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Chair

Mr. Bruce Stanton

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• (0835)

[English]

The Chair (Mr. Bruce Stanton (Simcoe North, CPC)): We'll call our meeting to order. This is the 37th meeting of the Standing Committee on Aboriginal Affairs and Northern Development.

I would like to start by saying, on behalf of the committee, how much we appreciate the opportunity to be in this wonderful city here in the Yukon.

Members and our witnesses will know that we conduct all of our deliberations in both official languages. We have translation and interpretation available for you, so please tune in.

We'll get under way. We have three departments, all representatives of the Government of Yukon. We have Harvey Brooks, the deputy minister from the Department of Economic Development; Brian Alexander, deputy minister from the Department of Tourism and Culture, together with two of his directors; and Robert Holmes, a director in the Department of Energy, Mines and Resources.

Gentlemen, I know you have some other representatives with you. We have Mr. Lemaire, who is with...

Mr. Rick Lemaire (Director of Cultural Services, Department of Tourism and Culture, Government of Yukon): I'm the director of cultural services with the Department of Tourism and Culture.

The Chair: Oh, yes, I missed that on my list. My apologies to you, Mr. Lemaire.

I think that covers it, although I don't have Mr. Provan.

Mr. Richard Provan (Senior Policy Advisor, Government of the Yukon Territories): I'm Richard Provan, senior policy advisor with the Department of Economic Development.

The Chair: Excellent. That completes the roster.

Let's begin with Deputy Minister Brooks.

Dr. Harvey Brooks (Deputy Minister, Department of Economic Development, Government of Yukon): Thank you very much, Mr. Stanton.

Welcome, committee members, to Whitehorse and to Yukon. Welcome in particular as you begin your journey across northern Canada.

Thank you for inviting me to speak with you again. I last spoke with you and met with the committee in April of this year, along with my colleagues from Nunavut and the Northwest Territories.

I am the deputy minister of Yukon government's Department of Economic Development, and my previous remarks to the committee are still relevant. I may reiterate several key points.

I'd like to begin by stressing two points. First, in considering northern and aboriginal economic development it is important to remember that all three territories have unique competitive advantages and challenges. Yukon, for example, is the only territory that has responsibility for its own natural resources. That's a critical difference. As a result, we have developed a thorough and streamlined regulatory process. The challenge of addressing territorial issues independently is best illustrated by noting that the report by Mr. Neil McCrank entitled *Road to Improvement: The Review of the Regulatory Systems Across the North*, of which I'm sure you're all aware, addresses only Northwest Territories and Nunavut issues. It does not address Yukon. Our challenges in this and other areas are completely different from those faced by the Northwest Territories and Nunavut, and one solution does not fit all.

Secondly, economic development in the north is not a blank slate. As a senior level of government in the region, we welcome a partnership with Canada to address the territory's challenges. It is crucial that Canada coordinate its northern economic development activities with existing efforts taking place in Yukon. In particular, we look forward to working closely with the newly created Canadian Northern Economic Development Agency, CanNor, for the benefit of Yukon's businesses, workers, and residents.

I'd also like to highlight three key initiatives for the Government of Canada that will have long-term, positive impacts on the growth of the Yukon economy: partnering with Yukon and the First Nation of Nacho Nyack Dun in the expansion of the Mayo B hydro project; facilitating access to skilled and unskilled workers through the temporary and skilled foreign workers program; and the establishment of CanNor, the previously mentioned regional economic development agency for the north.

Yukon has many advantages, including our abundant and valuable resources. The tourism, mineral development, and secondary industry growth that is possible from our natural resource endowment are substantial. Our people are another primary advantage, given that they are among the most educated and trade-certified in Canada.

Another advantage is our location and connectedness. Yukon is connected by 4,800 kilometres of all-season roads, which provides a vital link to Canada and deep-water port access for export and import. Yukon provides the key transportation corridor between Alaska and the rest of North America, which, in addition to the Alaska Highway, has a potential for rail, pipeline, fibre optic networks, along with the strategic access to the Asia Pacific markets through deep-water Alaskan and B.C. ports.

The Yukon Cold Climate Innovation Centre, coordinated through Yukon College, provides an example of the benefits of capitalizing on our resource advantages. The centre is a partnership between applied researchers, industry, and government. It is dedicated to developing, commercializing, and exporting sustainable cold-climate technologies, including construction materials, techniques, and technology suitable for mining in cold climates.

As for our challenges, the main critical impediment to northern economic development is enabling infrastructure. Yukon is investing heavily in infrastructure to create immediate stimulus and long-term economic growth. Some of these investments include enhancing our major highways to support the economic future of Yukon's natural resources, major upgrades to the Whitehorse airport terminal building to maintain its status as an international airport, expanding the existing cellphone service to eventually cover the entire commercial area of the territory, and expanding hydro generating power to support Yukon communities and the mining industry while reducing our carbon footprint.

We need to do more in this area, but Yukon cannot do this without a major and ongoing commitment from the federal government, which will be a prime beneficiary of infrastructure development through increased resource royalty revenues.

● (0840)

Transportation, both roads and access to deep-water ports, is an ongoing need. Yukon has deep-water access through Skagway, Alaska, and Stewart, British Columbia. Yukon is engaging the Borough of Skagway and the Government of Alaska to consider ways to expand this port to meet the future needs of Yukon mines and other businesses. As the economic activity in Yukon grows, so do the demands on our power generating facilities.

Finally, the speed, cost, and reliability of our telecommunications infrastructure creates a digital divide between northern and southern Canada. In 2008 the federal government committed to protect the sovereignty and promote the development of Canada's Arctic and north as key priorities. Partnering with Yukon to meet our infrastructure challenges will be a significant step in achieving these priorities, with long-term benefits to business development in the north.

In conclusion, the economic development opportunities available to Yukon and Canada are considerable. The Government of Yukon looks forward to working with Yukon first nations and the Government of Canada to enhance our capacity to move forward with sustainable economic development for the benefit of Yukoners and Canada.

Thank you.

The Chair: Thank you very much, Mr. Brooks. It's great to hear from you again.

We'll now go to Mr. Alexander for five minutes.

Mr. Brian Alexander (Deputy Minister, Department of Tourism and Culture, Government of Yukon): Thank you, Mr. Chair.

Before starting I'd like to acknowledge the presence of a staff member, Pierre Germain, who is our director of tourism. He'll be here to answer any and all questions you may have on that very important subject.

Thank you for the opportunity to appear before you today on this important topic. We are heightened by your recognition of the fact that to truly understand northern issues you must travel to the north and talk to northerners.

I'll be speaking about some of the development barriers I see from the perspective of my department in its two main program areas of tourism and culture.

Tourism is a major economic driver in Yukon, with annual gross revenues estimated at \$200 million, and approximately 300,000 visitors travelling to Yukon per year. Tourism is the largest private-sector employer in Yukon. Training and maintaining a product that allows for year-round employment ensures a stable and trained workforce.

The cultural services branch is responsible for Yukon's arts funding programs, archeology, paleontology, historic sites, and museums. The branch is also home to the Beringia Interpretive Centre and the Yukon archives. The branch strives to maximize socio-cultural benefits for Yukon residents and visitors through the preservation, development, and interpretation of Yukon's heritage resources and the visual, literary, and performing arts in Yukon.

Before getting into specific issues I would like to start by commending the federal government for the establishment of CanNor. The need for dedicated federal economic development funding for the north is long overdue. In particular, I'd like to commend CanNor for its recognition of the importance of the core tourism and cultural industries.

CanNor's investment plan for Yukon for 2009 to 2014 proposes to allocate 20% of SINED funds to the tourism sector and 10% to the cultural sector, in keeping with the critical role these industries play in the Yukon economy. There is also significant potential for pan-northern cooperation in the area of tourism marketing. The pan-territorial fund, comprising \$5 million over four years, is ideally suited for this purpose.

I will now discuss some specific issues on the tourism side, and then on the cultural side.

Marketing is a key to the north being a competitive tourism destination, yet we do not have the economies of scale to sustain competitive marketing campaigns. A solution here has been, and could be again in the future, the formation of partnerships between Canada and the three territories on marketing campaigns. Canada has the resources and the territories have the experience and expertise to market the north. Such campaigns need not be limited to marketing the north as a tourism destination. They can also market the north as a place to invest and live.

Marketing will bring tourists to the north, but high-quality tourism products will lead to the kinds of world-class tourism experiences that will generate positive word-of-mouth and repeat visits. Yukon needs to build its capacity in this area through business development assistance and access to investment capital.

Particular attention needs to be paid to the development of first nations tourism. There is a very high demand for authentic first nation cultural experiences, and Yukon has excellent potential to develop some very unique and highly compelling products. However, first nation capacity is a very serious barrier to this potential being realized, along with the aforementioned shortage of investment capital.

The development of a national tourism strategy whereby the federal government adopts a whole-of-government approach for the advancement of the tourism industry is a wonderful concept. This initiative was announced in January of this year, but we're still waiting to see what progress has been made.

Yukon has identified two areas where we'd like to see changes in the future. An ongoing irritant has been the fact that cars rented in Alaska by Canadians are not allowed by the CBSA to enter Canada. This has a direct impact on the ability of Canadian tourists arriving in Alaska to visit Yukon. We've also had issues with the early closure of the Little Gold border station on the Top of the World Highway, without prior notice or consultation. We have had discussions with the CBSA on both of these issues, and we are hopeful that appropriate solutions will be found.

• (0845)

A key concern on the cultural side has been an inconsistent approach to federal funding of key programs, either funding that has begun and then is arbitrarily curtailed or funding that applies only to large metropolitan markets. A telling statistic is that, of the approximately \$245 million the federal government spends on museums each year, approximately \$230 million goes towards the national institutions in Ottawa.

A prime example of the federal government approach is the termination of federal core funding for the historic places initiative after March 31, 2010. This will have severe adverse effects on our ability to participate in a national heritage conservation framework.

The marquee tourism events program, which was unveiled in the last federal budget, provides financial assistance for major cultural and sporting events that are a significant attraction to tourists, such as music festivals. However, for an event to qualify for funding, it must attract a minimum of 50,000 spectators, which automatically excludes the north from this program.

Canada is a special place, and the north is a unique jewel within this country. However, it is clear that a one-size-fits-all approach from the federal government does not work. In certain circumstances, the north needs special treatment to fulfill its promise. Federal government departments and agencies need to work with us to find solutions to specific problems and get away from simply telling us why something cannot be done.

Thank you.

• (0850)

The Chair: Thank you very much, Mr. Alexander. It's great to have your colleagues here, along with you. I'm sure we'll have some good questions for you when the time comes.

We're going to Mr. Holmes first, and then to Mr. Austin. Mr. Holmes is the director of the Department of Energy, Mines and Resources.

Welcome. You have five minutes.

Mr. Robert Holmes (Director, Department of Energy, Mines and Resources, Government of Yukon): Thank you.

My position is director of mineral resources, so my comments are mostly around the mining industry, although they do apply similarly to other resource sectors in the Yukon.

I think the Yukon holds a special place in Canada. One of the hallmarks of the Yukon over the years has been the ability of Yukoners, from all walks of life, to work in a collaborative way. I think this is because we live in a relatively small community and we're more aware of the interconnectedness of people and things here.

As a result, we've achieved some things that I think many parts of Canada would be quite envious of, if they knew about it. First, there's the devolution transfer agreement, which Harvey Brooks mentioned earlier, which was signed in April 2003. This gave the Government of Yukon full control over natural resources: mining, oil, gas, land, forestry, and water. The DTA, or devolution transfer agreement, allows Yukon to amend policies and legislation and to be responsive to local needs and modern requirements.

The second thing that's happened here is that we've largely settled our land claims. Of 14 first nations, 11 have completed comprehensive land claims agreements. This relationship between public government and first nations governments is somewhat unique in Canada. First nations here have self-government powers as well. We're working with the practicalities of this new relationship every day—for example, next week the lands directors for all the first nation governments are going to meet to update each other and describe new ideas and initiatives.

Third, another advantage is that we have a unique environmental assessment process in the Yukon. It's called the Yukon Environmental and Socio-Economic Assessment Act, which replaced CEAA in the Yukon. It's the sole environmental assessment process for federal, Yukon, and first nations governments. We don't have the issue of harmonization between federal and provincial environmental assessment processes that you see in the rest of the country.

When you put these changes together, Yukoners have much more say and influence on development occurring in the territory now than they ever did before.

I'll talk a bit about mining and some of the challenges we have in that industry. Mining has traditionally been the largest contributor to the Yukon economy. Of course as a result of the Klondike gold rush in 1896, the Yukon was created by federal statute in 1898. However, in the late nineties the Yukon mineral industry just about disappeared, and we were down to no producing hard-rock mines. Exploration levels were around \$5 million at the time of devolution in 2003.

A number of changes, including record metal prices, new technologies, and I think new policies, have meant that we're currently experiencing a resurgence in mineral exploration and development. In 2008 our exploration reached \$112 million, and this year, despite the recession, we're expecting a \$90-million exploration season.

The Dawson gold fields are still active, surprisingly, after over 100 years. This year we expect placer production, or the production of gold from gravel, to reach \$50 million in value, which is similar to last year.

In terms of hard-rock mining, we'll have three operational mines next year in the Yukon. We currently have a copper and gold mine near Pelly Crossing, which produces about \$150 million of revenue a year. The Wolverine mine, which is in development, is a wholly owned subsidiary of Jinduicheng Molybdenum Group Ltd., which is a major Chinese metal company. This project is investing \$200 million in a lead-zinc project east of Whitehorse. This is one of the largest investments of Chinese companies in the Canadian mining industry, and probably the only fully owned Chinese company operating a mining project in Canada.

In addition, the Bellekeno development has announced it will move ahead. That's a \$50-million development, which will be happening this winter. And the Mactung project is in assessment. It's a \$400-million project, and they expect to be in production in 2013.

These are just some of the things that are happening here. It's very busy. We have a reputation as a can-do jurisdiction.

In passing, I want to quickly mention four challenges that seem to be here all the time. One of them is geoscience information. There's a need to continue to map the Yukon in more detail. We've worked very well with the Geological Survey of Canada and INAC on funding vehicles for geoscience.

Financing has been hard for companies to find this past year. The Yukon is very active in promoting and marketing the Yukon, and it is particularly successful at getting Chinese investment.

• (0855)

Infrastructure has been a challenge. It creates some barriers to entry, with the additional costs of large transportation distances in the Yukon. Then there is the situation with trained workers. Most companies are flying workers in from outside the Yukon, but we're working hard to train Yukoners. We have a program through the Yukon Mine Training Association to do that.

Just before I end, I wanted to mention one issue that has been highlighted for us. It's a limitation on resource revenues under the devolution transfer agreement. The DTA provides that, even though Yukon owns and manages its mineral and other resource revenues, any resource revenue in excess of \$3 million is offset by a reduction of other transfers from the federal government. This provides for an effective cap of \$3 million for all Yukon resource revenues—apart from oil and gas, which has a separate agreement.

With that \$3 million that the Yukon gets to keep, there's a responsibility to share a portion with first nations. This structure creates a problem in that the Yukon cannot provide capacity support for first nations to participate in regulatory reviews or increase opportunities for them in resource management.

I'll close at this point. Thank you for the opportunity to address the committee. I hope you enjoy your visit here and are able to come back when it's warmer.

Thank you.

The Chair: Thank you, Mr. Holmes.

Next, we welcome Mr. David Austin, who is joining us from the Association of Yukon Communities. Mr. Austin, thank you for coming today. We're delighted to be here in Whitehorse. After your presentation, we'll be going to questions from members.

You have the floor, Mr. Austin.

Mr. David Austin (Director, Association of Yukon Communities): Welcome. My apologies: you would think that after 37 years in the north I could deal with two inches of fresh snow.

Good morning, and thank you for the opportunity to address your committee.

The Association of Yukon Communities represents all incorporated municipalities and elected local advisory councils in Yukon. Eighty percent of the population of Yukon reside in member communities of the association.

My aim this morning is to bring to the committee's attention the association's views on barriers and solutions to northern economic development from the perspective of Yukon municipalities.

First, let me suggest that economic development that sustains Yukon communities is important to Canada because it is the northern communities that anchor Canadian sovereignty in a geography sparsely populated but rich in natural resources. Yukon's mineral resources, boreal forests, and pristine rivers are of significant economic value to Canada.

Second, we should note that the fundamental roles for local government in community economic development are to provide necessary facilities and services, to act as a catalyst, and to become directly involved in growing businesses.

There are a number of factors that will influence economic development in Yukon communities. Obvious but important is the fact that the population of Yukon is very small in relation to the population of Canada, approximately one-tenth of one percent, and the distance between communities is great.

The population is culturally diverse, with locally significant populations of Francophones, first nations, and first-generation immigrants. Yukoners are well educated and entrepreneurial. The percentage of Yukoners 25 to 64 who are graduates of a trade school, college, or university is almost ten points higher than the national average, at 62% to 53%.

Next, we need to recognize that it is not possible to construct infrastructure in Yukon at costs approximating those of southern centres. The shortness of the season and the lack of skilled trades people in some specific trades are factors. The distance from major markets increases the transportation costs for materials, and economies of scale are difficult to achieve in the Yukon's relatively small economy.

The environmental norms of severe cold in the north are being magnified by climate change. As the permafrost weakens, aging community water and sewer systems break, and the foundations of buildings may shift.

Much of the cost of providing municipal infrastructure to support economic development falls on the residents of the community through property taxes. Property taxes alone should not be expected to bear the cost of building and maintaining roads and bridges within municipalities.

The hard fact is that while a strong business base provides employment, businesses do not provide direct tax revenue through purchases or work income to municipal governments.

Seven of the eight incorporated municipalities in Yukon are co-located with first nation communities. All eight sit on the traditional territory of a Yukon first nation. Effective communication between first nations and Yukon municipalities is critical to healthy and prosperous communities, and sustainable communities need economic development.

Conversely, moving economic development projects forward in a shared landscape requires effective communication between all orders of government and particularly the municipal and first nation governments that serve the most basic needs of their residents.

One barrier to effective communication is the capacity of municipal and first nation governments to respond to initiatives of the other. Whose duty it is to consult the other is unclear. There are two definitions of the "duty to consult": the umbrella final agreement with Yukon first nations defines a "duty to consult" in particular circumstances under that agreement and agreements with individual first nations and the common law "duty to consult" as defined by case law.

What defines "adequate consultation"? The consultation requirements under final agreements are clearly defined in those agreements, and a protocol for their conduct has been established between Yukon and the first nations. Consultation demanded under common law needs to meet the test of reasonable.

● (0900)

The Chair: Mr. Austin, could you slow it down a little, in support of the translation? That would be great; thank you.

Mr. David Austin: I was worried about the five minutes.

The Chair: We'll give you a little bit of extra time, not to worry.

Mr. David Austin: Consultation demanded under common law needs to meet the test of "reasonable". It needs to be meaningful and effective. There is a requirement on both sides to participate. First nations may require additional funding to participate in meaningful and effective consultation. No court decision has yet been rendered on whether municipalities have a duty to consult under common law.

The Canadian Northern Economic Development Agency, CanNor, provides an excellent start to ensuring a prosperous and sustainable future for Yukon communities. Because CanNor oversees strategic investments in both aboriginal and non-aboriginal communities in the north, it is well placed to bring communities together where it is appropriate to share burdens and outcomes. Flowing funding through territorial governments directly to first nations doesn't promote cooperation.

Our recommendations to this committee are that the federal government policies promote economic development in Yukon municipalities as an act of sovereignty; that the federal government support the construction of municipal infrastructure as an element in economic development; that federal funding programs recognize that jurisdictions small in population, like Yukon, are not served by per capita allocations of funds and that base funding is required to anchor the per capita allocations.

Economic development funding can be a catalyst to bring Yukon first nations and municipalities together. Economic development efforts should be focused on innovation, labour, access to markets, investment capital, government regulations, community amenities, culture, energy, and the environment.

Thank you.

The Chair: Thank you very much, Mr. Austin, and all of our presenters this morning.

We will now go to our first round of questions. As I mentioned earlier, they are five minutes in length. We take five minutes for both the question of the member as well as your response. The more we can keep both ends of that spectrum succinct and to the point, the more information we can manage to listen to here today.

Let's begin the first round with Mr. Russell for five minutes.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair.

Good morning to each of you. It's good to be here in Whitehorse to join my colleague, the MP for this area. There's no doubt about that. I think he's done a lot of work in helping the committee put some of the panels together, so I want to thank Larry.

We only have five minutes. You've already outlined some specific things that I think we can do. One thing that really strikes me this morning, and I guess we always need to be reminded of it, is that one size does not fit all. There's not one monolithic, homogeneous north in Canada. It's very diverse. Even within the Yukon, I'm sure there's diversity, though the territories have to be approached differently and in their own milieu.

When you talk about investment in infrastructure, how do you envision that? Is that a matter of more money from the federal government, or does the Yukon government see ways to generate its own wealth, or more wealth, for investment in infrastructure? I'm simply wondering what this comes to. I note the comment made by Mr. Austin about the impact of climate change, maybe, on infrastructure costs. How do you envision a greater investment in infrastructure, and how would that be financed if we were going to make a recommendation?

● (0905)

Dr. Harvey Brooks: If I may, Mr. Chair, it's an extremely good question and one we wrestle with. When we look at our economic development process, a lot of the projects are going to require additional infrastructure to move forward. It presents a challenge for Yukon, and we currently look to the federal government for some participation through existing programs in developing that. However, when we look at increasing own-source revenue for many of these projects, we run into the problem cited by Mr. Holmes, which is that the devolution transfer agreement caps the amount of resource revenue that we're able to maintain as Yukon government. Once we get over \$3 million, there's essentially a clawback in other programs that limits the benefit that can remain in Yukon.

That means that even though many of the projects are extremely positive from a Canadian perspective, essentially any project that goes forward here is going to require steel, workers, petroleum, and all sorts of things that come from the south. As a result, the GDP generated in the south, to say nothing of the royalties, flows to the federal government.

When you look at the pie that's generated from some of the projects, it's obvious that they should move forward. However, it's a challenge when you look at the size of the pie that remains for Yukon and the requirement to invest in infrastructure that such a size of pie has to have directed toward it.

Mr. Todd Russell: Can you explain it a little bit more for us? This is new, this \$3 million cap under the devolution transfer agreement. What is the rationale behind that?

Dr. Harvey Brooks: Bob, do you want to explain that?

Mr. Robert Holmes: I can't really explain the rationale. I wasn't involved in the negotiations. From talking with people, my take on it is that the Yukon's motive at the time was really to acquire greater local control over resources. It wasn't so much about money. Six years after devolution, now that projects are coming on stream and

things are booming, now we're starting to think a bit more about the money—particularly when first nations want to be part of the economy and they're looking to us to support their involvement.

Every time we write a letter to a first nation and say that there is a project being proposed on their land, whether it's a licensed amendment or whatever it might be, we always get a letter back saying that they would love to provide their advice and participate, but they have no money and no resources and could we help them out. In the absence of having significant resource revenues, we can't do that.

Mr. Todd Russell: So is it generally agreed, then, between the departments that this is a barrier from the Yukon government perspective? Are there any talks or discussions taking place with the federal government to maybe open up that for further negotiation or for change or amendment? Are there any talks of that nature? Is that something that's being looked at?

Dr. Harvey Brooks: One of the aspects of the agreement is that as other devolution agreements are put in place—and the Northwest Territories and Nunavut are in stages of those same discussions—whatever resolution they are able to make with regard to revenue-sharing, then the Yukon would benefit from that.

But I think in general what Mr. Holmes indicated was that six years ago, when this was put together, the idea was that there were tremendous benefits from the local management and harmonization of regulation around natural resources, that even withstanding some of the limitations around revenue-sharing, it was worth moving forward. Now we're coming right to the brink of that understanding, that yes, we've been very successful in terms of regulatory harmonization—and a shining example, I think, across Canada. If you talk to the other jurisdictions, they will point to the Yukon as best practice. So we've had the success there, but success means infrastructure requirements.

● (0910)

The Chair: Thank you, Mr. Brooks, Mr. Russell, and thank you for mentioning about Mr. Bagnell as well. Indeed Mr. Bagnell was quite helpful in helping inform our visit here in Whitehorse. I really appreciate that, Mr. Bagnell.

[*Translation*]

It is now Mr. Lévesque's turn; he has the floor for five minutes.

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Good morning, gentlemen. Thank you for having us. I am from northern Quebec, and I am the member for Abitibi—Baie-James—Nunavik—Eeyou. My friend Larry was telling me yesterday that I do not know what the Yukon cold is like, but let's just say that Nunavik is very similar to the Yukon.

That leads me to my question for Mr. Austin. You talked about infrastructure. In my riding, in Nunavik, water is distributed to homes by truck. In your region, is water delivered by a water supply system? Are sewers—

[English]

Mr. David Austin: It's a combination of both. The bulk of Whitehorse of course is on city water and sewer. However, in the rural communities a lot of the water is delivered by trucks still.

[Translation]

Mr. Yvon Lévesque: It is about the same, apart from the light, since we have more daylight in Nunavik.

Let's talk about resource revenue sharing. If I understand correctly, it is \$3 million that you have to share with first nations. Anything over that amount, you have to deduct the royalties you get from the federal government, that is, the equalization payment.

Is it possible to have a measure where the \$3 million would stay in the province's coffers and where what is owed to first nations would come from the federal government's revenue from those resources? Is that what you want?

[English]

Dr. Harvey Brooks: Well, I'll take a stab at that, but I suspect it's for a deeper intergovernmental negotiation and discussion, one I'm assured is ongoing as the devolution agreements are being negotiated with NWT and Nunavut. But I suspect what we're looking for is a higher cap and a way for more of the resource revenue to remain in Yukon, and then some of the sharing can continue and move forward. We think there's a win-win here for all Yukoners and Canada as we develop Yukon.

The Chair: Monsieur Lévesque.

[Translation]

Mr. Yvon Lévesque: Let's talk about the ability to adapt to industrial, mining and hydroelectric development. I am especially interested in hydroelectricity. We would probably need another day here with you in order to understand the differences across the country. As for hydro development, where do you stand in terms of self-sufficiency?

• (0915)

[English]

Dr. Harvey Brooks: While I'm not an expert on electricity, I'll again take a stab. For the most part, our main grids are serviced with hydroelectric capacity and we are right on the knife's edge of utilizing all of that, but we have many communities that are serviced solely with diesel power generation. It's an issue I'm sure Mr. Austin can speak to as well, but many of our communities are not connected by transmission lines to the main generating areas. One of the aspects of the Mayo B project will be connecting our two major grids to allow for a much more efficient distribution of our hydro potential. So our north grid and south grid will be connected. We'll have more hydro power on that grid and that will enable us to move forward.

But I would say we are a very small power generator, in the neighbourhood of 130 or 140 megawatts. Any major project that comes on stream from a mining perspective would be.... A small project would be in the neighbourhood of 10 megawatts; a large project could be in the neighbourhood of 100 megawatts. So these present huge challenges for us as we move forward.

[Translation]

The Chair: Thank you very much, Mr. Lévesque.

Mr. Duncan now has the floor for five minutes, and then, Mr. Bagnell.

[English]

Mr. John Duncan (Vancouver Island North, CPC): Thank you.

Good morning. I just wanted to continue for a minute on the hydro question.

The Government of Canada has now contributed to a major new transmission extension in British Columbia up to Bob Quinn Lake, which is starting to get within reasonable distance of the Yukon, I think. I wondered if there's a degree of awareness of that, and if so, if this is leading to any sort of strategic planning in terms of linking up with the North American grid. Have you've had any thoughts in this direction?

Dr. Harvey Brooks: We're certainly aware of the extension and welcome that. Clearly, if Yukon can be connected to the B.C. grid in the future, that would be a huge advance for us. We would be considered a rounding error in the context of B.C.'s electrical capacity, and we would welcome the access to that type of hydro capacity.

The extension to Bob Quinn Lake is very significant and gets us within a planning horizon for connection to Yukon. That is one of our desired futures in terms of power access. The other potential is the possible development of the Alaska Highway pipeline project. That would also provide unlimited access to natural gas power generation, and that's a potential for Yukon as well.

I would say that the dollars still required to connect Bob Quinn Lake to Yukon's existing transmission would be considerable.

Mr. John Duncan: I think the Bob Quinn Lake extension is 335 kilometres. Do you have any idea what the distance would be to connect to the Yukon from there?

Dr. Harvey Brooks: I wouldn't want to give a number at this point. We do have experts who have planned for that. We've certainly seen some ideas, lines drawn on the map, but touching the border is one thing and then touching an existing transmission line is another.

Mr. John Duncan: I have a question for Mr. Alexander.

In your talk about marketing of tourism, perhaps I missed it, but I didn't hear any mention of the Canadian Tourism Commission, which is now headquartered in Vancouver, our only federal agency that is headquartered in British Columbia. I'm wondering how much overlap you have with the Canadian Tourism Commission, how helpful they may have been.

• (0920)

Mr. Brian Alexander: Thank you very much for that question.

Historically, the Canadian Tourism Commission has been responsible for marketing Canada to the exterior of the country, in foreign markets. We rely a great deal on their research capacity, their people who work in offices overseas. We've found them to be very helpful and very integral to what we try to do in terms of marketing campaigns.

This past year there was an announcement by the federal government of increased funding for the Canadian Tourism Commission to assist in domestic marketing as well, and we've been participating in those programs with them.

A key element for the Canadian Tourism Commission coming up, of course, will be marketing Canada as part of the Olympics and trying to generate that increased awareness that will come into all of Canada as a result of these games, not only leading up to the games but also capturing the afterglow market. They've been very good, very helpful, and we have a great relationship with them.

Mr. John Duncan: As a follow-up, you mentioned two specific issues: rental cars from Alaska, and the border crossing on the Top of the World Highway. I wonder if it would be possible for this committee to receive some background specific to those two issues, just to set out the problem and what should be done to fix each of those.

Mr. Brian Alexander: I'd certainly be delighted to do so.

In a nutshell, if you look at car rentals, there is a longstanding issue with people in border communities being prohibited from renting American vehicles. That could be of detriment to the Canadian providers. So they're forced across the border into Canada and rent a Canadian vehicle, and away they go, which would be a great solution for us if we had any capacity along the Alaska border to rent vehicles. That does not exist. That's an issue, and again, we're working with CBSA on that.

In terms of the northern border point, in 2008 there was an early winter and they had some difficulty in closing their facility—that would have been around October 1. Their solution was to essentially close the border early this year, again without prior notice or consultation, and that caused a lot of consternation in the north of the territory because it had a direct impact on the city of Dawson.

Our recommended solution is not to close early but to better winterize the facility to allow it to remain open even longer. Again, these are the types of discussions that are under way with CBSA.

The Chair: We'll have to leave it there. Thank you very much, Mr. Duncan and Mr. Alexander.

Now we'll go to Mr. Bagnell for five minutes, followed by Mr. Clarke.

Hon. Larry Bagnell (Yukon, Lib.): Thank you, Chair.

Thank you all for coming. I also want to thank all my colleagues for coming this long way to the farthest riding. I know you'll find all the MPs here very interested in the Yukon, and I thank them all for taking this so seriously and coming here.

First, Mr. Alexander, as you know, the Yukon is the only area in Canada where tourism is the number one private sector employer. Sometimes I have a hard time getting a lot of agenda items in Ottawa, but if we could just pick one to move forward and make an

improvement, would it be increased funding for the Canadian Tourism Commission; putting back the GST rebate for individual tourists; increasing the small museums funding, which you've already mentioned; the rental car problem, which I've been working on for years too; air access, which the Tourism Industry Association of Canada is working on; or restoring the historic places initiative, which you talked about? What would be the first one or two priorities that we could fight for?

Mr. Brian Alexander: Thank you very much for the question. It is almost like being in a candy store and trying to figure out which globe to grab.

I think there's a way to get at all those under one element, and that would be the tourism strategy that is being championed by the Minister of State for Tourism and Small Business, Diane Ablonczy, because tourism actually cuts across 13 to 15 different federal departments and agencies. Whether it's the Departments of Transport, Public Safety, with the CBSA linkage, Indian Affairs and Northern Development, the Environment, or Parks Canada, if indeed the Minister of State can get her colleagues to recognize the importance of tourism to the Canadian economy, that would be a way for us to follow on that initiative, then try to work on all of these specific areas, and then try to move forward.

I think tourism is probably not well known or recognized across the country. In fact, it represents 2% of the federal GDP and it has a larger financial impact than forestry and fishing combined. So it is a way to generate wealth for all Canadians and it is extremely important for the Yukon. And as you mentioned, it is the largest private sector employer up here.

• (0925)

Hon. Larry Bagnell: Bob, I have a similar question for you.

There is a list of things we can do for mining in Canada—tax breaks, etc.—but could you tell me if we do one thing what would be most important for the Yukon or the north? It may be different from a mining company in Ontario. Maybe they have different barriers; I don't know. What are the various things that mining is lobbying for? What would be one of the top priorities we should address first?

