the year — and through this evaluation process, they will become one full-time equivalency later on — but you're correct.

*Program Management in the amount \$355,000 agreed to*

*On Bureau of Statistics*

*Bureau of Statistics in the amount of \$1,333,000 agreed to*

*On Economic Research*

*Economic Research in the amount of \$563,000 agreed to*

*On Fiscal Relations*

*Fiscal Relations in the amount of \$287,000 agreed to*

**Total Operation and Maintenance Expenditures in the amount of \$2,538,000 agreed to**

**Economics, Fiscal Policy and Statistics Total Expenditures in the amount of \$2,538,000 agreed to**

**On Management Board Secretariat**

**On Operation and Maintenance Expenditures**

*Operation and Maintenance Expenditures in the amount of \$2,022,000 agreed to*

**Management Board Total Expenditures in the amount of \$2,022,000 agreed to**

**On Comptroller**

**On Operation and Maintenance Expenditures**

*On Financial Accounting*

*Financial Accounting in the amount of \$665,000 agreed to*

*On Policy and Compliance*

*Policy and Compliance in the amount of \$282,000 agreed to*

**Total Operation and Maintenance Expenditures in the amount of \$947,000 agreed to**

**Comptroller Total Expenditures in the amount of \$947,000 agreed to**

**On Workers' Compensation Supplementary Benefits**

**On Operation and Maintenance Expenditures**

*On Supplementary Pensions*

*Supplementary Pensions in the amount of \$426,000 agreed to*

**Total Operation and Maintenance Expenditures in the amount of \$426,000 agreed to**

**Workers' Compensation Supplementary Benefits Total Expenditures in the amount of \$426,000 agreed to**

*On Revenues*

**Chair:** Are there any questions on Revenues?

**Ms. Hanson:** I have a question with respect to the forecast — the mains — for banking and investment revenues and why it is projected at half of the actuals for 2015-16 and less than the current year.

**Hon. Mr. Silver:** The bottom line is that if there is less money in the bank, you make less money on it. That is the simplest answer. If you are comparing to other years, there is less money in the bank so there is going to be less of a return on the investment.

*Revenues cleared*

*On Government Transfers*

*Government Transfers cleared*

*On Changes in Tangible Capital Assets and Amortization*

*Changes in Tangible Capital Assets and Amortization cleared*

**Department of Finance agreed to**

**Chair:** That concludes consideration of Vote 12, Department of Finance. We will proceed to Vote 52, Department of Environment, at page 10-3.

Would members like a brief recess?

**All Hon. Members:** Agreed.

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

*Recess*

**Chair:** Committee of the Whole will now come to order. The matter before the Committee is general debate on Vote 52, Department of Environment in Bill No. 201, entitled *First Appropriation Act, 2017-18*.

**Department of Environment**

**Hon. Ms. Frost:** Thank you, Mr. Chair. I would like to welcome with me today the Deputy Minister of Environment, Joe McGillivray.

Thank you for this opportunity to address the House. The Department of Environment works together with Yukon First Nations, the Inuvialuit and a number of other stakeholders and partners to maintain the health, sustainability and prosperity of Yukon's environment. Making sure the environment we live and work in is healthy and sustainable is at the core of everything that we do.

Yukoners cannot thrive and live healthy lives if the environment they live in is not healthy and thriving. Our communities will not be sustainable if our ecosystems are not. Our economy cannot grow if we do not make sure our fish, our wildlife and plants can grow too.

As well, it is through our shared stewardship of this land that reconciliation with First Nations is fostered. This is why the final and self-government agreements specifically identify that collaborative establishments of protected areas and natural resource management measures are in place. There are many aspects and related costs to the projects and work that we do in the environment. Environment focuses on people through our programs and services to help Yukoners thrive in our shared ecosystems.

Yukoners understand the health and benefit of being outdoors and active on the land. Visitors to our territory come to enjoy the vast landscape and unique wildlife. The number of hunting and fishing licences, as well as camping permits, purchased each year continues to increase. This is also true for attendance at our many wildlife-viewing events.

At the Department of Environment, we know how important it is for people to have healthy, respectful interactions with their environment, both for public safety and safety of wildlife and our shared ecosystems. Our conservation and park officers, with our wildlife-viewing experts, are here to help all Yukoners and visitors understand the best ways to interact with nature, whether it's practising tips on how to manage attractants like garbage and compost, knowing what to do when encountering wildlife as a hiker or skier, or understanding your responsibilities as a hunter, angler or trapper.

For those looking to explore what Yukon's nature has to offer, we provide numerous events and opportunities for wildlife viewing and learning more about our natural neighbours, like our annual Celebration of Swans, wildlife discovery events or interactive programs, activities and signage at our parks and campgrounds.

Occupancy in our network of 42 campgrounds — more than 1,000 campsites — has doubled over the last 10 years. In 2017-18, \$300,000 will go to continuing our work to update and improve campgrounds and park infrastructure, making sure they continue to provide safe, enjoyable and increasingly accessible camping experiences for all Yukoners and visitors. As well, \$33,000 is budgeted for transfer payments to support park management.

This includes co-management with Tr'ondëk Hwëch'in for the Tombstone Park, and work with the Canadian Parks Council on a project with Yukon College to remove soapberry plants at Congdon campground to help reduce human-bear conflict in the area. Our work with partners to support proactive awareness and effective response for human-wildlife conflicts, as well as our support for the development of the trapping industry, includes \$60,000 budgeted for transfer payments.

Mr. Chair, I move that you report progress, given the time. I understand that we do have a commitment at 3:30. Is it acceptable for us to stop at this point, or may I continue?

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

*Motion agreed to*

**Chair:** Pursuant to Committee of the Whole Motion No. 1 adopted earlier today, Committee of the Whole will receive witnesses from the Yukon Development Corporation and the Yukon Energy Corporation.

In order to allow the witnesses to take their places in the Chamber, the Committee will now recess and reconvene at 3:30 p.m.

*Recess*

**Chair:** I will now call Committee of the Whole to order.

**Appearance of witnesses**

**Chair:** Pursuant to Committee of the Whole Motion No. 1 adopted on this day, Committee of the Whole will now receive witnesses from the Yukon Development Corporation and the Yukon Energy Corporation.

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

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

*Witnesses introduced*

**Hon. Mr. Pillai:** The witnesses appearing before Committee of the Whole today are: Joanne Fairlie, who is the chair of the Yukon Development Corporation Board of Directors; Justin Ferbey, president and chief executive officer of the Yukon Development Corporation; Kells Boland, chair of the Yukon Energy Corporation Board of Directors; and Andrew Hall, president and chief executive officer of Yukon



Energy Corporation. I would also at this time like to welcome Janet Patterson, who is here. She is the head of communications for Yukon Energy Corporation.

I would like to share a couple of quick comments with you before I hand it back and we move toward opening remarks from the witnesses.

It gives me great pleasure to welcome the witnesses from the Yukon Development Corporation and the Yukon Energy Corporation here this afternoon. The witnesses appearing before Committee of the Whole today, as we stated, are Joanne Fairlie, Justin Ferbey, Kells Boland and Andrew Hall.

I would like to take a brief moment to thank Ed Schultz and John Wierda, who are former board members of the Yukon Development Corporation, for their commitment to the corporation. I would also like to thank Georgina Leslie and Glenn Hart for their contributions during their time on the Yukon Energy Corporation Board of Directors.

Before I turn over the floor to our witnesses, I would like to acknowledge the importance of giving both the Yukon Development Corporation and Yukon Energy Corporation an opportunity to appear as witnesses before Committee of the Whole to answer questions about the corporations. As you know, they have not appeared here since December 2015, and we believe as a government that it is important that corporations appear annually in this House to update the public on their activities. On a side note, the Yukon Hospital Corporation and the Yukon Workers' Compensation Health and Safety Board will be appearing this fall. This is a commitment we made during the election campaign.

Electricity is fundamentally important to all citizens, business owners, investors and governments. Both corporations work together to ensure that the necessary electrical infrastructure exists and is maintained for the safety and the prosperity of all Yukoners. Yukon Development Corporation's mandate is to develop and promote the development of energy systems and the generation, production, transmission and distribution of energy. While much of this is done through its subsidiary, Yukon Energy Corporation, Yukon Development Corporation is also looking at new approaches to renewable energy development and funding for innovation. As outlined in my mandate letter, the Yukon Development Corporation is working on establishing a \$10-million fund to support economic diversification and innovation. The corporation will also be part of a broader government commitment to look at ways to increase the availability of renewable energy solutions while reducing their reliance on non-renewable sources and reducing energy consumption.

YDC's role in this is three-fold. YDC will be initiating pilot projects in energy storage. YDC will be developing ways to reduce community reliance on diesel energy, and YDC will work with the utilities to continue to convert street lighting into LEDs. YDC also works with its subsidiary to complete activities identified each year in the protocol and shareholder letter of expectations, which includes subsidiary accountability and governance.

Yukon Energy Corporation's mandate is to plan, generate, transmit, distribute and maintain a continuing and adequate supply of cost-effective, sustainable and reliable energy for Yukoners. We all recognize Yukon Energy as a prime generator and transmitter of hydroelectricity in the Yukon. We are thankful for their careful maintenance of our legacy hydro assets and the measured approach the corporation takes when planning for the future electrical needs in Yukon. The work undertaken in the past year on the new integrated resource plan demonstrates the breadth and depth of consideration required before new projects are undertaken and the trade-offs that are necessary when making those decisions.

Again, I would like to thank the officials from both corporations for being here today. I look forward to the discussions we are about to have.

**Chair:** Would the witnesses like to make opening remarks?

**Ms. Fairlie:** It is our pleasure to appear this afternoon to represent the Yukon Development Corporation. As the sole shareholder of Yukon Energy Corporation, Yukon Development Corporation is responsible for ensuring that Yukon Energy effectively fulfills its responsibilities, while operating within government objectives. We continue to work with our subsidiary on a continuous cycle of improvement with respect to accountability and corporate governance.