Mr. Robert Holmes: That is a tough question, Larry. I don't know if I have a real answer for you on that.

The Yukon is doing very well in terms of exploration. With the grassroots exploration, we have 100,000 mineral claims out there now, which is an all-time record. Given the recession, we've done really well at attracting investment. It is so busy it is hard to keep up.

The other good thing that has been happening, of course, is mines are in development now. It is very hard to take a project from exploration through to developing a real mine. Only one in a thousand ever gets that far. We have three projects that will be in production next year, so we're very busy on that front too.

It seems to me it's almost a case-by-case issue. If we get a big project like Casino—that's one that is on the board there as possibly coming into the Yukon Environmental and Socio-economic Assessment Act process for assessment—that's going to be a \$2-billion capital investment and probably a 100-megawatt power source. For the Yukon that's really hard to swallow. So we would need federal support with that.

For the most part, I think the projects we've managed to move along have been done incrementally. They are smaller. They're not too far from the roads. They're not too far from the grid. A little bit of help here and there has been able to move these projects ahead.

I would have to say it's going to be case-specific.

Hon. Larry Bagnell: I have about five seconds left.

Dave, you and Harvey mentioned infrastructure. Are things fine on that front? Secondly, climate change affects the north more. Is it having an effect on municipal infrastructure?

Mr. David Austin: Another tough question, Larry. From an infrastructure standpoint we are treated extremely well by both the territorial government and the federal government. I don't think we have anything to whine about there.

As for climate change, this issue is being currently dealt with. It was mentioned yesterday in India. The Copenhagen meeting is coming up here very quickly.

As a city councillor, we put a motion on the table to encourage Canada to get off its proverbial butt and get on board with this whole issue.

Locally, yes, things do break. At 40 degrees below zero things break. We just went through a major subdivision development here in Whitehorse, where infrastructure is very difficult to install. We have another portion of that particular subdivision where the infrastructure is something like 50 years old. When we actually get into the ground we are dealing with wooden sewer lines. That is unheard of in the rest of Canada.

So, yes, it is a big issue with us, and keep it coming.

The Chair: Thank you, Mr. Bagnell.

Now we'll go to Mr. Clarke, followed by Mr. Gaudet. Before we do that, though, I have to ask this question. I have heard you refer to the territory as both Yukon and *the* Yukon. You used them interchangeably. Is there a proper protocol here? It's a trivial question, I suppose, but maybe not so much.

● (0930)

Dr. Harvey Brooks: We're in transition. We are trying to move to the designation of Yukon. You wouldn't say the Alberta, you just say Alberta. So it's Yukon.

The Chair: Thank you for that.

Let's go to Mr. Clarke.

Mr. Rob Clarke (Desnethé—Missinippi—Churchill River, CPC): I thank the witnesses for coming in so early.

The question I have is on funding. How much money was allocated for the northern territories and Yukon? I see some funding numbers here for first nations projects.

When Mr. Austin was speaking, I think he said some of the communities had no money to help with the funding of programs. How much money do the first nations get? Can you break down some of the projects that SINED has sponsored?

Dr. Harvey Brooks: We don't have full details with us today, but we can provide you with what's happened in the past number of years. We're willing to provide this as a written response at a later time.

In general, the SINED has been a \$90-million program over five years. It gets allocated between the three territories, and there is some administrative overhead taken off for the federal government to administer the program. Then there are some agreed-upon priorities from the various jurisdictions. We work with the federal government to understand each other's priorities, and the first nations are high on the priority list. They would be eligible for much of the funding. We will undertake to provide a full accounting of what has taken place and an indication of where the first nations are in the priority list.

Mr. Rob Clarke: You mentioned the permafrost melting and some of the water and sewer lines starting to break. Can you break it down? How much has Yukon received from Canada's economic action plan? What projects right here in town have benefited?

Dr. Harvey Brooks: We're still in the process of approvals for many of the proposals that have been put forward. We've accessed some money from the federal program for the Mayo B hydro project, and that is in the neighbourhood of \$70 million. There's some Building Canada funding that we are after. We have been successful in some cases, but in other cases we are still waiting for approvals.

With regard to the community adjustment fund, we're hearing that some of the projects are moving forward, but we are not sure whether they have received full approval yet. With the recreational infrastructure program, we are still waiting for some formal approvals.

Like the rest of Canada, we are in various stages of approvals. Some projects have been approved, and on those we're on the ground and building, moving forward as fast as we can. On others, we are still waiting to hear the final result of the various proposals that have been put forward.

We've been actively involved with the CanNor people—and the INAC people before that—to ensure that we're in the queue and that they fully understand our priorities and opportunities.

Mr. Rob Clarke: You mentioned that some of the projects have started. What has been started here in Whitehorse?

Dr. Harvey Brooks: We have a number of projects on the go that will have some form of federal government involvement in them.

At the top of Two Mile Hill, you would have seen the new fire hall program that's on there. I believe the airport may have some funding for the airport expansion, which was required to meet the homeland security requirements for an international airport, specifically to allow direct flights from Frankfurt to come in, so it's very, very important for us.

In terms of some of the municipal projects, I'm not sure, but there was certainly some housing money. You would have seen some housing complexes. I'm not sure if you had a chance to drive around Whitehorse, but clearly there are some low-income housing programs on the go, and they will have a very busy agenda over the wintertime here, not just in Whitehorse, but throughout many of the communities in Yukon.

• (0935)

The Chair: We'll get a chance to do that tomorrow. We have most of the morning through to the early afternoon in and around the capital here. We look forward to that as well.

Thank you, Mr. Clarke.

[Translation]

It is now Mr. Gaudet's turn for five minutes.

Mr. Gaudet.

Mr. Roger Gaudet (Montcalm, BQ): Thank you, Mr. Chair.

I was listening to your opening remarks earlier, and you mentioned a labour shortage. Mr. Austin and Mr. Holmes also mentioned it, and Mr. Brooks said that there was a highly skilled workforce.

How is it that you do not have enough workers? Do local communities have programs to support your work?

[English]

Mr. David Austin: From a city standpoint, of course, and from a Yukon municipal standpoint, we do have a lot of skilled people, but with the number of projects going on, there are still not enough skilled people to go around. We're constantly looking outside the Yukon. I still say "the Yukon"; I've been here for 37 years and I'll continue to say it.

We continue to look outside Yukon for skilled help. We have programs on the go that try to encourage people to come here. Sometimes it works and sometimes it doesn't. Not everybody wants to work and live at what is sometimes forty below zero; it's always a difficulty for us.

I'm currently involved in a program right now where we're trying to provide employment for underemployed and under-skilled Yukon youth. We're finding it difficult to find those people to fill that program. I hate to say it, but sometimes there's too much money to go around for these programs.

It's going to continue to be a problem to find all the people we need for employment in the north. It's that simple.

Dr. Harvey Brooks: If I may add to that, many of the projects we're looking at require very specific skills, particularly in terms of mineral development. Some of those skills you can train for and be ready for, and we have the Yukon Mine Training Association that has a program here for certain aspects of mine development.

We will be hiring local people. This is critical, because for many of our rural areas this is the only economic development—or one of the major prospects for economic development—they can expect. But for highly skilled people, just like anywhere around the world,

they look for already skilled and experienced people, and we do need some of those people.

Having said that, I'll note that we also need people of various skill levels. We have been very successful in the last number of years in our immigrant nominee program in regard to bringing in people who have helped out tremendously within Yukon in the tourism and service sectors. You can see those people whether you go to Canadian Tire or Tim Hortons or to various other businesses in town. We have a very vibrant and very welcome new Canadian population.

[Translation]

Mr. Roger Gaudet: What do you think, Mr. Holmes?

[English]

Mr. Robert Holmes: The only other thing I can add is that most mining companies have entered into agreements with first nation governments to provide benefits, particularly employment opportunities. The Wolverine project, which I mentioned before, is a Chinese-owned project that has employed about 30 to 40 first nation people from two first nation communities, which is a really big deal for the first nation people.

Companies will develop their own training programs and try to bring them up, and it's important to the Yukon that first nation people benefit from these projects. It's very important in order for this development to continue to have a social licence in the communities.

• (0940)

[Translation]

Mr. Roger Gaudet: I agree with you. But it seems to me that there are not enough programs to encourage people to take courses so they are then able to help you. You said you need skilled people. Those who are not skilled will always remain that way if you do not encourage them to go to school.

Quebec has incentives to encourage people who are not working to take courses in accounting, management, cabinet making and plumbing.

How do we get people out of this slump? You bring in educated people from the outside instead of educating the people from the Yukon. That bothers me.

The Chair: We have time for a brief answer.

[English]

Mr. David Austin: That is exactly the kind of program I am currently involved in. We're trying to provide people that are underemployed or unemployed with the skills they need to go on and find meaningful employment elsewhere in the territory. It's precisely what we're doing.

[Translation]

The Chair: Thank you, Mr. Gaudet. It is now Mr. Payne's turn, followed by Mr. Rickford.

[English]

Mr. LaVar Payne (Medicine Hat, CPC): Thank you, Mr. Chair.

I'd like to thank all the witnesses for coming today. It was a very interesting flight here in the Yukon.

I was listening to a number of you speak. Certainly you mentioned Canada's economic action plan, Building Canada, SINED, the community adjustment fund, the R-in-C, and of course CanNor. So it sounds like you have access to a whole spectrum of funding to address things from infrastructure right through to business development.

With all of these programs that have been announced and put into the plan, is there anything in the current suite of programs that it doesn't address? Are there gaps that you think maybe CanNor could fill?

Dr. Harvey Brooks: There are things you need to know about the north, and I'm sure you'll hear this echoed in your meetings across the territories. One is that you would recognize the shortness of the construction season here, and the necessity for approvals to be in place in time to actually address construction season. Depending on the projects, approvals even at this point in time might not allow enough room for our next construction season.

So we all get crowded a little bit, especially when we talk about time-limited funding in terms of being able to get people on the ground for projects that actually allow us to complete them in time for the funding. We do think that the addition of CanNor will allow for more local understanding of the priorities that exist at both the federal level, and then in conjunction with the local governments—the Yukon, territorial level, and the first nations level—we can work towards projects that we may not be able to address if we're addressing them in our own fashion.

We think there's quite a bit there. We were very encouraged by the early discussions we've had with CanNor, that we can work in close coordination in terms of understanding each other's priorities and moving towards that. We are very familiar with the funding sources they have available to them.

Mr. LaVar Payne: Okay. Thank you.

You talked about the devolution and the other territories'—Nunavut's—ongoing process. You also talked about the potential for increasing the \$3 million cap. Is there something you need agreement on—because I'm not totally familiar with it—that allows those changes for the other territories and Nunavut?

• (0945)

Dr. Harvey Brooks: Not specifically, but my understanding—and again I'm not an expert on the agreement—is that if somebody else gets a sweeter deal, then we have access to the same terms, the equivalent terms of the deal that they would be signing as well. If they come up with an agreement that has a recognition that the transfer allocation of resource revenues needs to be higher, then I'm sure we would be at the table to negotiate our own increase in that.

Mr. LaVar Payne: I have another question about the \$3 million cap. I don't particularly like the term “clawback”, but you use that term. Is that dollar for dollar? Just how is that figured out?

Mr. Robert Holmes: I want to note too that the \$3 million cap is set out under the DTA, the devolution transfer agreement; it's a 100% clawback. I don't know exactly how it's clawed back, but it's clawed back. So effectively it's 100%. Under \$3 million, Yukon keeps 100%. The \$3 million is all resource revenue, so that includes land rental, leases, license fees.

At the time of the devolution we were close to \$2 million without any mines in development. It also includes the royalties, so there's very little room for royalty to be acquired by the Yukon government. The royalties we get to keep under the \$3 million are shared with first nations under the final agreement and those are constitutionally entrenched. So the issue is to raise the cap and not to change the sharing formula with the first nations.

Mr. LaVar Payne: Do I have any time left, Mr. Chairman?

The Chair: Just a very brief question.

Mr. LaVar Payne: Just a quick one on tourism. I took the Alaska cruise last summer and I went on the White Pass Railway, quite an interesting trip in itself. You talked about 300,000 tourists coming to the Yukon. Does that number include all those passengers who come up on the train? There's really no place there. When you get to the top you catch the bus back down or take the train back down.

Mr. Brian Alexander: I'll let this be my tourism director's time to answer. Thank you.

Mr. Pierre Germain (Director of Tourism, Department of Tourism and Culture, Government of Yukon): The visit to the Yukon does not include those who take the White Pass Railway to the summit and then back down to Skagway. It only includes individuals who cross the border into Yukon for one or more nights.

Mr. LaVar Payne: The reason I ask is we were told something like 400,000 people take that train.

Mr. Pierre Germain: Correct. To put it in perspective, the Yukon gets 300,000 visitors per year, and the port of Skagway will receive in excess of 700,000 to 800,000 visitors per year on the cruise ships.

The Chair: That's a good reason to get that car rental thing working a little better.

Let's go to Mr. Rickford, and then we'll wrap up with Mr. Russell.

Mr. Dreeshen, we'll get you in the next round.

Mr. Greg Rickford (Kenora, CPC): Thank you, Mr. Chair.

Thank you to the witnesses. My name is Greg Rickford, and I am the member of Parliament for the great riding of Kenora of northwestern Ontario—or “Mantario”, as we prefer to call it.

We share some common elements in terms of our size and some of the challenges with respect to transporting materials to isolated and remote communities. Certainly, Mr. Austin, I hear you on a number of key municipal issues. I'm going to flesh out some of that, but unfortunately within the confines of five minutes I may not get there.

I do want to say, gentlemen, that one of the things we're finding in the Kenora riding is our region can't sustain the kinds of companies that are required for some of the larger-scale projects. We accept that to a certain extent. So what we've done, Mr. Austin, which you might have some appreciation of, is we worked within the towns and cities and we have inventoried the projects that have evolved from the Building Canada fund, the infrastructure stimulus fund, recreational infrastructure Canada program, and Canada's community adjustment fund on a community-to-community basis to understand the province's and the federal government's employment programs, the people who have been awarded those contracts in cases where that's already been completed, and obviously anybody else in the private sector in those communities to understand how we can get the most out of local people for local projects. That's a context thing.

My questions may be for Mr. Austin and Mr. Holmes. I want to talk briefly in the last couple of minutes here about tourism, predominantly as the chair of the all-party tourism caucus and working closely with the Canadian Tourism Commission and TIAC, the Tourism Industry Association of Canada. Today we're hosting a wonderful event I can't be there for.

Mr. Alexander, you raised some issues around human resource capacity and capital access with respect to first nations and tourism. I'm going to refer to Mr. Holmes's comments about the number of settled land claim agreements, which I know have provided significant resources for things like tourism and mining in the process of settling those claims. I would think of the southwest Yukon project that established the settlement of a land claim in the Alsek Renewable Resource Council that identified specific dollars for those communities to develop those sectors.

Can you speak more specifically to both if there's time on what existing human resource capacity issues and capital access issues are out there when these resources were made available through part of those land claims, in significant amounts, in my understanding?

• (0950)

Mr. Brian Alexander: Perhaps I'll ask Mr. Germain to provide an answer, but let me say just briefly that we have some wonderful first nations products here in the Yukon, and we have extended on a number of occasions an offer to work with them to develop a product and carry it forward. But there has to be a critical mass that wants to get involved in the tourism product and put the time and effort in to make it come to fruition.

Again, it's one of these things that's in process. We are trying to find a way to make it happen more rapidly than it's happened in the past. To give a bit of historical perspective on this, I would ask Mr. Germain to provide some comments.

Mr. Pierre Germain: I can't speak specifically to elements contained within the various land claims agreements, but we know that within the 14 Yukon first nations, each first nation has been working diligently to develop its own economic development platform and programs. Many have embraced tourism as a key sector for development. One particular first nation I've mentioned is the Gwich'in, who have invested significantly in Air North, Yukon's airline. That is an example. We know of others that are looking to develop product and in so doing increase the capacity within their own first nations to address the needs of their members.

That being said, access to capital remains a critical issue for the industry. As you know, the tourism industry is primarily made up of small businesses. Having access to capital for future or additional development of their products in an environment such as the north, which has a very small window of opportunity to generate revenue, is quite difficult given current lending institutions' policies and programs.

We struggle with that. We have over the last decade, and I think we'll continue to. It will require additional cooperation with the federal government and the numerous programs to access the dollars to advance those causes.

The Chair: Okay, thank you very much, Mr. Rickford, Mr. Germain, and Mr. Alexander.

Now we'll go, finally, to Mr. Russell for five minutes, and then we'll have to wrap up.

Go ahead, Mr. Russell.

Mr. Todd Russell: Thank you, Mr. Chair.

I get a real sort of optimism when I'm listening to you. I know that we're discussing barriers and challenges. But when you talk about an unemployment rate of around 6%, which is lower than the Canadian average, when you get more skills and a trained workforce, and when you talk about the investments in infrastructure, although we need more....

I think we have to be very careful when we're talking about investment and infrastructure money related to stimulus money. We're talking about two-year periods and what can be spent in that two years. We won't meet, I don't think, all our infrastructure needs in that two-year timeframe. It's going to be a nice boost, and there will probably be a little acceleration of infrastructure development, but we're going to have to look beyond the two years and what's going to be there then, from a federal government perspective, in terms of investment.

I just wanted to say that while some good things are happening, and you report that good things are happening, I think we have to be cautious about where we're going to be.

What is the unemployment rate in our aboriginal communities? What is the human resource capacity in our aboriginal communities? Because while I get a sense of optimism, all our people—the original people, the indigenous people—have to share in that optimism too. What's your sense? What's happening? We are going to get some first nations' perspectives coming up pretty soon.

From the Yukon government's perspective, when we talk about lack of housing and we talk about infrastructure, is it more exasperated in our predominantly aboriginal communities? And what do we do to overcome those barriers that exist?

● (0955)

Dr. Harvey Brooks: I think it's a very good point and is certainly one we spent some time on. As to specific figures, I think the first nations should maybe speak to that themselves. But certainly, when we look at economic development, all communities outside Whitehorse, I think, are challenged in terms of looking for opportunities. First nations communities, principally, are the majority. When we look at opportunities outside Whitehorse, tourism opportunities are one of the main areas where we can look for employment potential. But there is also resource development. When you look at some of these rural areas, the resource is there. The development is there. It can provide long-term employment and create healthy communities for a long time to come. Once you get beyond those two principal areas, the opportunity base narrows up fairly significantly. So those are areas we are absolutely focused on.

Mr. Todd Russell: I'd like to get a sense of the employment sector breakdown. You have the federal government, the Yukon government, the municipal government, the first nations government. How many people are employed in that administrative governance structure compared with, say, outside of it? There certainly seems to be a fair number of people in governmental positions.

What would the breakdown be?

Dr. Harvey Brooks: I don't have those numbers at my fingertips. We will supply those to the committee in writing.

But I suspect that we have, after that, tourism; we've talked about tourism being the largest private sector employer. Small and medium-sized enterprises here do carry the load, as it were, with regard to the economy. Government is very important here, and larger than you would find in southern jurisdictions, as a proportion, but still, the small and medium-sized enterprises are critically important to us. They service some of the major resource development initiatives that we have under way as well.

Mr. Todd Russell: Thank you very much.

The Chair: I notice from the briefing materials, Mr. Russell, that specifically the public administration sector represents about a quarter of GDP. The other three-quarters is—

Mr. Todd Russell: I was asking from the employment perspective.

The Chair: Yes; I don't know that we have it there.

Anyway, that's maybe some indication, at least. It was a very good question.

All right, gentlemen, thank you very much. This has been an extremely worthwhile hour and a half. I think we've learned more in this hour and a half than we have up to this point—in no way diminishing, of course, Mr. Brooks' appearance before our committee several months ago—to contribute towards good, solid recommendations for our study in the months ahead. It has been extremely beneficial and helpful.

We thank you very much for your time.

We are going to suspend now, committee. We'll come back to a new panel of witnesses.

●

_____ (Pause) _____

●

● (1005)

The Chair: We're back, and I'll ask members to take their seats and we'll reconvene.

We're resuming consideration of our study on northern economic development and in particular identifying the barriers or obstacles that stand in the way of advancing economic development for the north and for northerners. We're delighted to be in Whitehorse, in Yukon.

Today we have with us five representatives. We have Mr. Andy Carvill, who is the Grand Chief for the Council of Yukon First Nations. We also have Chief Peter Johnston and Victoria Fred from the Teslin Tlingit Council. We have Mr. Stephen Mills, who is the president of the Vuntut Development Corporation. As well, we have Mr. Gary Wilson from the Trondek Hwechin First Nation.

We are delighted, ladies and gentlemen, to have you before our committee today.

The customary track is that we open with five-minute presentations from four of our witnesses today. After that we will go to questions from members. They also will be five minutes. In fact, I think we do have enough time, members, to go with our first round being seven minutes.

If you've been at one of these standing committee hearings before, you'll know that in the time for questions and answers from members the seven minutes is both for the question and the response. So we encourage you to keep those responses succinct.

Let's begin with Grand Chief Carvill for the Council of Yukon First Nations.

Chief Carvill, welcome. We're glad to have you with us this morning. You have five minutes.

● (1010)

Grand Chief Andy Carvill (Grand Chief, Council of Yukon First Nations): Thank you. I want to begin by thanking you for the invitation to do a presentation before the committee.

For Yukon first nations, most of our past efforts have been focused on building in our traditional lands and our governments to provide our citizens with the core infrastructure and governance that are enjoyed by the rest of Canada.

With these efforts largely in place we are focusing our attention on economic development, with the goal of reducing our dependency on the crown and the long-term goal of becoming more self-sufficient. In both cases, of building governance capacity and economic development, funding for the most part has been sparse for Yukon first nations. Although the Yukon Territory receives hundreds of millions of dollars in economic development, most of these funds are consumed by the capital of Whitehorse, with limited amounts of money flowing to the smaller communities in the Yukon.

This is becoming a greater concern. An example is that our highway infrastructure and many of the communities are getting older, and if not properly maintained could, once again, create significant barriers for commerce. There was a report not too long ago on the state of the bridges. There is some concern with the bridges coming up north, as that's how we get our food here in the north. That's just one example.

The lack of moneys flowing to our communities also makes it difficult to provide the core essentials of life such as housing, heating, and clean water. Many of our communities receive only enough housing dollars to build a few homes a year, and some have to do it every second year or so because of the limited amount of funds. With substandard housing in these communities already, their world becomes a cyclical environment of continued dependency on the federal government.

With changes in our traditional lifestyle for food and food-gathering caused, for example, by the critically low salmon runs, some of the moneys that could be spent on economic investment to build our economies get shifted to help to provide food, especially for elders. Scientists have yet to clearly identify the cause of these renewable resources disappearing, but they are having a negative impact on our environment both economically and socially.

Again, medicines that our people harvest on the lands, and the lack of meat in the communities are causing hardship because of the limited amount of economic opportunities or employment in the communities. A lot of people depend on moose, for example, to help offset and put food on their table. If there's a limited amount, then they have to spend more money coming into Whitehorse, and there's a limited number of jobs and economic opportunities in the communities.

We struggle to maintain our college graduates in the communities. Like many third world countries, we are experiencing brain drain. We believe this is caused because our communities can never seem to reach critical mass to encounter the paradigm shift where growth and economic development will occur naturally. Essentially, for many Yukon first nation communities, we end up getting just enough funding to survive, but not enough to have an impact on creating an environment where both people and businesses can flourish.

Yet as a people, we remain resilient and committed to making Canada a stronger nation. We have successfully demonstrated that with our limited resources and support. We can create a viable commerce in our communities using our best and brightest. We have identified and developed businesses in low-cost niche markets for building Canadian commerce. Successful examples of these, as was mentioned earlier, can be seen in businesses such as Vuntut Development Corporation and their partnership with Air North,

wilderness mountain biking in Carcross, and world-class mountain sheep hunting in Kluane, and these are only a few of the examples that are shining proof that first nations can be successful not only in business but also business designed to attract foreign dollars.

Through the efforts of INAC, the majority of our communities have both community and economic development plans, but limited or no dollars for the implementation of these plans. Of Yukon's current budget for economic development dollars, INAC's contribution to this pool is 2%, which INAC strategically delivers to 14 competing Yukon communities. INAC's regional office approach to distributing their funds has been to select projects that will provide return on investment or have the greatest economic impact on the region of the Yukon.

The larger pools for economic development are the Yukon government, consisting of economic development and tourism dollars at 17%, and Infrastructure Canada at 81%. These two larger dollar pools are delivered largely not by strategic initiatives to make Yukon a better place to attract business, but by political pressure.

• (1015)

Often these projects do an exceptional job of creating economic opportunities and wealth for a few locals in the region, but, like the 2007 Canada Winter Games, once completed tend to leave behind debt, more debt than economic benefit. Over the past several years Ottawa has invested hundreds of millions of dollars in the Yukon, with very little impact on creating an environment where both business and people can flourish. This has occurred largely because the moneys are not tied to specific plans for building long-term commerce.

Part of the problem is that INAC dollars distributed for strategic impact are small, and the politically driven dollars for the Yukon government in Canada in infrastructure are too high. To complicate the problem, federal programming is designed in Ottawa by people who often have limited experience or have visited the rural communities in the Yukon. The result is often a disconnect on how program dollars can be used, versus the implementation that will work in our human-resource-limited environment.

We are ever hopeful that the new Canadian Northern Economic Development Agency will help to reduce these program design flaws. We have been invited to have some representation on the committee that's to help to steer this project, so we are grateful for that.

Last, instead of honouring our treaties that give the crown legal and legitimized access to Yukon's non-renewable resources, the crown appears to be focused on bleeding us dry financially by continually challenging our treaties in court. As a case in point, we were recently in Ottawa attending the Little Salmon and Carmacks court case that went to the Supreme Court of Canada. Moneys that could be used to build our communities go to lawyers and others to provide the crown with legal precedents on first nation treaties. This was never the intent of the treaties. The crown's current strategy of constant litigation does not put roofs over the majority of our citizens' heads or food on our tables.

In closing, Canada and the Yukon need to strategically identify specific industries in which the Yukon can compete in a global marketplace. Once identified, we need to build an environment that will attract investors from these industries yet look out for the long-term interest of the nations. An example is environmental issues. An economic development plan needs to be developed that focuses on building an environment where Yukon can compete in a global marketplace for business. Economic development dollars would be strategically assigned for implementing each element of the plan, not allocated by political whim.

Finally, as the second-largest landowners in the Yukon after the crown, Yukon first nations also need to be part of the planning process as crown to first nation governments.

Thank you for hearing my presentation.

•(1020)

The Chair: Thank you very much, Chief Carvill. As they say in the region of the first nations in my riding, *meegwetch*. Thank you for your presentation. I also acknowledge Mr. Richard Runyon, who is accompanying you here today from the council.

Now we'll go to Chief Peter Johnston, with the Teslin Tlingit Council. Chief Johnston, you have five minutes.

Chief Peter Johnston (Chief Executive Officer, Teslin Tlingit Council): *Gunalcheesh*.

I appreciate this opportunity to speak to you today. Welcome to the Yukon.

My name is Chief Peter Johnston, and I represent the Teslin Tlingit Council. I'm here to talk to you about two important areas to the Teslin Tlingit Council in regard to economic development and the administration of justice.

The Teslin Tlingit Council has a population of about 800 members to our nation. We live in a small community that is located 100 miles south of Whitehorse, with a population of about 450 in total, 65% of which is first nation population.

The Chair: If I could interrupt you, Chief, for a minute, could you slow it down a pace? We're doing the translation as we go along. We'll make sure to give you time to finish.

Chief Peter Johnston: I'm trying to take full advantage of my five minutes. Okay.

We are a population of roughly 450 in our community, which is made up of about 65% first nation population. We are a traditional self-government in Teslin. We have five clans that represent the government body: the Yanyeidi, the Daxaweidi, the Xooxetaan, the Ishketaan, and the Daishetaan. We signed our self-government and land claim agreement back in 1993, then incorporated in 1995, on February 14.

We are a traditional territory of approximately 10,000 square miles. Agreements we have signed on to cover a wide range of issues, such as citizenship, land use plan, economic development, heritage, water, fish and wildlife, forestry, taxation, etc. Self-government agreements provide for the recognition of Teslin Tlingit Council's exclusive and concurrent and paramount authority to govern their own lands and their citizens in regard to sections 13.1 and 13.2, the citizen-based laws of the self-government agreement, as well as providing for programs and services funding arrangements.

The Teslin Tlingit Council's objectives and priorities are to incorporate the Tlingit ways into all operations of the government, to maximize Tlingit control, jurisdiction, and accountability, and also to achieve economic self-sufficiency and exercise good common governance. With economic development, we created an economic development arm called the Tle' Nax T'awei limited partnership back in 1998.

The mission statement for the Tle' Nax T'awei group is to provide us with a financial return and promote self-sufficiency for the Teslin Tlingit First Nation and its people, well incorporated in Ha Kus Tayea, the Tlingit way. Tie' Nax T'awei—

[*Translation*]

Mr. Yvon Lévesque: You are still talking a bit too quickly.

[*English*]

Chief Peter Johnston: Tle' Nax T'awei maintains majority ownership in twelve different businesses, located through western and northern Canada, primarily here in Whitehorse. We own such things as the Coca-Cola dealership in the Yukon. We're also the Canon dealer for the north in copiers and printers. We are part owners in a hotel chain here in Whitehorse. We also own some copier companies in southern B.C., in Kelowna and Kamloops, which are helping to diversify our portfolio and to get us into different sectors within the economy. We have invested in some prime lands here in Whitehorse, which has given the Tle' Nax T'awei Council an opportunity to have a front in the community of Whitehorse.

Unfortunately, in the Yukon most of our economic base is in Whitehorse, because of its population and its status as the capital. This has caused some serious situations for us with regard to our local economy in Teslin. As a self-governing nation, we employ about 80 people, and we are the primary place to work in the Teslin community. But with the lack of an economic base in the smaller communities, we have to invest a lot of our resources in the community of Whitehorse.

The Tle' Nax T'awei group follows an approach towards business focused on pursuing and acquiring stable, prudent business. We have successful management teams in place and use performance-based compensation and extensive benefits packaging to encourage aggressive future growth from our workforce. TTI, our business arm, has approximately 95 full-time jobs and seasonal employees throughout the organization. TTI's holdings are involved in many different sectors. In the business world, we maintain an association with several major global suppliers. One of the challenges that we face as a business arm is the access to venture capital. Traditional lenders such as banks are requiring first nations to guarantee most of these loans. There are not enough opportunities for first nations governments and businesses to access government programming. We need this programming to provide substantial capital and capacity-building within our nations.

Our citizens are in dire need of private equity funds. These funds would assist us in promoting entrepreneurship and in supporting the smaller businesses we are trying to grow. Also, the access to opportunity through government contracts is minimal within the communities. Most of these contracts involve high risk and rigid tendering. They attract established businesses. This makes it difficult for first nations businesses to compete. We need more access to management and greater employment capacity.

Northern strategy needs to reflect that there are first nations lands, resources, wildlife, and jurisdiction. First nations interests need to be recognized, respected, and reflected in any northern economic study or strategy. We also need to recognize that a strong and stable economy for the north means first nations involvement at all levels. All development has to be relevant to first nations interests, principles, and values, with investment in the Tle' Nax T'awei families and community. We need healthy citizens who are going to be able to move forward in the economic world.

I want to make some points in regard to our administration of justice. We have been negotiating for 12 years towards a comprehensive justice agreement. Complementing the self-government agreement we signed with Canada and Yukon, the comprehensive agreement would allow for the establishment of a traditional justice system based on Tlingit values and customs. It provides for a Peacemaker Court and corrections, which will advance conflict resolution and adjudication of Tle' Nax T'awei laws. The AJA provides for the coexistence and strengthening of the territorial and federal system.

●(1025)

In April 1993 the Teslin Tlingit Council ratified a land claims and final agreement, which came into effect on February 14, 1995. The final agreement is a treaty constitutionally entrenched under section 35.3 of the Constitution Act, 1982. The agreement also recognizes a

12-year negotiation process that has reflected a host of challenges along the way and has affected the parties' ability to complete the negotiations in a timely manner.

The agreement provides us with a recognition of aboriginal human rights, greater access to justice, public confidence in the known government and justice system that is culturally relevant, an investment in family and community, and good governance. It also bridges the gap between the traditional and conventional justice systems.

At the end of the day, it provides us with accountability to not only the government, but to the community we live in. That has been lacking, since the conventional system took over the effect of our citizens. We're well aware that a lot of the challenges we face today deal with some of the social factors that our people have been plagued with over the last 100 years. We are feeling very positive and optimistic that we'll be able to conclude these negotiations so our people can move on with their right to self-determination, and have success within their lives.

With that I will conclude. I apologize for speeding things up.

●(1030)

The Chair: That's okay, Chief. We're a little over time, but that was really good. We appreciate that.