Through the 2015-16 fiscal year, the Yukon Development Corporation Board of Directors worked to complete phase 1 of the next generation hydro project. Through a series of workshops, we shared the results of our technical and socio-economic analysis of larger hydro potential in the Yukon. We are pleased that renewable energy planning work will continue through YDC as we develop and implement the innovative energy initiative that will provide support to smaller community- and First Nation-driven renewable energy projects.

We're also pleased to report that Yukon Energy has completed the permitting and engineering for an upgrade to the Stewart Crossing to Keno transmission line. Work will now focus on identifying potential federal funding and developing an application for this project.

These are two examples of the work Yukon Development Corporation and Yukon Energy are undertaking to ensure there is necessary energy infrastructure in place for the longer term benefit of all Yukoners.

I thank you for the opportunity to make my opening remarks. Mr. Boland will now provide you with an update of the Yukon Energy Corporation's activities.

**Mr. Boland:** Mr. Chair, I have now been chairman of the board of the Yukon Energy Corporation for two and a half years. I'm feeling quite comfortable in that position — perhaps a little bit too comfortable. That's because the quality of the people appointed to my board makes my job relatively easy, but we're not complacent.

I remind myself and I remind my board that we are accountable to our ratepayers through the Yukon Utilities Board as well as to our shareholder, YDC. Our operation and maintenance and core capital costs are self-funded from rates,

rates that are reviewed and approved by the Yukon Utilities Board on behalf of Yukon ratepayers — but for large projects, we need government funding, and for that, we work through our shareholder, Yukon Development Corporation.

At the end of the day, my board represents the best interests of Yukon Energy Corporation and, over the longer run, that's the best interests of Yukon ratepayers and our shareholder. Currently, my board provides oversight over major capital projects, including the Aishihik elevator rehabilitation project — that's a \$10-million project completed earlier this year — the Whitehorse hydro unit 4, which is currently under overhaul — a \$4.3-million project currently underway; and Stewart-Keno transmission project planning, which was completed earlier this year about \$2 million underbudget at \$3.4 million.

Looking to the future, we have overseen development of a regular, long-range capital planning process under the direction of the president and CEO of the Yukon Energy Corporation, Andrew Hall, sitting to my left here. This includes a 10-year sustaining capital plan that is driven by a new asset management program. It also includes the 20-year integrated resource plan — the IRP — that has just been completed. It was completed over the last two years, and it projects 20-year energy and capacity requirements and, along with that, an assessment of corresponding resource options. From that, we now have an actionable resource plan that allows Yukon Energy to meet its public utility obligations going forward.

I would like to leave you with the assurance that you have a highly qualified, heavily engaged board of directors at Yukon Energy, representing a broad spectrum of government, industry, public and First Nation interests across Yukon.

**Mr. Istchenko:** I do want to thank the members of both boards here today, and I want to thank the staff. I am always intrigued and impressed by the diverse, wide range that the Yukon has when it comes to energy, from the small community of Beaver Creek to downtown Whitehorse. I am always very impressed, when the power goes out — and we have that occasionally — how quickly they get the power back on and how they portray things back to local people. They understand what is going on and they do a great job at that, so they should be thanked for that and I wish they would pass that on to their staff.

I also want to thank the members who sit on the boards of both YEC and YDC. I know a few of them and they are a diverse group, but I really believe that taking that time to volunteer — and it is volunteering. They travel from outside of Whitehorse — not everybody on the board is from Whitehorse. They travel a lot and they put a lot of time and effort into this. They read and read and read and study. They do a wonderful job, so they should be commended for that. I could go on and on about that, but we are very lucky in the Yukon with what we have for power.

I will start my few lines of questioning. It is good to have the opportunity to see them in the House today. There are some questions that I will have. A lot of them are kind of refreshers and updates for me. I have been quite engaged in

this file over the years. I think power is pretty important, especially in the wintertime when I turn my lights on. It's kind of neat.

I guess the first question I have today is about the protocol agreement. I know there was a protocol agreement signed in 2015, but have they signed a new protocol agreement?

**Ms. Fairlie:** Mr. Chair, the protocol agreement — the board of directors of the Yukon Development Corporation reviewed that today and has approved that in principle for the minister's review, and we'll be forwarding that to his office this week.

**Mr. Istchenko:** Wonderful. Thank you. That was just something that had crossed my mind earlier.

I want to talk about transmission lines. I want a bit of an update on any of the studies that are going on with transmission lines.

I asked a question in the House earlier this week about connecting to the south. Then again, there's also connecting to Alaska. The other thing I want to ask when it comes to transmission lines is — in everyday life, most of us plan for the future and I'm wondering if they're doing any work at looking at opportunities for infill to expand transmission lines as we grow. I hear it a lot, and I can say that because in the riding I'm from, we have generator systems and we have powerlines, and there are always these people who are just out of town — just a little bit away — and it would be really nice if they could connect to the line. We totally understand the cost of it.

That's kind of a two-fold question — I'm looking for transmission lines in general, but studies that are going on and costs, and maybe where the funding availability would be for them, and then just infill opportunities like that.

**Hon. Mr. Pillai:** I'll just touch on the first part of it — just on the philosophical piece that comes back to the platform, as the member opposite touched upon — but I'll leave the rest of that question to the Yukon Development Corporation and Yukon Energy Corporation.

This week in the Assembly, the Member for Kluane touched on the fact that, in the Liberal platform this year, there were two items. One talked about looking at grid connectivity to Alaska, which we touched on, and the other portion was looking at grid connectivity to British Columbia. In the fall of this year, part of that conversation was that this is something we would potentially look at.

I know there was some early work done, and I want to leave it to the Yukon Development Corporation and the Yukon Energy Corporation, because I think there might even have been some studies done under the previous government that touched upon some of this infrastructure work. I will also leave it to the Yukon Energy Corporation to talk about the Skagway piece. I tried to do my best this week in the Assembly, talking about the integration of potentially a Moon Lake project, and then how it would move on. In my discussions, we have a lot focused on the IRP project and a number of other items that we are focused on. As I stated this

week, before I go to request that the Yukon Development Corporation expend any dollars, I'm looking at transmission.

Mr. Chair, I'll leave it at that and hand it over to the corporations.

**Chair:** Mr. Streicker.

## INTRODUCTION OF VISITORS

**Hon. Mr. Streicker:** Mr. Chair, I would just like all of us to welcome Ms. Anne Middler, who is an energy critic with the Yukon Conservation Society, and also a resident of Tagish.

*Applause*

**Mr. Ferbey:** Mr. Chair, what I'll talk about is some of the earlier studies we did under next generation hydro. We looked at a couple of different studies. One of them was from Whitehorse to Iskut, BC, connecting ourselves to the BC grid. We did quite a bit of work on that and looked at some of the cost-benefit of that line. It was roughly 745 kilometres. Andrew will probably speak to a couple of others. We also did work with Atlin to look at a connection to BC and also to Skagway. Those are the studies on record that we have completed to date. They're at a high level. This is the desktop, not the engineering pieces, but we did look at some of the cost-benefit analysis, particularly on the BC line.

**Mr. Hall:** Mr. Chair, I'll just talk about Yukon Energy Corporation's recent approach to the question of transmission. Firstly, as Mr. Boland outlined — and Ms. Fairlie as well — we did complete work on the design, including the detail design of the Stewart-Keno transmission line, which is a line where certainly sections of it have reached end of life and it does need a plan in terms of its refurbishment. But in addition, obviously there are a number of mining projects in various stages of development in that general area that the line would potentially serve. That's the context under which we completed that work.

In terms of other transmission, we certainly took a close look at transmission in the context of our integrated resource plan. The approach that we used was to look at portfolios of energy generation assets around the territory and what transmission may be required to connect those portfolios to the grid. There were sections of new transmission that were considered as part of the total portfolio cost.

An example would be the Pine Creek expansion project in Atlin, which Mr. Ferbey referred to. We costed out at a high level the cost of connecting that project to the Yukon grid. The cost of those transmission extensions was included in the analysis. Obviously portfolios of projects that include projects very far from the grid would get economically penalized versus portfolios that may have projects located very close to the existing transmission. That has been generally the approach toward transmission.

There has been reference to a price study done by Yukon government, I believe, on the connection to Skagway and looking at the specific business case of selling surplus summer energy that we have to the cruise ship industry down in

Skagway, converting cruise ships' shore power to electricity — they currently burn diesel while they're in port. The business case was evaluated and presented in that study, but no further action has been taken on our part to pursue that at this time.

**Mr. Istchenko:** I would like to go back to that protocol agreement just for a moment. Will we see any significant changes to the protocol agreement — the shareholder's letter of expectation?

**Ms. Fairlie:** We didn't have anything that was significant, but our mandate does change every year based on the objectives of the government of the day and the direction provided by the minister. That is reflected in the protocol agreement.

**Mr. Istchenko:** I have a question about the Yukon government tender management system. I know that in prior years, I have heard concerns that some of the projects from YEC weren't on the tender management system. Can I just get an update on whether they are on YG's tender management system now?

**Mr. Hall:** With regard to Yukon Energy's procurement practices — over the last year, we have undertaken a rigorous review of our procurement policy versus Yukon government, in coordination with YDC, with the objective of bringing our practices in line with the Government of Yukon's. With specific regard to tendering, we used the tender management system for the planning work for Stewart-Keno.

But for other procurement, we use a system called MERX, which facilitates wide distribution of tenders North America-wide — in many respects, bringing equivalency in terms of the reach of our tendering process out into market.