Now let's go to Mr. Mills, the president of the Vuntut Development Corporation.

Mr. Mills, we're delighted to have you here. We'll go for five minutes. You have the floor.

Mr. Stephen Mills (President, Vuntut Development Corporation): Thank you.

Honourable members, chiefs, and others who are here, I wear a few different hats, but with regard to our first nation and our development corporation, I'm both working as president of our corporation and also assisting my own first nation in Old Crow in trying to implement some of the capital programs, trying to utilize some of the federal funding that's coming forward as well.

I'll give just a really brief history. The Vuntut Development Corporation is about the fourth corporation over the last two or three decades—probably three decades—in our community. The other three ended in failure, basically bankruptcy. We started this corporation in 1999 and tried a slightly different approach with strategic planning and followed one basic rule. The first basic rule of our corporation was “Do not invest in the local store as your first investment”.

Because of that, we were able to actually look elsewhere, as Chief Johnston mentioned. One of our first key investments was Air North, and that has been a very important investment for us. I believe I'm going to speak on that this afternoon as part of your transportation discussion.

It just goes to show what was occurring in aboriginal communities when it came to economic development. We knew we needed corporations to spearhead certain economic initiatives, but we weren't quite sure how to properly implement them and the necessary funding wasn't always behind them. So the failures taught us a lot in our community. It's easy to do business—or I should say it's easier to do business—in maybe more southern locales where there is higher property tax revenue, higher property values, and more opportunities. But ours is an experience of a small corporation still being successful—and I would say profitable—in a community with very limited resource development potential. It has been baby steps since 1999, ones that have allowed us to nurture our various investments, whether it's Air North, whether it's one of the top air-viewing-potential operations in the world, whether it's our heavy equipment or operations or some of the property investments we have in Whitehorse. Our corporation intends to be on the leading edge of the revitalization of the waterfront here in Whitehorse.

Now, one of the things some people have talked about is that it is hard to access funding through the different federal envelopes, and those envelopes are forever changing. I would say, though, that our corporation has been quite successful, since about 2000, in accessing federal economic development programming. It hasn't been without hitting our heads against many walls, but we have accessed funding in probably seven different initiatives, including a very substantial one around Air North's assistance in acquiring our second jet aircraft.

So there are opportunities there. There are many hoops and many hurdles, but you can work through some of those. I would say, though, that one of the things I've noticed is that from 1993—when we go back to our agreements being negotiated—I think we've slowly been losing some of the community economic development focus. So our corporation can access funding, and we have been able to, but individual entrepreneurs in our own communities find it very difficult. And it's not our role as a development corporation to do that. It's a role that exists between the first nation government and our community and the Yukon government as well as, I believe, the federal government. So we have a lot of entrepreneurs who can't get the business start-up, can't find the seed money, or can't get some of the business backup that's necessary for a good successful business.

One of the things I see is that the new Northern Economic Development Agency.... I think the money could be used elsewhere, but I also think there's a benefit to the agency, and part of this benefit may be to assist our entrepreneurs. What's still missing, though, is some of that key start-up money that I think has sort of disappeared, especially at the individual level.

Back in 1992 or 1993, there were economic development officers in almost every Yukon community, funded through economic development agreements between the Yukon and the federal government. They were of great assistance at the community level.

•(1035)

What we do now—and I'm sure Gary will speak to this too—is try as much as we can, through our corporation, to provide some support, but we recognize that we can only do so much as a corporation.

I have a couple of other points on our community, if I may.

The Chair: You are a little over time right now. If you could just wrap up, Mr. Mills, that would be great.

Mr. Stephen Mills: I just want to wrap up with a couple of comments.

Our community is the only fly-in community in the Yukon. Programs such as the federal food mail program are absolutely essential to our community. I know that changes to these types of programs are being proposed, but this food mail program provides nourishment to our community at an affordable rate and allows people to have some level of discretionary income that may help them in the area of economic development.

As a closing comment on behalf of my first nation, I would like to point that out, because it's extremely important for our community. Thank you.

The Chair: Thank you very much, Mr. Mills.

Certainly last, but not least, we have Gary Wilson. Gary is representing the Tr'ondëk Hwëch'in First Nation.

Mr. Wilson, you have five minutes or thereabouts.

Mr. Gary Wilson (Representative, Tr'ondëk Hwëch'in First Nation): Thank you.

My name is Gary Wilson. I'm the director of business development and strategic initiatives for the Tr'ondëk Hwëch'in. I work for the government, but I also serve the development corporation around many initiatives. So I wear several hats, as many of us do. I work for the Tr'ondëk Hwëch'in. They're a self-governing first nation. They've been self-governing now for 11 years. We're in Dawson City, Yukon, which is the heart of the Klondike gold rush. We have different circumstances from several other first nations communities. We have a very strong tourism industry that exists there, and of course placer mining has existed there for 100-and-some years.

I think this is one of the points I want to make, that there is a differentiation of communities in the north. Our first nation is the largest employer, at about 200 people in the community. We pay very good wages. That's why our community can afford two grocery stores; it's because the first nation exists there. I think these things are forgotten in the process, how much economic wealth we bring to communities currently and in the future.

The first nation owns and operates five businesses, and operating businesses is different from investing in businesses, as many of us know. We've invested in about another half dozen businesses here in the Yukon. So we have a mixed portfolio. We have largely no unemployment, frankly. Capacity issues for us are different from other first nations. We have very little social assistance. As a community, our housing is actually pretty good. I would say part of that is reflected in the fact that Tr'ondëk Hwëch'in has been able to bring capacity to the first nation for several years because Dawson City is actually a community people will come and live in. It's very vibrant; it has a very strong arts community and a very strong music community. So people like myself...I'm an outsider; I'm from Saskatchewan. I've worked in the United States. I spent more of my adult working life in Dawson City than anywhere else. I come back to Dawson City because there's something about it.

Having said that, on a very broad basis I think the key issue for us is that in the Yukon there's not a really good distinction between government and business. Government is so top heavy here. You asked the question earlier, and you know the number varies, but it varies between government being somewhere between 48% and 69% of the actual people who are employed in the Yukon, depending on who you talk to. And then another large percentage of businesses exist to actually serve government. They're not out there to actually produce something that other people buy; they're there because government exists. So we have a government-based economy, and most people don't want to speak to that very strongly, but because of that, we also seem to not be very—one of the key issues—strategic in our approach. As governments, we don't seem to work very well together. The territorial, federal, first nations, and municipal governments always seem to find reasons not to work collectively and partner in long-term strategies. We're unfocused in our approach to economic development. We're a territory of approximately 32,000 people and we get probably over \$1 billion a year, and part of the reason why we have barriers to economic development is because collectively we can't seem to be able to figure out how to work together.

Andy stated it very well by talking about the court case, the litigation. It's always about trying to hang on to control and not figure out how to work together in order to benefit the greater good, and often, if we bring that down to the community level, it really doesn't necessarily always reflect community needs or desires.

• (1040)

Talking about resource development, there are some first nations communities that are not interested in having an open-pit mine in their backyard, especially if it's foisted upon them and they have to fight tooth and nail the entire way to get any sort of return for the community, or environmental benefits, or to have environmental issues dealt with appropriately.

We have all these things that have been put through land claims. YESAA is an example. It was supposed to make it easier for all of us to work together, and it really hasn't made it easier to work together; it's brought local control to a political body that, frankly, doesn't necessarily reflect first nations or community needs.

Frankly, the federal government has abdicated its responsibility through that process, and now first nations have to litigate in relation

to all those issues if they want to actually stop mining projects coming into their territory, or even just to get the benefits they should from that.

Having said that—

The Chair: If you could try to summarize, Mr. Wilson, that would be great. We're a little over time.

Mr. Gary Wilson: That's fair enough.

Having said that, I'm going to heap a bit of praise on the federal government here. Much like Vuntut, I think the federal government has been very good to Tr'ondëk Hwëch'in. We have accessed a lot of money over the last dozen years to implement several housing programs, to make investments in businesses, and for pre-business development. I think the development of CanNor and its expanding role over time will give us a much more strategic approach.

But if I were to emphasize one key thing, it's this: how does the federal government come in and help facilitate a strategic, long-term, focused approach to economic development in the territory?

Thank you.

The Chair: Thank you very much, Mr. Wilson, and all of our witnesses. That was well done.

[*Translation*]

We will begin the first round of questions, and every member will have five minutes.

We will start with Mr. Bagnell.

[*English*]

Hon. Larry Bagnell: *Merci.*

[*Member speaks in Gwich'in*]

I would like to thank the Ta'an and Kwanlin Dün first nations for having us on their traditional lands today.

My first question is related to land claims. Perhaps the biggest issue for aboriginal people in the Yukon, or for a lot of them, is the implementation of land claims.

Peter and Victoria, you brought up your justice file, and the Auditor General has brought up some concerns related to implementation of land claims. Perhaps you could describe it. In Yukon land claims, you have this unique, pioneering, and excellent procedure to build or take down certain powers, which you're doing in justice.

But perhaps you could describe briefly the experience you have had with that and your recommendations, because this is a huge issue that is just starting for all the first nations. Could you describe for us how that process might be improved in the future for you or other first nations who are trying to take down the powers, which constitutionally they have the right to do under the land claim?

• (1045)

Ms. Victoria Fred (Lawyer, Teslin Tlingit Council): Thank you for that question, Mr. Bagnell.

Just quickly, as we tried to make clear in our presentation on the importance of capacity, it is an important element in economic development within this jurisdiction, and partly what Teslin Tlingit is doing is trying to facilitate that via their justice negotiations, for which we've provided a handout. Maybe you'll get it later.

The handout speaks in more detail about the challenges that Teslin Tlingit dealt with in trying to achieve their administration of justice agreement, in large part because of the challenges associated with implementation policies that undermine our agreements and that are not necessarily an efficient, effective process. This affects many of the chapters, including chapter 22, and other aspects such as the justice arrangements, so we've made some recommendations that any policies that affect first nations should have first nations involvement.

You've heard across this table about the importance of government-to-government relationships and about not expending our resources on unnecessary litigation but on what is for the better good.

What we've put forward is that it's important for Canada to recognize that these agreements are with governments, and to have more accountable, transparent approaches in the way we do business, so that it provides for more productive, contributing members in a community, members who can help build self-sufficient communities such as VGFN. VGFN has identified some of the important things on the ground in providing resources to their individual members to become entrepreneurs so that we all have a stake in the success of these agreements.

The Chair: Excuse me for a minute.

Sir?

[*Translation*]

Mr. Yvon Lévesque: Mr. Chair, the interpreters are getting some interference that is making it hard for them to understand.

The Chair: Can you repeat that?

I do not have the translation....

Mr. Yvon Lévesque: Okay.

There is some interference going on right now that is making it hard for the interpreters to translate what the witness is saying.

[*English*]

The Chair: Yes, okay. In fact the handout will be translated. We only received it in English today, which is why it has not been circulated, if I understood correctly.

Mr. Yvon Lévesque: No. It's interference, noise.

The Chair: Oh, interference. Pardon me. My apologies.

[*Translation*]

I apologize.

[*English*]

I'll leave it for now.

Mr. Yvon Lévesque: They have a problem with it.

The Chair: Okay. Do you want to try it again now?

Go ahead, Ms. Fred.

• (1050)

Ms. Victoria Fred: Just to wrap up, as we had put in our presentation—and we do apologize that it doesn't have a French translation, we've tabled it and we look forward to some feedback when you get a chance to review it. Part of that presentation includes recommendations on how to improve relationships. Our respective parties to these agreements are interested in the success of these agreements. We want to work collectively in a partnership, in a government-to-government relationship, to make these agreements work. Part of the challenge we face is that there needs to be a government shift in the way we do business as a result of these agreements. So we've put forward recommendations that if there are any policies that affect first nations, whether it's economic development or if it's affecting us being accountable in accordance with our own laws, we need to have that ongoing relationship, that ongoing communication. We are interested in doing this together, and we see that there is real benefit to building strong, stable economies as a result of that.

I'll leave it with that. You have the presentation, and I do apologize for earlier.

Thank you.

The Chair: Okay.

One short question, Mr. Bagnell.

Hon. Larry Bagnell: Okay, a short question for Grand Chief Carvill, then.

Just so Steve knows, I've written a long letter to the minister on food mail.

Grand Chief, the federal government, the Yukon government, and the city hall all own nice government buildings. Do you own a building?

And you brought up post-secondary education. With the increasing population and the increasing number of first nations students who want to go to school, I've heard that the diminishing funds related to post-secondary, at least in real levels, are getting less per student. Is that true?

Grand Chief Andy Carvill: On the government building, CYFN currently does not own a government building. CYFN is not a government, but we represent first nations governments that are members of the council, and we do not have a building that we can proudly call our own. We're being forced to lease at this time. We've tried for several years to work out different arrangements with the federal government and other governments to look at ways where we can do some creative thinking as to how we can get a place that we can call home.

On the post-secondary funding being diminished, it is definitely something we are working on. The funding is having a negative impact on the education of our students. There is also the increased tuition as well. With the increased tuition and post-secondary funding being diminished, it creates hardships on our people.

[Translation]

The Chair: Thank you very much.

It is now Mr. Lévesque's turn; he has the floor for five minutes.

Mr. Yvon Lévesque: Good morning, ladies and gentlemen. I would like to give you a bit of context about my region because I am from the other coast of Canada, very close to where my colleague Mr. Russell is from.

In my riding, within the first nations community, there are groups such as the Cree, who are part of the Grand Council of the Crees but who also have ties with the Assembly of First Nations of Quebec and Labrador. The Assembly of First Nations of Quebec and Labrador has ties with the grand chief of the Assembly of First Nations.

Do you function in the same way?

My question is for Grand Chief Carvill.

[English]

Grand Chief Andy Carvill: Thank you.

In large part, we do function along those lines. There are, however, some first nations that are not members of CYFN.

We try to represent the members as best we can on various issues. The direction comes from the people in the communities as well as from the chiefs, the leaders of those communities.

But again, there are some members we do not represent. We do not speak on their behalf.

• (1055)

[Translation]

Mr. Yvon Lévesque: Mr. Johnston, your community appears to be quite well structured. From time to time, resource development projects or public utility projects are carried out in your communities. Have you been able to negotiate job placement priority for the members of your community?

[English]

Chief Peter Johnston: Yes. We are given the ability through chapter 22 of our self-government agreements. It does allow us the privilege, in regard to traditional territories, of having priority over that. However, in order to incorporate it, it has to be the will of the government of the day.

We struggle from time to time just to be relevant as a government in the Yukon, let alone a government within our own traditional area. We are sometimes overlooked in regard to opportunities that come forward, in regard to million-dollar projects. We have to fight against the current, if you will, not only to be recognized but also to be part of the opportunity.

I relate it back to the government of the day. It's all in their will to include us. Unfortunately, outside of having a government-to-government protocol that identifies this—which we think is irrelevant at this time because we do have self-government agreements that allow us the opportunity—basically, it's the will of the government. And if it is onside in regard to building partnerships, opportunities will come.

However, the present-day successes we've had, even dating back to the last 15 years of self-government, have been very minimal due to the fact that...just the recognition of being a self-government, let alone having the opportunities to engage in investment within our own community. So we are well ahead of ourselves, I guess, in the sense of providing opportunities to our citizens, but it's been on our dollar.

[Translation]

Mr. Yvon Lévesque: If I understand correctly, you need to strengthen the agreements you have signed, agreements that suggest you have authority. Not only do you need to feel that you have authority, but you also need to be able to use it. I wonder if Mr. Mills feels the same, even though he said there are very few unemployed people in his community.

Mr. Carvill might be able to give us a better idea. Are the people in your communities open to shifting, as other Canadians have done, from cultural activities in order to meet the requirements of job opportunities in industrial, mining and other sectors?

The Chair: Could you please make your answer brief?

[English]

Grand Chief Andy Carvill: I believe a lot of our members are moving in those areas with respect to change. You asked if they are ready to change from more cultural activities into various sectors, various economic opportunities, that come into our area. They are adaptable to the change while at the same time maintaining a lot of their traditional beliefs and culture.

However, it is difficult. A lot of my colleagues have spoken about it, and I'll touch on it as well. A large part of the difficulty around economic development, as Chief Johnston said, is the recognition of first nations governance and implementation. The lack of implementation policy, as I think Victoria mentioned, is undermining our agreements.

We're part of the LCAC, Land Claims Agreement Coalition. We've had various meetings, and we have presented an implementation policy for the Government of Canada's review. It hasn't to this point in time gone anywhere, which is unfortunate.

It's not just us in the Yukon. It's those with modern treaties who have these difficulties around the implementation of our agreements, the agreements we entered into that we felt would give us the tools to make a difference in our communities.

• (1100)

[Translation]

The Chair: Thank you very much.

Chief Johnston, do you have something to add?

[English]

Chief Peter Johnston: Yes, I'd like to add to Chief Carvill's statement.

We, as first nations, need to have a balance with regard to economic development. We've come from a traditional background, a cultural background, and we realize we need to have our tradition on one side and the contemporary on the other. However, we do need to keep in our minds that we are part of the land, the water. That is who we are as first nations people. When we talk about economic development, it's not about giving it all up. We have to think many generations down the road with regard to success.

[Translation]

The Chair: Okay.

Thank you very much, Mr. Lévesque.

[English]

Now we welcome, Mr. Bevington.

I'm glad you could join us after probably an early morning or late night flight—one or the other. It's great to have you here, Dennis.

We're on track for five minutes, and then we'll go to Mr. Rickford.

Mr. Bevington, five minutes.

Mr. Dennis Bevington (Western Arctic, NDP): Thanks, Mr. Chair.

I am glad to be here in the Yukon, and I welcome the delegations. Coming from the Northwest Territories, of course, I look for similarities and differences in what's happening in the territories and how we can take advantage of those understandings to advance us all.

You've experienced a fair degree of devolution in this territory, and I heard some comments about that. I'd like to get a sense of where you feel this devolution has to go in order to provide satisfaction in terms of self-government arrangements, to understand the problems or the solutions that can come with the devolution process.

Grand Chief Andy Carvill: Thank you. I have a brief comment on devolution. Some of the chiefs have spoken about it at great length and the fact that devolution can be wonderful too. But again, as Chief Johnston commented, that is provided we can work together. As governments, we need to be able to work together.

The care of the lands being devolved to the Yukon government may work fine for us in theory. We've talked about how it can work, but unfortunately we're not there yet. We continue to try to move to where we can sit down with the government to look at a relationship

that allows us to be more involved with the issues that involve land and the resources on that land.

The way we thought devolution was going to work was more along the lines of partnerships and collaboration. We continue to try to move the bar in that area.

The care of the lands being devolved to YTG.... They're agents acting on behalf of the crown. Not to be too repetitive, one fine example is the court case we just attended in Ottawa, the Little Salmon/Carmacks case, which was on lands and accommodation consultation. I think if devolution were working the way we had intended it to originally, we could avoid these instances.

Thank you.

Chief Peter Johnston: Just to reflect on Grand Chief Carvill's comments, opportunity for success is going to come through partnerships. The first nations are here for the long haul. We have been here for generations. We continue not only to invest in our territory, but also to be key role players in regard to moving things forward. In terms of the economy of the Yukon, for the last 15 years we've provided that stabilization through our agreements, which allow three levels of government to cooperate and to work together. And there are opportunities, I believe, if we're building strong partnerships built on respect.

On accountability, we are one of the most accountable governments in the world in terms of the reporting processes and the obligations that we have signed on for in regard to our responsibilities; however, we are sometimes not taken quite seriously in terms of what we can accomplish. We are in a small territory that represents 30,000 people. There are well over a billion dollars being pumped into this territory; however, we are still going hat in hand in regard to a lot of these opportunities, which are not being provided straightforwardly to the first nations.

We want to be key players here. We want to be accountable. We want to create a legacy, not only for our first nations people, but on behalf of first nations across Canada, and, more importantly, with Yukoners in general.

Thank you. *Gunalcheesh.*

• (1105)

Mr. Dennis Bevington: Is there another comment on that?

Mr. Stephen Mills: Thank you, Mr. Bevington.

I have a couple of things.

One thing that's occurred with regard to devolution is that it's clarified, in some cases, the responsibility for management of some resources. The problem is that it has also made it a bit unclear where the line is between some of the existing federal departments and the territorial government and first nations. A good example of that is that there's some crossover between the responsibilities of the Department of Fisheries and Oceans, Transport Canada, and Natural Resources Canada. I think the issue here is that there is still some uncertainty as to who in fact has regulatory control on certain actions that take place in the Yukon. I'm not saying that all should be devolved to the territorial government; I'm saying there needs to be more clarity as to the relationship between the federal and territorial governments and the first nations. I think that's a legacy of the devolution to date.

The other side I would just point out is that it has made governments that are responsible for regulation also the governments that are promoting certain activities. It's a tough hat to wear when the hat is both the promoter's as well as the regulator's.

The Chair: Thank you very much, Mr. Bevington and witnesses.

Now we'll go to Mr. Rickford, for five minutes.

Mr. Greg Rickford: Thank you, Mr. Chair, and thank you to the witnesses.

I'm going to direct most of my questions to Grand Chief Carvill.

I'd just like to make an opening comment about the uniqueness of some of the rounds of funding that have come out of Canada's economic action plan that have, for the first time in some instances, very much included first nations. I'm thinking of the recreational infrastructure program and the community adjustment fund. I can say that in the Kenora riding there was more than equal distribution, identifying that the success of the riding really depends on the full participation and integration of the first nations community in the economic development model that emerges from the region. That's objective feedback that I've been getting from more than 42 first nations that reside in my riding, and three treaties of adhesion, including Nishnawbe Aski Nation and Treaty 3.

I very much respect the work you have in terms of gaining consensus with all of the first nations in the Yukon. I want to just flesh out some issues you raised. I don't want to quote you per se, but it seems to me there was a concern that funds were primarily flowing through the Yukon government and perhaps municipalities, which might suggest a policy disconnect between first nations and this territorial government. One of the observations I would have made in the last round is that there were not any senior bureaucrats from first nations. I know there is certain and absolute value in self-government, but I also know that the participation of first nations people in senior bureaucratic levels can be an essential way of shoring up some of those policy disconnects when you're dealing with a region.

I'm wondering if you work closely with any of the levels of government to do things like secondments, where people from some of the first nations communities can go into senior bureaucratic positions. What kinds of consultation exercises might you engage in? When I say consultation, I'm not necessarily referring to the lawful ones that you're dealing with now, that the courts are dealing

with, and other partnerships. Take a few minutes just to expound and perhaps share your thoughts on some of those ideas.

Grand Chief Andy Carvill: I'll take a couple of minutes, if I may. I think these are questions that Chief Johnston and some others in the communities dealing with these issues around capacity matters are better to answer. I can just give you a quick CYFN perspective.

First, when you talk about funds, and funds being delivered or coming into the Yukon government, and then you tie that into policy and how it affects first nations governments, we are able to sit down with the Yukon government and work on some of the funds that have come in from the federal government to the Yukon.

One example goes back a couple of years. It's northern housing allocation. We were very appreciative of the fact that this kind of money came north to assist us with our lack of housing in the communities. However, we had to go into a long, drawn-out process negotiating these funds with the Yukon government. At first there was some miscommunication. We were under the understanding that a lot of these funds—the concept came out of the Kelowna accord—were to be funds for first nations. Then it changed along the way and we got mixed messages saying, yes, it was first nations funds, and then it changed to, well, it's northern housing funding.

Anyway, when we're talking about funding coming north, a large portion of it goes to the Yukon government. We're beyond that now. The first nations governments are very capable of taking care of these funds. They don't need the Yukon government to be acting like a big brother and doling out these funds or sitting down to negotiate with first nations governments as to how these funds can be accessed and then you report back to the Yukon government.

I think Chief Johnston spoke quite eloquently about that earlier with respect to first nations accountability. We're the most accountable governments around, yet we're still having to answer, I guess you could say, to the Yukon government. And it's just not right. As I said, there are first nations governments, and the chiefs have said that we need to start removing that barrier, getting more funds to the people in the communities, where it makes more of an impact on the ground, instead of going through the various lines of bureaucracy.

• (1110)

The Chair: We are out of time there, but does anyone else want to chime in on that?

Chief Peter Johnston: Okay. I'll talk quickly.

We do have a representative service plan, which is an agreement between first nations and the government with regard to capacity building, where we're not only able to second government officials into our communities and into our governments to assist, but we're also able to take our citizens and bring them into the larger government to get the abilities there.

However, it comes back to the will of the government. They're not pushing these opportunities forward, and they are not making a big campaign, in a sense, to bring these opportunities to the communities. So everything we have to do is always above and beyond what we're currently doing. We do suffer from a lack of annual funding coming to the government, which causes us to be overworked to a certain degree, but if we had adequate funding, then the capacity issues and everything else that comes with that would I think be a mirage in that sense. Not only would we be able to fulfill our requirements for self-government, but we'd have educated citizens within those positions of government also.

The Chair: Thank you, Chief.

Mr. Wilson, very briefly if you can. We are really well over time here.

Go ahead, Mr. Wilson.

Mr. Gary Wilson: I'll just use an example of the Infrastructure Canada and the Building Canada funds over the last couple of years. Because we're self-governing first nations, we don't have access to the Indian and Northern Affairs funding for first nations infrastructure. So when Infrastructure Canada came to the Yukon to negotiate the Building Canada funds, first nations weren't included, yet those are the funds we have to utilize to build infrastructure in our communities.

Supposedly there was a process put in play in order to create a business plan that would reflect our needs. That, frankly, didn't happen, because all of a sudden we had a depression on our doorstep and we had to get the money out the door. Now we don't have any real access to any infrastructure dollars in our community. We have a hospital being built in our community, a sewage treatment plant being built in our community, some housing being built in our community, and a new college being built in our community. I can tell you that the first nations are involved in one of those projects because we brought the right team to the table, not because government came to us, asking us how we could participate.

So not to put a fine point on this, but a very blunt and direct point, in lots of ways, although the land claims are there and they exist to make it work in partnership, you have to have the will of the territorial government.

• (1115)

The Chair: We're allowing a little more room here. Let's carry on.

Thank you, Mr. Rickford and witnesses.

Let's carry on now with Mr. Russell.

Mr. Todd Russell: Thank you.

It seems like the more witnesses we hear, the more colour comes into the picture, if I can use that phraseology. You hear about the non-harmonization of the environmental assessment process from the Yukon government. It's a model in forward thinking that is, at least to some extent, replicated across the country. But I hear a little different nuance when I listen to some of the witnesses in front of us. I get a sense that there's an urban-rural divide, an aboriginal and non-aboriginal divide, within the Yukon itself. I think that's something that we have to be cognizant of as a committee.

Have the witnesses endorsed recommendations that have been made through the Land Claims Agreement Coalition? If we're looking for ways to make recommendations, some of this work has been done through the Land Claims Agreement Coalition, and I've met with them. Could we look to their report and their recommendations for some guidance if we wanted to make recommendations from this committee? Would that sit well with the witnesses?

Chief Peter Johnston: To a certain degree, it would. However, as we always witness when we go to Ottawa on certain other functions, the Yukon self-government agreements are cutting edge. They're outside the box. A lot of those recommendations would be relevant. But the Yukon first nations have a whole different reality with respect to our powers of jurisdiction and the opportunities we have.

Mr. Todd Russell: I think you're right. We understand the uniqueness of the different agreements across the country. But from a principle perspective, you want to see full and fair implementation of what was negotiated, whether it was in 1993 or well before that.

It's staggering that 48% to 60% of all employment in the Yukon is government related. There are lots of arguments. You read some books that ask whether there is any sovereignty without economic sovereignty. You can describe economic sovereignty in different ways. Living off the land and putting food on your table, that's a certain type of economic sovereignty. I heard the challenges the grand chief laid before us.

If we have full implementation of the land claims, will you have the tools to generate wealth from your own lands, from your own traditional territories? It seems to me there has to be some way to generate wealth. If there's going to be sovereignty exercised, don't you have to have that wealth generated from your own lands or from your own waters? Some of it could be from the air, with wind power or whatever. I'm just wondering, is that a fair statement to make?

Chief Peter Johnston: We're the only governments in Canada that have to create their own source revenues to fulfill the government's needs and obligations. Ideally, we need economic development within the communities, because that's where the self-based governments are located. We have to venture outside of our traditional areas to invest and to ensure that our government is going to get the feedback. Ideally, we need to be investing in the community right now within our own traditional areas, where we have the biggest jurisdiction and also the biggest opportunity. That's where all our resources in regard to our citizenship are.

Mr. Todd Russell: Are there any examples of impact and benefit agreements that are working for some of the first nations communities? In Labrador, there were impact and benefit agreements negotiated between Nunatsiavut and Vale Inco and between the Innu and Vale Inco. Is that happening in the Yukon?

• (1120)

Mr. Gary Wilson: There are several agreements in place right now with different first nations—the Kaska—and we're currently in negotiation with two mining companies.

I think they're getting better. I mean, first nations are starting to understand the benefits that can come from that.

I believe that you, certainly, are moving forward quite strongly in oil and gas.

I think there are lots of opportunities in relation to resources, but economic development is as much about creating jobs in community as it is about wealth generation, about whether you can create wealth in community. You can through large resource projects—mines, oil and gas—but they don't always happen, and they don't happen overnight.

So it's the creation of jobs in community versus the creation of wealth, as Teslin has been very good at doing. They've gone outside of their community to create wealth, because it's just a matter of economies of scale. When you start talking about economic development in the north and in the Yukon, it's this huge, wide continuum of things and factors that don't always happen at the time you want them to happen.

I'm dealing with a group right now, working with Liard First Nation on a mining agreement. The mine is not likely to come into play for another 30 years, just because the amount of infrastructure that has to be developed to get it to that point is so incredibly large. It's a huge ore body, but at the end of the day, it's not going to happen overnight.

The Acting Chair (Hon. Larry Bagnell): Thank you.

Now we'll go on to Mr. Dreeshen.

Mr. Earl Dreeshen (Red Deer, CPC): Thank you very much.

I'm a new member to this committee. This is the first opportunity for me to actually address some of the concerns, and I'm very interested in hearing things.

I know that we did have one witness back in Ottawa who said that the people who are south of 60 don't really understand what is taking place. Of course, some of us think that perhaps those who are south of the 49th parallel don't understand what is taking place.

I think, too, in the discussions that I've heard this morning, we do have a disconnect sometimes between perhaps the territorial governments and the aboriginal communities. I think that's what you have been trying to address.

Chief Carvill, you mentioned the brain drain and the types of concerns you have with respect to your communities. I'm wondering if you could perhaps expand upon that somewhat.

Grand Chief Andy Carvill: By brain drain, I guess I'm referring to the fact that a lot of our people in the communities work in the communities and get some of the experience that can help further their careers in the communities working for first nations governments. Then, when other governments come along, because they're able to offer better pensions, better employment opportunities, a lot of these people who have all these talents then leave the communities, in some cases, and go to work for other governments.

On the one hand, that can be seen as a plus. On the other hand, it leaves us in the communities again struggling to build the capacity we need to strengthen our governance.

Just quickly, as well, some comments were made earlier by Mr. Rickford with respect to senior bureaucrats and capacity. There is an area in the agreement that speaks about bureaucracy and governance, referring to the Yukon government and the federal government as well. A certain percentage of first nations individuals are supposed to be employed in these senior positions, senior managers and whatnot. That's not happening either. It's something that definitely has to be looked at. We need to start bringing this percentage in line with the agreements that we've entered into.

Mr. Stephen Mills: I'd like to speak a bit on the issue of brain drain. One of the objectives set out in chapter 22 of our final agreements is the concept of a representative of public service. We're trying to train our members to work within our governments. We're trying to train them to work in other governments. It seems that Grand Chief Carvill is right. It seems that when it comes to competitive salaries, we tend to lose a bit. Part of our first nations approach has been that we will hire the qualified people to work with our government, whether they're first nation or not. We are also trying to hold up our citizens to get them out there, to complete their high school education, to go into post-secondary education. We know we may lose them for a period of time. A lot of our members come back. Having that kind of experience is something that we have found makes them much more valuable to our own governments.

I think where we run into difficulties is in the number of people we're able to train and the type of environment we give them in our communities. When we talk about infrastructure in our communities, we need to develop infrastructure. We need to make our communities more attractive for our citizens, as well as other professionals.

I think we also struggle with some of the funding programs. We talked about post-secondary education. We're not getting there because we're having more people make it to the post-secondary level. That's part of the strain. It's not a bad issue; it's just that we're hitting a wall. When it comes to funding through Industry Canada and HRDC, we have difficulty trying to fit our people through those holes or have them go over those hurdles to qualify for certain programming.

I think we're dealing with good issues. We are having better success, but we're still struggling with some of the funding programs that are out there so that we can move our people up to that next level when it comes to education.

• (1125)

Mr. Earl Dreeshen: The other point, then, is expanding from where you are. Are you finding that those who have the extra training, the extra educational training, are actually able to tie in more with your traditional beliefs and culture because they're more in tune with the needs of your communities? Or does it go the other way?