**Mr. Istchenko:** I thank him for that answer. I'll get a little bit into this. One of the first things that came to my attention — and it was actually before I was elected — there was a pile load of many kilometres of brushing on power lines and there was a company, I believe, from Manitoba up here doing it. The local contractors around here never had the chance to bid on that and they missed out on that. I think it is important that everything that's available in the Yukon builds opportunities, first of all, in the contracting industry — that there's a lot of opportunity for local hire and local guys. It will build capacity in those contractors with purchasing more equipment if they know that there is an opportunity to do brushing here and in other jurisdictions. It's just important, I think, that it's on there, because a lot of contractors miss out on the contracts that are out there.

My final question on that would be: When will we start to see this? I didn't really understand too much. When will we see this on a tender management system — to be able to see this on a regular basis with contracts that Yukon Energy Corporation puts out — or will some of it not be put on the Yukon government's tender management system?

**Hon. Mr. Pillai:** On that topic, I just want to make a commitment to the House that we will certainly work on that. I know that Mr. Hall may add some information about migrating some of that, and I think he just touched on the fact that there would be sort of a far-reaching system in place. But

I think that's something that I'll work with the boards just to ensure — because I think there's that local piece. In other occupations in another life, I have certainly been on the other side of some of those negotiations when some of these projects are being done in either traditional territories or there are certain agreements in place. I know that the members here in the Assembly understand that Yukon Energy Corporation always makes best efforts in many of the small communities where they do work to ensure that there are opportunities. But where there's capacity — it has been something, I think, that the Member for Kluane and I certainly share agreement on. How do we ensure that — not just in the Whitehorse area but in small communities — when the capacity is there, how do we ensure that those individuals get those economic opportunities? I'll work with our boards to ensure that we revisit some of this and take a look at the good work that has been done already by Yukon Energy Corporation.

**Mr. Istchenko:** That's good. I thank him for his comments — and for both YEC and YDC. The other thing that plays into that a little bit — it has been brought to my attention and probably maybe even our new Highways and Public Works minister's attention. There's a lot of brushing that Highways and Public Works does and we have a lot of transmission lines that run along the highway. I think synergies in contracting if — sometimes you see that Highways and Public Works has brushed and Yukon Energy Corporation hasn't, so I think there's an opportunity to save money working together with the Department of Highways and Public Works with over 5,000 kilometres of roads that they have — maybe having that conversation earlier before they put tenders out. I'll leave it at that.

I want to get a little bit just into the comments in the Premier's budget speech, and I'm hoping to get a very high-level answer and I'm trying to keep it as non-political as possible. One of the things that was said in there was, "Yukon communities want to get past the diesel era and enter into the renewable era." I just want to see what role YEC and YDC see playing in the future. Being more energy efficient — I totally understand that. But what role will they play, and what options do they see moving forward for that replacement? Another question to add to it would be: Does that include LNG?

**Hon. Mr. Pillai:** I will touch on the high-level piece and let the boards touch on that.

Absolutely — in the opening remarks, we talked a bit about how we reduce the amount of diesel consumption in some of the communities. I want to thank Yukon Development Corporation for their quick work — the chair, the president and the board — and for having a discussion about how we look at the work that has been done to date and then the work that will be done moving forward. The work that has been done to date and that was just touched upon — some of the bigger projects — such as the engineering work on the Stewart-Keno line and, previous to that, the work on next generation hydro. When we talk about those projects, we'll probably get further down the line. When we look at the Stewart-Keno piece, it is looking to access dollars to be able

to provide transmission. It does answer the question because when you look at potential resources projects on the end of that line, you're looking at the potential of them using a diesel solution, and ensuring that we have a line and a spur gives us the opportunity for most of the year to be in a scenario where we're using hydro, clean energy, to drive that.

Over and above that — and I believe the president of YDC can help me — with over \$4 million spent on next generation hydro, I still felt — and speaking with the Development Corporation — there is still an obligation to not just see those studies sit. Good work on the studies — but we need to make sure that we at least reached out to the organizations. That is one of the conversations. Let's reach out to those organizations or stakeholders that were part of the discussion early and see if there is still an interest, or if something has changed.

Specifically, I want to thank the chair and the president, because part of what the Yukon Development Corporation board is working on — and you'll see it in the budget when we talk about the innovative renewable energy initiative — there is \$1.5 million allotted to Yukon Development Corporation — and actually completely leaving the definition, options for terms of reference, allocation and vetting to the good people of the Yukon Development Corporation who have the expertise to then come back and table a series of options for us to look at.

The idea would be that those dollars can be levered in a series of communities — I believe that is where we're going. The particulars I'll leave, but we know we do have, in the Member for Kluane's riding, money allocated for wind infrastructure, but still interest there.

In the riding of Old Crow, there is interest in a solar project. Does YDC become the vehicle potentially for that, to help that? Geothermal — again in the Watson Lake area and maybe the early exploration is supported by the government itself — but other pieces. I want to respect the member's question, but that is the direction that has come out of conversations I have had with the Yukon Development Corporation. I'll let them speak to the other items' particulars that you have asked.

**Ms. Fairlie:** The Yukon Development Corporation received direction through the mandate letter to look at innovative renewable resources. We have begun work within the corporation to develop a program that would make it possible for small projects at the community level. We still have quite a bit of work to do because the criteria for that have to be very clear. Otherwise, you will use up the money very quickly and you won't be able to achieve what it is that you are trying to achieve. We want to make sure that the program that is developed has very good criteria and is clear and transparent to everyone.

**Mr. Istchenko:** I thank everyone for the answer — the minister and the witnesses.

Staying on that topic, I was going to get a little bit more into this innovative renewable energy. I look at many of the options that they have from biomass to geothermal — all the way down the line. One of the things that Yukoners probably

should know and would like to know is the cost analysis and the costs associated with it. We have one of the best electrical rates. We pay a low electrical rate compared to some other jurisdictions. I believe that in some of the communities, with the price of diesel fuel, the prices are low. The costs are good there right now. I believe that technology with diesel fuel — there is greener diesel fuel that is being produced and is greener now. There is a lot of stuff out there, and I hope that this is kind of an option when you look at innovation, if there are innovative ways for generation, whether it is diesel or LNG — cleaner, more efficient ways — because that is the general goal. I want to be cognizant, for the ratepayers here, that whatever we do, they see. I guess my question would be: Are we going to do that due diligence when it comes to the costs? Do the witnesses here have any idea now, or are the studies too preliminary about what you are looking at?

**Ms. Fairlie:** The Yukon Development Corporation Board of Directors is really cognizant of the business cases that need to be made for all projects. They analyze any material coming to them to make sure that it is done in the most cost-effective way and does not drive rates. We are well aware of the fact that poor decision-making and poor analysis can lead to driving rates — or at least driving costs for the government, and we don't want to do that either. We will be doing a very thorough analysis on any projects that we undertake.

**Mr. Istchenko:** That is good. Thank you for the answer.

I want to talk a little bit about geothermal — one of the energy options out there. It has been talked about and has been in the media little bit. I just want to understand a little bit more about it. I have been doing a little bit of looking into it too. A lot of places I look at with geothermal — a lot of the wells that are drilled include hydraulic fracturing.

I just want to ask the witnesses if they are that deep into that yet — looking at the costs and looking at the effects of it — and if they are also cognizant of the ways that we have to develop this. The other question would be: What areas of the Yukon are we looking at?

**Hon. Mr. Pillai:** It's key to understand that the Yukon Geological Survey has really been undertaking it. I think the Yukon Energy Corporation or the Yukon Development Corporation can touch on this. I'm glad that this was brought up, because when it comes to the Yukon Geological Survey — they are actually undertaking it. For the Member for Watson Lake, I just want to clarify it just so people know that they are undertaking the early work this year. It was money that was leveraged from CanNor and transferred to the Yukon Geological Survey.

We actually looked at one particular pilot project that was in the area of the Member for Lake Laberge. I was with our group from Energy, Mines and Resources. We felt that you really have to communicate to people publicly what you are doing, just as the member has said. You have to communicate exactly what you are trying to do. In many cases, people will feel that it may be something where people are doing hydraulic fracturing. It would be pretty difficult for me to

stand here in front of the Legislative Assembly and say that we are completely against fracking and then walk in and say that we are going to do some work where we are actually going to use hydraulic fracturing to look at geothermal.

What we have looked to undertake is a process where you use a drill rig — a drill rig that would be used in the oil and gas area in Alberta. That is what you would use for your early work, but it's not through the form of hydraulic fracturing. That is not what we looked at. I apologize to the Member for Watson Lake. I will leave that for my counterparts here.

But it is an opportunity to say that, yes, we are looking at it potentially in the Watson Lake area and in the Whitehorse area, making sure that we communicate with people, making sure that, in the Whitehorse area, we are looking to work with a First Nation that is fully supportive of the early work on the exploration, and then, of course, Energy, Mines and Resources would feed that information and that data over to the development corporation — Yukon Energy — to see if they can use it for a future use.

**Mr. Hall:** I will just comment on the work that we did on geothermal in the integrated resource plan. As part of the plan, we did commission some consultants, including a group out of Iceland, which is a leading jurisdiction in geothermal development, and they did a wide scan of available data Yukon-wide but, obviously, with the focus on locations in proximity to the transmission grid. We did not look specifically at sites in the Watson Lake area.

As it relates to sites close to the grid, a couple of sites were downselected — Vista Mountain, which is near Whitehorse, and MacArthur Spring near Stewart Crossing. We found the MacArthur Spring location to be somewhat problematic because it does reside within a habitat protection area that is very important to the Selkirk First Nation, so that site was discounted at that point. In general, in terms of the economics, one of the findings that the group from Iceland made is that the temperature profile in the Yukon is not what we would call "very hot rock". What you do need to use is a binary fluid system to generate geothermal. You can't simply inject water and extract steam the way that some very hot rock geothermal systems may work in other jurisdictions.

What that means is that the costs of geothermal tend to be a little higher in terms of what they're forecast to be relative to other jurisdictions. For that reason, when we looked at our portfolio analysis in the resource plan, geothermal did not make the cut in terms of a viable or a competitive resource option for on-grid power.