Chief Peter Johnston: I believe that as a first nations people, we are gifted with that as we grow up within our own societies. You can't undermine how important education is. It builds confidence within the citizens. It gives you the opportunity to expand your horizons. It gives you every opportunity to engage in a global society. Education is very fundamental to our people.

As I made my statement before, when you have both cultures within your hands, your traditional and the contemporary, you're able to go anywhere in the world. We talked about the fact that we have more people engaging in post-secondary education. However, we have limited funding, and now with tuition increases and all these other things, unfortunately, we're not able to give every citizen the opportunity for higher learning. As we recognize it, education is life-long learning.

[Translation]

The Chair: Thank you, Mr. Dreeshen.

The next member is Mr. Gaudet, who has five minutes.

Mr. Roger Gaudet: My first question is for Victoria Fred.

Earlier, you talked about the administration of justice. Where is the biggest obstacle, on the criminal side or the penal side? Do you want an administration that is totally specific and adapted to first nations culture?

[English]

Ms. Victoria Fred: In terms of what we're dealing with right now.... One of the challenges we had in dealing with an effective and efficient process, if you will, is that within government we found the departments were a bit fragmented. There's a lack of recognition that the agreements are agreements with the crown, they're not agreements with departments. So that created obstacles for us to move forward in a good and efficient manner. We always impressed upon governments that we needed to have all departments at the negotiation table because it affected those departments.

It's always to ensure that any decisions being developed within government that affect our lives, our jurisdiction, the success of our relationship...we want to inform that process. We want to make sure that we remove those obstacles, whether they're policies or moving a government mentality, if you will. These are government-to-government relationships.

We've made some progress. We want to use this experience that Teslin has achieved over the 12 years as a way to open up from that experience, to remove those obstacles for those who are coming behind, because there are other Yukon first nations that are negotiating administration of justice.

At the end of the day, it's about working from a government-to-government relationship. We want to ensure that we can coexist and that our laws will uphold an environment where our people can work, be accountable, and be respected. So that was one of the biggest obstacles.

Then those sort of trickle into policies. We found that some of the policies were incongruent. They were not in line with the way the agreements were meant to be. We found one policy, the first nations policing policy that was removed from north of 60, would have undermined elements of our agreement for us to move forward. There was no consultation about the impact of that policy, on how it would impact on the work we have done thus far.

So it makes us start at the starting line sometimes, which is not a good use of resources and time. The impact is that we lose people in the community, we lose confidence in government relationships, and we question the effectiveness of doing business in this fashion.

• (1130)

[Translation]

Mr. Roger Gaudet: Thank you.

The Chair: Thank you very much.

The floor is now Mr. Clarke's for five minutes, followed by Mr. Bevington.

Mr. Clarke.

[English]

Mr. Rob Clarke: Thank you, Mr. Chair. I thank the witnesses for being here.

This is going to the chiefs. For me, economic development is very interesting and seeing the progress of the first nations. My home nation is in Saskatchewan. They've taken big strides economically with an urban reserve and other business ventures.

What really caught my attention, Chief, is that you were mentioning some of your businesses, like Coca-Cola, for instance. Would you be able to tell me when you started your economic diversification and how much money you bring in, say, yearly? I think it's more or less a tribute to see first nations come forward and offer a lot of economic stimulus, not even locally and to your home community, but you also probably delve into the southern part of Canada as well, and probably Whitehorse as well. Can you break it down further so I can get a better understanding?

Chief Peter Johnston: We created our economic development arm back in 1998. The focus was to buy well-established companies, blue chip companies, if you will. We do have a lot of people working diligently on our behalf to find opportunities. There are opportunities being presented to us every day; it's just a matter of finding ones that are going to provide not only stability but also a long-term kickback to first nations in order to provide, like I said, funding for government and programs and services. We have only 450 people within our community. We do have the Alaska Highway running through our backyard, but we don't have the ability for a population. We've had to invest in Whitehorse. Primarily, as Yukon first nations, this is where all the business of the day happens. From some of the opportunities that we've seen coming through, such as Coca-Cola, business and office supply centres, it seems like a well-diversified portfolio to get into.

Recently we've gotten into some waste management properties, which have provided us with some excellent returns—upwards of 23%. So working on behalf of our compensation dollars, which are minimal, to a certain degree, we've had to dig into our coffers in order to get these opportunities coming forward. Like I said, with any good investment there is diversification, and we're keeping our ears to the ground in regard to opportunities, not only in Canada but globally. We've invested in Kamloops and Kelowna, and also in downtown Calgary, not only to create a brand for the Teslin Tlingit Council, but also to ensure that we are in sectors that are going to provide us with that stable return on investment.

I'm not too sure if I captured all of your question, but I'd be more than willing to add more.

• (1135)

Mr. Rob Clarke: I was wondering how much gross revenue you've generated and how many people are now working for your companies.

Chief Peter Johnston: We have around 95 employees throughout our 12 businesses. We have a value of around \$10 million, with very minimal debt. A lot of the investments we've gotten into are vendor-backed financing, so there is a commitment from the people that we're purchasing for, not only to ensure consistent management over a three- to five-year period, but also to ensure that the success

continues. With that we're able to ensure that capacity is built along the way. We're almost to the point where we're able to kick back about \$1 million to the first nation, which is huge. Ultimately, we need that number to be in the tens of millions of dollars, going over the period of time; however, having been in it for just over 12 years or so, we're very fortunate and also very optimistic about the growth we're going to see within the next five years.

Hopefully that answers some of your questions.

The Chair: You have about 40 seconds left, Mr. Clarke.

Grand Chief Andy Carvill: I would just ask if one of the other...

The Chair: Perhaps Mr. Mills.

Go ahead. You can finish that up.

Mr. Stephen Mills: Thank you for your question.

Our company, through Air North as well as a number of our other investments, has approximately 300 employees. We probably have a value in the area of \$15 million to \$20 million as our own corporation, and we're profitable. For us, that was a key part of how we were developing our corporation. Our business plan was that we needed to have stability. As I said when I started my presentation, don't buy your local store. We're actually now assisting others in trying to increase the delivery of food and that into our community. We've been part of the design in putting money into such things as development of our cultural centre in our community. What we've been able to do, by diversifying and developing a really secure stream of income, is put money back into our community and create employment—in Whitehorse and Vancouver and other locations, but also in Old Crow. I think that's a much more successful model than what has happened in the past. Broke companies just don't hire anyone.

The Chair: We do have three members left on the list. I'm aware that we're a little bit over time. Mind you, we started a little bit late, shortly after ten o'clock. Are the witnesses still okay for another three minutes of questions? Are you still okay time-wise? I'm cognizant of the fact that you expected to be here until only 11:30.

Chief Peter Johnston: We can be here all day if you need it.

The Chair: I think we're okay. We have an hour for something to eat between panels, so I think we'll manage just fine.

Let's carry on. We'll go three minutes, if we can, with Mr. Bevington, followed by Mr. Duncan and Mr. Bagnell, and then wrap up.

Mr. Bevington, for three minutes.

Mr. Dennis Bevington: Just give me a brief answer on any negotiation that went on regarding CanNor, the new economic development agency. Did you participate in any way at all?

Grand Chief Andy Carvill: No, we have not. It was brought to our attention. We tried to get involved. We drafted a letter that was signed under CYFN letterhead but had a signature block of all the leaders that are part of CYFN, as well as the Yukon government. We did a joint letter with the premier but were not involved. However, we have received a commitment that we will be involved in the second phase of CanNor, and I was just reading an e-mail this morning where Minister Strahl's office is asking us to two submit names from CYFN to sit on the committee to go into the next phase of discussions.

Mr. Dennis Bevington: I just want to ask one more question, because I have to get it in.

In the Northwest Territories, a lot of our first nations are engaged in utility projects and moving in that direction. The federal government has just invested a fairly large sum of money in a utility project. Are you guys, through the first nations, in any way involved in that project?

Chief Peter Johnston: No. It's primarily located in the north Yukon. I'm not too sure if they are involved, but we in the south aren't.

Mr. Stephen Mills: As a quick answer—and to keep myself out of conflict, I'm actually leading the assessment on that particular project for the Yukon Environmental and Socio-economic Assessment Board—I know the Na-Cho Nyak Dun have been in discussions around partnership with regard to that particular utility project. You're talking about the Mayo B expansion and the federal infrastructure funding that went into that. I know there are some discussions, but I can't give you the details on them.

•(1140)

Grand Chief Andy Carvill: I would add just briefly that, at a leadership meeting, the chiefs stated that they do want to be involved, working with the other governments, whether it's the federal government or the territorial government. We definitely need to be involved in any types of discussions when it comes to energy and energy development.

Mr. Gary Wilson: The Tr'ondëk Hwëch'in has made an investment in the power line that was built between the Mayo hydroelectric dam and Dawson City. We made a multi-million dollar investment in that. It has good, long-term return.

The Chair: Thank you very much, Mr. Bevington.

Mr. Mills, did you have something else to add?

Mr. Stephen Mills: I have just a 10-second comment. With the three or four mining projects currently anticipated, they're going to be looking at a capacity that's probably twice the current generation in the Yukon. When you look at some of the issues about potential for the future, there definitely is a major shortage in the generation of power.

The Chair: Good. Thank you.

Now we'll go to Mr. Duncan for three minutes, followed by Mr. Bagnell.

Mr. John Duncan: Thank you. I realize we're getting short on time, so I'll try to ask a brief question.

I think, Chief Johnston and Mr. Mills, you both talked about access to capital being an issue. I know you're very aware of financial issues. What is your degree of awareness of the First Nations Finance Authority, and what degree of interest do you have in that proposal? Do you think that might address your access to capital considerations, if we can leverage other source revenues in the way they are contemplating?

Chief Peter Johnston: I apologize. I'm not aware of the First Nations Finance Authority.

We do have mechanisms here in the Yukon that allow us the opportunity for capital. As an example, we made a submission to Aboriginal Business Canada to borrow \$100,000 because we were told that we fit within the criteria. We invested \$70,000 of our own money to put towards this project and at the end of the day found that we were ineligible for that funding.

So we know very well, very much, about the opportunities that are here for first nations in the Yukon. However, just the bureaucracy, the level of due diligence, and so on and so forth, that's needed to apply for a dollar is incredible. In some cases, it's easier to leverage our own money through a financial institution and go the conventional way rather than utilize the first nations opportunities out there.

Mr. Stephen Mills: Thank you for your question. We've accessed quite a bit of funding through other programs, but I'm not aware of that one. I'm definitely not aware of all programs out there, but there is a real line that exists between programs geared for south of 60 and north of 60. That line exists within the Department of Indian Affairs as well as in other programs. So I'm not sure. I have not heard of that myself.

Mr. John Duncan: Just to clarify, it's not a government program. For example, B.C. municipalities all borrow through a central borrowing authority. They all club together.

It's a municipal finance authority. This is largely a Westbank First Nation-inspired initiative that has legs. They're doing a marketing job across the country. They obviously haven't got to the Yukon yet to try to generate first nations' interest in using that vehicle. They need some federal legislative statutory and seed money before they can do a full launch, but they're rapidly getting there. So this may indeed be an avenue that would be very good for you in the future.

I know, Mr. Wilson, you wanted to comment.

• (1145)

Mr. Gary Wilson: I have done some things with Kamloops, so I have a basic understanding of it. But it's not something that the Yukon first nations have really been involved in or know much about.

Backing what Peter had to say, it's difficult sometimes for our development corporations to receive financing, but it's much more difficult for our first nations citizens to get financing if they're entrepreneurial.

We had a case in our community where a couple of young guys got the contract to provide all the garbage collection and recycling. They had a signed contract with the municipality, but at the end of the day, the bank wouldn't give them financing, even with a signed contract, because they were in a northern community and they were first nation.

So there are all sorts of barriers, not just for first nations who have money in the bank and capacity. Certainly for individual entrepreneurs it's incredibly difficult.

The Chair: Thank you, Mr. Duncan.

Mr. Bagnell, you have three minutes.

Hon. Larry Bagnell: Thank you. I just have one question.

Mr. Mills, we've been having these hearings for about a month, and a number of the witnesses have commented on YESAA. You're on the executive committee—you're the top executive in YESAA. You can have my three minutes to comment on YESAA's role in sustainable economic development.

Mr. Stephen Mills: Thank you, Mr. Bagnell.

It depends on who you talk to, and I think there's some discussion about us appearing before your committee in Ottawa in December.

YESAA came out of the land claims agreements in the Yukon. YESAA is different from what it is in other jurisdictions, because first nations in the Yukon have self-government agreements. First nations in the NWT didn't have self-government agreements until quite recently. So the assessment bodies in those other areas also had an arm that would issue the regulatory approvals. That isn't the situation in the Yukon.

So the purpose of YESAA is to assess any project, no matter where it's located—whether it's on federal land, such as in a national park, territorial lands, or on first nations settlement lands—and issue recommendations that can mitigate the potential effects. It's a unique model that recognizes and defines traditional knowledge. It requires YESAA and our assessors to integrate both traditional and scientific knowledge in our assessments. We look at both environmental and socio-economic effects.

A five-year review was completed, not quite on time, by all three parties—first nations and federal and territorial governments. The recommendations are still working their way through as to the outcome, what's going to happen. But the purpose of that review is to improve the process, and I think there are some pretty good recommendations coming out of it.

There are definitely some valid criticisms of YESAA. Some deal with implementation and some deal with the legislative framework. Some can't be fixed, because that's what the umbrella final agreement said.

I'm not sure what else to say about YESAA. I don't want to open that door. I think we'll have more time to discuss it with you at a.... It's one that's recognized, and I think it's a good process, but it can definitely be improved.

Hon. Larry Bagnell: I have just one short question.

You can just confirm this so that the committee knows that YESAA only makes recommendations, and it is to whichever government its land is on, so the only decisions are actually made by whose land it is on. If it is first nations land, they make a decision. If it is on Yukon government land, they make a decision. If it is on federal government land, they make the decisions.

Mr. Stephen Mills: That is correct. I'm on the executive committee. So my role with the board was to establish the process for assessment. Most assessments are done throughout the Yukon and they're for small projects. There have been over 900 projects that have been assessed through these local offices. I'm on the executive committee, and we're assessing the large projects such as the Mayo B, which was mentioned, and some of the power line projects and large mining projects. In many cases, when you look at access roads and the actual ore bodies and other things, those projects cover more than one government's land. There is also usually a federal department, such as Transport Canada or Natural Resources Canada, involved.

In many cases, we assess the projects to best mitigate the measures, no matter if it's on settlement land or on territorial land. It's generally been effective at erasing the boundaries that were created through the settlement of the agreements, and that's what its purpose is. It is to mitigate potential adverse effects.

• (1150)

The Chair: Thank you, Mr. Bagnell.

I have one final question. In terms of the actual land in the Yukon Territory as a whole, realizing that Yukon is far and away ahead of the other territories in terms of the governance with respect to land claim agreements—actually this goes back to Larry's question—how much of the territory is in fact the subject of a land claim settlement as opposed to what would be left then for a territorial government? Would it be fair to say, for example, in terms of the actual land space itself and for a resource...? Is there a number? Can anybody take a stab at that?

Go ahead, Chief Johnston, if you wish.

Chief Peter Johnston: It's all Indian land at the end of the day, as far as I'm concerned. It is 100%.

The Chair: Okay. I set myself up for that, but specifically on the land claim agreements, though...?

Mr. Stephen Mills: Without getting into too much detail, 16,000 square miles of land is geared to be settlement land. Of that, 10,000 square miles includes subsurface rights. The other 6,000 square miles is simply on the surface rights.

In the end, if all first nations settled—there are still three outstanding claims—approximately 9% or so of Yukon land would be considered settlement land.

The Chair: Is that all?

Mr. Stephen Mills: That's with regard to the issue—that's right, 9% is settlement land—but we have to remember that the agreements themselves provide for traditional territories for which there are harvesting, economic, and many other rights, and they protect the rights of many first nations within their entire traditional territory. So the agreements go well beyond the extent of simply those settlement land blocks. That is probably what Chief Johnston was saying there.

The area in which we have rights for harvesting and traditional use as well as economic benefits and others covers a much broader area than simply our settlement lands themselves.

The Chair: This has been very helpful. As we're looking at this study on identifying obstacles and barriers to northern economic development, it gives rise to the fact that the government, or any government, would be interested in that, of course, but we have to be interested in it in terms of how it actually improves the lives of people who live here. In other words, it's not just development for the sake of development. It has to in fact have some tangible measure in terms of improvement to opportunities for people.

You have shed some real light on that, and thank you for that.

We are now going to suspend. I'm told, members, that we will suspend until 1 p.m. We'll resume here, so perhaps you could be back here at about 12:50, before we get under way to meet our next panel of witnesses.

Lunch will be available in a room called the office. I understand there is sufficient for all the members and staff.

We will suspend until 1 p.m. Thank you.

•(1150)

_____ (Pause) _____

•(1300)

The Chair: Welcome, witnesses and members, back to our continuing meeting. This is meeting number 37—*trente-sept*—and we are in consideration of barriers and solutions or opportunities for the advancement of northern economic development in Canada's north, specifically the three territories.

We're delighted to be here in Whitehorse today, and we're going all day today, as a matter of fact, through until 9 this evening, with a whole cross-section of representation from different stakeholders on the question of northern development.

I'll introduce witnesses here in a moment, but for the benefit of our guests this afternoon, we will generally start off with a five-minute presentation from each of you. We are waiting still on one representative from Northwestel who is supposed to be joining us, and may do so in the course of our—

[*Translation*]

Mr. Roger Gaudet: Can you hear?

[*English*]

The Chair: Maybe the device needs to be changed. We'll work on that.

As I was saying, we'll start with a five-minute presentation from each of the witnesses, after which we will then go into questions from members. Those are also five minutes, including both the question and the responses from the various members, and we go around the table in a sort of preordained fashion.

We have actually, as I said, three organizations and a total of four witnesses today. Today we welcome Ruth Massie, the chair, and Pearl Callaghan, the operations leader for the Alaska Highway Aboriginal Pipeline Coalition. Welcome.

We also welcome Mr. Randy Clarkson. Randy is an engineer with the Klondike Placer Miners' Association.

Then we also welcome Jennifer Byram. Jennifer is the vice-president for Pelly Construction Limited.

And as I said, we will also be welcoming, hopefully, through the course of our session, a representative from Northwestel.

Let's begin with Ruth Massie, here from the Alaska Highway Aboriginal Pipeline Coalition. You have five minutes.

Chief Ruth Massie (Chair, Alaska Highway Aboriginal Pipeline Coalition): Thank you, Mr. Chair.

Good afternoon, Mr. Chair and committee members.

My name is Ruth Massie. I'm the chair of the Alaska Highway Aboriginal Pipeline Coalition. I am representing five self-governing first nations along the proposed Alaska pipeline route. I am also a citizen of the Ta'an Kwäch'än council, and I welcome the standing committee members to our traditional territory, which we share with Kwanlin Dün First Nation.

We thank you for the invitation to present to you our experiences with the barriers and challenges of economic development for our organization and our communities within the Yukon.

Since day one of settling our land claims and establishing our own self-government structures, Yukon first nations have experienced many challenges and setbacks in our efforts to meet our obligations within our agreements. It has been a constant struggle to keep up.

Now we are faced with another challenge: the largest proposed project in our history at our doorstep. We recognize the need to prepare ourselves and our communities for a new industry, oil and gas, of which we know little.

Our biggest challenge to date is plain and simple: the lack of human capacity in our communities and the lack of financial resources to support our efforts. The Alaska Highway Aboriginal Pipeline Coalition submitted a multi-year business plan proposal to the Government of Canada over four years ago, asking for support to flow the information and communicate to the first nations communities, and we still haven't heard or received a reply.

The Government of Canada has fully supported the Mackenzie Valley pipeline and has ignored our requests to support us in regard to the Alaska Highway pipeline project. It is our intent to try to avoid the mistakes we have heard about with the Mackenzie Valley pipeline.

We need to be prepared and proactive and we need to participate as key stakeholders with industry, governments, and other first nations with regard to the proposed mega-pipeline project, which requires adequate resources. This project will inevitably impact our lands, water, environment, fish and wildlife, and our people's way of life—forever.

Our operation has received \$200,000 annually from the Yukon government, and periodically we receive funds to accommodate our workshops from the Canadian Environmental Assessment Agency.

Our question is, when is the Government of Canada going to consult and accommodate first nations in the Yukon with regard to the proposed Alaska Highway pipeline project?

Our organization is still seeking a face-to-face meeting with the Government of Canada. They have been meeting regularly with the Yukon government and industry officials for some time now. We need to discuss the importance of first nations being proactive now in the preparation of this megaproject.

First nations do not have adequate resources to address all the aspects of this project. What the aboriginal pipeline coalition had asked for was long-term financial support for each community to hire one person as a community liaison officer to focus on this megaproject and communicate with everyone involved on a regular basis.

After all, this project will affect every person's life, and right now there are a lot of fears in the communities. The communities have expectations, which are to capitalize on the opportunities that arise while minimizing the issues and risks involved. Oil and gas is a new industry in our region and we need to educate ourselves about it.

In closing, I thank the standing committee for this opportunity to speak to you and wish you a safe stay and a good trip home.

Thank you.

• (1305)

The Chair: Thank you very much, Ruth.

I also express our thanks to Pearl.

We'll come back to questions later. I'm sure there will be many.

Let's go now to Jennifer Byram.

Jennifer, you have five minutes for your presentation. Please proceed.

Ms. Jennifer Byram (Vice-President, Pelly Construction Ltd.): Okay.

Pelly Construction is headquartered in Whitehorse, Yukon. We are an earth-moving business primarily in contract mining and road reconstruction. We currently employ close to 200 workers year-round. Though we're based in Whitehorse, we often work in British Columbia and sometimes in the Northwest Territories and Alaska. One of our most adventurous projects took us to Antarctica to build an airstrip, hangar, fuel storage tanks, and water system for the British Antarctic Survey.

We have grown into a very successful northern business doing approximately \$60 million to \$85 million of business per year. At the moment, our two main projects are in the Minto mine in Yukon and the Brule mine in British Columbia. We have several first nations agreements in the Yukon or joint ventures with the development corporations here, such as Little Salmon Carmacks First Nation, Na-Cho Nyak Dun, Selkirk First Nation, Vuntut Gwitchin, and Ta'an Kwäch'än in the Yukon. Many of our projects are in these people's territories, and we work within their local first nations representation.

We are very proud of our relationship with the Vuntut Gwitchin Limited Partnership. I believe you heard from Stephen Mills this morning. We own a company, Porcupine Enterprises, that is 51% aboriginally owned. Porcupine operates out of Old Crow and completes earth-moving projects up there, such as river bank stabilization, rock crushing, and hauling gravel from their mountain. The partnership is so successful that we decided to continue this and become partners with the Ta'an development corporation as well, and we're going to develop the waterfront property here with condos and commercial property.

Our location in the Yukon is an obvious barrier for us in trade. All our parts and equipment come up the highway. In the last few years, money for the reconstruction of the Alaska Highway from Public Works has lessened. The route from Alaska to Anchorage is even in worse shape. The permafrost is destroying the highway. Our clients at the copper mine are able to get their product to the market, though, by trucking the ore to Skagway, Alaska, through the South Klondike Highway, and loading it on to ships from the local port. A railroad is always something we talk about. If we could construct railroad tracks to meet up with Fort Nelson, 1,000 kilometres away, that would help. Our experience has shown us it's easier to move to Alaska, which is in a foreign country, than it is to compete in NWT or British Columbia. In NWT the territorial government includes BIP and their determination on who gets government contracts. The BIP, or business incentive policy, applies to local hires and purchasing locally. Even products not available in NWT, not manufactured or even sold there, have to be sourced through a BIP-certified company. It's impossible for us to compete there because our prices start off at 20% higher than those of the local people. We have tried, and we probably will not go back unless they have a trade agreement with the Yukon, because it's too difficult. We've had enough of losing money there.

In B.C. we're fortunate enough to work in coal mines, where our equipment and parts are exempt from PST. However, if we take a project outside the coal mining industry, we would be subject to paying PST on our equipment when we move into the province. Even if it's 20 years old, we would have to pay PST on 50% of the purchase price, and that's a barrier. Another barrier for which I don't think there is a solution here today is that our competitors do not live in the north. They have their headquarters in Vancouver. To lobby potential clients, they just walk across the street and maybe go for a cup of coffee, or perhaps they meet at a hockey game or a social function. We're simply not part of that group.

• (1310)

We would like to see more money spent on the Alaska Highway. There are at least 100 miles that follow the old war trail. When we brought our triple-7 haul trucks up to the mine, we had to cut the haul boxes in half to get them through that portion of the road. We are able to haul those truck boxes in Alberta and British Columbia, but once we hit Muncho Lake, we can't haul them any further because the road's too narrow. We have spent hundreds of thousands of dollars on that. That's one of my solutions.

That's all I have to say today. Thank you.

• (1315)

The Chair: Thank you very much, Ms. Byram.

Now we'll go to Mr. Clarkson for five minutes.

Mr. Randy Clarkson (Professional Engineer, Klondike Placer Miners' Association): Good afternoon. I am Randy Clarkson. I'm here on behalf of the Klondike Placer Miners' Association.

Our requests are fairly simple. We're asking this committee to recommend to the Minister of Fisheries and Oceans that she include the KPMA directly in the development and implementation of the fish management system for placer mining. And we're asking you to recommend to Transport Canada that they transfer regulatory authority of the Navigable Waters Protection Act regarding placer mining in the Yukon to local Yukon placer inspectors.

The KPMA represents the 130 family based placer gold mines operating in the Yukon.

Placer mining has been ongoing throughout the Yukon since the 1860s. It has continued unabated through the Great Depression of the 1930s, through the recent recession in 1980, and through the current recession. In 2009, these mines cumulatively produced about 54,000 ounces of gold. That's worth about \$50 million. The indirect impact of placer mining to the Yukon economy, including supplies, services, and other spinoffs, is in the order of \$150 million. Therefore, placer mining is undoubtedly the most reliable, and one of the largest, sources of privately generated wealth in the Yukon.

Fortunately, in 2009, placer miners were blessed with record high prices for gold, stable fuel prices, and an abundant source of labour, thanks to the current recession. Unfortunately, the placer industry continues to be burdened with a seemingly endless barrage of regulations. In the past few years we have seen the number of permits and regulations increase dramatically. This has delayed the start-up of new mines and has added unnecessary operating and capital costs. We at the KPMA are hopeful that the efforts of this standing committee will help to remove and/or streamline current and future regulations for our industry.

The most recent regulatory hurdle for the industry has been the Navigable Waters Protection Act, which was recently taken over by Transport Canada. Transport Canada does not have sufficient personnel in Canada, and none in the Yukon, to execute these regulations, and they are unfamiliar with the local streams. They have decided unilaterally that a vessel is as small as a kayak, and thus many non-navigable historic placer streams are considered by them to be navigable. Transport Canada expects detailed engineering drawings of all stream-works and crossings. These are not generally available, and they're not required by any other regulatory body. Transport Canada considers some of the stream rehabilitation works required by the Department of Fisheries and Oceans to be impediments to navigation. So we have two departments in conflict. This has led to long delays in permitting works that are essential to modern placer mining.

The solution is fairly simple, we think. It is to transfer regulatory authority for the Navigable Waters Protection Act regarding placer mining in the Yukon territory to local Yukon placer inspectors. They are familiar with the local streams and with placer mining.

We should consider a vessel to be at least the size of a boat you could go fishing in. That would reduce the number of small and intermittent streams considered navigable by Transport Canada. We should use existing screening and water licence applications instead of creating an additional paper trail and drawings, as required by Transport Canada.

The fish habitat management system of the Department of Fisheries and Oceans was drawn up to save a failing industry that was about to die in December 2002. Luckily, we brought it back with this management system. In the early stages, the KPMA was part of the committee. We have been weeded out of it now. We're the ones directly affected, and we would like to be put back on that committee.

In summary, we have just two recommendations. We would like you to recommend to the Minister of Fisheries and Oceans that the KPMA be included directly in the development and implementation of the new fish habitat management system for placer mining. And we would like you to recommend to Transport Canada that it transfer regulatory authority for the Navigable Waters Protection Act regarding placer mining in the Yukon to local Yukon placer inspectors.

We have a whole list of other issues, but I don't believe they're within the federal purview.

I must apologize in advance for my French translation of this English paper. It was done with my computer, and it probably is full of errors.

Thank you very much.

• (1320)

The Chair: Thank you very much, Mr. Clarkson.

Now we will go to the first round of questions from members. We'll stay with our usual format, if members are okay with that. I think we'll stay with the five-minute round. Is that acceptable? We're doing okay time-wise, but we can get more questions in that way, I believe.

Let's begin with Mr. Bagnell, for five minutes.

Mr. Bagnell.

Hon. Larry Bagnell: Thank you.

Thank you all for coming.

For Ruth, just to put into context the effect of a pipeline on the communities, here we have a people, some of whom had their first contact with white people just barely more than a hundred years ago, and now all of a sudden they're facing the biggest project certainly in North America, and perhaps in the history of the world, since the Great Wall of China. And these are communities of a few hundred people.

Tell me how that prospect is affecting them. What are their feelings?

Chief Ruth Massie: It hasn't been that long since we 11 first nations settled our land claims, and we are the original inhabitants of the Yukon, before the gold rush. Thinking about this project coming into their communities, they often think of and fear the worst of the project, thinking about the oil spill in Valdez, Alaska, and of course that being an earthquake zone as well.

They have a lot of strangers in their communities, and without a constant contact in the community, a lot of visitors in the communities just go and knock on somebody's door. It's quite frightful, and we've had complaints to our office from elders who open their door to a total stranger and they don't know what to do.

They all watch TV and they see all the frightful things that happen south of 60, and they're very, very worried about all these strange people coming. What's going to happen to their land? What's going to happen to their lifestyle? What's going to happen to their grandchildren in the communities?

They all experienced the Alaska Highway being built, which was a negative impact for many, many of our community members. Once the highway went in, a lot of the kids were taken from the communities and sent to Whitehorse or Dawson City to go to school, never to see their parents for years to come. Some of them didn't go home for six to twelve years, and the parents were never ever informed what happened to their kids, other than they were going to school.

So there are a lot of worries. We have a lot of community members who still live off the land. They trap, they fish, and now they have this project coming through. What's the damage going to be? There are so many questions.

And then they don't know what this industry entails. Their questions a lot of the time are why the government isn't protecting us and why we don't know more about this project, because people are starting to go into the communities, industry people. That was one of the reasons we started the coalition, so we could get information out to the communities.

But we don't have a constant contact in the communities either. And if the government is not helping the communities to prepare, why should it be a priority for them in the communities?

Thank you.

The Chair: Thank you.

You've still got one minute, Mr. Bagnell.

Hon. Larry Bagnell: Okay. I'll ask all my questions, then.

Randy, I have a quick question for you.

One of the reasons you want to be involved—and I think it's a good reason—is that before, when you weren't involved, Fisheries actually made a decision where the limits of effluent would have shut down the entire industry, basically, in the Yukon.

Mr. Randy Clarkson: That's correct, yes.

Hon. Larry Bagnell: Okay, good.

And my other questions are for Jennifer, in my short time.

I don't think people can underestimate that we're looking for success stories, and the fact that your company in this far, remote Yukon could actually win a contract that was open to anyone in the world to build an airport into Antarctica is fantastic. Could you tell us how you did that?

Also, can you just elaborate a bit on the facts of permafrost, what it's doing to our infrastructure and our roads, because it's affecting the north more than elsewhere?

And my understanding on that \$5 million railway feasibility study was that there wasn't enough business to make it practical. Could you comment on that study at all?

• (1325)

Ms. Jennifer Byram: First, the Antarctic project was open to worldwide bidders. There were bidders from Belgium, another Canadian bidder from Montreal, and England. My father, Keith Byram, went down there, and I think he spent a month talking to the people who finally awarded us the contract. Because of our northern experience and our experience of being isolated from service centres, we were able to win that tender.

If anyone watched the news a few years ago...that was instrumental in evacuating that American doctor from the Antarctic. They used Rothera strip, and that was the strip we built.

The permafrost is destroying our highway, especially north of town, but also south. We haven't been able to get a handle on how to prevent it. They've spent millions of dollars reconstructing the highway, and ten years later it's hard to drive on because the frost heaves are so bad. I remember when we were out there building the highway, it would be frozen and you'd almost want to blast it. We'd rip it with the dozers, and then all of a sudden, when the sun came out, it was a mud puddle, it was soup, and it would fall off the trucks. So within a few hours it goes from a frozen state to soup, and it was very hard to handle. Once you start to thaw that stuff, it's really hard to maintain. We tried putting geotechnical fabric down. There was a study done to put those frost tunnels in, but nothing seems to be working.

The study you're talking about, is that the study north of town?