The situation may well be different in off-grid communities, because you do have a different cost base that you are essentially competing against — but at this time, for on-grid power it wasn't something that made the cut. I will say that we did look at an all-renewable portfolio in our resource plan and geothermal did make the cut in that case. That's the current state of affairs.

I will also point out that Yukon Energy has spent some money on geothermal in the past and we do have a bit of an issue with the Yukon Utilities Board where they ruled that we are not to do any further work on geothermal unless we can

demonstrate a business case. So we are going to go in, if our intent is to spend any more money on this, and we have to be very confident that it can and has the potential to be the most competitive option; otherwise, that prior ruling by the YUB somewhat restricts what we can do in this area.

**Mr. Istchenko:** Thank you for the answer there.

So the next question I would like to ask basically is — maybe I can just get an update on the capital projects that are underway and specifically the Aishihik elevator renovations. I just want to know how that is going. It is in my riding and I know exactly what's going on. I think it's just about done, but if I can get an update on the cost incurred. The other question is that we had some power outages this winter and some challenges with ice up at Aishihik with, I believe, the third turbine — so can you just update on this mainly for the general public so I can share with constituents and everyone else in this House on the maintenance — if it still requires some work, if we've patched it or if it's at 100 percent? I guess I will just leave it at that.

**Mr. Hall:** So to address the questions in turn — the Aishihik elevator project — for everyone's benefit, this project involved replacing the structural steel inside the elevator shaft. The plant dates back to the 1970s. It's quite a humid, wet environment and the original iron, structural steel materials that had been installed were found to be significantly degraded to the point where we had some safety concerns around the operation of the elevator. We undertook a project conducted over a couple of years to replace that structural steel. It was an extremely challenging project. You're working in 300-odd vertical feet — basically somewhat akin to a mine shaft — and having to build stick scaffolding and work in both removing the old steel and installing new steel. So the project is complete. We're waiting for final signoff by the safety authorities so we can bring the elevator back into service.

I will note that we were able to operate the plant, obviously. We had to use what is called “a man basket”, which is manual hoist-based lift, to access the turbine floor, which was somewhat problematic. It was quite time-consuming to get our operators down to the turbine floor. We were expecting that hopefully within this quarter, we will get that final signoff by the safety authorities and bring the elevator back into service.

The second question is around the outage at Aishihik. I believe you were referring to the event in January, where we had some ice blockage of the intake to the hydro facility. I think it's an extremely rare event. Basically, what we think happened is that we had particular conditions of temperature and wind, where we had sections of ice break off in the power canal, which is typically frozen, and get drawn into the intake. They get caught up against the trash rack, which protects the intake. Talking to our operators, it's something that they had never seen in the 25-odd years they had been around — so quite an unusual event.

What we saw is a gradual decline in the output of the plant. It was something we could respond to and bring our thermal units online in time such that we didn't experience

any major outages. We did have some isolated outages and we responded very quickly and worked with partner organizations to bring a steam truck up to the site and basically melt out the ice.

At this time, we feel it was a pretty unusual and rare event, so there weren't any additional measures that we took at that time.

**Mr. Istchenko:** Thank you for that answer. I understand it's difficult to get an elevator inspector up here — it takes forever. I was also under the understanding that they had divers go down and check the infrastructure, and that it was all right. I guess I'll just ask for my second question about the capital projects that are ongoing. Is there anything that we're doing right now or other projects and capital maintenance for this year? Can I get an update on work that is being done?

**Mr. Hall:** As Mr. Boland indicated, the major project that we have underway right now is the 10-year overhaul of the Whitehorse No. 4 unit. Our practice is to complete major overhauls every 10 years on our major hydro assets. It was time for that work to be done on Whitehorse No. 4. We took the opportunity, with the unit going down, to do two additional pieces. One was to replace the rotor, which is a component in the rotating piece of equipment connected to the shaft that had experienced some cracking ever since it was installed in the 1980s. It was a design flaw identified by GE right from the beginning. We had completed several repairs over the years, and it got to the point where a decision was made to replace the rotor. The second one was an electrical piece of equipment called the exciter, which is part of the electrical equipment in the generator. That was added to the scope of work as well. I think both can be viewed as refurbishment of that unit. It's coming to an age when this type of work needs to be done.

**Mr. Istchenko:** I have a couple of small project questions. I want to know if there is any work being done on Gladstone diversion, or has that been put to bed?

**Mr. Hall:** At this time, there is no work on Gladstone at all. We haven't done work on that in several years. We have pretty firm indications from the First Nations involved that they're not in support of the project. So on that basis, and for a couple of other reasons, we will not be pursuing it at this time.

**Mr. Istchenko:** Thank you. I had an elder who wanted me to ask that question.

Lately, I think I read it in the media about the wind farm about on Haeckel Hill. Is YEC or YDC engaged with this? Can I get an update on that?

**Mr. Hall:** I think you are referring to the prospective IPP project by Northern Energy Capital — I believe is their name — on Haeckel Hill. They are a prospective IPP looking — as far as we understand, once the standing offer program is launched — to apply for that program. We have been in communication with them around a sublease to a portion of our leased area up there for their wind monitoring tower. Other than that, they have had some discussions with ATCO Electric Yukon, I believe, related to interconnection into the

ATCO distribution grid. That is pretty much the extent of our dealings with them at this time.

**Mr. Istchenko:** Sticking with wind — I know there was an MOU signed with the Kluane First Nation. I would like an update on Kluane and the wind. Also, can I ask if there is any idea what the rate would be for wind power paid back through an IPP — if they have that?

**Hon. Mr. Pillai:** If we are getting into technical pricing, I will hand it over to Mr. Hall. Certainly, what we have seen is that the IPP — the work that needs to be done is that we need to have regulation, we need to have pricing and we need to have all of those tools and mechanisms that are in place. IPP policy in 2015 was moving kind of quickly. Now we are in a scenario where we do have a group that wants to put wind infrastructure in place. The commitment to the Kluane First Nation and to that jurisdiction and the money to flow in concert with Canada comes from Energy, Mines and Resources. The challenge now is getting the proper tools in place so that we can actually look at these IPP projects.

I had a great conversation this morning with Ms. Middler, who is looking at where we are from our mandate, where we are going with these projects. Those tools need to be in place. I touched on it earlier this week. I think my colleague, Mr. Ferbey, as I touched on — if the members would like to ask him a question on this — he hasn't been at the table on IPP, so I have requested that the president of Yukon Development Corporation, which oversees Yukon Energy, probably should be at the table on those conversations. Energy, Mines and Resources' Shane Andre will continue to be in those conversations.

We are trying to figure out the pricing. Part of it is taking into consideration some of the projected pricing and revenue that certain groups thought were going to come in versus maybe what the utilities are looking at. They are not as close as they should be. That is the important work that needs to be done very quickly. As these different groups come to the table, they want to know if their projects are feasible. Is there a market? What is the opportunity? On our side: How do we deal with the fact that we have no shortage of electricity in the summer through our own infrastructure? I'll leave it to the experts to carry on through that line of questioning.

**Mr. Ferbey:** For clarity — of course we are aware of the wind project with Kluane. We have talked with their corporation. As the minister pointed out, EMR has signed an agreement to provide them support. We do look to have an opportunity to sit with the Kluane Community Development Corporation as they look at their power purchase agreement.

Of course, as we mentioned earlier, we're looking at a renewable energy program, but as that program gets up and going, we know the kind of cycle that people look for. They will look for supporting in planning, they'll look for support in engineering — but a big portion of that will be, of course, as they sit down and look at either their joint venture or business agreements on their power purchase. We do look for, in the next short term, I think, to speak further with Kluane and see if we can have an invitation to assist. We do have expertise there, so we're looking to also provide, at least

initially, not financial support. Of course that would all depend on the invitation from Kluane, but that is something we haven't had talks about.

**Mr. Istchenko:** Thanks for the answer there. I will just stick on the IPP. In the election platform of the Liberals — the commitment to remove LNG qualifying for this independent power producer production policy — there were a few mines that we had met with and I imagine they had met over the years with YEC/YDC looking for power, so that changes how they go about doing business.

I'm just wondering if you're engaged with the mining industry to look for other options and talk about different options, because it will affect how they go about doing business. Some of them would like to provide some power to feed back into the grid through that IPP, so I'm just wondering if you have had conversations with any of the mines on that.

**Mr. Hall:** Mr. Chair, on the specific point of mines becoming IPPs — I'm not aware of Yukon Energy having any discussions with any mines about that concept. It's extremely challenging because basically the concept you're talking about is often at end-of-mine life — that when the mine shuts down, they would somehow then flip over and become an IPP. You're talking about Yukon Energy having to enter into a commitment decades in the future, which is quite a challenge. From our perspective, we haven't been approached by any mines specifically with that idea in mind and I think from our perspective, it's a very difficult transaction to enter into in concept.

**Mr. Istchenko:** Thanks for the answer there — that's good.

I want to talk a little bit now about the action plan. I went to a wonderful briefing and I believe that Andrew did most of the talking at the briefing in Haines Junction. It was really good. It was good to have that level of engagement with the community, with the findings. For me, you had the three basic scenarios and costs to it and how it plays into the ratepayers down the line.

I guess just for the House — because we haven't had you in since that came out — I'm just wondering if you can comment a little bit on the different scenarios — one, two and three — and the future vision of the board and Yukon Energy Corporation, and how that's going to play into how you go about the decisions you make in future.

**Hon. Mr. Pillai:** Just on the front end, I know there was some back and forth we had between me and the Member for Kluane on this specific question and just his experience when he attended the Haines Junction session. The IRP for which I have to give credit — I think that a lot of the IRP plan was probably completed under the Member for Lake Laberge while he was minister or minister responsible. I would like to thank the Member for Lake Laberge for his contribution to this, but also taking into consideration that we had three draft options. In late January, we had an opportunity to take a look at those. The boards have taken a mandate letter and tried to take a look at it and sort of filter that through the options.