Hon. Larry Bagnell: The one that Alaska and the Yukon government did on the railroad.

Ms. Jennifer Byram: I'm not familiar with that study.

The Chair: Thank you.

Thank you very much, Ms. Byram and Mr. Bagnell.

Now we'll go to Monsieur Lévesque, *pour cinq minutes*.

[*Translation*]

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Ladies, it is rare for the men to be outnumbered here.

Ms. Massie, in terms of land claims, from what I understood from this morning's first nations witnesses, almost all the communities are autonomous and can exercise self-government.

During your presentation, you talked about the difficulties you have had in making yourselves heard. Beyond that, it is mainly a matter of the knowledge you have in order to negotiate with the companies that are going to set up on your land.

Even before these companies start setting up shop, are they required to talk to you and find out what your needs are or what your vision is for your own development?

[*English*]

Chief Ruth Massie: Thank you.

For the industry players who do come into the community...as a self-governing first nation, you have jurisdiction in your settlement land areas. We do have law-making powers, although when it comes to economic development or industry we would prefer to be in a partnership, to gain not only the partnership but to learn from their expertise, and also for us to teach them a little bit about us as well.

Yes, they do have an obligation according to our agreements, and Canada has a fiduciary obligation to ensure the protection of the settlement lands in our communities. It isn't as if we don't want them in our communities, because we do want to be able to participate in this industry, but we need to educate ourselves about it first. Yes, they do have an obligation to tell us what they're doing in our traditional territories.

Thank you.

• (1330)

[*Translation*]

Mr. Yvon Lévesque: I have always heard that if I ever had to negotiate with aboriginal people—and I see you smiling—I had better do my homework because you are very good negotiators. It is hard to imagine asking someone who wants to develop your resources to assess your needs.

Have you considered hiring people who are knowledgeable about the resources that will be developed on your land, people who will work for you and represent you, instead of asking those who are negotiating with you to tell you what is good or bad for you? It might be a bit much to ask a government to give you the resources that will help the producers to own you. In that sense, I think you have the ability to negotiate, insofar as you know how the resources are exploited. Do you agree?

[English]

Chief Ruth Massie: First nations are good negotiators. We've been at it for over 30 years up here, but we also expect to negotiate in good faith. With respect to industry coming in to tell us about their business and extraction of resources, we know our lands. We know what's there already, and we hire expertise to help us when we need it. But if they want to extract our resources, we expect them to come to our communities and to sit down and talk to us. We need to have a common understanding, so that they know what we expect and we know what they expect.

[Translation]

The Chair: That is all, unfortunately.

Mr. Yvon Lévesque: I have many other questions, but I will come back to them later.

The Chair: The next round. Thank you, Mr. Lévesque.

[English]

Mr. Bevington.

Mr. Dennis Bevington: Thanks, Mr. Chair.

I think I'll adopt the Bagnell strategy: I'll ask all the questions first, and then you can respond to each one of them in turn.

Ms. Byram, you're really talking about relationships between provinces and territories, and incentive programs to maintain businesses within territories. We have those in the Northwest Territories; I guess maybe you don't have them to the same extent in the Yukon.

When it comes to Alaska, moving forward here, we're seeing that there's been a pretty remarkable change in the currency over the past four or five years. That's going to impact your ability to work in Alaska. Alaska has state provisions for infrastructure programs.

I'd like you to talk a little bit about that as well, because that is a national issue.

To Mr. Clarkson, we just went through an exercise where we changed the Navigable Waters Protection Act. What's your experience with those changes?

Finally, to Ms. Massie, in the Northwest Territories we've moved ahead...and great expectations have arisen around the Mackenzie Valley pipeline. Those may cause us to...or that expectation may not be met.

We have a \$500 million fund from the federal government, the socio-economic fund, that will only come into place when the pipeline is actually permitted to build. The arrangement with the first nations in the Northwest Territories on the ownership of the pipeline will only accrue benefits if the pipeline goes ahead. There are many

things here that are really out of the communities' hands. The focus on the pipeline means that, perhaps in many cases, those communities have not looked at other opportunities.

I'd like you to comment on that as well, because that's the situation right now in the Northwest Territories.

I'll turn it over to you guys now.

• (1335)

Ms. Jennifer Byram: With regard to your first comment, some jurisdictions do have things like the BIP. We have, in the Yukon, the BIP that applies to just local hire, not to local...

Well, I guess there is local manufacturing; it's just not local purchasing.

As well, a lot of the Alaska Highway construction was done by Public Works—

The Chair: Jennifer, perhaps I'll stop you there.

You used the term "BIP". Can you tell me what that is?

Ms. Jennifer Byram: Sorry. BIP is the business incentive program.

The Chair: No worries; I just wanted to make sure. Thank you.

Please carry on.

Ms. Jennifer Byram: The Northwest Territories and the Yukon both use the term BIP, but it's two different programs. Ours refers only to local hire and local manufacturing, whereas in the Northwest Territories it's also local purchasing.

In terms of Alaska and the currency, I'm not quite sure what you're asking me there.

Mr. Dennis Bevington: How are you going to compete in Alaska for infrastructure programs? Is that going to be possible? Or are Alaska companies going to be coming into the Yukon to compete?

Ms. Jennifer Byram: Well, we haven't ever seen Alaskans come in here—or not that I can remember, and I've grown up with the company.

The Shakwak money was United States federal money. They were allowed to come here, and they still didn't bid. So far, there hasn't been any incentive for them to come across, and we haven't seen any barriers for us to go over.

The Chair: We'll have to move along if we're going to get this part done.

Ms. Jennifer Byram: Sorry.

The Chair: No, that's okay. Thanks, Ms. Byram.

Mr. Clarkson.

Mr. Randy Clarkson: I'm not that familiar with the recent changes to Transport Canada's Navigable Waters Protection Act, but the KPMA would like the same arrangement that the Department of Fisheries and Oceans has with the placer inspectors. They're basically deputized to inspect on behalf of DFO.

That's what we would like Transport Canada to do. These inspectors have local knowledge, and they understand how placer mining works. That's basically what we're asking here.

My understanding is that there's a minimum eight-month wait list in both offices, Edmonton and Winnipeg, for Transport Canada even to review an application. Then there's quite a bit of back and forth before that gets going.

Currently I have three projects that have water licensing and all other permits in place. It's been several months since we've applied to Transport Canada and gotten any information. I understand that the City of Whitehorse has already completed some waterworks projects without authorization, just because of the tardiness of that office.

• (1340)

The Chair: Thank you.

We'll go to Mrs. Massie.

Chief Ruth Massie: There are two proponents with this project, unlike the Mackenzie Valley pipeline, where you have just the one proponent. First nations are feeling caught in the middle, because if we go to industry—both of them, there are two competing companies—they want signed agreements to talk to the first nations. What we want is to learn about the industry and get the information so we can make appropriate decisions in the communities. They're not willing to contribute to us. This is a \$30 billion proposed project, and they want access to our communities, to come through our communities, affects everybody's lifestyle, and our communities want to make sure that if there are opportunities, we can capitalize on them, but also minimize the impacts. This is going to be huge.

We're hearing from other jurisdictions in Canada about the influx of people where pipelines are built. It really scares a community when you hear that 7,000 people are coming, and only 200 people live in the community. It's very fearful for them.

The Chair: Thank you, that's great, but we'll have to end it there.

Now we'll go to Mr. Rickford.

Mr. Greg Rickford: Thank you, Mr. Chair, and thank you to the witnesses here today.

There are two people at the table I'd like to question, but I may just deal with one and perhaps revisit it in the second round.

Mrs. Massie, you spoke about the need to develop some capacity with respect to this process. I wonder if you might take the opportunity to talk a little bit more specifically about the kind of person you would be looking for, for each community. The reason I ask is that before I was elected, I acted as a lawyer exclusively for first nations communities, and in a consultative capacity in other sectors. Nonetheless, I understand that can be problematic sometimes as well, whether it's a consultant who may have interests that perhaps are in conflict, or doesn't really bring much capacity to the community but simply does the work that's asked of him. There isn't much residual benefit for community members.

My questions are specific in these regards. What kinds of specific technical expertise would this person you have in mind require? Is there the potential for a local person or persons to receive the kind of

training you think they might require to advocate and consult effectively for your communities? Has the coalition visited that at any great length? Perhaps you could take a couple of minutes to flesh that out for me.

Chief Ruth Massie: The coalition originally came together to learn all about the industry and to start communicating that to all the community members. In each community we have chief in council, but we also have community members outside the government structures. We were looking at a community liaison officer who would communicate between chief in council, community members, key stakeholders who live in the community, and converse with industry, with other governments, and with other first nations. Who's doing what, and what are the expectations of this industry coming into the community? How can they capitalize on employment opportunities, training opportunities, for people who live in the communities? You have a \$30 billion project going by your doorstep, so surely somebody can get some employment, or training, or spin-off businesses, economic opportunities of some sort.

• (1345)

Mr. Greg Rickford: You're talking about communication and information management, which is a subset of expertise. Do you feel as if you have the people in your communities to be able to respond and deal with that information?

Chief Ruth Massie: We do feel we have somebody ready, a key member, in each community. We've been requesting support for the communities for this, and this is why we approached the Government of Canada to provide some financial resources. We have land claims, but the implementation of our land claims is inadequately funded at present, so to add that on to somebody else right now—

Mr. Greg Rickford: The private interests in this pipeline, have they come forward with any offer of resources to help you develop that liaison person? I would think they would have an interest in that from a public relations perspective.

Chief Ruth Massie: We asked them to, and there are two proponents. They want an agreement where if they support you, then you pay attention only to them. So how do you deal with both of them? It is proposed right now. We don't even know who we're dealing with. We know we have two different proponents. For them to ask us to sign agreements prematurely is ridiculous, and we're feeling caught in the middle. That's why the committees are saying they might need to go to Canada and ask for the appropriate support, so that we can do our own unbiased business with whoever we have to. Right now we're dealing with both.

The Chair: We'll have to move along now.

Mr. Russell.

Mr. Todd Russell: I have a couple of questions for Ruth and Pearl. You wanted to know when the Government of Canada was going to consult first nations in the Yukon in regard to the proposed Alaska Highway pipeline project. There are legal obligations for consultation, and there are also land claims agreements. From what I can gather, a large portion of the pipeline will cross a number of first nations lands. Is it that they haven't consulted you because the project's time frame is so far out? Why are they not meeting their legal duty to consult? What's causing that?

When it comes to the Navigable Waters Protection Act, there are two things. One is that you have a problem with how to define "vessel" for the purposes of the act. The other one seems to be an issue of personnel and timing. When somebody makes an application, you shouldn't have to wait a year to get a response. It has an impact upon your industry. Do you want both of these changed? It seems you want changes to accommodate at least the application process and then something to change...this is not easy to do, to make a regulatory change in Ottawa. We can make a recommendation, but I would think there are other users who would have something to say about this. I just want to get a sense of where your priorities would lie in these two different streams.

For Ms. Byram, you talked about having to cut the triple seven, the 777, bucking it right in two to get it through a pass.

Ms. Jennifer Byram: Yes.

Mr. Todd Russell: So you're saying there needs to be an investment in infrastructure, which is what we've heard from various other people here. That's a barrier. I would also say that it would probably present a good opportunity for Pelly Construction. So while it's a barrier, it could also be an opportunity. Would you not agree with me?

● (1350)

Ms. Jennifer Byram: Yes, our projects are in mining, but we also know how to build a road. It is a barrier when you have to cut your equipment apart to get it up here. It's the boxes of the 777 ore trucks. Yes, we would probably bid on that job to widen the road.

Mr. Randy Clarkson: I know it's hard to change legislation, but a lot of it is just inadequate knowledge of the local streams and inadequate personnel in the department. If there was somebody based in Whitehorse, he could actually drive out and look at the stream, instead of wondering if it was navigable or not, and instead of having a number of inspectors arrive at a placer mine site. The placer inspector comes at least once a year. So it only makes sense for him to be deputized in the same way he's deputized by DFO and Environment Canada to carry out their acts as well as inspections. Even though you may not be able to change the definition of a vessel, what you call "navigable" is subjective. Someone in the area would have a much better knowledge of that than someone in Edmonton or Winnipeg.

Mr. Todd Russell: These people who are deputized, who do they work for? Who pays them?

Mr. Randy Clarkson: They work for the Government of Yukon. They're Yukon placer inspectors. They work for the Department of Energy, Mines, and Resources. They're the regular mines inspectors. They have an agreement with the Department of Fisheries and Oceans whereby they're allowed to enforce the Department of

Fisheries and Oceans Act as far as placer mines go. I believe they have a similar agreement with Environment Canada regarding metals and so on.

That type of arrangement would be very suitable for Transport Canada also. It would probably save them a pile of money as well, because they could off-load some of this onto the Yukon government.

Mr. Todd Russell: Thank you for that clarification.

Chief Ruth Massie: One of the responses we got back from the Government of Canada about supporting the proposed Alaska Highway pipeline project was that it is only a proposal at the moment, and not actually a project. They are focused on the Mackenzie Valley pipeline, which is an all-Canadian pipeline.

They're looking at the Alaska Highway project as more of a U.S. focus. The outcome, of course, is going to be in the United States. Our issue is that we need to prepare, because once this project is approved, according to industry it'll just start steamrolling, and nobody is going to wait for us.

Mr. Todd Russell: Thank you, Mr. Chair.

The Chair: Thank you very much, Mr. Russell.

I will now go to Mr. Duncan for five minutes. He'll be followed by Monsieur Gaudet.

Mr. John Duncan: Thank you.

Mr. Clarkson, you said that the fisheries department has deputized Yukon inspectors. You have a recommendation in here that KPMA be directly involved in the development and implementation of the fish habitat management system for placer mining. You know intimately what that means. We don't know what that means.

Is there an exercise or an initiative right now to change the way the fisheries act is applied in terms of placer mining in the Yukon?

Mr. Randy Clarkson: Five minutes is a very short time to explain the legislative background of placer mining, but in a nutshell these are two separate initiatives. DFO already has an agreement with the Yukon government to allow the inspectors to inspect on their behalf. In December 2002, the then Minister of Fisheries and Oceans, Mr. Thibault, cancelled the previous placer authorization and would have basically put the entire placer industry out of work. That was overturned with a new agreement between Yukon first nations, the Government of Yukon, the Department of Fisheries and Oceans, and the Klondike Placer Mining Association. That originally was called the new placer regime. Now it's called a system for management of fish habitat.

Originally KPMA was a key stakeholder. We were part of the negotiations and the discussions. We have been phased out of it. It has gone back into DFO's bailiwick, and they are in the process of classifying streams and making different parts of that authorization under the fisheries act without, we feel, due consultation with the industry.

They're two separate issues. We have had good cooperation from DFO in the past. We were able to amend the minister's decision, which would have decimated the industry. We came up with a better management system and we just want to get back into that management system to make sure it works properly for the industry and for fish.

• (1355)

Mr. John Duncan: I understand.

For the record, is placer mining going on in other jurisdictions in Canada?

Mr. Randy Clarkson: Yes, it is, mainly in British Columbia. The area of Atlin has the most placer mining. The streams there are officially deregulated, which means they have very few restrictions. They're normally inspected once a year. I also work in the Atlin area, so I know it quite well.

There's a small amount of activity in the Quesnel and Cranbrook areas of British Columbia. They are much more heavily regulated. They are more of a total recycle system and of a much smaller nature. The people tend to be hobby miners, whereas the 130 operations here are people's bread and butter and how they make their living.

Mr. John Duncan: I have a question for Jennifer.

You talked about getting north of Muncho Lake and about Muncho Lake being a pinch point. How long a stretch of the Alaska Highway are we talking about?

Ms. Jennifer Byram: I'm not sure which places are exactly the worst, but from probably just outside Toad River to Watson Lake. So it's what? A couple of hundred kilometres?

Mr. Randy Clarkson: Two hundred kilometres just to Toad River from Fort Nelson. It would be about three hundred kilometres to Watson.

Mr. John Duncan: Stewart-Cassiar is not an option?

Ms. Jennifer Byram: No.

Mr. John Duncan: There's a lot of talk about dealing with British Columbia and the Yukon. Now you're talking about bidding on jobs in NWT, and you're not going to do that any more. We've heard this issue that the three territories are quite separate entities in many respects, and there seem to be a lot of barriers in labour and other things as well. I was wondering if you've had any experience at all with Nunavut.

Ms. Jennifer Byram: No, we have not been that far, as far as Nunavut.

Mr. John Duncan: As far as you know, there's no barrier to bidding in Nunavut.

Ms. Jennifer Byram: I have never thought of going to Nunavut, so I don't know what's there, if there are any restrictions or not.

Mr. John Duncan: Okay.

Back to the highway again, are there other businesses or companies that have significant issues with the highway? Are you talking as a single company with a big problem having to cut your triple-seven trailers? Or are there other businesses that have major issues with the highway?

Ms. Jennifer Byram: I think there would be other businesses. I would think anyone who has a wide load would have issues coming up the highway. I would think anyone who has a heavy load would have issues coming up the highway. I would think that if the pipeline ever went through, they would have issues, because how are they going to get that many rigs up the highway and get through the Muncho Lake area?

The Chair: Thank you, Mr. Duncan.

[Translation]

Mr. Gaudet, you have the floor.

Mr. Roger Gaudet: Thank you, Mr. Chair.

My first question is for Ms. Massie. In your opening remarks, you asked when the Government of Canada was going to consult the Yukon first nations and take their needs into account in terms of the Alaska gas pipeline. Is the Canadian government talking to the territorial government, or has it left you completely out of the process?

• (1400)

[English]

Chief Ruth Massie: Yes, the Government of Canada has flowed transfer funds to the Yukon government and the Yukon government does have an oil and gas division. I do believe their budget is around \$5 million to \$7 million annually.

[Translation]

Mr. Roger Gaudet: I agree with you, but are you part of the negotiation process? I do not think you are in on the negotiations to get a share of that \$5 million to \$7 million.

[English]

Chief Ruth Massie: No, we are not actually the Yukon government. We as an organization have approached the Yukon government for support, and they have provided our operations \$200,000 a year, just for support staff. That's the extent we have. CEAA, which is the agency for the environment, has provided funds, proposal-driven funds, I might add, for educational workshops, and so on. Right now we have a proposal for \$140,000 for a workshop that's going to happen in February, plus guidelines projects for our community, which is additional information.

[Translation]

Mr. Roger Gaudet: What are you expecting from the Canadian government?

[English]

Chief Ruth Massie: What we had approached Canada for was a business plan over a five-year period to create one position in each community to get started. We have asked the Government of Yukon to support us annually, and they have agreed. We have also approached industry, and because we're dealing with two proponents, that ask is outstanding with industry.

[Translation]

Mr. Roger Gaudet: Thank you.

Mr. Clarkson, is the government talking to the territories about the navigable waters issue, or are you excluded from the negotiations?

[English]

Mr. Randy Clarkson: I'm not part of these negotiations, but I do understand that a contingent from NavCanada did come and meet with the Yukon government and there was some kind of an arrangement to speed up placer applications. However, it did not go as far as to offload the responsibility or delegate the Yukon inspectors to carry out the inspections.

[Translation]

Mr. Roger Gaudet: How many inspectors would you need to settle the issue of navigable and unnavigable waters?

[English]

Mr. Randy Clarkson: I don't think you need a single additional inspector, because those same placer inspectors, the Yukon placer inspectors, go out to every site at least once a year. So it's not a matter of more personnel, it's just a matter of those same placer inspectors, the same fellows, wearing one more hat. Right now, when they're inspecting a placer mine, they represent the Department of Fisheries and Oceans, they represent Environment Canada, and they represent the Government of the Yukon. So they would just wear another hat and represent Transport Canada as well.

[Translation]

Mr. Roger Gaudet: Ms. Byram, this morning, your representative said that 10,000 miles of road have been completed.

How much are you missing in order to be able to deliver food to every community through the food mail program? How many miles of road or highway would you need so that every community in the territory could receive food at a price that was affordable, not super high?

[English]

Ms. Jennifer Byram: I think you're talking about Old Crow and Stephen Mills. The road into the community is about 200 kilometres that we build into the winter road, which we've done three times that I know of since 1980. That is just a winter road. We start building it in mid-January and it's out by April.

•(1405)

[Translation]

The Chair: Thank you very much, Mr. Gaudet.

We will now continue with Mr. Payne, who has the floor for five minutes.

Following Mr. Payne will be Mr. Bevington.

[English]

Mr. Payne.

Mr. LaVar Payne: Thank you, Mr. Chairman.

I will probably have some questions for each of the witnesses today.

As a comment to you, Jennifer Byram, to build a road in the Antarctic must have been quite a feat. I'm assuming that you can take the technology you've used and do that anywhere in our north.

Ms. Jennifer Byram: That's true. We've built many things in northern Canada.

The only tricky part was to get to Antarctica, because of course we had to use the South Klondike Highway to Skagway and barge everything down to Chile, and then over into Antarctica. When we actually got to the job, it was quite simple. It was just getting all the parts and pieces over there for the two-year job.

Mr. LaVar Payne: Thank you.

Mr. Clarkson, you talked about the various streams, and so on. I find that quite interesting, because I did a little bit of reading on it. Are you familiar with the streams that are maybe in question for the mining?

Mr. Randy Clarkson: Yes, I'm actually very familiar with them. I work with the Klondike Placer Miners' Association. I also help some of the miners try to get their licensing.

If you don't live here, you have no way to know if a stream is large or small, or intermittent, or has rapids on it or waterfalls, or anything of that nature. But if you live here and you work in the area, you have a pretty good idea of what the streams are like.

Mr. LaVar Payne: That was where I was going to go with questions in terms of the size of streams.

Do they flow continuously, or do they dry up?

Mr. Randy Clarkson: One of the streams that is considered navigable is Henderson Creek, which is about a foot deep, or 0.3 metres deep, and about four feet wide, and of course it's much narrower and smaller in certain areas and wider in other areas. So some very small streams—streams that would only be navigable by a kayak in high-water levels—would be considered navigable under my understanding of the current definition of a vessel in the Navigable Waters Protection Act. And it's quite a surprise to these placer miners, because none of them have ever even attempted to put a boat on any of these streams.

Mr. LaVar Payne: Okay. I was sort of under the understanding that some of those ones you're talking about wouldn't even be considered a navigable water.

Mr. Randy Clarkson: That's true. Transport Canada originally had a whole number of streams. Basically, every stream was tied up in licensing. And they did release a few of the very smallest streams and concluded them non-navigable. Then the Navigable Waters Protection Act does not apply to non-navigable streams.

Mr. LaVar Payne: So there are still a number of others, I take it, that are under question?

Mr. Randy Clarkson: There are, yes.

Mr. LaVar Payne: Okay. Thank you for that.

Ruth Massie, I was quite interested in your comments about the communities. How many communities would be affected by this Alaska pipeline?

Chief Ruth Massie: Altogether it would be nine, although today, with the aboriginal coalition, we only represent five self-governing first nations. The other first nations prefer to do their own work, although we do share all of our information and our research with them and we answer as many questions as we possibly can. And we also have a newsletter and a website that provides a lot of information for them.

Mr. LaVar Payne: Okay. I'm kind of a logical type of thinker, and I'm certainly not familiar with the communities or the culture. However, the view I would take is that each community should be having its representative and talking with the proponents of the pipeline. Then potentially those members of those communities, whether they're on their council or just however that's worked, would certainly be able to share freely with the other communities.

The other thought I would have around that whole process is that these communities should be putting the onus on the potential developers of the pipeline to get that information or not to bother talking to them. I don't know if that's even feasible or not.

• (1410)

Chief Ruth Massie: Yes, you're correct with the communities being unique to each other. For the APC, we only provide information and research. We do not negotiate for the communities; they do their own. We just prepare the information for them, so they can get themselves prepared for any type of negotiation that they would have with industry or other governments.

Mr. LaVar Payne: Okay. Thank you.

The Chair: Thank you, Mr. Payne.

Mr. Bevington, do you have another question? You're up next on the roster here, although you didn't put your hand up. If you want some time, please go ahead.

Mr. Dennis Bevington: I'm always grateful for the time you give me, Mr. Chair.

I have one question for Ms. Massie. How much negotiation has taken place with any of the nine communities or any of the first nations with either of these pipeline companies?

Chief Ruth Massie: Some of the communities are talking to industry. I don't believe there's any negotiation happening right now. APC has provided information in the guidelines project on some of the proponents within the agreements that industry is wanting to negotiate, but our communities are just learning about this industry and the components of negotiations preparedness, so there aren't any

negotiations. I do believe the Kaskas are preparing. South of Whitehorse they're a little bit more advanced than the other communities with the oil and gas industry. But each community will eventually do its own, unless they ask APC to assist them in preparing some of that.

What we've done is prepare a guidelines project to show them the components of the process. That's as far as they are right now.

Mr. Dennis Bevington: If I look back on the experience that I've seen with the Mackenzie Valley pipeline, I think you'd be in a really good position. I think the companies could probably support that too, because you would be creating a knowledge base that would be uniform between the communities. The understanding of how that would work would be accessible to the companies as well.

To me, it seems like a good thing to invest in at this time, to simplify things. I went through quite a bit of the pipeline process early on, before we had a proponent. Although there was a favoured group, the sense of interplay in the communities was not healthy, between the different proponents for the pipeline. So I'd say that what you're suggesting has a lot of merit, moving forward.

The Chair: Two minutes, Mr. Bevington.

Mr. Dennis Bevington: Ms. Byram, you really don't have competition for the money that the United States government provides for the Alaska Highway. What about the sections within Alaska? Have you built on those sections?

Ms. Jennifer Byram: Oh, no, we do have competition for the Alaskan money. It's just not the Alaskans who have come over but of course there are a number... It would be the same people who bid on the work this summer, brought out by YTG. I think there were probably eight or ten bidders, some from the Yukon, some from B.C. So all along the highway, there would be lots of bidders.

Mr. Dennis Bevington: Going back to the Northwest Territories, we have a number of companies within the Northwest Territories that are working right now from other provinces on major infrastructure programs. The relationship they strike in order to do that is something I think you might examine.

• (1415)

Ms. Jennifer Byram: Yes, we were over there, and it was a pretty brutal experience for us. I can't see us going back. Maybe if we could get some good partnerships, perhaps.

Mr. Dennis Bevington: There's a lot of work up on the Dempster.

Ms. Jennifer Byram: Yes, yes, a good place for the Porcupine aboriginal company to go.

The Chair: Thank you very much, Mr. Bevington.

I'll take one of the government spots here, if I may. I want to come back to some questions, actually to Ms. Massie, in regard to your organization. The basic question that you posed was when is the Government of Canada going to consult and begin to take the potential development of this highway pipeline project more seriously and get engaged with you?

In the course of answering some of your questions, I think you did allow that there is some activity going on. So I wanted to ask you.... Your organization looks like a bit of an information clearing house that supports the individual eleven communities that are along this proposed route. Do you currently then get supported by the Government of the Yukon and the first nations? Where do you get your income to sustain what you currently have?

Chief Ruth Massie: Right now we only have three staff members. Pearl is one. Then we have someone who does our communications and research for us, and an office manager. We do receive support from the Yukon government by an annual contribution of \$200,000. We have written proposals to some of the INAC programming, and we did receive \$104,000 for a guidelines project that was information for our communities going forward. They also support printing of our newsletter, which we do annually, and of course they support our website, and we try to get as much information on the industry and the proponents of the industry and provide that.

The Chair: Who are the two companies? Are you at liberty to divulge the two proponents you mentioned?

Chief Ruth Massie: Yes. One is TransCanada. It is at the pre-application stage. The other is Denali. TransCanada is a well-known pipeline company that builds pipelines across this country and around the world. The other proponent, Denali, is actually the producers group that owns the gas.

The Chair: You probably know more about this than we do, but so we understand, are these two organizations more or less competing at this point for proposals, or are they doing it jointly? How would you describe that?

Chief Ruth Massie: They are both competing in a filing application process, and they are going through the regulatory process and the application process. Governments will decide through FERC, the Federal Energy Regulatory Commission in the United States, which is the federal environmental regulation commission. In Canada, the Government of Canada will determine who is awarded this project. There are two Canadian agencies that are also involved. One is CEAA, which is the regulatory process for TransCanada, and the other one is Northern Pipeline Agency. And there is the National Energy Board.

The Chair: Have you done any forecast projections? Presumably this project is moving along. There does seem to be some progress. At some point in the future this could become reality. Have you looked ahead to see what potential economic benefit that project would bring to this region?

• (1420)

Chief Ruth Massie: Yes, we are accumulating that information and passing it on to the communities. It is posted on our website and in our newsletters.

They are hoping to make an announcement in July. The community is a bit nervous right now because we don't feel as prepared as we should be.

The Chair: I don't have much time left, but what stage would you say the project is at? How far are they from seeing any construction begin on this project?

Chief Ruth Massie: For construction, they are at the pre-filing application stage. Whoever is awarded that will go into the preparation for construction. We met with one of the proponents the other day, and they feel it will be a minimum of five years from this week.

The Chair: To start construction?

Chief Ruth Massie: Yes.

The Chair: Five years from now?

Chief Ruth Massie: Yes.

The Chair: Okay.

Is Prudhoe Bay where this is originating, essentially? Where's the terminus? Do you know whether this is going into British Columbia or some other distribution point?

Chief Ruth Massie: That hasn't been confirmed yet, but they're looking at northern Alberta from Prudhoe Bay.

Hon. Larry Bagnell: Does the federal government treat the Yukon aboriginal pipeline group the same way it treats the Mackenzie Valley aboriginal pipeline group? If there are differences in the treatment, could you outline them a bit?

Chief Ruth Massie: We are asking to meet with them. We did a preliminary business plan on things we need to go forward prior to this project being announced. We've already lost four years. The Canadian government has funded the Mackenzie Valley project and the aboriginal working group to the tune of \$32 million over a five-year period. To date, I think we have received less than \$200,000 in four years.

It's really important for us to sit down and explain the situation here. Once this mega-project is announced, we won't be able to stop it and we won't have time to be as prepared as we would like. We are trying to avoid some of the mistakes and uncertainty in the regulatory process that happened with Mackenzie.

Hon. Larry Bagnell: So there was \$32 million for the aboriginal group in Mackenzie and less than a quarter of a million to aboriginals in the Yukon. I can see why you're frustrated.

When did you ask for a meeting on your proposal? Without getting into the whole business proposal, roughly what are the major items you need funding for and how much are you asking for?

Chief Ruth Massie: In our business plan, we wanted to do the guidelines project, for which CEAA has managed to give us \$104,000, so that is an ongoing project. Then we received a little bit of funding from the northern strategy.

Hon. Larry Bagnell: What are you asking for now that you don't have?

Chief Ruth Massie: We're asking for support of our APC office, for starters, and not only from Canada but from the Yukon government and industry, so that there is a continuation. For the communities, we're asking for one position in each community so that we have continuity in communications.

Hon. Larry Bagnell: Jennifer, the temperature change has been much bigger in the north than in the south. Can you tell me if that is affecting our infrastructure in the north differently? You work in B. C. as well. Have you noticed climate change effects in your work?

Ms. Jennifer Byram: No, not really.

Hon. Larry Bagnell: So this permafrost melting and everything was just as bad twenty years ago?

Ms. Jennifer Byram: Well, I think about our Shakwak jobs; probably the last one we did that I was part of was in 1995. My remembrance of it before that is probably not very good.

I personally have not really seen that much change in the permafrost. It's just that once you unbury, you get the rock off it, and you get down into it, it changes. It's the mechanical devices that go down there and disturb the permafrost when we put the road on top of it. I haven't seen any natural changes that affected it much more than we did with our dozers.

• (1425)

Hon. Larry Bagnell: Thank you.

Randy, this committee seemed to be working well when you were on it. How did the government ever manage to get you off that committee? How did that come about?

Mr. Randy Clarkson: As for the reason we were asked to go off the committee, in order for the Klondike Placer Miners' Association to stay on the committee, they wanted to bring in a number of NGOs as well, and we'd had previous experience with the Yukon placer committee. When you have a number of NGOs, the industry, and the government, nothing goes very quickly or very efficiently. We felt we had more to lose than more to gain from the regulations on the placer industry at the time.

Hon. Larry Bagnell: Thank you.

The Chair: Thank you, Mr. Bagnell.

Mr. Clarke, I think you had one short question.

Mr. Rob Clarke: How much time do I have?

The Chair: You have a couple of minutes. If that stretches into three, that's okay too, but keep it short.

Mr. Rob Clarke: Thank you, Mr. Chair.

I have two questions, one for Jennifer and one for Ruth.

Ruth, how long has your organization been together? How long have you been operating?

Chief Ruth Massie: Since 2001.

Mr. Rob Clarke: How many people work for you now?

Chief Ruth Massie: There are three.

Mr. Rob Clarke: You operate on \$200,000 annually—is that correct?

Chief Ruth Massie: Yes, and then we have some proposal-driven projects. We do the projects if they're funded, and we don't if we don't get funded.