I think there is one important point to make — when you look at infrastructure and renewable infrastructure, what we're

seeing and what is being signalled to us — at least from Ottawa and the federal government — as the Member for Kluane in his questioning said, you have to take into consideration the cost for this infrastructure. You have to take into consideration the ratepayer. But what we're really seeing is the potential of using framework dollars as we've allotted here — Yukon Development Corporation — levering dollars from CanNor or other federal agencies or pots of money and then potentially even seeing private money coming together.

So on some of these renewable projects — potentially the solar project in Old Crow — you're actually looking at a lot of this infrastructure being provided through grant programs — not so much the Yukon government money — that is, a commitment from the Yukon government on spending — but you are seeing these because there is such an interest from the federal level in green projects. Yet, as we've talked about, we're waiting to see the terms of reference on that.

Does that change the conversation on IRP and where we are on the three levels? I will let Mr. Hall break all that down, but certainly, we're waiting to see. That \$20 million, \$30 million, \$40 million or \$50 million that potentially is available for battery storage or for other items. Will that fit into the blueprint that we're looking at — one, two or three? I think it's important today for Mr. Hall to break down all the scenarios and what we've looked at because there has been a tremendous amount of work that has been put into these three scenarios. So I will hand it over, Mr. Chair.

**Mr. Hall:** I have a couple of comments on the path forward. In general, when the utility undertakes an integrated resource plan, we do it as a standalone exercise, not considering the financing question, because we don't know what the future looks like, we don't know what the government of the day will be and we don't know what funds will be available.

The exercise is undertaken without any financial constraints imposed. The plan is developed as an analytical exercise looking at minimizing ratepayer costs going forward to meet our obligations and our future needs, and then we apply a socio-economic and environmental screen to evaluate whether there were any really problematic projects that we have identified.

Now, in terms of looking forward to implementation — from a technical perspective, one thing that we were fortunate with is that, if you look at the three major load scenarios that we looked at, the action plan was common for all of those in the near term. In other words, the same projects appeared no matter how the Yukon economy may develop within the next 10 years, which is a fortunate situation because if we had wildly differing portfolios depending on how load would grow, we would really have to hedge our bets by exploring a number of different projects all at once, but that wasn't the case. The case was that, in the near term, the action plans were common across those three load scenarios.

From our mind, it was pretty clear what — at least in the short term — we needed to be focusing on. In general, the projects that we're focusing on — the objective is to add capacity to the grid. Capacity is your ability to meet

instantaneous demand when it is highest in the evening and in the morning, and in particular we consider a certain circumstance — technically referred to as N-1 — and that may or may not mean anything to folks here. But basically we look at a scenario — because we're an isolated grid — where: What happens if we lose our largest generation facility, namely the Aishihik generation plant or the Aishihik-to-Takhini transmission line? We have to look at a situation where we have to keep the lights on if we lose those largest assets. It is an extremely rare event, but we have to do the contingency planning because we have an isolated grid here in the Yukon.

Those capacity projects are what we are going to be focusing on going forward. Obviously the next step, as the minister alluded to, is to then look at the lens of what federal funding in particular might be available, and how the priorities and profiles of that federal funding match up against what we have identified in terms of projects.

**Mr. Istchenko:** That was great clarification about the federal funding and funding moving forward. I just have one more question, and I think the Member for Lake Laberge has a couple of questions. I want to make sure we have time for the Third Party.

Net metering is something that the previous government had created. It's a wonderful thing — the solar opportunities — and a few of my constituents have done that. This is me not knowing — and I'm not sure what role you guys play in this with net metering and how they recover their costs or how it works. They have to pay in the winter and they store in the summer — and how that goes back to the ratepayer who has the solar panels on his house. Does that fall under you, or is it under the minister's department? A couple of residents who have done that out there are still kind of — it wasn't clear, so I'm not sure.

I do want to thank the witnesses for coming in today. That will be my final question and I'll let my fellow colleague go.

**Ms. Fairlie:** Net metering is operated out of EMR, so they would be able to explain that program to you better.

**Hon. Mr. Pillai:** The most effective way to deal with that is — I will make a commitment to you that we'll identify the individuals, if that's okay, and we'll put them in touch with Shane Andre, and we'll make sure that we get them the information they need — for the Member for Kluane.

**Mr. Istchenko:** I would just ask the minister if I can be privy to that information. I'm actually looking at doing that too, and so are many other constituents, so I would love to be able to update them on how this works. I'll let the Member for Lake Laberge go. Thank you to the witnesses.

**Mr. Cathers:** I would like to begin, first of all, by thanking the witnesses for coming here today. It's a pleasure to welcome Joanne, Kells, Justin and Andrew here. I enjoyed working with all of you during my time as minister, and I know that you and both boards are continuing to work hard at continuing to not only keep the lights on, but plan for the future. Please also convey my thanks to each and every member of the boards of the Yukon Development Corporation



and Yukon Energy Corporation, as well as the staff of both YDC and YEC.

I have a few questions here. Some of them are a little detailed, so if there's information that you don't have on hand, I would appreciate it later. First of all, I believe I heard — but I just wanted to confirm with Mr. Hall — could you confirm the status of the rotor replacement at the Whitehorse hydro on unit 4? Has the new rotor now been purchased and installed, or is that in the process of happening? Could you just provide a little more information? I believe you said there was \$4.3 million budgeted for this year for Whitehorse hydro. What work is included within that money envelope?

Last but not least, what is the timing for the upgrading on the remaining units there at the Whitehorse dam?

**Mr. Hall:** The 10-year overhaul of Whitehorse No. 4 is a project that is ongoing at this time. We toured our board around the plant after our board meeting last week and there was lots of equipment on the floor. What happens in an overhaul is that you basically tear the unit completely apart. You lift the shaft and the runner — which is the propeller, if you like. That is lifted completely out of the shaft and we do a thorough inspection of all the mechanical equipment. That work is underway. We are in the process of reassembling — so starting to put equipment back. Basically, you reverse the operation — you build it from the bottom up, reassembling as you go.

The rotor itself has been installed and we're going through various procedures required as part of that installation. The project is forecast to be complete in the summertime. At this time, it is both on schedule and on budget.

I think the member referred to uprating projects in Whitehorse. In the resource plan, we did look at what's called "uprating", which is doing various modifications to the hydro units to increase their performance. They were identified as projects of interest. We need to do quite a bit more work on defining the scope and the budget for that work. Although the resource plan definitely identified them, at this point we haven't made any firm decisions to move forward with any of those projects. In 2018, we have some money identified to do a lot more detailed engineering on various uprating options in Whitehorse.

Sorry — I believe there was a question about the scope of the overhaul. There were three major pieces of work. One was the rotor replacement; the second, as I mentioned previously, was the replacement of what's called the exciter, which is an electrical piece of equipment; and then a raft of activities that you would usually include in a 10-year overhaul, where basically you go in and inspect and refurbish where required all the mechanical equipment in the hydro plant.

**Mr. Cathers:** I appreciate that answer. Next on my list are two things. Both are damage-related. One is the damage that was caused to the Mayo dam last year by the rock slide. Has that been fully repaired? Secondly, what was the final cost for those repairs?

My third question is with regard to the earthquake on May 1 and whether there has been a thorough inspection yet

of all of the YEC dam facilities to assess any potential seismic damage — or, if not, whether and when that might be scheduled?

**Mr. Hall:** In terms of the rock slide at the Mayo hydro facility, we did make repairs to the hydro plant wall, which sustained some damage, and the roof. We also brought in a crew to do something that's called "scaling work." Basically, they go up on to the slope to remove hazardous sections of the slope that they identify as being potential hazards. We did that scaling work.

The third measure that we put in place is to put in some mesh material — you'll see it on the side of highways to keep rock faces stable. We installed some of that mesh material in areas of concern and installed a fence to protect the hydro plant. There was a fairly extensive scope of work completed. I don't have the budget numbers at my fingertips at this time, but I can respond through the minister on that later.

In terms of the earthquake, we completed an inspection on the day that it took place. We had staff on-site within minutes of the earthquake — as fast as they could get into work — and we completed a thorough inspection — not only of our dam structures, but all our substations — and we flew the transmission lines that were closest to the epicentre of the earthquake.

Luckily we did not observe any significant damage. The only minor damage I can report is there was some cracking in a non-load-bearing wall in the Whitehorse No. 4 plant. We got in a structural engineer to make an inspection of that wall. They identified that it was not load-bearing; it was a cosmetic wall, essentially, so no concerns were identified based on their inspection.

**Mr. Cathers:** I appreciate the answer. Can you please provide me an update with the status of the preliminary work regarding the relicensing for the water licence at the Aishihik facility? I know there are still several years left on the licence, but I'm just interested in what work has been done with Champagne and Aishihik First Nations and others in the area in terms of that preliminary work with them.

Secondly, from the environmental side, is there any work beginning — and the status of that — to meet the licensing requirements when you go in front of the Yukon Water Board?

**Mr. Hall:** Each of our hydro facilities has water licences associated with them. They are typically long-run licences — 15 to 20 years, typically. As the member has pointed out, our water licence for our Aishihik hydro facility expires at the end of 2019, so we kicked off work, in cooperation with Champagne and Aishihik First Nations, to undertake a co-managed reapplication process. Obviously, Yukon Energy Corporation will remain the proponent that applies both to YESAB and then the Yukon Water Board, but the intent on the part of both the First Nation and us was, to all extent possible, to avoid some of the conflict that might have transpired during the last relicensing process.

We were very proactive. Actually, the First Nation was very proactive in approaching us — really expressing the intent to pursue a much more collaborative approach from the

beginning. We signed a cooperation agreement with them that sets an overall framework defining the way we will cooperate with the First Nation, starting off with any of the environmental, heritage and socio-economic studies required to support the YESAB application, as well as identifying various options for how the hydro facility might be operated in the future.

To aid in that regard, we have struck a technical advisory committee of a range of different stakeholders from government, the regulators and various NGOs to advise us and walk down the process with us. It is an extremely technical process undertaken over many years and it is really valuable that stakeholders walk the journey with both us and the First Nation. We co-chair that technical advisory committee — the two parties.

We have also worked to incorporate traditional knowledge into the science that is going to be undertaken. That is something quite new for us, and so we have provided funding assistance to the First Nation to work on: (a) capturing the first knowledge from elders and then working on really cutting-edge methodologies on how you incorporate that traditional knowledge into the experimental design and then the interpretation of the results.

Where we are right now — going into the summer of 2017, we will be undertaking a raft of environmental studies, mostly on various what are called “valued components” — so those species which are identified as being of the highest priority in that area and in the lake. We will mostly focus on fish and wildlife, but also some studies of the physical geography in the lower river — looking at the impacts of the lower river and our flow management on that particular area. Our technical team will be hard at work through the summer completing that technical work and the studies in the field. As we complete 2017, hopefully we will be reviewing the various options for future operation of the lake and downselecting a preferred option that is acceptable to stakeholders and all parties, which will form the basis of our YESAB application, which we intend or plan to file in the first half of next year.

**Mr. Cathers:** Thank you. I appreciate the response. My next question — and my apologies if you said some of this — I don’t think I heard it before. For this calendar year, what is YEC currently planning in terms of total capital expenditures for this year? Would you please be able to provide a breakdown in the major categories of what portion of that would be maintenance capital on existing assets? What would be strategic projects? What allocation of that would be on future growth and additional capacity and feasibility studies in this current year?

**Mr. Hall:** I will start by making a comment that we have applied — as part of the way we finance our business, we do need to use short-term debt to fund construction. It is a normal part of our practice in terms of the way we fund Yukon Energy’s operations. We are in the process of getting approval for the short-term debt requirements for 2017 from Yukon government.

There are elements of our capital plan that have not been executed or have not moved into the execution phase yet

because we have yet to receive that approval for our short-term debt requirements.

In terms of our four-year capital plan, it totals approximately \$19 million. The breakdown is about \$4 million in maintenance capital, \$14 million in large projects, and about \$1.2 million in what’s called “deferred capital”. Those are typically studies and planning activities.

**Mr. Cathers:** I appreciate the answer. In terms of that short-term debt, would Mr. Hall be able to provide a little more information on how that debt — which I understand is still in the approval process — what would be the amount that you’re looking at for that short-term debt, and would that be provided under the line of credit from either YEC, YDC or both, or is that money for which you’re seeking approval from the territorial government — either borrowing outside with a financial institution or as an internal transaction of a short-term loan from the Yukon government?

**Mr. Hall:** The amount of short-term debt is approximately \$12 million. We would typically go to market for that amount. Our line of credit we typically use to sustain short-term fluctuations and cash flow, so we would typically go to market for that short-term debt. That would be bank debt with our bankers.

**Mr. Cathers:** The short-term debt that you’re referring to, would that be simply for the construction period prior to getting that, hopefully, approved by the Yukon Utilities Board for inclusion in the rate base? If so, do you have a sense of how long that term of the short-term debt would be? Are we talking about a matter of months or a year or two years? What would that length likely be?

**Mr. Hall:** When assets are constructed, they’re ultimately financed by long-term debt and equity, as per our regulator-to-capital structure of 60-percent debt, 40-percent equity. So in the long-term, it is long-term debt and equity.

Short-term debt typically has a term of about a year, and then it’s flipped over to long-term debt typically. On an annual basis, we will adjust our amount of debt to maintain our capital structure typically around that 60/40 split that I referred to. There is a corporate true-up that happens every year as well, plus you have a continual stream of short-term debt that’s flipped over as projects are completed and enter service.

**Mr. Cathers:** In a related question, could you please tell me — it’s actually, I think, a question for at least two people in this case — the lines of credit for Yukon Development Corporation and Yukon Energy Corporation — has there been any change to the overall amount of those lines of credit, and what would the current balance in those lines of credit be? How much of those lines of credit are currently drawn down?

**Ms. Fairlie:** There has been no change to the Yukon Development Corporation’s line of credit. It sits around \$10 million at the present time.

**Mr. Hall:** For Yukon Energy Corporation, it’s also \$10 million. I believe at quarter end we were about \$3 million in — but, as I said, you have short-term cash fluctuations that you manage with that line.

**Mr. Cathers:** Just one additional question on that: With Yukon Development Corporation's line of credit, is there currently anything drawn down in that? If so, could I get the total amount that is currently drawn down?

**Ms. Fairlie:** Mr. Chair, at the present time, there is no drawn-down amount against the Yukon Development Corporation line of credit.

**Mr. Cathers:** Thank you very much for that. In terms of the rate application for Yukon Energy Corporation — I could stand to be corrected, but I don't think that application has been filed yet. Has the application been filed with the Yukon Utilities Board and, if not, when is that likely to be filed? Are you able to provide information on what you currently anticipate requesting from the Yukon Utilities Board in terms of total cash requirements and what that effect might be in terms of the request as it pertains to the electricity rates?

**Mr. Hall:** No, we haven't filed a GRA at this time. I expect that we would file within the next month or two. At this time, we are still adjusting some of our numbers. Some of the recent drivers that have caused us to take a closer look over the last few months have been driven by two things. Firstly, we have had some significant developments in the mining industry over the last month. We've had Minto announce that they intend to extend operations through to 2020. Our prior assumption was that they would cease operations at the end of this year.

I'm sure the members will appreciate that a mine that represents a significant part of our load has a material impact on our revenues, and therefore on rates, so we really wanted to make sure that we had the most up-to-date information on Minto's operations.

We also had been aware that Alexco was revising and reviewing their operating plans and looking at potentially re-entering production, so we wanted to wait to see what announcements they made. They came out in their quarterly announcement with plans to restart operations mid- to late-2018. This might not have a material impact but we needed to readjust our numbers based on some anticipated sales to them potentially.

The third thing that happened is that we had an extremely strong quarter in Q-1 in terms of our sales. I'm sure we're all aware that we had extremely cold weather in January and particularly in March — minus 30-degree weather in March. We beat our budget significantly in those months. It was a good reason for us to re-examine our sales forecast.

The final point was that we really wanted to see what the Yukon Utilities Board decision was with regard to the ATCO GRA because there are some common elements we wanted to make sure of and get a sense of how the YUB was going to rule. The YUB was somewhat delayed in issuing their decision on the ATCO GRA. Suffice it to say we're taking all that information and finally running our numbers, but, at this time, I think it's inappropriate for me to comment on what our rate increase might be. You'll be sure to see it once we file.

**Mr. Cathers:** I appreciate the response, and perhaps I could just get the information on how much you over-

projected sales for the first quarter of this year — how much higher than the original number anticipated?

I am going to tack on one more question that is on a completely different topic but related to the resource plan. I understand that in the resource plan there is consideration of adding battery storage by the substation at Mile 5.1 on the Mayo Road. If I could just get some information about the reason that site was selected rather than another option and what the total footprint of that anticipated project would be.

**Mr. Hall:** I don't have the numbers at my fingertips. I can certainly follow up with the specifics but I believe we're around six gigawatt hours overbudget in terms of sales in both January and March — so around 12 gigawatts for the quarter. I will pass on the detailed numbers to the minister to pass them to you.

In terms of the battery storage, when we looked at the location of any of the projects around Whitehorse, we used a bit of a screening methodology where we took into account a number of different factors — proximity to the grid, for example — and, in particular, correct zoning, because we have community plans that have zoned — particularly within the limits of Whitehorse — and have particular zonings. It's quite problematic for us to select locations that don't have the proper zoning. The Takhini site was identified as one of the options. There were two options for the battery — the other one being, I believe, at the Whitehorse landfill. The primary advantage of those two sites was approximation to our 138-kV transmission grid and, in particular, the Takhini substation is at that location and it has the correct zoning. It is zoned for utility use.

I will comment that we haven't made a final decision on that location. We are going to be taking another look at it. In terms of the footprint, we haven't advanced the engineering to the point that I can really tell you what the footprint will be.

**Mr. Cathers:** I appreciate that information and would just flag that I have heard some concerns from constituents about it. That is something that I would just encourage both the corporation and the minister to be mindful of before going too far with selecting that site.

I also understand the challenge of picking sites that are completely acceptable to everyone — because concerns can arise in any neighbourhood — but I do just want to flag that as a concern. I think people will be concerned about any impact if there's additional lighting in the area — if there is any risk of explosions — that would be a question — and just any additional noise pollution as well would be concerns. But I will just leave that there.

I just have a couple of additional questions before handing it over within a few minutes to the Third Party.

First of all — it relates to Yukon Development Corporation specifically — as the witnesses will know, there has been just ongoing dialogue and discussion between the Government of Yukon and the Auditor General about the self-sustaining status of YDC in particular and whether it will continue to be classified as a GBE — a government business enterprise — or if it would need to be reclassified as an OGO. I know that when I was a member of Management Board and

we spoke to the Auditor General, the Auditor General was continuing to monitor this but was satisfied for the time being. Have there been any indications from the Auditor General of any change in this that would require the government to reclassify Yukon Development Corporation?

Secondly — related to that — is there any concern of whether the \$1.5 million included in the budget for community sustainability projects could have an effect on that GBE status?

Last, but not least, with the move of Yukon Energy Corporation to come to compliance with IFRS — international financial reporting standards — have there been or are there any significant changes anticipated this year in how things are booked as a result of either the accounting policies or changes made under those standards that might affect the amortization or the economic life of different categories of projects?

**Ms. Fairlie:** We recently had discussions with the Auditor General and there were no issues raised with him regarding our standing as a business enterprise. I do know that the Auditor General monitors this on an ongoing basis, but there were certainly no concerns raised on that in the previous fiscal year that I have just completed the audit on.