Mr. Rob Clarke: What was the rationale for some of the other first nation communities, the other four, not to work with your organization?

Chief Ruth Massie: Some of them are a little bit more advanced in working directly with industry and they're feeling that they want to go directly into negotiation rather than learning. We make all our information available to them anyway, so they're a little bit farther advanced than the other communities.

Mr. Rob Clarke: Thanks.

Now, on the highway going into Alaska, how much funding is coming from the Americans to maintain this highway, or is there any money coming from the Americans?

Ms. Jennifer Byram: I don't know if there are any agreements with YTG to maintain it. The money comes to reconstruct it. I don't recall how much we've received lately, but it has been in the hundreds of millions of dollars.

Mr. Rob Clarke: What's the traffic volume?

Ms. Jennifer Byram: I don't know. After this point it's mostly American.

The Chair: Thank you very much, Mr. Clarke.

Ladies and gentlemen, thank you for coming this afternoon to help us with this important study. What you've given us here today will be very helpful for informing our recommendations and the report we will eventually table in Parliament.

Members, we're going to suspend so we can reset for our next panel. We'll resume here in about ten minutes.

Thank you.

• (1425)

_____ (Pause) _____

• (1440)

The Chair: If I could get all the members to come back to the table, we'll get under way again.

May I start by welcoming our witnesses here today. And we welcome back Mr. Mills; he was here earlier today as well, but this time with a different hat on.

I'd like to welcome, first of all, Sandy Hachey and Mary Ann Ferguson from the Tourism Industry Association of the Yukon. Welcome.

Also, we have Mr. Marc Johnson, who is a member of the board of the Yukon Historical and Museums Association. Welcome, Mr. Johnson.

Mr. Mills is back with us now representing the organization Air North, which we heard a little bit about this morning and will hear a little bit more about in the course of our questioning.

For our witnesses who are just joining us, and you may have seen this earlier, we typically start with about a five-minute presentation. We're doing simultaneous interpretation, so I would ask you to speak at a pace that our interpreters will be able to translate properly. You don't have to feel yourselves rushed. Just take a normal pace and we'll give you a little bit of extra time if you go slightly over the five minutes. After the opening presentations we go to questions from members. Those are also five minutes in duration, which includes the question from the member as well as your response. We try to keep those as succinct as possible and that helps us learn a lot more in the space of a one-and-a-half-hour meeting.

Let's begin, then. We'll start with Sandy or Mary Ann. Which of you would like to begin?

Mary Ann Ferguson will start off from the Tourism Industry Association of the Yukon.

Ms. Mary Ann Ferguson (Second Vice-Chair, Tourism Industry Association of the Yukon): Thank you.

My name is Mary Ann Ferguson. I'm the second vice-chair of the Tourism Industry Association of the Yukon. As you said, Sandy Hachey is here with me. I want to thank you for inviting us to participate on this panel.

I will get right to it.

You've asked us to speak to the barriers and solutions that face northern economic development from a tourism perspective. There are a number of points we'd like to address.

Currently there is no real land use certainty. Without this, it is extremely difficult to attract investors and new operators to conduct their business in Yukon. There needs to be a balance with respect to land use planing and environmental and industrial concerns so that all industries have access to opportunities to grow and to protect land assets in the territory.

I'd like to speak about air access. The plethora of taxes, fees, and charges that are in addition to the high cost of flying in Canada, particularly in the north, puts us at a direct disadvantage when compared to other destinations. A recent study completed by Deloitte indicates that consumers are 80% more likely to practice brand loyalty for everything from toothpaste to soap, except when purchasing airline tickets. Consumers purchasing air travel will look for the least expensive fare 80% of the time. They have no dedication to a specific carrier or destination. Again, this puts Canada, and Canada's north, at a direct disadvantage compared to competing destinations.

On infrastructure and access, particularly airports and highways, Yukon is again at a disadvantage when looking at direct flights to the destination and at the sheer distance when travelling by road. We have short-haul flights directly from Calgary, Edmonton, and Vancouver and one long-haul flight from Frankfurt directly to Whitehorse in the summer. Lower airport fees and improved airport status would allow us to attract more frequent long-haul, direct flights to Whitehorse, which would increase access to the destination and would stimulate growth in the industry. Improvements to highways would aid in setting aside preconceived notions with respect to road travel, which in turn could increase the frequency of travellers.

On a qualified workforce and immigration, with a population of less than 30,000 people, access to a qualified workforce is a challenge. Immigration laws make it increasingly difficult to hire qualified labour from outside the country. Small business competes locally with government at all levels—municipal, territorial, federal, and first nations—for qualified workers. Government jobs typically offer a higher wage, year-round employment, and some level of security. This makes it hard for our industry to compete, making it all the more necessary for our operators to look at bringing in qualified workers from outside.

Looking at debit and credit card fees, currently there is no regulation or cap with respect to fees that can be charged for using credit/debit card machines. It can be argued that if a business is to remain competitive, it must offer these services to consumers. These fees can be raised at any time, increasing the cost of doing business and decreasing profit margins for small operators in a business climate that already sees them operating at a higher cost by virtue of their location.

On INAC and access to capital seed funding, in other areas in Canada, a number of business development and entrepreneurship programs can be accessed through Industry Canada agencies such as Western Economic Diversification Canada and the Atlantic Canada Opportunities Agency. It has seemed that the only department northerners have had access to for similar types of programming has been INAC. The tourism industry is seen as a strategic industry in the territory, and we fought hard, with other supporters, for the development of our own Canadian Northern Economic Development Agency.

● (1445)

With the announcement of CanNor—again, part of INAC—we have yet to gain any knowledge with respect to how tourism fits into the big picture, what percentage of funding will be made available to tourism-based initiatives, and if seed capital will be included in funding programs, particularly for those with first nation partners.

We had some other issues for consideration as well.

First, there are the fuel prices. This, of course, impacts rubber tire traffic from the south. High fuel costs equal fewer road travellers.

There are also Mexican visa requirements. This was a market that Yukon was beginning to tap into, but the new visa requirements are challenging those efforts.

Lastly, there's the cellphone and Internet service. I don't know how many of you do not have Bell phones with you today—those services are generally good—but not all cell providers are supported here, only Bell. It's a hindrance for travellers who do not subscribe to a Bell service.

Thank you.

The Chair: Thank you, Ms. Ferguson.

Now we'll go on to Mr. Johnson for five minutes. Mr. Johnson.

Mr. Marc Johnson (Member, Board of Directors, Yukon Historical and Museums Association): Thank you.

I would like to agree with everything Mary Ann said. I have to point out that heritage and tourism work hand in hand. We like our customers in the museum, our patrons in the museum, and they're mostly tourists. Yes, I agree with everything she said, and perhaps I can add to that specifically from a heritage point of view.

First, I should say that my personal pursuit is fixing boats, old boats in particular. A couple of weeks ago I was working on one with my son, who is a mechanical engineer, or almost a mechanical engineer. We couldn't get it going. I finally diagnosed it as something the matter with the distributor, and from that, the points. He looked at me as though I was from outer space and asked what points are. I said, "You're a mechanical engineer." He said to me, "Doesn't it have an electronic ignition?" Well, in 1932, no, it didn't. It came home to me that was an example of a skill I had simply because of my age that he didn't because of his age. And it applies here.

For instance, they have plenty of spoken word recordings in the archives, but nothing to play them on, no cassette players, no reel-to-reels, no cart machines, no eight-tracks, no turntables. They actually have these things, but they break down from time to time. What they don't have is analogue technicians in a digital world. These are skills that need to be taught today.

Other museums around the territory.... For instance, the Dawson City Firefighters Museum need somebody to fix or rather reassemble a steam engine fire pump. They need log buildings rebuilt. They need log constructors who are familiar with older methods. We have found recently that something called HPI funding—heritage properties initiative funding through Parks Canada—has done remarkably well in training people, sending them out for courses and what have you, in terms of creating the skills we need to maintain the material we have in the museums, to maintain the knowledge we must have that goes with some of our material in the museums. HPI runs out this year and we in the museum sectors need it and need it very much to be reinstated this year. HPI is but one fund available to the heritage group, and its demise is, to say the least, worrisome.

In a nutshell, the barrier to economic development in the heritage sector is funding or lack of it, and the solution is perhaps, simply put, more accessible funding. For instance, CHIP, the commercial heritage investment program, was a pilot program designed to increase heritage preservation, particularly in the private sector. I know of several projects that leveraged this program to create

significant economic development—none of them were in the Yukon: hotels, restaurants, small businesses that refurbished old buildings to operate within those buildings. The payback was remarkable. They preserved their heritage as a byproduct, if you will, of creating economic development.

The fund is being discontinued. Whether it comes back as a direct federal investment in heritage or maybe in terms of tax incentives or some other incentive, the operative word is incentive. I think the federal heritage department has facts and figures on the success of that program in terms of economic development created as a direct result of heritage investment.

Heritage museums or private preservations create economic development, especially in the Yukon. Heritage is a backbone of tourism, or maybe it's the other way around. Without visitors the museums would wither, and without museums, the preservation of our heritage, the tourists would be less likely to come. We know of the Klondike as a brand. People use the word Klondike all over North America, if not the world, because they relate it to the Klondike right here and all the branding that goes with that word.

So barriers to tourism are also barriers to heritage, things like accessibility to the north. My compatriots have just gone through this.

● (1450)

Expensive infrastructure, gas prices, passport requirements—all these are barriers to the preservation and conservation initiatives. These issues are addressed through different federal departments, but they affect day-to-day lives as well as museum and heritage pursuits. It is simply more expensive to live and work in the north.

Museums are mostly non-profit societies who rely on federal funding. I find it a little awkward here, because almost our entire industry of heritage relies one way or another on federal funding, so cuts to funding hurt, specifically cuts to MAP funding, the museum acquisition fund. Cuts to any program hurt the museums, but these cuts also hurt tourism, and tourism is our number one industry.

As for solutions, I don't know. A national museums policy would help. We have aboriginal working groups; we have cultural centres; we have the museums that come under the YHMA, the Yukon Historical Museum Association; and we have private museums. All of them are running on proposal-driven initiatives. It would be very handy if there were some sort of program that would allow all these museums to operate independently and together at the same time.

I also sit on the working group of Heritage Canada, representing the Yukon. They are heavily involved in the creation of a national trust, something we don't have, something we've talked about, something that people would agree with. There was at one point \$5 million in the federal budget put aside for the creation of the heritage trust, or a national trust of some sort. What happened to it, I don't know. Speaking as a member of that working group, they don't know either. It was there in the budget and disappeared. Certainly it would be helpful in a number of projects that would fit into the national trust category.

I would like to point out that all of this funding relates to job creation. There are a lot of people in the museum sector here in the Yukon who take training to work on heritage material. Sometimes they do this through Parks Canada, sometimes they do it through HPI. It is a very strong specialty concept to work on heritage material. You can't just build a log cabin. If it's a heritage log cabin, you need to do it the same way they did it a hundred years ago, and that takes special training. We have those people here, but we don't really have the work for them, because we don't have the money to employ them.

•(1455)

The Chair: We're quite well over our time now, Mr. Johnson. Do you want to take a minute to sum up?

Mr. Marc Johnson: Sorry, I've gone too long, but I can get passionate about these things.

I would like to quote a letter to the Minister of Environment, James Prentice, from our own Minister of Tourism and Culture, Elaine Taylor. She was talking about pending cuts to the HPI program, and she says:

While much progress has been made in the areas of building a national heritage registration system, addressing the need for tax incentives, development of standards and guidelines to assist in heritage preservation and public awareness of heritage preservation efforts, there remains more to be done. To date, the aboriginal component of the HPI has not been implemented as planned. The full implementation of this component would complement work in support of First Nations capacity building and self-government responsibilities for heritage preservation on First Nations settlement lands. Further work is needed to engage youth and new Canadians and in the representation of rural and remote communities. Likewise, we need to build stronger links between the conservation of our cultural heritage and the environment—retaining, maintaining and re-using our heritage infrastructure which contributes to sustainable communities.

Thank you.

The Chair: Thank you, Mr. Johnston.

Now we'll go to Mr. Mills, representing Air North.

Mr. Stephen Mills (President, Vuntut Development Corporation, Air North): Thank you, Mr. Chairperson and all the honourable members. I appreciate the opportunity to be here this afternoon.

Just quickly, Air North is owned by the Vuntut Development Corporation—which has approximately 800 beneficiaries based in Old Crow, Yukon—Mr. Joe Sparling, who's the president, and also 600 other Yukoners who have bought shares through small business investment tax programs. We probably represent 1,500 to 2,000 Yukoners as shareholders in one way or another. I'm not going to argue with the presentation, but we do have people who choose to fly on Air North and there is some brand loyalty to Air North.

One of the things I'm going to talk about here is that our airline is going through a similar situation to that of some of the other northern airlines. Basically, there are six carriers in Canada that provide domestic service by jet. Three of those are based in the north: First Air, Canadian North, and Air North. There are three mainline carriers in Canada: WestJet, Air Canada, and Air Canada Jazz. I would kind of group Air Canada and Air Canada Jazz due to their arrangements for purchasing: basically, one simply buys the capacity of the other one.

I would also say that the situation in the Yukon is very different from that in the other territories and the current market conditions in the Northwest Territories and Nunavut. Maybe later we'll speak to that as part of the questions. One of the things that's really different is that we brought the low fares to the Yukon, not the other way around, which has happened in other jurisdictions. When we launched our jet service in 2002, we launched \$195 one-way fares that are still available. That is from Whitehorse to either Vancouver, Edmonton, or Calgary. That was significant at that time—less than half of the average fares being charged by Air Canada. So when we entered the market, we brought a good alternative and it resulted in a very steep decrease in air rates in what I believe was a highly overcharged market. We have, since 2002, increased our market share to close to 50%.

We are also facing some pretty serious competitive challenges from our competitor, which is Air Canada. We have argued in the past that it is quite predatory in nature. It's something we struggle with. A good example is that, in about 2007, Air Canada managed its capacity as we did, and we saw load factors in the 80% range or higher, especially in the summer. Both carriers were doing quite well. Before 2007 and since then, Air Canada has gone back to a practice of flooding the market with capacity and last summer they flew four daily flights into Whitehorse from the south. What happened is that all our load factors have dropped by 10% to 15%. Some people argue that that's competition, but I also know that when you look at the amount of federal funding that has gone to Air Canada since about 2000 to help it survive, including current additional funding that, I think, was just given quite recently through loan funding to Air Canada, it is being provided funding that assists it in continuing to conduct predatory pricing and other practices on our airline.

We're not receiving that type of funding and we're not backstopped by the Government of Canada. I think it's something we really seriously have to continue to look at. We believe Air Canada is essential as a national carrier, as WestJet is. But we don't believe it should be able to attempt or continue to run the small airlines out of business and especially be backstopped to do that.

Here are a few things with regard to us. We have a small fleet. We're a small airline. We have three 737-200 aircraft. One is a cargo combi capacity. It can also fly onto gravel strips. For those who have been watching the torch relay, it was our first time flying our jet into Old Crow ever, the first time for a jet ever to go in there, and it carried the Olympic flame and the Olympic torch as part of the relay. It also carried that torch across Canada, and we are very proud to see not only our aircraft but to see "Yukon" on the tail of that aircraft and our flight crew taking it across the country.

• (1500)

That is something we're quite proud of, but also the fact that we have worked on and now have jet service, and we are going to build that into our schedule, into smaller communities. It helps to reduce air fares in communities and it also improves the transportation infrastructure in these communities.

When we talk about barriers, one significant barrier to us continues to be the fact of gravel airstrips. There are no new aircraft, especially of the turboprop nature, that are being designed and built to land on gravel strips. We have four Hawker Siddeley 748s. We use those on the gravel strips. We also have, of course, our 737 equipped for gravel. But we're not able to actually upgrade to more fuel-efficient turboprops, because of current conditions of our runways. If we want to improve infrastructure to reduce costs, we should start to look at improving the infrastructure to allow for more fuel-efficient and more reasonable equipment.

There are a couple of other things that I will speak to.

One of the things we had in our jet service early on was interline arrangements with Air Canada. Those were cancelled due to a competitive decision by Air Canada to stop interlining with us. Of course, that prevents people from coming from Ottawa to here and interlining their bags and checking right through, and that's a competitive disadvantage. One of the things we talk about when the federal government is providing funding or backstopping the airline is that some assistance in re-securing these interline arrangements, as well as some assistance in trying to ensure that we simply have a level playing field within the Yukon for air travel, would go a long way.

Just showing how effective your committee is, I just got off the phone; I heard that Air Canada may be interested in re-establishing the interline arrangement. So I thank you for your assistance on that front.

• (1505)

The Chair: We're out of time, Mr. Mills. Was there any final point you wanted to make?

Mr. Stephen Mills: My final point is that northern gateway routes make a relatively small contribution to either one of the mainline carriers, but these routes represent a huge loss to a northern carrier. I would just like to end on that note.

Whitehorse is the hub of Air North, with almost 200 employees, with \$10 million to \$15 million of salaries that flow into the Yukon labour market, with spinoffs being a multiple of that. The economic benefit of having Air North operate its hub out of Whitehorse is significantly higher than what is provided by some of the other carriers and is very important to the economy of the Yukon.

Thank you.

The Chair: Thank you very much.

We'll begin the first round of questions with Mr. Russell for five minutes. Mr. Russell.

Mr. Todd Russell: Thank you, Mr. Chair.

Good afternoon to each of you.

Thank you for those presentations. I tell you, they were pretty direct, and that's the way we like them, I think, for the most part. Some things I think are maybe a little bit beyond our control, such as gas prices, to some extent. Some would argue that we have more control than we do. But some of these things are very direct.

Now I want to get to a couple of points. In regard to the comments around CanNor made by Ms. Ferguson, I know CanNor is a new agency with a new mandate, but you were saying that you don't know where tourism is going to fit in that new agency. So I want to go back a little bit. The SINED program has of course been renewed and that \$90 million is now going to come out of CanNor for direction and for spending, that type of thing. What was your experience with SINED, and how might that inform how CanNor is going to develop its policies and its funding rollout and that type of thing?

The other thing I'm interested in, from a tourism perspective, is Parks Canada. We haven't heard any mention of Parks Canada. I'm just wondering what their role is here, in Yukon. What type of driver are they for the tourism market? Are there things there that we can bring back from a totally federal perspective? I'm interested in that.

To Mr. Johnston, in Labrador we had a fantastic project. It was the reconstruction of an entire fishing village. It's called Battle Harbour, and it was the 18th and 19th century fishing capital at one time of Labrador. A lot of their funding came through ACOA, which was the regional development agency, very comparable now to CanNor. Maybe there are opportunities that will present themselves there. They went through an extensive training process in order to rebuild this community. You talked about skills that are no longer existing, and they just developed those skills, such as heritage carpentry, for instance, and those types of things. So it might be something to look at, that particular model. But I'd like you to comment on Parks Canada, on SINED. And certainly the suggestions made around not pulling funding for heritage investments and things of that nature are very well taken.

I don't know who would want to start.

Ms. Sandy Hachey (Executive Director, Tourism Industry Association of the Yukon): I'll take the question for SINED and then I'll pass the question on Parks Canada to Mary Ann. SINED funding is there. It has been available to us and there have been people in the tourism industry who have accessed that funding. The feedback that we have from our constituents, because TIA Yukon is a membership-based organization, is that the funding is difficult to get. When it does happen, it takes forever to get it, and the reporting requirements around it are quite strenuous. So that deters a lot of people from actually going after that fund.

That's the feedback we've had from our constituents. So there's that. I think the other thing with CanNor is that we know there's the \$90 million for SINED but we don't know if there's any structure to that money in terms of what industries will be allowed to access it or if there's a percentage of moneys that are being allocated to specific industries based on what they bring into the territory, etc.

So the feeling in the tourism world, if you will, is that there's a lot of knowledge within the federal government with respect to the mining industry, and forestry and agriculture, but not necessarily a lot of knowledge with respect to the tourism industry. That being said, there need to be better linkages made there between our industry association and the federal government department, and I think this has been happening over the last couple of years. But again, there's still no real understanding, or even of whether there's the opportunity to have that understanding, of what the split would be between the industries or if there even is one, or how does the money get divvied up, out of that pot.

• (1510)

Mr. Marc Johnson: I would like to speak to Parks Canada. I live in Dawson, and I don't think Dawson would be there if it wasn't for Parks Canada. In the 1960s and 1970s they moved in and basically cleaned the place up. It was pretty much abandoned at that point. Historically, until 1955, Dawson was the capital. But as soon as the capital moved out, pretty much everybody else did too. Gold mining took a dip at that point, and the place was rebuilt from a heritage point of view by Parks Canada in that decade.

Now Parks Canada is going through some funding shortfalls of their own. A lot of the buildings—and I'm thinking specifically of Bear Creek, which was quite an attraction as an industrial heritage site—are now closed altogether. The Dredge is a big attraction but is

working with restricted hours. A number of heritage buildings in town that are operated by Parks Canada are working under restricted hours simply because of funding shortfalls.

The Chair: You'll have to wrap it up, Mr. Johnston.

Mr. Marc Johnson: On the one hand we owe a lot to Parks Canada. On the other hand, we're all sort of mad at them these days because we don't understand their shortcomings. It's a "six of one, half dozen of the other" situation.

The Chair: Very well.

Thank you, Mr. Russell and our witnesses.

[*Translation*]

It is now Mr. Lévesque's turn.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Ladies and gentlemen, Marc talked about the price of gas. When we got here yesterday, I was pleasantly surprised to see that the price was 87¢ a litre. When we left Montreal, the price was \$1.14 a litre. I am not sure if it is due to the fact that the gas tax is lower here; I do not know enough about it to say.

I was part of an association called the FQCC. It organizes trips from here up to Alaska. A friend of mine passed through here a couple of years ago. He spent two weeks here. He let the rest of the caravan go ahead so he could stay here. He found things in his field, in his area of interest, and he wanted to see them. I worked in regional development before I became an MP. Without trying to give a lesson, I can tell you that we looked into what we could do to attract tourists to our region. Being closer to the centre of the country, we may have more opportunities to do that. It is probably harder in the far reaches of the country. The main objective is to keep tourists in our area as long as possible so they can spread the word to those they meet afterwards.

I do not know what kind of infrastructure you have—apart from Dawson, which Marc just talked about—to keep tourists here. Whitehorse and Yellowknife are the two big hubs of the most remote territories. People want to know what there is to see. This is the first time that I have seen visitor's guides for the two cities and looked at them so closely. I am sure that you can explain to me whether better adapted, more structured roads would be an advantage, or even an immediate necessity.

In addition, Stephen, do you provide the Air North cap on flights? We have flown Air North before, and they forgot to give us a cap. I am a guy who likes his caps.

• (1515)

[*English*]

Mr. Stephen Mills: Yes, so long as you pay our fuel surcharge on our aircraft.

Actually, yes, all members can have a cap. I understand you're flying out tomorrow to Yellowknife. I'll make sure there's a cap for everyone so that no one is treated unfairly.

I would like to point out one thing on the fuel, if I can, to one of your comments. There's a different taxation regime here. The fact is that for aviation fuel, it costs us close to 10 cents per litre to transport from the south.

When you look at fuel costs for our airline here, where we purchase more than half of our fuel in Whitehorse, we have a bit of a disadvantage to the other air carriers. We have seen some very large increases in fuel charges. It is nice to see the lower fuel, when you can see it around town, for purchasing. For our airline industry, we have to bring it in.

We also recognize that this is more of a taxation issue with the territorial government than it is somehow access to cheap fuel.

The Chair: Does anyone else want to comment?

Mr. Marc Johnson: I would like to point out that as far as fuel prices go, in Dawson today I think it was \$1.28. I just left there this morning.

The other thing to keep in mind is that prices are low now, but come next May, they'll be in the \$1.20 range. I'm guessing; it's really up to the fuel companies as to what they charge. But as soon as the tourists start coming, up the prices go.

Ms. Sandy Hachey: I would suggest that the fuel prices you've been seeing around town over the last couple of days have been quite an anomaly. They don't normally look like that.

I have to say that when I saw 91.9 cents per litre, I rushed to the gas station and got my fuel. An hour later, when I saw 86.9 cents per litre, I went, "Oh."

Voices: Oh, oh!

Ms. Sandy Hachey: So that doesn't happen here normally. And I would echo what Marc says, that in summer the fuel prices are quite a bit higher, especially coming up the highway. There are places on the highway where you could pay \$1.30 or more a litre.

[*Translation*]

The Chair: Thank you very much.

Mr. Yvon Lévesque: We will pay you for the caps.

The Chair: Yes, absolutely.

Mr. Bevington now has the floor for five minutes.

• (1520)

[*English*]

Mr. Dennis Bevington: Thanks.

I want to thank the presenters here.

I certainly recognize with Air North that we have the same very sincere issues with our carriers in the Northwest Territories. We all hope that out of this cherry-picking that's going on right now with the gateway routes that we don't lose our carriers. Some of them provide such a massive service to the rest of the north that, let me tell you, if we lose them...

In the Northwest Territories, there are twenty-some communities with nothing but air access. In Nunavut, there are 33, I believe, that have nothing but air access. If we lose the carriers that are providing the service to those communities, you'll see that the burden will be shifted over to government and to all kinds of other areas. We're all united on this, I think across the territories, that we need attention paid to this.

On the tourism side, I'd like to go on with the national parks issue. That is one area where we can influence a national policy. With the national parks, intrinsic within their policy is the recognition of the surrounding area, yet we don't see that with their approach to tourism. We've seen massive increases in the presence of national parks in all three northern territories over the past 20 years, yet they're not selling a product—the northern product. They may sell somewhat the individual parks, but they don't come out and support the kind of effort we need for recognition of the north.

Can I get your comments on that, one way or the other?

Ms. Sandy Hachey: We would like to see that too. It would be great to see more collaboration between the Canadian Tourism Commission and Parks Canada to promote the parks, specifically in the north. I was just at the TIAC conference in St. John, and Parks Canada did speak about the partnership that they're starting to develop with the Canadian Tourism Commission. Hopefully that will evolve into something further down the road, but definitely something with a little bit more emphasis on northern wilderness spaces would be valuable.

Mr. Marc Johnson: When I think of Parks Canada, I think of Dawson, which is not necessarily wilderness; it's a built heritage, the entire town. We have actually talked about exactly what you're suggesting, between the Klondike Visitors Association and Parks Canada, and their branding, if you will, or their promotion of Dawson and parks in general, particularly in the north, from our point of view. It is something that they are aware of, but we'd all like them to take action "last week".

I think it's coming. I don't know when. That would be up to Parks Canada to answer, but we have brought that up and have discussed it.

Mr. Dennis Bevington: Out of this session we're in will be a report. This is what we're trying to accomplish here, to find ways to work on northern development from a federal perspective. These are things that are of great interest.

Go ahead.

Mr. Stephen Mills: Thank you for your question. I'm going to wear a slightly different hat here.

In our community of Old Crow, of course, there's the Ivvavik National Park. But we also have Vuntut National Park, which was established as part of our land claim agreement. It's a wilderness park. It's never going to, at least in the next decade or two, see high visitation rates, but one of the key aspects of that park is that it is one part of the story of the Vuntut Gwitchin people in Old Crow. So Parks Canada has worked with the first nation along with the Yukon government to establish a visitor reception centre, which promotes not only the park, but also other territorial parks and cultural areas of importance to our people. Air North has been working a little bit, but not a lot, with Parks Canada on marketing strategies and so on, for utilization of our airline. I think we're all facing the same thing, which is that without significant money, these parks are basically large closed areas. They should really be promoting the people who live in that area, the whole importance of that area.

Thank you.

• (1525)

The Chair: Thank you, Mr. Bevington.

Now we'll go to Mr. Duncan, then we'll start the second round with Mr. Bagnell.

Mr. John Duncan: Thank you.

Thank you for being here, and thank you Stephen Mills, for being here for the second time today. We know now that you wear more than one hat, but we know that you also deal in caps. I just want to make sure we're talking about Air North caps, not resource revenue caps. Are we correct?

We had quite a bit of discussion regarding federal contributions for tourism and heritage or culture. We had the deputy minister of tourism from the Yukon government here this morning, and I've just confirmed that the SINED \$30 million for the Yukon over the next five years is designated 20% for tourism and 10% for culture. Were you aware of this, or is this news to you?

Ms. Sandy Hachey: This is news.

Mr. Marc Johnson: It's news for all of us. Was that Mr. Alexander?

Mr. John Duncan: Yes, I believe so.

Mr. Marc Johnson: He comes up regularly and meets with us in Dawson. He has not mentioned that.

Mr. John Duncan: Okay, but CanNor is now up and running. This is a CanNor initiative and exercise.

Would you put that in the category of good news?

Mr. Marc Johnson: Yes. It gives me something to question him about at our next meeting.

Mr. John Duncan: Well, you have the CanNor people here now too, so I would encourage that conversation.

Another thing that was put on our radar involved two issues that have repercussions for the tourism sector that I didn't hear you talking about—mind you, I missed a couple of minutes—and that was the rental car issue between Yukon and Alaska, and also the border crossing closure issue on the Top of the World Highway. Are these fairly top of mind, in terms of the tourism sector?

Ms. Sandy Hachey: I would say that the rental car issue is absolutely top of mind, and if there's any jeopardy in terms of a border crossing closing, especially in the summer months on the Top of the World Highway, that's definitely an issue.

The Top of the World Highway is basically a circle route. You take it from Dawson City over to Tok, Alaska. So if our rubber-tire traffic and our motorcoach traffic that are coming as part of the cruise tours can't get through, that's an issue.

Mr. John Duncan: We didn't have a lot of time to get into any detail on that border crossing closure, but I understand there's an opportunity to winterize the facility in order to extend its operation. What does that term "winterize" mean? Is it the structure, or is it much more extensive than that?

Mr. Marc Johnson: Perhaps I could speak to that.

I'm here representing the YHMA, but this is clearly a Dawson issue, because that's where the Top of the World Highway goes.

Yes, there is a question of winterizing the booth, and I think there are some technical requirements in terms of water and sewage disposal that need to be addressed to allow those things to work in the wintertime.

More important than that is whether or not the Americans plow the other side of the road. You can have a lovely winterized booth, but if it's not plowed on the other side, nobody's going to use it. And it snows up there around mid-September.

This year it was particularly important because they appeared to close the border, more or less without warning, very early because of winterizing problems from the previous year. This year we didn't need it for another two or three weeks, so we lost two weeks or three weeks worth of tourism.

So some infrastructure development at the border crossing would help a great deal, so it isn't so weather-dependent.

• (1530)

The Chair: Mr. Duncan, I think Mr. Mills wanted to get in on a point.

Mr. John Duncan: Yes, I know.

The Chair: Okay, as long as you know. Good enough.

Mr. John Duncan: Go ahead, Stephen.

Mr. Stephen Mills: Only a comment, especially with regard to our neighbours in Alaska.

With regard to Air North, over the last seven years we've had to end our flights into Juneau. It used to be year-round—and it's not a moneymaker—in through Fairbanks, Alaska, and we provide a gateway to the Yukon through Fairbanks. We face ever-changing customs requirements, as well as flying requirements, for our aircraft that make it almost impossible—especially our turbo-prop planes—to meet their requirements.

If you fly from Old Crow on those days when we fly to Fairbanks, anybody on our planes has to clear customs, get back on the plane, then go to Dawson and clear Canada customs in Dawson, simply to get to Whitehorse. It makes it very unfeasible.

The second side is that there is some potential for the American government to require Nav Canada security screens in all airports where any airplanes may originate or fly into the U.S. That would require full security screening in Old Crow, Dawson City, and other locations. So it's not just the highway. It is a very difficult issue with regard to the changing requirements. Something that would be very useful for your committee and for the federal government is to continue to explore these issues, because it does close a gateway to the Yukon for tourism, but also for business travellers and other travellers.

The Chair: Thank you for that.

Mr. John Duncan: Is there anything more?

The Chair: Thank you, Mr. Duncan.

Now we'll go to Mr. Bagnell. He will be followed by Mr. Dreeshen and Monsieur Gaudet.

Hon. Larry Bagnell: Thank you, Mr. Chair. You're doing a fine job.

Thank you all for coming.

Just so the committee knows, on the rental cars—I've been working on this for years—it was partly reciprocal: the Americans couldn't do it either. But recently the Americans put in regulations so that Americans can do it across the border, so there's no reason Canada couldn't do that. I've written to the minister recently about that.

On Air North, Steve, I was interested in your comments about Air Canada funding. I wonder if—not now—you could give any information you have on funding they have to the clerk. I think it would help the committee if the clerk could then take that and elaborate on it for the committee on any funding that Air Canada has, because it would affect our recommendations.