We do not expect the \$1.5 million to affect the status. We don't see that as being any different from the funding that we receive for the NGH, and that did not affect our status. At this point in time, I can't foresee any effect on the status as a result of that \$1.5-million funding for innovative renewal. I am going to let Mr. Hall answer the question on the IFRS. It was raised today, but there was nothing to do with depreciation regarding any assets. I do know that the Auditor General expressed pleasure at the ease of the work regarding the audit this year in comparison to the previous year when they did the transition.

**Mr. Hall:** In terms of IFRS — I am not aware of any major changes to depreciation schedules, but I am certainly no expert in accounting. I will follow up, and if there is any material update, I will pass that through to the minister. As Ms. Fairlie indicated, we did receive a very clean audit from the Auditor General for our 2016 accounts.

**Chair:** The time now being 5:00 p.m., I would like to give the Third Party a chance to ask questions.

**Mr. Cathers:** Since it is now the time that we agreed that the Third Party would ask questions, I will cede the floor to the Member for Takhini-Kopper King. I do want to thank all of you — Joanne, Kells, Justin and Andrew — for being here today and for your answers, as well as your ongoing work at YDC and Yukon Energy Corporation.

**Ms. White:** Mr. Chair, this is an awkward situation because you are sitting to my right and the witnesses are to my left, and I can't really face anyone adequately to ask questions. Thank you for being here. I am just going to get right into it because I have a limited amount of time.

There has been speculation circulating from different sources that the Yukon Energy Corporation is considering making an application for a significant rate increase. I have just heard the witnesses answer that they will not talk about that right now, prior to it coming forward. My question is:

Will the proposed rate increase be to just service existing debt and existing customers or will it be to help the funding of new energy projects?

**Mr. Hall:** The way the rate increase works is it covers two of what are called “test years” — which are, in our case, 2017 and 2018. The rate increase takes care of both projects that we have completed and costs incurred since we increased rates last, which was in 2012-13, and the test years of 2017-18. It does include some capital projects for execution in 2017-18.

**Ms. White:** Can I please have a final cost of the LNG plant, including both the interest and the finance charges?

**Mr. Hall:** Mr. Chair, it was \$42.9 million, I believe. At the last minute, I pulled up some information on the LNG project. It has been a couple years since I worked on it, but that's the number that I have.

**Ms. White:** I'm just going to walk through my understanding of the financing supplied to the Yukon Development Corporation for the funding of this project, and I will happily accept any clarification or corrections if I get it wrong.

It was my understanding that the Yukon government loaned YDC \$39.2 million to help YEC finance the LNG plant. Despite the fact that the money was transferred in two separate fiscal years — in 2013, it was \$18 million, and in 2014, it was \$21.2 million — that loan, in its entirety, is required to be paid in full on March 31, 2018.

However, in 2015, YDC divided the \$39.2 million into two separate pieces — a \$22.4-million capital grant and then the balance was turned into the form of a loan. It's my understanding that the YDC is still expected to pay back the entirety of the \$39.2 million to the Yukon government. Without a repayment stream from YEC for the full amount of the \$39.2 million, it appears that the YDC will not be in a position to repay this loan by the end of March 2018.

So why was the decision to award a grant to the Yukon Energy Corporation made? Was this at the direction of the Government of Yukon, or was this at the direction of the board of directors?

**Ms. Fairlie:** I believe the numbers presented were fairly accurate, and I do think those were the amounts that were involved — \$22.4 million was provided as a grant at that point in time. We have to balance off our equity and our loan every year within YEC. YEC has to have, at the end of the year, a 60/40 split on their equity to their debt, and so we have to provide equity to YEC each year usually — it is sometimes a smaller amount and sometimes it is more — in order to balance off the equity. Any project that comes to ground eventually becomes part of their asset base and gets taken into consideration in that 60/40 split. That was part of the discussion and the decision at the time.

YDC does have a regular flow of income coming in and will be able to pay back the \$39.2 million over time. There has been some discussion with the government around what that repayment schedule will look like, and we are still in discussion about it, so we haven't made a final decision

around how we will repay it or over the length of time that we will repay it. But it is expected that we will repay it.

**Ms. White:** So it was just mentioned “over time” — so does that mean that YDC will not completely pay off the loan by March 31, 2018?

**Ms. Fairlie:** At the present time, the Yukon Development Corporation is looking to negotiate terms with the Yukon government to repay the loan.

**Ms. White:** Can the corporation give us a ballpark figure of how much longer that loan repayment will take? Just to clarify with the 60/40 split — was the decision to then give the Yukon Energy Corporation the grant amount based on the financing that happens in-house, or was that directed either by the board or government?

**Ms. Fairlie:** Mr. Chair, there was no specific direction about the amounts or the split provided by government. It was a combination of the fact that we have to make a 60/40 split and the financial needs of the Yukon Energy Corporation at the time. That was the best way of managing the needs of the corporation and to meet our obligations under the debt/equity split.

**Ms. White:** This is when I wish I was a financial expert and could really jump in there to understand it better. Knowing now that the loan won't be repaid by March 31, 2018, will the corporation be taking on additional debt for accrued interest?

**Ms. Fairlie:** Mr. Chair, at the present time, the corporation does not foresee that we will take on additional debt to repay the loan. The expectation is that, at the present time, we are planning to negotiate terms of repayment with the Yukon government. It was understood at the time that the financing was arranged and some arrangement would have to be made in the future for that loan.

I can't really answer the question any more than that, because that is something that we have to have discussions with the Department of Finance and the Yukon government about.

**Ms. White:** Will the repayment of this loan have any impact on ratepayers?

**Ms. Fairlie:** Mr. Chair, there will be no impact on ratepayers.

**Hon. Mr. Pillai:** Just speaking on behalf of the Government of Yukon, this is something that I'm looking to work with the Yukon Development Corporation on — to undertake discussions to look at any financial challenges that we have. Overall, I think there's a good revenue stream that we can deal with. As we have gone through questions today, Mr. Chair, we have talked about the good financial work of Yukon Energy Corporation. I'm going to look to come up with, from the government side and with my colleagues — going through the proper channels to come up with a solution to deal with the scenario we're talking about here between the Yukon government and the Yukon Development Corporation.

**Ms. White:** According to the Public Accounts from 2015-16, accumulated debt load for the Yukon Development Corporation is \$143 million, and it stretches out for the next 23 years to be repaid. This report does not include the full

amount owed by the YDC to the Yukon government for the LNG project — the money I just mentioned.

What is the capacity for YDC to help YEC fund new sources of energy without severely affecting ratepayers or debt accumulation?

**Ms. Fairlie:** We have different methods. One of the things we do help with is — we have a number of avenues that we try to pursue around funding. One is to see what's available in the federal budget and the types of portfolios they put forward — if we have projects that will fit within those — and help YEC to approach the federal government around funding for some projects that way.

There are some projects that would get applied through the rate base, because they are projects that are needed to continue to provide energy and, in that case, they would go through the YUB process. There are some projects that may be of interest to the general public to pursue, and in those cases, there may be an interest from the Yukon government in providing some contribution toward that. In addition, the Yukon Energy Corporation pays dividends to the Yukon Development Corporation, which in turn loans that money back to the Yukon Energy Corporation to pursue some of its projects and to balance some of the debt/equity issues.

**Ms. White:** It is my understanding that last year, I think, it was \$3.5 million for the interim electrical rebate. Can the YDC confirm that at the present time you have no additional money that can support the YEC in new energy projects, other than our \$10-million line of credit? Will any new projects affect the ratepayer?

**Ms. Fairlie:** It depends on the source of funding. Again, I will reiterate that there are some times when there are federal funds available. There are some times when the Yukon government makes a contribution. They don't always go to ratepayers. But where the project is required to maintain the system, then it is appropriate that it goes through the rate base.

**Ms. White:** The Stewart-Keno transmission line is one that we have asked questions about previously. The project is expected to cost in the neighbourhood of \$70 million, so it is substantially more than the original number we heard. It is a massive investment. Yukoners — rightfully so — have been asking questions to make sure it is the best investment for electrical grid.

There are a couple of things. Mr. Hall said in an answer about IPPs and mines that Yukon Energy would never enter into a long-term commitment decades ahead of a project, but at this point in time, we are asking Yukoners to invest in a project without there being any kind of power purchase agreement in place with prospective mines. Why doesn't YEC insist on a power purchase agreement prior to Yukoners having to invest \$70 million for the construction of new or upgraded lines on the Stewart-Keno transmission line?

**Hon. Mr. Pillai:** I will answer the first portion of that. I think that it is a fine line to walk, and I think that what you have to be able to do is first of all have the opportunity to find the dollars to do that sort of work. I think that is some of the work we have tasked our officials to undertake — look and see if these funds are available.

But to get right down to the question: How do you do this in a parallel way so that, essentially, you don't get caught in a position where you have spent a bunch of money on infrastructure, but there may be no real end-user, if that is what you are looking at as your catalyst to build? When we look at the Stewart-Keno line, first and foremost, how do we fund it? That will be some of the work that I will support the officials to do. As we go down that piece, my experience — at least working on these infrastructure projects or working outside of government — is that you have a phased approach. There are certainly some big pieces of infrastructure that have big price tags on them at the front end of the phasing — substations and such. But we are really going to look to having Yukon Energy have conversations with the industrial users to make sure that we mitigate risk for the ratepayer but, at the same time, make sure that we don't reduce the ability to do development.

That is also based on the fact that the OIC that originated some of the work at YDC talks about — available, affordable energy for industrial growth. Until we look at a change in an OIC, that is the OIC that essentially I have inherited in this role. I believe that is probably the safest way to look at how we do this so that we don't get caught in a situation where there is nothing happening at the end of the line, but you have spent a tremendous amount of money — not with any disrespect, Mr. Chair, to your home riding, which also needs new infrastructure on the line from Stewart to Mayo.

**Mr. Hall:** Clearly, as the minister indicated, you need to be working on both pieces at once. The mine is not going to move forward and sign a PPA if there is no transmission line and vice versa. Both activities have to be completed in parallel. I believe you are specifically referring to the Eagle mine development by Victoria Gold. They have some things to do on their side. They are not fully financed yet. We continue to have preliminary conversations with them about a PPA, but they need to show that they are making the appropriate progress and moving toward completing — you know, raising the necessary debt and equity to move forward with their project. There are lots of moving pieces in that process.

I will comment overall that our working assumption is that funding will be forthcoming for any infrastructure that we need to construct on the line. If that is the case, the preliminary rate modelling that we have done suggests that connecting the Victoria Gold mine will have a net benefit for ratepayers, which is a good situation to be in. I think, as Yukon Energy Corporation, we are reticent to take actions like connecting a mine if they were to drive the rates. It looks like, if the necessary funding is forthcoming, any capital work we need to do on the line will be of benefit to ratepayers.

**Ms. White:** It seems to me that we're in this circular conversation of the chicken or the egg. We're talking about reducing risk for Yukoners and that could include power purchase agreements with upcoming mines — the answer of, "Well, you can't ask them to pay before you have a line" — but it seems to me, you could go into a conversation with that.

The big point that always comes around with this is that I can't imagine that this transmission line is being considered for the handful of residential customers who either live in Keno or along the way. It says that we "can" supply energy to mines. It doesn't say, we "will" supply, or we "need to" supply energy to mines. At what point in time will the YDC/YEC tell mines that they are on their own for their own power generation? Why are we looking at these kinds of projects if it's not for the benefit of the people living in the communities — if it's for the long-term goal of attaching mines? At what point in time do we say: "This isn't in our future and it's not within our pocketbook right now."

**Hon. Mr. Pillai:** I probably have to go on the record here as minister responsible because it's part of a philosophical question — not to say that Mr. Hall would not be having discussions with the industrial users on this — but what we're seeing under the current circumstances — not that it won't change and not that we don't have to pin down a philosophical approach to this when I look at potential projects — we're looking in this particular area where we actually have the opportunity to tie into a transmission situation.

West Yukon, in the Member for Kluane's riding — alluded to a little bit today — that's a potential project with Wellgreen that's really orphaned from the grid. In southeast Yukon, there haven't been any discussions during my tenure here to look at Kudz Ze Kayah and, potentially — if that moves forward — going into the grid situation.

Goldcorp, with the Coffee project — what is nice to see is they are really making an effort to look at a renewable portion of energy. The discussion at this point is, for the record — with support from my colleagues in discussions — at this time, I'm looking at the current OIC and taking into consideration that we're looking at supporting the mining sector, looking at these projects moving forward, and taking into consideration not just the projects at the end of the line, but we actually have a remediation project, a reclamation project, that's pretty extensive in that particular area on this line. We're looking at cleaning up something from a previous time and, in turn, looking at some mining and potentially looking at a population growth in the community of Mayo, based on what could happen at the end.

There are a lot of different pieces to this conversation, but still respecting the original OIC, where we look to support — but that's not the only factor — at least from a government perspective, or from my desk — that we're looking at as we support the boards of the Yukon Development Corporation and Yukon Energy Corporation.

**Mr. Hall:** We've had several questions today and concerns expressed about rates and rates increasing. One of Yukon Energy Corporation's key obligations and responsibilities is to ratepayers and to doing things that we can to mitigate any rate increases. So when there's a potential project or opportunity, including a mine connection — which can actually be to ratepayers' benefit — we all have an incentive to pursue that.

As I outlined in my response to a prior question, the modelling we've done to date suggests that connecting the Eagle mine could be a benefit to ratepayers. On that basis, we continue to pursue it.

**Ms. White:** I'm hopeful that's the case. To be clear, I wasn't speaking about a specific mine. Previously, we entered into agreements with mines where we would give them a deferred rate of power upfront and the expectation that the mine life would be longer and, in the end, it didn't last. I'm just going to leave that there.

The Southern Lakes water enhancement storage concept was first brought forward in 2006. It didn't go very far at that point in time. In 2009, it came forward again. I have been to meetings, I have reports, and I've heard citizens, including the Carcross/Tagish First Nation. Right now, there's an interesting thing happening in the NWT with the Nonacho Lake Lodge, which is a fishing lodge. They are currently in court facing the Northwest Territories power corporation for the assertion of the disrupted water levels and shoreline erosion and the increase in mercury concentration in fish.

In the span of quite a few months, I went to multiple meetings where every time the corporation pitched the idea of the Southern Lakes water enhancement project, residents had questions. It wasn't about property. It was about the larger scale things — bank erosion, fish habitat — but at every single meeting, they had questions, and at every single meeting, they said no. I heard them say multiple times, "How long do we have to say no before you say no?"

I want to know the status of that project and if it is still on the table.

**Mr. Hall:** We appreciate the context of that project and the long history that it has had and the large amount of funds and time that we have put into studying the various potential affects, both in terms of impacts on the shoreline and what impacts may or may not be on fish and wildlife. The status is in our resource plan. We did include the project as a potential, and it was identified as being an attractive project. On that basis, we are continuing to work on it. We are hoping to reach a decision point quite soon because this has gone on quite long.

In terms of the work that has been completed over the last couple of years, there are two parts to that. We undertook a really focused piece of work with the specific residents, or shoreline blocks, where impacts are expected to take place, working with those particular resident groups on what mitigation designs and solutions might be acceptable to them. It was a lot of one-on-one meetings in the case of properties that might be affected by groundwater incursion, working on specific mitigation schemes on basically a property-by-property basis, and then working with residents around the shoreline in areas where there are expected to be impacts on shoreline blocks, looking at what armouring or various designs and working with a range of design concepts to see what solutions might be acceptable.

We know that a number of individual residents have taken it upon themselves to put shoreline protection in place,

because there is natural erosion happening regardless. But what we're talking about, if the project was ever to move forward, would be something more systemic and much more architectural, and a design solution on complete shoreline blocks.

Through that process, we interacted directly with affected groups of residents — not in a public meeting environment, but basically the folks who are ultimately expected to be directly impacted. In the context of those meetings, I wouldn't say that there was universal opposition to the project the way the member has characterized. If anything, I would say it was probably mixed feedback that we received — but I would not say overwhelming opposition — when we actually got down to the nitty-gritty with the people who are going to be affected potentially. That's the first piece of work that was completed, mostly last year. What we got to was those groups of residents selecting what shoreline mitigation they would prefer, should the project go ahead.

The second piece of work that we've undertaken — and it is drawing to an end now — is engaging very actively with the affected First Nations — so that would principally the Carcross/Tagish First Nation but also KDFN and Ta'an Kwäch'an Council.

We've gone through an extensive and detailed process with CTFN whereby their lands management group has retained their own experts and reviewed the \$5-million-odd worth of technical studies that have been completed on the project, with the ultimate goal of taking a recommendation to their chief and executive council as to whether they support Yukon Energy moving to the next phase of the project, which would be to work with stakeholders on an adaptive management plan and moving forward to YESAB.

Within the next month we're expecting to receive a response from CTFN in that regard, and on that basis, I think we will take a bit of a pause, evaluate where we stand and make a decision on whether to move forward. Clearly, I think it's in the interest of everyone that we don't spend another five years contemplating this project and that we move it to a decision point within this calendar year.

**Ms. White:** Just before we go, I do really thank you for appearing here. I wish I had more time; then I wouldn't be quite so direct and I would ease myself into those questions.

I want to thank Mr. Reams for being in the gallery because he has been on the board — I can't remember if it is the YDC or the Yukon Energy Corporation, but I know you've worked hard. Janet is also in the gallery.

I just hope that, if the Carcross/Tagish First Nation comes back with a no, the answer is respected and we can move on from the 11 years that we've been talking about this in circles.

My very quick last question is: To date, how much principal has been paid back on the Mayo B loan?

**Mr. Ferbey:** The Mayo B loan is a bullet bond and no principal has been paid on it. It will come due in, I believe, 2041. Interest has been paid to date.

**Ms. White:** Can the witnesses please let me know how much interest is paid on a yearly basis toward that loan?

**Mr. Ferbey:** It is about \$5 million that is paid annually on the interest.

**Ms. White:** Understanding that \$5 million is being paid down on the interest annually and there are not intentions to pay that back until it comes due in 2041, is there not a way to save money in the interim?

**Mr. Ferbey:** The bond is a bullet bond and has been negotiated to pay the interest, which comes due in 2041. In 2041, we could potentially refinance the dollar amount of \$100 million. Of course, keep in mind that this dollar amount went to Mayo B to help shore up the structure — the 60/40 debt structure — of Yukon Energy, which, under a utility, is a rate-regulated debt structure. It is an important financial tool. Secondly, it is actually a financial tool that is used across the country. You see a lot of this in BC Hydro. It is not an unusual financial instrument.

**Chair:** On behalf of Committee of the Whole, the time being 5:30 p.m., the Chair would like to thank the witnesses.

*Witnesses excused*

**Chair:** The Chair at this time will rise and report on the Committee's proceedings.

*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. 201, entitled *First Appropriation Act, 2017-18*, and directed me to report progress.

Also, Mr. Speaker, pursuant to Committee of the Whole Motion No. 1, witnesses from the Yukon Development Corporation and the Yukon Energy Corporation appeared as witnesses before Committee of the Whole from 3:30 p.m. to 5:30 p.m.

**Speaker:** You have heard the report 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. Tuesday.

*The House adjourned at 5:32 p.m.*

**The following legislative return was tabled May 18, 2017:**

34-2-15

Response to oral questions from Ms. McLeod re: information on services available in Watson Lake for people dealing with drug and alcohol abuse issues (Frost)