On the point on the interline, I'm not sure if you're aware, but I wrote a fairly strong letter on the cost to Canada of Air Canada refusing to interline. I had someone from Air Canada—I don't think it was management, I'm not sure, an employee or someone—who wrote to me and said, "It's awful what these northern airlines do. They're putting in excess service and they're not charging the full fee, what it really costs, to undercut us in Air Canada, and we can't make it", and everything. I almost fell off my chair. Is that not the exact opposite of what's happening?

Mr. Stephen Mills: Yes. Our fare structure, on the lowest end it's at \$195, but we also have fuel surcharges and other Nav Canada fees and so on. What we also do on the upper side is we never raise our fares as high as, say, some of the other carriers. If you walk in and purchase a ticket, you may pay \$1,000 for a one-way ticket. We set ours significantly lower than that because we know we'll be asked on the street how we can possibly charge \$1,000 for a one-way ticket. So our fare structure is very different.

However, what we've noticed and what is absolutely the situation is that Jazz does charge significantly lower rates, and you can see

those in the Northwest Territories, but even in the Yukon, at seat sale rates of \$149. Then what they of course will do is max some of the other rates up to very high amounts. How they're able to do this is they increase capacity, so that there are additional conveniences for certain travellers. So they can flood a market with capacity, and they can also undercut the market. You can see the loads: there are planes with 20 people on them. But that's part of the business. That's what has happened.

Mr. Bagnell, you'll remember that when we launched our jet service, the day we announced our jet service in 2002, Air Canada flooded the market with capacity and lowered their rates to fares they had never charged before that. So there's definitely a predatory practice. We charge what we believe is fair and would stand up to any anti-competition tribunal. We charge a fair rate.

Air Canada gets a benefit because Jazz itself shows a profit because Jazz is paid for the capacity that it feeds into Air Canada. Whether their plane is full or not, they pay a certain rate. Air Canada, the main company, takes the hit on its books. So it doesn't matter if Jazz flies out with 20 people, they still receive well over \$200 per segment from Air Canada per seat on those aircraft.

There are certain practices that are difficult to deal with. A good example of that is this year. It's a very difficult year, and we haven't seen or analyzed the financials, but I believe we're at about a break-even point for this year. Just we, WestJet, and I believe Southwest are the only airlines in North America that are at a break-even point. We don't charge too much, but we charge what we believe is the fair market rate. I can easily point out that we do fair comparisons all the time with regard to us and our competitors. There are at times very big price wars that take place.

• (1535)

Hon. Larry Bagnell: Thank you.

I only have a short time left, so I have two quick questions. One is for tourism; you can think about it while I ask my other one. What is your highest priority if we could only get one thing of the things you're talking about?

On museums, I just want to confirm, I think they've always been underfunded, but it sounds particularly dismal recently. I think someone said this morning that \$315 million of the \$340 million for museums in Canada go to national ones instead of the small ones, which really need it. The historic places initiative and CHPIF funding, the commercial heritage properties incentive fund, you're suggesting have been cancelled. The museums strategy promised four or five years ago has not come through, and the National Trust is also gone. Are all those funding cuts true?

Mr. Marc Johnson: As far as I know, yes. HPI is on the edge. CHPIF is being cancelled for one or two years. There have been significant funding cuts to MAP. Put them all together, and we're suffering quite a bit in the museum business.

Ms. Mary Ann Ferguson: There is a problem with land use certainty. It's just for investors to come here. Mr. Lévesque talked about having things to do when you're here, but people can't build anything here because of the land use certainty. Is it designated for mining? Is it tourism? I think the highest priority is getting that straightened out.

The Chair: On this land certainty question, are we talking about lands that are the subject of land settlement issues, or are we talking about crown lands? I'm not sure if we've put our finger on where the uncertainty arises.

Ms. Mary Ann Ferguson: It's about with knowing what you can do in the areas. There are no set environmental or industrial areas.

Ms. Sandy Hachey: We're going through a second land use planning process. We've completed and signed off on one in north Yukon. Public comment has passed, and now we're waiting for recommendations for the Peel area.

To give you an example of how this played out, there was quite a debate this past summer between the mining and tourism industries, as well as the environmental groups, in respect of how the recommendations will be given to government and what government will decide how the land will be used.

The Chair: But it's predominantly the Government of Yukon that's guiding the land use process. That's what we wanted to be sure of.

Thank you.

Mr. Dreeshen.

• (1540)

Mr. Earl Dreeshen: Thank you.

First of all, I want to talk to Mr. Mills. I want to congratulate Air North on what you accomplished by taking the Olympic torch throughout the north. We were all extremely proud of the northern carriers and the people who participated in the torch run. You put yourselves on the map—letting a lot of people from south of 60 degrees realize how much of the map is up there. I really appreciate that.

Could you give the committee an overview of the cargo and ground handling services that originate in the north? Is this part of your business seeing any growth?

Mr. Stephen Mills: The economy has been a bit down over the last year. We saw close to 100,000 passenger segments in 2007 drop to around 97,000 passenger segments in 2008. Our cargo is an integral part of our airline. We have two elements to our airline: one is the jet service; the other is turboprop service to the northern communities.

Our service to the north relies heavily on a combination of cargo and passengers. This allows us to fly larger aircraft, so that the rates that we charge into these northern communities are probably one-half of what you would get with turboprop service in other northern territories. It is probably the same turboprop rate as you would get

with Air Canada Jazz or others in the south. We charge a significantly lower rate, but we rely on cargo. So if you have 30 people on the aircraft, you also have one-half of the aircraft full of cargo. On a weight-by-weight basis, it's about the same to fly people as to fly cargo—you just don't have to feed it.

From the south, we also rely on cargo. We do what we call, for our stats, our cargo-adjusted load factors. We may fly our aircraft with fewer people, but we provide all the air-bound cargo of all couriers and others into the Yukon. For the mining companies, we provide key cargo out of Dawson and other towns.

We also do quite a bit of charter work, including flying people out of Vancouver to the Queen Charlotte Islands. We fly people home from the oil sands, and we also fly people from the south into Churchill and other areas for polar bear viewing. We've tried hard to stay diversified and run an effective charter program. I would say charter is about 8% to 10% of our business.

Passenger service is the largest amount of our business, but cargo is a key part. That's what makes our planes profitable, even though we may be facing some fairly serious competition in getting people into the seats.

Mr. Earl Dreeshen: Do people know this? When we're looking at other parts, other airports and so on, do they know they could be using Air North in order to move that kind of cargo? What kind of barriers do you have? Are you having the same type of problem, with Air Canada and some of these other guys being in the way?

Mr. Stephen Mills: Air Canada isn't actually a competitor to us on the northern schedules. They fly these smaller aircraft that really have no cargo capacity. They've actually helped us secure the market for cargo.

Our Hawker Siddeley 748s are very effective turboprops, and we use those to provide cargo to Vancouver Island and many other areas. I think people are aware that we charter.

We're able to be competitive. All our aircraft are paid for, and that's a nice thing to have. We can park our aircraft if we need to, and we do park our aircraft. We usually have one jet and at least two Hawkers parked for the summer in Vancouver, strictly for charter work.

The other thing is that we are currently looking at purchasing a more modern jet that is more fuel efficient and has a slightly larger capacity to keep us competitive with the national and mainline carriers.

The Chair: You have about 20 seconds for a short question.

Mr. Earl Dreeshen: I want to mention something to Mr. Johnston. My father-in-law was a trapper, and he bought furs for the Edmonton fur auction and so on. When you talked about setting the points and all these types of things, I was wondering whether you had a relationship with people who have that type of history, or the aboriginal elders, as far as assisting with what you do with respect to the Yukon's museums.

• (1545)

Mr. Marc Johnson: Yes, is the short answer to that. We have ongoing programs with almost every museum that particularly involve first nations. Their cultural heritage and oral heritage is part of a whole other thing we haven't talked about yet. That aboriginal heritage is very different from the built heritage we like to talk about in the more traditional museum sector.

I'm thinking particularly of the Dawson City museum, which is a large museum for a small town. They've just come on board with the kind of display you're talking about. They have life-sized mannequins, if you will, of living people within the community, to demonstrate their own background and what they have brought to Dawson on an individual basis.

[*Translation*]

The Chair: Thank you very much.

Mr. Gaudet now has five minutes.

Mr. Gaudet.

Mr. Roger Gaudet: Thank you, Mr. Chair. I would like to know what the impact will be, as far as museums, tourism and Air North's operations go. The federal government is investing \$33 billion in the territory on energy, mining and diamond research.

Will that benefit you? Will infrastructure be built? I do not know, that is why I am asking. What impact will the \$33 billion being invested by the federal government have?

[*English*]

Mr. Marc Johnson: I'm not sure it's a downfall. We are always looking for funding. We look at the private sector as well. For instance, we sometimes bring on board the Silver Trail Tourism Association, which has an ongoing relationship with Alexco, the mining company operating within our jurisdiction.

If the federal government invests that kind of money, some of it will invariably filter down to the museum sector. I'm not thinking it would always fulfill our wildest dreams, but some of it will filter down to the museum sector. We're consistently looking for funding from the private sector, as well as government.

[*Translation*]

Mr. Roger Gaudet: Yes, Mr....

[*English*]

Mr. Stephen Mills: Federal government investment, whether it is investment that improves museums or tourism, is all good for Air North.

With respect to investments in industry, in mining and oil and gas, our company does crew changes for some of the mining companies. The more we can get some of these developments, the more ability we have to increase the number of communities we can provide air

service to. It also then multiplies in the ability for us to take crews out of remote areas through Whitehorse, and it increases our service to the south.

These types of programs, to me, are win-win situations for our airline. It's not always investment in the airline that increases our service or viability; an increase in the economy of the Yukon, without a doubt, improves our airline.

Ms. Sandy Hachey: I'd like to echo what Stephen is saying. The tourism industry has always said that we need to have both mining and tourism in the territory. We need to have a balanced approach.

Many of our operators benefit from mining companies operating here in the territory, and that's for everything from airlines to hoteliers, restaurateurs, retail outlets, etc.

So we're definitely not against that; we just are always advocating a balanced approach.

[*Translation*]

Mr. Roger Gaudet: Mr. Johnston, how many museums does the territory have?

• (1550)

[*English*]

Mr. Marc Johnson: That's a million-dollar question. I can't answer it with a finite number, because certainly we would like to represent all of them, but they aren't all members of our organization. Some of them are very tiny and private. Some of them are much larger, like the Dawson City Museum or the MacBride Museum here in Whitehorse. I'm taking an educated guess to say about 25.

[*Translation*]

Mr. Roger Gaudet: Thank you.

The Chair: Mr. Lévesque, do you have another question?

Mr. Yvon Lévesque: In Quebec, specifically, assistance has been provided to air carriers so they can offer better prices on travel to remote regions. For instance, if you fly from Vancouver to France, I am sure that the ticket will cost less than a flight from Whitehorse to Vancouver. We have already had a program to help regional carriers bring down their prices and thereby encourage the public to travel by air instead of by car.

They are doing it elsewhere, as well. It is very common in Sweden. My friend, Mr. Bagnell, and I saw it when we went to Sweden. In the small Swedish town of Kiruna, with a population of barely 20,000, a 748 airplane is full for every departure, and the flight costs nothing. People prefer to go by plane than by car.

Would a similar measure have the same impact here, both with tourists as with the population and local businesses?

[English]

Mr. Stephen Mills: Funding of this type definitely would be of great use to our airline given that we provide both a turboprop service and the jet service to our communities.

I would say, though, that one way to lower fares is to better manage capacity. We have attempted to do that as much as possible. Any time you flood a market with excess seats, the price per seat will in the end have to go up in order for the companies to make money. We found that in a more stable environment, where it's properly managed, airfares can decrease.

On the northern schedules, it's a little different. The fact is that the smaller the aircraft, the more expensive it is to fly, so I'm thinking that in some communities, even in the Yukon, unless you improve the infrastructure, you can only use smaller aircraft. It is the same within the Northwest Territories, where the runways are even shorter.

So that's another way: to improve infrastructure and allow more affordable and more cost-effective aircraft into these communities. That's another way to improve the economics and reduce prices.

[Translation]

The Chair: Thank you, Mr. Lévesque and Mr. Gaudet.

Now, it's over to Mr. Duncan for five minutes.

[English]

Mr. John Duncan: Thank you again.

I want to pursue two issues that you brought up, Stephen. You mentioned that you can't really upgrade your turboprop capacity because of the fact that you don't have paved strips, but there are so many gravel strips in the north. If you had three or four that were priorities, that would make a huge difference. Do you have such a list in your head as to what ones would be priorities?

The Chair: Excuse me, Mr. Duncan. It looks like we don't have translation.

Are we okay?

Mr. Yvon Lévesque: Yes. I was looking at Larry. He was showing signs, so I looked at him.

The Chair: Pardon me, I misunderstood.

You can proceed. I didn't even take your time away.

Mr. John Duncan: I've asked my first question.

Mr. Stephen Mills: I'm sure that Mr. Bevington has priorities other than the NWT.

In the Yukon there are only two airstrips on our scheduled service that are gravel. We're talking about the upgrade of two airstrips, which would allow us to upgrade our fleet significantly.

We know that when it comes to crew changes and other things like that we would have to utilize some of our other aircraft. There are gravel strips across the north. That is true. There are aircraft capable of dealing with them, but they are aging aircraft and they are less fuel efficient. Paving these would allow for newer and probably more suitable aircraft for some of these strips. That's what I think we're facing across the north and in many other places.

A lot of our aircraft have been brought out of other areas of the world that have gone to paved strips. In the north we're still using aircraft that are very good for that, but they are not necessarily the best or the most cost-effective for passenger service to small markets.

• (1555)

Mr. John Duncan: In the YT there are two. There's Old Crow...

Mr. Stephen Mills: There's Old Crow and Dawson City.

To get the jet to land in Old Crow we had to get some turn buttons put onto the runway. The Yukon government came through on that. So there were some upgrades. They're 5,000-foot strips. They have the capability of having jets or other turbo props. We've been in discussions, but that's a fairly big infrastructure cost for an isolated community. I think that's a logical next step. That could greatly improve the transportation network within the Yukon.

Mr. John Duncan: You talked about the Canada Border Services Agency issue when travelling to Alaska and back. I guess that's a Homeland Security issue as well. I was wondering if you view it as being an agreement with one or both. I was wondering if you've initiated those conversations and discussions with the Government of Yukon.

Mr. Stephen Mills: The Yukon government is well aware of these issues, and so is our member of Parliament and other members. It's a changing rule. It's not as much Canadian border security on this issue as it is Homeland Security.

Since 9/11, especially, we've had to equip our aircraft, Hawker Siddeleys—there are no others in the world—with certain barriers between the cockpit and the aircraft. For us to try to engineer that for our own aircraft was in the hundreds of thousands of dollars. That still may not be enough, because now, with the cost of putting security screenings into remote airports, it doesn't make sense in Old Crow to have security screening.

We've always talked about how to develop this east-west sort of travel arrangement versus north-south. We're slowly being driven out of the market of Alaska simply because the increased security requirements make it next to impossible for our airline to do that.

Mr. John Duncan: Thank you.

The Chair: Thanks, Mr. Duncan.

Now we'll go to Mr. Bevington.

Mr. Dennis Bevington: Thanks, Mr. Chair.

We are going to come to grips with the issue of the lengthening of the runways in the Northwest Territories very shortly, because they won't even be able to utilize the plane completely. They will have to have a smaller number of people on the plane because the airstrip is only a certain length. This is a new regulation, which I've been bringing up at regular intervals with Transport Canada. It's a problem, and it affects many runways in the Northwest Territories and in Nunavut.

I don't think it affects anyone here. Does it affect Old Crow?

Mr. Stephen Mills: There are a couple of things that are coming up that could.

Transport Canada, after the Air France aircraft incident in Toronto, is talking about having these sort of run-off sections on the ends of runways for safety. We don't have that ability in Old Crow. We have the river at both ends. So it's not an option. There are some potential rulings that could come forward that would effectively shut down any aircraft coming into our own community of Old Crow. As these rules change, they sometimes change the operating length of a runway. It may be 5,000 feet, but they may reduce the operating length.

There are issues, but we're making some suggestions. For example, gravel reduces the effective use of the maximum weight you can have on an aircraft. At least in the Yukon, all our runways are quite a bit longer than those in smaller communities in the Northwest Territories, and I think improving them to gravel and other things could help us effectively utilize those airstrips.

Mr. Dennis Bevington: I used to think our airfares were really high until I flew from Ottawa to Sault Ste. Marie on Bearskin Airlines and realized that these guys are actually charging more per passenger mile than we are experiencing in a lot of places in the Northwest Territories. The small aircraft flights are just out of line.

I want to talk a bit about tourism. Somebody visiting the Northwest Territories, Nunavut, or Yukon...that's a net addition to the rest of the country. I just want you to elaborate on that, because it's an important point for us right across this country. The attraction in the north of Canada...people come through the south to the north. Tourists to the south are not going to impact on our economy, but our economy is always a great addition to the southern economy. That's something that needs to be highlighted.

There is just another point you might want to talk about in terms of heritage. We have these huge territories and very small populations. There is great history and great geographic, historical perspectives; yet, as you say, there are 25 museums up here to try to capture that history. When we have these federal programs that are on a per capita basis, they simply don't work here.

Maybe you could comment a little bit on that.

● (1600)

Mr. Marc Johnson: First of all, if Stephen will abide, we do have direct flights where people come here from Frankfurt once a week, directly into Whitehorse. So we don't actually have to add to the southern tourism point of view.

In relation to your other point, a lot of people have suggested that, yes, we actually get a lot of heritage funding up here, and frankly, it's

paid off. I have worked quite a bit with national groups and other groups, all of whom know about (a) Dawson, and (b) the Yukon government historic sites branch. And they're tremendously impressed with how that works. I can't give them enough accolades in terms of how the Yukon government, in particular, operates their heritage department. It works very well and it's known across the country.

On the other hand, from a purely financial point of view, in dollars per person, heritage works under the same restrictions as other things. Your phone company in the south charges according to how much it costs to get to your house. My house is 200 kilometres from here, and it costs a lot for the phone company to get there; consequently, the phone rates are high. Infrastructure costs are high. The cost of heating a building to hold your artifacts is high. So that extra money that we get is consumed remarkably quickly.

The Chair: We'll have to wrap it up here.

I just have a couple of follow-up questions, if I could take this next spot. I don't have any other speakers on the list, so I'll just barge in here.

Mr. Johnston, at one point you mentioned this heritage trust of \$5 million. Do you know how long ago that was? We might just want to try to track that down.

Mr. Marc Johnson: It was two years ago. It was funding specifically set aside for a national trust. If you want to refer to that, talk to the Heritage Canada Foundation.

The Chair: All right, thank you.

To Sandy and Mary Ann, has there ever been any work done on recognizing the Klondike as a Yukon experience? When you look at the markets, is there an understanding that the Klondike and Yukon are synonymous in that sense?

Ms. Sandy Hachey: I'm not sure where it's at right now, but I know even as far back as eight to ten years ago there were initiatives undertaken to actually begin trademarking the words "Yukon" and "Klondike", and those kinds of phrases. I don't know where it's at right now.

● (1605)

The Chair: You mentioned that in terms of recognition, the Klondike is way up there, but I'm just not so sure the market understands that in fact it's a Canadian destination. Anyway, that was just of interest.

In regard to CanNor, I think Ms. Ferguson mentioned that CanNor is in fact a part of INAC. My understanding is that it is a separate, stand-alone agency. The reporting responsibility does go to the Minister of Indian Affairs and Northern Development, but aside from that it's not actually a division of it. It might just be semantics, but that's just for your purposes.

In terms of this understanding of CanNor's role as it relates to tourism, I know it is a new agency, but have you had any engagement with CanNor to this point here in the territory in terms of preliminary discussions with them about their role?

Ms. Sandy Hachey: We've had some initial discussions. There hasn't been any communication within the last couple of months. We were invited to industry sessions, I believe in January, and then we've had other discussions with Karen Dove here locally. She spoke at our industry conference in May in Dawson City.

The Chair: And Karen Dove is...?

Ms. Sandy Hachey: I believe she's the director there. I'm not sure, because things were changing throughout that time, so I'm not sure of her exact title.

There haven't been any discussions over the past number of months. Again, that's not pointing any fingers, and we need to take responsibility for that as well. I'm happy to hear the report of the 20% of this \$30 million being dedicated to tourism over the five years.

The Chair: Finally, coming from the tourism sector myself, and as my colleague Mr. Rickford is well aware in northern Ontario, when I think back to the last couple of decades of discussions in the tourism sector in my home province, in the north there were often interesting tensions between tourism and the resource sector. I wonder if you would comment on the same kind of phenomenon as it plays out in Yukon.

Ms. Sandy Hachey: Sure, I'd be happy to talk about that.

Last year at about this time, actually, we entered into discussions with the Klondike Placer Miners' Association as well as the Yukon Chamber of Mines and developed a memorandum of understanding with those two organizations. The memorandum of understanding is between the two mining organizations and the Tourism Industry Association of the Yukon.

We've been in discussions over the last year with them in terms of developing best practices and in terms of how the two industries can work together. At our most recent meeting about two weeks ago, we started to develop some tools that will allow us to work together. It's an ongoing process. We're dedicated to the MOU and we believe the mining side is as well. There was probably a little bit of a blemish in the past summer because of the Peel Watershed Planning Commission and the recommendation for the land use planning around that. As I mentioned previously, there were varying opinions. Each side had its lobby efforts, but that is not negating any of the work that has happened with respect to the MOU; both sides are still completely dedicated to it.

The Chair: Then you're progressing there. You wouldn't describe it as an impediment to advancing either of your sectors.

Ms. Sandy Hachey: No. We definitely recognize that one area as an issue, but we agree to park it at the door when we're having the meetings and we proceed with the other issues at hand.

The Chair: Well done. Good.

That's all I have.

Go ahead, Mr. Bagnell.

Hon. Larry Bagnell: I want to re-ask my question to the tourism industry on your priority. I know there is land use planning and I know also that the Yukon government has an instrumental part to play in that, but there are some things in which the federal government could have a major role.

For example, you mentioned controlling credit cards, cost of employees, more money to the CTC, putting back the GST rebate, the museum stuff, the rental car problem we talked about, the air access that you brought up, the historic places initiative, and so on.

What would be one or two of your top priorities if the committee could only get a couple of things through or could only recommend a couple of things?

• (1610)

Ms. Sandy Hachey: If I can make that, that would be great.

Increase funding to the Canadian Tourism Commission. Obviously they're the body that markets Canada as a whole for tourism—Canada as a destination—so that would be great.

There's one thing, actually, Larry, that wasn't on your list, and we were remiss in bringing it up, but I'd like to ask for your indulgence now, if I may. The marquee festival and events program is one that would greatly benefit the north. The way the program is currently set up, it is not conducive to any event that happens in the north. I think for the bottom tier funding—and you probably experience this in Atlantic Canada as well—you need to attract 50,000-plus visitors in order to access the funding, and there are not even 50,000 people living here. There's no way we could accommodate 50,000 people.

If that funding could be re-examined, that would be great, because there are events here that are world class and would benefit greatly from accessing that funding. Events in Dawson City, the International Short Film Festival, Rendezvous, and Yukon Quest are all world-renowned events, and it would be great if we could access that funding.

The Chair: Very good. Thank you, Mr. Bagnell.

That will wrap it up. I must say, on behalf of all the members, we appreciate your attendance and time here and your input and responses. They were all very, very informative and they are going to be helpful in shaping our final report.

With that, we will suspend. Again, members, you're reminded that we are back here beginning at 6 p.m.

Mr. Bagnell, do you have a question?

Hon. Larry Bagnell: A point of order. For committee members, if anyone's interested, the CKRW radio station is having its 40th anniversary celebration reception from five to seven tonight at the MacBride Museum, which is a block from your hotel. I think it costs \$5 to get in, but if anyone's interested, it's on. I wanted to let you know.

Mr. Marc Johnson: It's free, Larry.

Hon. Larry Bagnell: It's free. It's the MacBride Museum. It's right on the waterfront, one block to the left. You hit the train station at the foot of Main Street, one block to your left.

The Chair: That's a great suggestion.

Of course, you're on your own for dinner between now and six o'clock. So go out and walk the wonderful Main Street here in Whitehorse. It's a great walk. I did it earlier this afternoon.

We're suspended until 6 p.m. Thank you very much.

- _____ (Pause) _____
-
- (1805)

The Vice-Chair (Mr. Todd Russell): My name is Todd Russell, and I'm the vice-chair. I'm not Mr. Stanton. I'm much better looking than Mr. Stanton, and that will prove itself out when he arrives. I'm from Labrador, and I want to welcome you all to this session.

Certainly, we've had a very productive day thus far. We've heard from a lot of witnesses and there have been a lot of questions that we've addressed to various panel members. Tonight we'll go for an hour and a half. I'm sure all of you are aware of the time we have together.

We have with us Dan Curtis, executive director with Skills Canada Yukon; Andrew Finton is the founder of Sundog Carvers; from the Yukon Film and Sound Commission, we have Barbara Dunlop, commissioner; and Alex Furlong and Ron Rousseau are with the Yukon Federation of Labour.

I want to welcome you all here. The format is that each organization will have about five minutes for their presentation. We'll be a little bit lenient with the time, but we want to keep it to about five minutes, and then we'll open up the floor for questions, and there'll be five-minute questions and answers. When I turn to one of the members, the five minutes will be both for the questions and the answers.

We'll start with Mr. Curtis, if that's okay.

Go to it, sir.

Mr. Dan Curtis (Executive Director, Skills Canada Yukon): I'd like to thank you for inviting me and my colleagues. That's wonderful.

I don't want to spend a whole lot of time explaining who we are. Hopefully you've already heard of the organization, Skills Compétences Canada. We are throughout Canada. I've given notes for everyone to give a bit of an overview, and I hope you'll have some questions about how we run, and I will answer them.

The national organization started in 1998 and we're in every province and territory across Canada, governed by a volunteer board of directors. We are a non-profit organization. We do this through interactive programming; events offered through our provincial-territorial member organizations; skills clubs, which I'll probably spend a little bit of time on today, when we get to the recommendations on what we're doing and how we're doing it; skills camps, with youth exploring trades; first nations career events; young women conferences; try-a-trade and try-a-trade interactive

demonstrations; and Skills Canada competitions at a provincial, territorial, national, and of course international level. Hopefully you've all heard about or seen on TV the WorldSkills Calgary that we completed a couple of months ago. It was quite an event, and we're very proud of how Canada did, and the Yukon as well, because we had our first representative in Team Canada.

In terms of the competitions, the annual representation within the territorial and provincial competitions is 100,000 youth. It's important to mention as well that when we talk about youth, we're talking about youth up to 30 years of age. Some provinces do engage people a little bit older—35, even 40—but in the Yukon we're primarily up to the 30-year mark.

There are approximately 600 competitors at the Canadian Skills Competition, which is held somewhere different in Canada every single year. We expect between 5,000 and 7,500 visitors.

What makes the programs work are the dedicated individuals and volunteers throughout the Yukon communities. We're in a lot of the communities. There are very few where we don't have representation. We'd like to talk a little bit about that as well, when it comes to our recommendations.

Regarding the interactive elements, the sensory experiences, we find a lot of people we work with—they're of first nations ancestry—are really optical learners. They may not read or understand or really embrace the written word as much, but that's not to say they don't have a lot of skills and a lot of ability and capabilities and desire to learn various trades and business aptitudes.

The programs are relevant to industry and community needs. Again, that's something we'd like to talk about in our recommendations. We talk about relevance, not only to gainful employment but to the various regions in which we're offering the services. They can vary a great deal, as you can well imagine, not only across Canada, but across the Yukon territory. We find the relevance of what they want to do and what they need to learn to do that varies quite a bit, and that's why we'd like to talk a little bit about that in our conclusion, how we do that and how we would like to do more of that.

In terms of programming sectors, we at Skills Compétences Canada and Skills Canada Yukon have a set of guidelines that are industry-driven and relevant to the Canadian economy, and to the Yukon economy, of course. We have 45 different trades and technologies that we represent and rely on to keep this country going, in sectors such as construction, information, communication technology, manufacturing, service, and transportation.

What makes the skills programs appealing to youth? Obtaining practical experience, working with the community technical experts, meeting new friends and industry people, team work and problem solving, and tangible accomplishments, which we'd like to get back to you on as well, in terms of the measurable results we've had.

Skills Canada Yukon's skills clubs are really the lifeblood of what we've been doing and showing a lot of success in getting people engaged in trades and technology and into jobs and employment. With the interactive, hands-on, practical experiences and the cultural component.... I think something should be said about the cultural component—and I'm getting very close to our recommendations. We've found that the cultural component really engages a lot of our youth in the communities, because, keep in mind, a lot of the trades and technologies that are used in our country right now have been around for thousands of years, so a lot of the non-traditional trades do align quite well with many of the things we're doing today.

• (1810)

The cultural component is something that we have found really gets a lot of youth engaged and interested in staying with their education, and hopefully getting into more of a formative education when they're finished. They at least have a bit of a perspective of what it is they're getting into.

The ability to reach rural areas and form numerous ongoing skills clubs...most rural areas have been running for four consecutive years. Again, that's really, really important, because quite often, when going out to the communities, we find something that has happened for far too long: a lot of organizations or government bodies may come in and first explain what it is they're going to provide in the communities and not necessarily ask what the community is looking for, what it needs or is receptive to. And then it is not sustainable. That's a big problem, I think, in a lot of communities across Canada—something not being sustainable. When a program does come in, it may not be the one that's being asked for, required, or needed, and then it goes away.

And it's not money. It's not necessarily coming in with a whole bunch of cash and saying, "This is what we're going to provide", because it doesn't work, quite frankly.

• (1815)

The Vice-Chair (Mr. Todd Russell): We need some recommendations.

Mr. Dan Curtis: The community consultative approach and the continuity and relevance is something I've talked about a little bit already. The community consultative approach means that when we have gone to the communities, some of them we've had to go to three or four times, just because there has been some history. But when we do get in and we find out exactly what that community is looking for and is really hungry for, we've had a lot of support and a lot of success, with people furthering their education into the trades. Robotics may not be something Ross River needs, if they need to heat their homes or keep the electricity on, or for a livelihood, for instance. So the relevance in that community is something we'd like to recommend, and it has worked.

Experimental learning opportunities, the hands-on approach.... We don't have a whole lot of prerequisites when it comes to our

programs, but we'll go in, and it's more of a hands-on approach, to get people engaged, and that in itself works quite well.

We've talked to you a little bit about the cultural relevance.

The try-a-trade and interactive technology demonstrations have worked very well in our skills clubs.

The biggest thing that's come from my peers and my colleagues from around Canada when it comes to the rural communities like these is that a mobile training facility would be encouraged and desired and really well received. We don't have that, and we're finding that there are a lot of distractions in the larger centres. If we had that stay in the communities where people wished they were and where they wanted to stay, it would be a lot better received. I guess that's our biggest recommendation, and kind of a wish list, if we were to have some more mobile opportunities for our youth.

The Vice-Chair (Mr. Todd Russell): Thank you very much, Mr. Curtis.

Ms. Dunlop.

Ms. Barbara Dunlop (Film & Sound Commissioner, Yukon Film and Sound Commission): Good evening. Thank you for inviting me.

The Film and Sound Commission is a branch of the Department of Economic Development of the Yukon government. We cover three general areas in our mandate: we support musicians and the development of the music industry in the Yukon; we support filmmakers who are taking on a managerial and ownership role in a film product—directors, producers, and writers; and we also market the Yukon as a film location for production servicing, and, directly relevant to that, we develop the crew base in the Yukon.

As I'm sure everybody is aware, the state of the film and sound industries has changed quite rapidly in recent years. Particularly with the Internet, distribution channels are changing very fast. Local Yukon filmmakers and musicians are struggling to keep up and struggling to work in the new world. At the Film and Sound Commission, we are also struggling to make sure our programs remain relevant.

Being in the north, distance is always considered an issue. As you can imagine, if you're down in Vancouver and you're a musician, you have a lot of opportunities to gig; you have a lot of opportunities for training and development of your career. Not so much in the Yukon. It's very expensive to travel anywhere and to get any kind of training. Similarly, it is a challenge for filmmakers to get training up here in the Yukon.

Accessibility of the Yukon for national and international filmmakers is sometimes perceived as a barrier. We like to think we're very close to Vancouver. We also like to think we're not that far from Los Angeles, but until you've been here, you don't really know how close we are. You might think we're a little bit remote. We don't have a film studio in the Yukon. We have some music studios so musicians can record up here. It's an ongoing challenge to maintain a large and robust crew base, and that is to do with employment continuity in part, particularly in the film industry. There are peaks and valleys. Productions come and go, and it's hard to keep a crew working all the time to keep it in the industry.

Some of the solutions we work with on an ongoing basis are funding programs within the Film and Sound Commission. We have two that are focused on music. One is the sound recording program, and that provides financial support to Yukon musicians to cut a CD so they can use it as a saleable product and also as a marketing piece. We have four funds for our filmmakers. Three of those are focused on Yukon filmmakers and take them right from the beginning of their careers up to and including production of a feature film or a dramatic series. We also have a fourth film funding program, and that is our location incentive. We provide a rebate for people who come into the Yukon and use Yukon labour on their film productions here. We put resources toward training and marketing and also developing our filmmakers.

We work very closely with industry organizations. We have MusicYukon, the Yukon Film Society, and the Northern Film and Video Industry Association, and we try to keep in touch with what they're looking for and what their membership needs to develop their careers and make sure our programs meet that.

I'd like to share some examples of things we have worked on in the past to help develop the industries overall. We have worked with the federal government in collaboration with some of the programs. We attend the Banff World Television Festival on an annual basis. We have a jury process where we take six Yukon filmmakers. We have a mentorship component and a workshop component leading up to that, to help them have an appropriate product to pitch to broadcasters while they're at Banff. We also support them while we're at Banff.

Last year we supported the Yukon Film Society and the Northern Film and Video Industry Association in the *mise en scène* and crew workshop series. That was a parallel series of workshops for producers, writers, and directors, who are above the line, or managerial people with the financial and creative control over the production, and parallel to that stream, we had workshops for people who were interested in being crew members on a film set. At the end we adjudicated three short dramas into the program, and the crew came and worked on them and the writers, directors, and producers actually produced the film. So at the end we had a bunch of crew people with a credit to their names and experience and some training, and we also had three sets of writer-director-producers, who actually had a calling card they could use for marketing. It was a great experience.

Showcase Yukon 2009 was aimed at our music industry. We brought a number of buyers from around North America and I believe one from Europe. They had an opportunity to see Yukoners perform and they gave them some critiques. A number of the

Yukoners had opportunities to perform at various festivals and venues around North America because of that experience.

• (1820)

We're currently working on something called Film Fantastic, which is a concept development workshop. It is aimed at our writers and producers, and it is to help them understand story structure, development of concepts, and how to pitch those concepts to the people with the money who will be able to back their project. That was supported by the Community Development Trust.

I should just go back to the *mise en scène* and the workshop series. That was supported by the TIP program, the targeted investment program, through INAC.

Coming up, we're just getting under way with what we're calling a webisode series, which will end up being 13 one-minute commercials for filming in the Yukon, but it's primarily a training opportunity for Yukon filmmakers. That was very strongly supported by the community adjustment fund. We will call for concepts from Yukoners for the 13 episodes. They will each feature a different area of the Yukon and a different season of the Yukon as a film location, and there will be a dramatic thread linking the 13 together. So there will be a variety of things we'll be able to do to place them after we're finished.

Looking to the future, MusicYukon, which is our music industry association, is interested in putting in a bid for 2011 for the Western Canadian Music Awards, and it would be the first time that event came north of 60. We think that may in fact be an opportunity to collaborate with you as well.

Thank you.

The Chair: Thank you, Ms. Dunlop.

We'll carry on now with Mr. Rousseau and Mr. Furlong from the Yukon Federation of Labour.

Just before you start, I offer my apologies to all of you that we were a little tardy in getting here for the commencement of our third panel here today, and also my thanks to my vice-chair, Todd Russell, for getting under way promptly at six o'clock.

Who would like to...? Mr. Furlong, you'll take it away? Thank you very much.

Mr. Alex Furlong (President and Chief Executive Officer, Yukon Federation of Labour): Yes, I will, thank you.

I want to thank you on behalf of the federation and affiliate members here in the Yukon for the opportunity to present on what we perceive to be obstacles to economic development in the north, particularly here in the Yukon.

We represent 4,000-plus members, and we're also a charter member of the Canadian Labour Congress, representing 3.2 million workers in Canada. Yukon is the westernmost territory of Canada located north of the 60th parallel. To the south we have the province of British Columbia; on the western border we have the state of Alaska; and to the east we have the Northwest Territories. It stretches to the north all the way to the resource-rich coast of the Arctic Ocean. We are home to approximately 26,000 people, and most of that population—23,000 or so—resides in the city of Whitehorse, the capital city. We're scattered over several small rural communities such as Haines Junction, Dawson City, Mayo, Watson Lake, Carmacks, and Ross River.

The vast majority of aboriginal people live in communities other than Whitehorse. There is a stark difference in living conditions between Whitehorse and the small communities. It's easily visible to the casual visitor. It's not as well documented as it should be. Statistics Canada does not do extensive research in the Yukon or any of the northern territories, due to a lack of resources. The economy has for the past several years been based on public services and to a lesser degree on tourism. The territory has a long and well-documented history of resource extraction, and this aspect of the economy has been relatively dormant over the past 20 years or so. However, it is showing signs of renewed vigour, with the price of commodities reaching record highs.

The biggest obstacle to healthy and sustainable economic development is the persistent frontier mentality, which has—

• (1825)

The Chair: Mr. Furlong, if I could just interrupt you momentarily, could you just keep the pace a little bit slower for the purposes of our ongoing interpretation here? If it takes a couple of minutes longer to do your presentation, we'll afford you that extra time.

Go ahead.

Mr. Alex Furlong: Okay. That's my Newfoundland heritage getting in the way.

Thank you.

The biggest obstacle to healthy and sustainable economic development is certainly the persistent frontier mentality, which has produced a cycle of boom and bust that started in the latter part of the 19th century with the fur trade industry and was followed by several waves of mining activity in the earlier part of the 20th century. Aboriginal people in particular, whose only home is the Yukon and who have resided in the Yukon from time immemorial, have sustained wave upon wave of colonial incursion on their traditional territories while receiving next to nothing in benefits from the wealth being extracted from their lands.

As of 2009, first nations people, Métis, and Inuit in the Yukon, by and large, live in poverty. The rate of unemployment is two to three times greater than the national average, and they suffer from conditions reminiscent of countries in the Third World. So if we are to embark on a new wave of economic development in the north, it is imperative that we do so with an eye on history and put in place the mechanics that would prevent the old pattern from happening again, where wealth is pumped out of the local economy with little to show

for it when the boom is over but massive environmental and social damage that no one is willing to take responsibility for.

The Chair: Perhaps you'd go a little slower yet, if you don't mind. You have a lot to say there. We want to hear it all. It will be good for those who are listening in the other official language as well, so take your time.

Mr. Alex Furlong: Okay.

The YFL, as an organization concerned with the rights and welfare of workers and the communities they live in, does believe in sustainable development that will bring real jobs for local people as a priority. This means that all and any plans for industrial development in the Yukon must include full consultation and partnership with first nations and central bodies representing aboriginal people. It is central to any plan that these partnerships include a clear road map to achieve local employment targets at all levels. This means that it's not acceptable to set local workers in low-skilled jobs, low-paid jobs, just to show that employment is taking place. Employment equity must be demonstrated at all levels.

It's also of prime importance that the principle of prior and informed consent, as per the UN Declaration on the Rights of Indigenous Peoples, be adhered to when approaching any activity that takes place on land of first nations and other aboriginal groups.

Furthermore, we'd like to impress upon the committee members that immediate measures need to be taken by the central government to fund programs designed to bring aboriginal peoples in the Yukon out of poverty. Otherwise, there is little hope that the citizens of first nations will be able to reach the capacity needed to fully participate in the next wave of industrial development here in Yukon.

In a brief presented to the parliamentary standing finance committee in October of 2009 in Yellowknife, the regional executive vice-president of the Public Service Alliance of Canada, Jean-François Des Lauriers, called for transfer payments to the Yukon to be immediately increased by 20%, with the increased funding aimed at food subsidies, housing, and health and social services.

Please take the time to review the companion document that provides some background figures on living conditions in the north.

I want to point out to you, as I mentioned earlier in regard to Statistics Canada, that some of these figures that are the most recent we could obtain date back to 2007, so you'll see the disparity.

You may note that the figures for Yukon are not as dramatic as are those for the NWT and Nunavut. It's important to keep in mind the caveat that we referred to in our fifth paragraph. As I said, the statistics are skewed by the disproportionate size of the population in the Yukon capital.

I want to thank you again for taking the time to travel to the Yukon, and I hope this is only the start of a comprehensive dialogue on the issue of northern development. The YFL extends an invitation to the committee to keep the lines of communication open in the future, as we see continuing consultation of all stakeholders as a vital part of a sustainable approach to industrial development.

Thank you.

•(1830)

The Chair: Thank you, Mr. Furlong. I appreciate that.

We'll go to our final presentation, and that is by Mr. Andrew Finton. Andrew is from Sundog Carvers. I don't know if any of you have had the chance to go down the street here to Hougen's, but on the lower floor you can see some of the works there, and they're marvellous.

Mr. Finton, you have the floor for five minutes.

Mr. Andrew Finton (Founder, Sundog Carving Program, Sundog Carvers): Thank you.

I apologize. I did bring documents; unfortunately they're only in English. But there are some there if later you want to look at them.

We are a non-profit organization. We started five years ago with funding through the federal government, through Service Canada, on a very small pilot project. We're basically still sort of in a pilot phase. We've expanded. We run an initial beginner project for students; it's an 11-month program, and it's basically starting with the basics of our first nation artwork. We start with nine students, and it's 11 months full time.

After a couple of years of running that, we realized it wasn't nearly intensive enough, so we extended it. We went to the territorial government and got funding for a three-year advanced program. Again, it's three years, full time, 30 hours a week, and it's 12 months of the year. We've been running that program now for about two and a half years. The third partner we have that helps support the program is the first nations governments. At present we have about 24 full-time students and 10 part-time students.

A third program that we developed a couple of years ago was with the public schools. A couple of the principals came to us and asked if we could start teaching the traditional carving within the public school system, so we also do a small program with public school students. Last year we had around 20 or 24 students at all times who we're working with.

We're not only an art program. I think the one thing that distinguishes us from Emily Carr, for example, is that we try to offer wraparound service. The program through Service Canada that we get our funding from initially is for youth who have multiple barriers to employment. So we're not getting high school graduates who have straight As who want to have a career in art. Most of our students are not graduates and have a variety of other barriers to being successfully employed. We employ a full-time counsellor; we have addictions counsellors who work with us. We have some training in business, and we also do a fair bit of work in the social issues, in terms of housing issues. So we try to offer a wraparound service as well as the art.

In terms of some of our accomplishments, this summer we took a group of 19 students on the land for 70 days and built a 30-foot canoe. It was well documented in Whitehorse—there's a video on the Internet if you want to see it. It was quite an accomplishment for our students. The other thing is that in our shop downtown, which anyone is welcome to visit—it's open Monday to Friday—we presently have two of our senior students who have been with us now for four years, and they're working on about seven-and-a-half-

foot totem poles that were commissioned by a gallery in Toronto. They're both commissioned for \$10,000 a piece. So the artwork that our students are doing is not arts and crafts; we're not making dream catchers. They're doing substantial artwork.

As I said, we're still, in some ways, a pilot. We're still struggling for funding. In the context of the Auditor General's report that came out last year that said approximately 60% of first nations students aren't graduating, the question is, what are those students going to do? Without grade 12, it's hard to move too far forward. I think the cultural industries represent a unique opportunity. It's an unimpeded opportunity for people of first nations background to be, one, financially independent, because there is a good living to be made from first nations artwork; and second, it offers a preservation of the traditional arts and crafts. At the same time, it offers pride through awareness of their rich cultural heritage.

I could talk for days about the accomplishments. As the chairman said, I think the artwork speaks best for itself, so if you have time, the Arts Underground has a great display of both our beginner and our advanced artwork.

Thank you.

•(1835)

The Chair: Thank you very much, Mr. Finton.

Now, as the vice-chair explained, we're going into the second part of our meeting, which is questions from members. There are five minutes for both the question and answer, so please keep your questions and responses succinct so that we can get through more material in the short time we have here.

With the first round, we'll begin with Mr. Russell for five minutes.

Mr. Todd Russell: Thank you, Mr. Chair, and good evening, again.

I was just thinking as you were going through your presentations, and this is kind of a paradigm shift for us as a committee, that it feels as though each of you, in your own way, is tearing down barriers to economic development and building something, whether it's on an individual basis or a group basis, or from an advocacy perspective from the Federation of Labour.

What are the messages you want us to take? Mr. Curtis, you were talking about a mobile unit that would go around. That's advocating for something that solves a barrier of location or geography and makes things more accessible.

I'm fascinated by the Sundog Carvers pilot project. It seems like something we might want to have a little bit of a greater look at, because there seems to be teaching in it that could be given to other areas across the country. I'm sure there are some similar programs, but that one probably has some uniqueness to it that the others can learn from.

As a committee, we don't want to create something that doesn't exist, because you ask, what are the barriers?

From the Sundog perspective—I want to focus on that for a second—coming from your experience and from the arts community, the film industry, what would be your recommendation to us?

We have some recommendations as well from the Federation of Labour, which is quite a strong document. It certainly talks about the aboriginal situation here in the Yukon, and we've heard from many aboriginal witnesses as well.

Maybe I'll ask for one recommendation from each of you. We have one or two from the Federation of Labour.

Let's look at it from a positive perspective.

Ms. Barbara Dunlop: I think we have worked well with the federal government in terms of some of your northern economic development programs. The ones that have been successful for us—the *mise en scène* workshop program for film crews being a good example of that—have been where we've worked with our industry organizations and with the members of those industry organizations on the ground to identify what their hopes, dreams, and aspirations are and where they think government can step in and support them in the development of their career, and then we've had an opportunity to work with INAC and decide how it can support, how we can support, and allow there to be as much grassroots flexibility as possible in the rollout of the program.

What I personally have found in the past is that in the programs we've been working with, where the film and sound commission has undertaken some of those projects, they've worked very well. In fact, the folks at INAC have been very supportive, and we feel we've had a big success.

The Chair: Mr. Finton.

Mr. Andrew Finton: As I said, our project is still a bit of a pilot project. In the document we produced this summer, we were talking about the next steps and what they are. What we identified is that the Northwest Territories has done a very good job in terms of developing soapstone carving as a cultural industry, or at least as part of that; it's become a big industry over there. The last document I saw said that the Northwest Territories alone has about \$13 million coming in from soapstone carving.

So I think the potential is there. In the Yukon, it's a much fuller artistic background. Not only is there the woodcarving, which is what we took off with as a pilot, but there is the beadwork, the leather work, the drum making, the jewellery making, the printmaking, etc.

So one of the things that we and our board have worked on is a vision of what we could do if we had the resources. What we see is that you would have a cultural school. That would be training, so people could have jobs. Right now, as I said, we have 24 full-time students. We basically turn people away every week because we don't have resources. We don't even really have the resources to deal adequately with the students we have. For example, we have a business trainer who helps each of the students develop a business plan, a bio, and a portfolio. I think we have him for two hours a week and we have 24 students.

In order for this to evolve to the next phase and go beyond a pilot, I think what we need is a larger facility so that we can make it available to maybe 125 students instead of 25.

What's really unique in our program is that we have students who have graduated.... I can think of one of our students who graduated from F.H. Collins who is illiterate. He can't read or write. He graduated with a leaving school diploma. Last year, we were connected with a company out of Toronto called the North West Company. When the buyer was here from Toronto, he saw a panel that this student had made. It was a 32-inch panel, circular, with a design on the front. It was called "Eclipse". It has a sun and moon facing each other. It had already sold for \$1,700, but he ordered two so that next time he came up.... Basically, he commissioned two.

So the art industry is uniquely—

• (1840)

The Chair: We're really well out of time at this point.

I appreciate that.

We'll carry on.

[*Translation*]

The second member to have the floor in this first round is Mr. Lévesque.

Mr. Lévesque, you have five minutes.

Mr. Yvon Lévesque: Thank you, Mr. Chair.

Good afternoon, gentlemen.

I actually used to work with the Fédération des travailleurs du Québec, so I am always glad to meet members of provincial labour federations and the Canadian Labour Congress.

Mr. Furlong, you said that your federation has 4,000 members in the Yukon, unless you meant the Yukon and the Northwest Territories?

[*English*]

Mr. Alex Furlong: No. Just in the Yukon, we have roughly 4,500.

[*Translation*]

Mr. Yvon Lévesque: In Quebec, we use the Rand formula. Once workers become union members, union dues are automatically deducted. Do you use a similar formula?

[*English*]

Mr. Alex Furlong: Yes. Most of the per capita fees, which is I think what you're referring to, are automatically paid by the larger organizations. When the members here in Yukon affiliate to the federation, they're automatically paid by the national organization.

[*Translation*]

Mr. Yvon Lévesque: Do you distinguish between construction workers and workers in the manufacturing sector, for instance, or does it all work together?

Do you have a good agreement with Mr. Curtis's organization in terms of developing programs that your members need?

[English]

Mr. Alex Furlong: Yes. Certainly our largest affiliate is the Yukon Employees' Union, which is part of the Public Service Alliance of Canada. It sits on the board of Skills Canada here in the Yukon and contributes financially; our organization funnels money back through YEU.

Most of the organizations, from the labour essentials perspective, we fund in some manner, whether it's directly or indirectly.

• (1845)

[Translation]

Mr. Yvon Lévesque: The person from the Public Service Alliance of Canada officially represents your federation, as a spokesperson, and stands up for the needs of your members.

Mr. Curtis, how successful are you at keeping first nations people who are registered for courses in school until they have completed their training?

[English]

Mr. Dan Curtis: It's an excellent rate.

[Translation]

Mr. Yvon Lévesque: Do these people manage to find and keep a job?

[English]

Mr. Dan Curtis: It's very good. The measurable results are most certainly there.

It's not to say that we have 100% people retained, but for a lot of these people, they didn't have the skills to begin with, and they become very employable after taking our programs, be it at an entry level or even a bit more. We have many success stories of people who started through the program.

It's our hope to get people engaged in a trade or technology, and from there take the fear away from a post-secondary level or whatever level it is they may decide to move on to. That's what we really try hard to do. We try to get them engaged in the beginning.

We can just go so far in a club with a mentorship, but from that, with the tangible knowledge they have received, they typically go on to employment, most certainly.

[Translation]

Mr. Yvon Lévesque: Thank you very much.

The Chair: Thank you, Mr. Lévesque.

Mr. Bevington, you have five minutes.

[English]

Mr. Dennis Bevington: *Merci, monsieur le président.*

I'm very pleased to have the presentations from you tonight.

To me, the emphasis on art and culture is playing out also in the Northwest Territories and Nunavut. Although I do believe the Yukon has had a great deal of success with it, Nunavut has as well, to some

extent, in terms of the film industry and in terms of their ability to produce art.

The arts and cultural industry is so important for people here. It permits them the sense of expression that combats the elements and makes their lives complete here. I think a number of other elements come into this as well. Do you have a sense of the magnitude of the industry here in the Yukon? Can you give us an idea of the number of people who would be engaged in the different aspects of the art industry?

Ms. Barbara Dunlop: From the film and sound perspective, I do have some numbers here.

The largest film in recent years to be filmed here was called *The Big White*. It was a Hollywood picture with Robin Williams. That film shoot employed 200 Yukoners.

We have a live action animation series called *Anash and the Legacy of the Sun-Rock*. It's written by a first nations woman from Teslin and is a co-production with Alberta. They are filming episodes right now, employing 90 Yukoners.

In the music industry, there was a report done by a company called *kisquared* several years back, in 2005-06, I believe. They put the revenue from the music industry in Yukon at about \$8 million.

That gives you a little bit of a sense of what's going on in those two industries.

Mr. Dennis Bevington: And they're good industries for turning around the money in the economy.

Ms. Barbara Dunlop: Absolutely, yes. There have been lots of spinoffs, particularly if there's a big production here. There are equipment rentals, hotels, restaurants, venue rentals. It spins out into the community very nicely. So if someone comes from another part of Canada, or another part of the world, like the BBC in Britain, they employ Yukoners, and they leave a lot of money behind.

• (1850)

Mr. Dennis Bevington: And they provide a lot of public relations for the rest of the country.

Ms. Barbara Dunlop: Yes, there's always that tourism factor. We need something like the *The DaVinci Code*, where everybody comes to the Yukon to see the sets after the film is done.

Mr. Dennis Bevington: Did you want to add anything about the number of artists you're familiar with, the extent of artistic production in the Yukon?

Mr. Andrew Finton: There are a couple of different levels that this question can be answered on. Five years ago, if you had asked who were the master carvers in the Yukon, you would have been given three names: Keith Wolfe Smarch, from Teslin; Eugene Alfred, from Pelly; and Kenny Anderson, who lives here in Whitehorse. They were considered the three best master carvers. These three gentlemen were making their incomes from carving, and they were fairly good incomes.

The idea of the carving program was to try to expand that. Now we have five or six senior carvers in our carving program. Although Keith and Kenny might disagree, these new carvers are pretty close to matching the skills of the older ones. They're certainly gaining on them, and their abilities are increasing dramatically.

At a different level, I was talking to an elder here in town, Anne Smith. She and her husband went to Ross River a few years ago and did an informal census within the community to see how many people self-identified as artists. Brian and Ann said that it was over 90 people in the community of Ross River. It's a relatively small community of, I don't know, 200 or 300 people. But there's a very strong sense of identification as artists. Most of them aren't making a serious income from it, and one of the big problems is the lack of training, which Keith, Eugene, and Kenny all suffered from.

In the past, if you wanted to be a carver, you found an uncle who might teach you for a few weeks here and there. At the Sundog, we have trainers who come in and train, and the response has been overwhelming. We always have a waiting list. I don't know what the actual industry figures are, though, and I think it would probably be fairly hard to track.

Mr. Dennis Bevington: Okay, that's it.

The Chair: Thank you, Mr. Finton and Ms. Dunlop.

Now we'll go to Mr. Rickford.

Mr. Greg Rickford: Thank you, Mr. Chair, and my thanks to the witnesses for coming and joining us this evening.

I have questions for Dan Curtis and Barbara Dunlop.

Dan, I wanted to give you an opportunity, for the benefit of the committee, to describe this mobile training facility. In the great Kenora riding, we're floating this idea. We're actually involved with another riding next to mine. Together we cover a vast area of northwestern Ontario. We've been looking at this as a serious option, because it brings short- and long-term training to isolated communities. I have more than 25 isolated communities in my riding, not accessible by road, so this is a key strategy for some long winters.

Can you, in 90 seconds or less, fill out a little bit more space on this? You alluded to it and I think the committee members would benefit from hearing about it. This is an important addition to skills capacity.

Mr. Dan Curtis: I'm glad someone asked me that question, because I think I failed horribly in trying to explain it earlier. We use a lot of the carving skills to get people engaged. We use this as a hook. But the real focus is trades and technology that are relevant to the region and to Canada. We talked about our skills clubs. Ross River is a small community. We have 11 trade-related clubs in Ross River: welding, carpentry, cabinetmaking, culinary, TV and video. There's just so far we can go without proper expertise and equipment, but they've really gone a long way with the tools they have.

People are in these communities because they've been in them for thousands of years and they want to stay. They want to live and work in these communities, and they're really short on tradespeople in welding, carpentry, plumbing, and a variety of other things. We can go just so far, but if we had a mobile vehicle to bring in a trainer, even for short but regular stints, it would make a tremendous difference. We're bursting at the seams with our skills clubs, but they're only relevant for a certain age group. I know that with a mobile unit, which we've talked about with Yukon College, we could

move mountains in creating opportunities to make a living in the trades.

• (1855)

Mr. Greg Rickford: Dan, I concur. I think the group in northwestern Ontario that's dealing with this is seven generations. Again, there's some cross-fertilization between ridings. This is a great concept. As you rightly point out, there is more of a desire than most people think for folks to stay in their communities. In fact if they get the training in the communities, the retention statistics are far more achievable in terms of keeping skilled people in their communities. We could talk more about that.

Barbara, like the Yukon, we receive some community adjustment funding. It's a great program that is offered by this government to diversify during these difficult economic times. One of the things I'm struck by, which you mentioned, is that it isn't just about raising the capacity of people around film production. In my riding an identical kind of thing was going on. It raised the profile of the region, which I think is something that didn't get out.

I'd like to hear a little bit more from you. I know where we're from, we were delighted that Sunset Country was not just going to be featured on OLN in the United States and that it would develop some of our film production capacities in the riding, but it would also get the message out that we have a beautiful part of the country and we want to celebrate that with North America.

Ms. Barbara Dunlop: I think more and more film is having an impact on tourism. You see that all around the world. You see it in New Zealand and in Europe, with some of the feature films. The interesting thing is that it doesn't have to be a commercial; it can be a film project that happens to take place in a particular jurisdiction. The tourists are interested in that. They're interested in the setting itself. Even if it was cheating some other area, they still want to come to see where it was done.

The webisodes idea came about because we were trying, in a very holistic way, to provide opportunities for learning and experience for the crew base, the developers, the writers, and the producers and directors. In fact when we do our call for concepts, we're hoping that a number of Yukoners will come forward with an idea that brings the dramatic thread through the commercial piece, so that although it's going to be a commercial, it will also be a bit of a drama series.

Hopefully we will take it down to three of the best concepts, and then we'll engage the services of an expert script editor to work with each of the three. We'll have the resources to hire them to do the development because there's a big labour component to this as well. At the end we'll be able to select the best one, which would then go forward and there would be crew, producer, and director development. There would be that opportunity for all three of the people.

Mr. Greg Rickford: Thank you.

The Chair: Very good.

Thank you, Mr. Rickford and Ms. Dunlop.

Now we'll go to our second round. We'll begin with Mr. Bagnell, for five minutes.

Mr. Bagnell.

Hon. Larry Bagnell: Thank you.

It's great you could all be here, and it's great that members are here to hear you.

Dan, Greg asked my question, so....

Barbara, if the federal government could do one thing different or improve one thing to help the film industry, what would that be? Could you think about that for a minute while I ask Andrew and Alex a question?

Andrew, as someone was saying today, we have one of the lowest unemployment rates in the country and higher than average skills. Things are pretty rosy.

But even in good economies, good places, there are people who fall between the cracks. Your program is tremendous. It has been brought up in Parliament. You're dealing with some people who could otherwise fall between the cracks very seriously. There would be huge problems and expense for society. It's a very valuable function you are performing.

Getting down to the nitty-gritty, are you getting the funding you need to continue on even at your present level? Is it assured into the future? What is the status of this wonderful program?

Mr. Andrew Finton: Well, right now our beginner program, which is funded through Service Canada, is sunsetting on March 31. We have no commitment past then. We're working on a request for a three-year contribution from Service Canada, although we've yet to get a three-year contribution. We normally work year to year with them.

We do have a contribution agreement with the territorial government for three years, but we've realized that the staffing that's allocated—we have 2.75 full-time positions—is nowhere near enough to meet the needs. That's supposed to include the executive director, the counsellor, the artist. We really have about seven staff positions that we're trying to eke out. People are working one day or a half a day a week in order to do it.

Although we haven't got a signed contract yet, we are waiting to receive funding for a five-year contract from NCPC, the National Crime Prevention Centre, with the objective of taking the program we're offering to try to do more work in the communities and expand beyond.

As I said, I think what we've done in the last five years is to prove that it's doable. The question now is whether we can find the funding to make it available to a larger group and put the resources behind it that it's going to need to be really successful.

• (1900)

Hon. Larry Bagnell: Thank you. We'll do what we can to make sure you get that funding.

Alex, you made a really important point, which I made to the minister and Dawson City made. Our committee is going to Whitehorse, Yellowknife, and Iqaluit, but the economies are totally different in the rural areas, as you said. Some of the committee members haven't even been to the Yukon before.

Can you expand on that and tell them what it's like in some of the rural communities, the dramatic differences?

Mr. Alex Furlong: I'll just give you one example, Mr. Bagnell. If the members of the committee can remember...and when I say that our communities and our aboriginal population are living in poverty.... We had the Canadian Auto Workers go to Carmacks to essentially fix their wells and drinking water, and in my opinion, and in my colleagues' opinion in the labour movement, it's shameful that the labour movement is fulfilling, really, the obligations of both the federal and territorial governments. That's just an example.

When you have our territory and you have 26,000 to 28,000 people who live in the territory, and you have 23,000 in Whitehorse, and when we talk about Statistics Canada and those statistics being skewed, we don't pay enough attention to the rural communities to really have an understanding.

It would just take one trip to some of our rural communities, like a lot of rural communities in Canada, to see what the difference is between a rural community and an urban community. When ordinary citizens have to take responsibility for drinking water, health and social services, and filling in those gaps.... We have a lot of self-government agreements and a lot of things are set out, but really, when it comes down to it, we have our rural communities suffering to a great degree, and we need to do more.

The total responsibility is not on government. Our communities certainly have to take a more active role, but primarily, governments really need to look at some of the things that we've highlighted around health and social services and the territorial financing formula, and increasing that to make a viable and big difference.

Hon. Larry Bagnell: Can Barbara answer that question I asked at the beginning?

The Chair: You have 20 seconds—make it 30. We're being generous tonight.

Ms. Barbara Dunlop: Thank you.

A producer is in town right now working on *Anash and the Legacy of the Sun Rock*, and actually has 10 different funders in that production. I think it's a challenge for producers in Canada to go to so many different organizations to get public money in order to film their project. If there were a way to smooth that out so they could spend less time on all of the funding mechanisms and more time on working on their film production, I think that would serve us all well.

The Chair: Thank you very much. Thank you, Mr. Bagnell.

We'll go to Mr. Duncan for five minutes.

Mr. John Duncan: Thank you very much.

My first question is for Barbara. Do you know Joan Miller?

Ms. Barbara Dunlop: Yes, I do.

Mr. John Duncan: Then we can talk the same language, because I've had lots of discussions with Joan over the years. You display the same energy level as she does. For the record, she's with the Vancouver Island North Film Commission. There are a lot of things happening. She would be very jealous of the \$635,000 CAF funding you received in May of this year—

Ms. Barbara Dunlop: I haven't told her.

•(1905)

Mr. John Duncan: —which is very exciting. Can I assume that funding announcement is what's paying for the...you mentioned the 13 advertisements. Is all of that money dedicated to that one project?

Ms. Barbara Dunlop: Yes, part of it is dedicated to the development of the webisodes, and the Film and Sound Commission is also contributing some money. Some of it will be for the initial ad placements, and then we'll just roll it into our ongoing marketing efforts at the Film and Sound Commission.

Mr. John Duncan: You talked about a rebate for Yukon Territory filmmaking. How does that compare to some of your competitive jurisdictions like British Columbia, Ontario, Quebec, etc.?

Ms. Barbara Dunlop: I think we're pretty competitive. We're pretty much on par with Ontario and Quebec right now, although I would like to point out that we announced ours two months before they announced theirs, so we assume they copied us. It's a 25% rebate on your Yukon spending for location servicing productions. If there's a Yukon producer or co-producer, it's a 30% rebate.

Mr. John Duncan: As a film commission, do you have an inventory of special sites already done for the Yukon that you can provide for outside film interests?

Ms. Barbara Dunlop: Yes, we do. We actually have a software package that gives us the ability to do a customized website in a very short time showing whatever film locations you might be interested in. And we're always updating our library. We're sending scouts out to take pictures every year, so if someone calls at 4:55 p.m. on a Friday and says they need particular locations and they're looking at Yukon, within half an hour we can have something down in L.A.

Mr. John Duncan: Thank you.

I'll move to Andrew next. You piqued my interest greatly when you mentioned Emily Carr, because one week ago I was at Emily Carr making an announcement there and I was totally amazed at the marriage between traditional art and contemporary technology. I mean, there's a student body that's around 1,600, I think, equal and full time as opposed to your 24. It's a huge complex. They also have an aboriginal program there run by Brenda Crabtree that has about 25 students. When you started talking about social issues, and I think you described it as wraparound servicing for the student body, that's exactly where she finds herself as well. She has done this now for about nine years, so there's quite an experience level there.

Do you know her?

Mr. Andrew Finton: I don't actually, no. It's interesting you brought up Emily Carr. Yesterday, I was in the office talking and all of a sudden I heard all of the students applauding, and I don't think I've ever heard them do that before. One of our senior students who is working on the totem pole got accepted at Emily Carr.

Mr. John Duncan: That's astounding. It's very good news. They accept one out of seven applicants. It sounds like you're in a position where you can't intake everybody who wants to attend as well.

What was astounding to me, because I was a little out of touch, I suppose, is the fact that the major corporations are beating down the door at Emily Carr because the people who are being schooled there think out of the box, and they have a skill set that people who were schooled the way I was, which was in logic and other things...I mean, it's a different creativity, and it's something that's now in demand by major corporations.

All I can say is that what you're doing is wonderful. You did describe the difference between taking in people who are post-secondary as opposed to people who haven't got to grade 12. I'm wondering if there is a way to marry what you're doing with achieving a skill level that is equivalent to post-secondary. I mean, how do you bridge that gap, particularly when want you to move, which I assume will be an evolution—you'll want to go from traditional into contemporary as well—when you want to try to marry those two? Have you thought about that?

•(1910)

The Chair: We're over time now. I know it's sometimes difficult to do, but if you could make it into a compressed response, that would great.

Thanks, Andrew.

Mr. Andrew Finton: We are working with Yukon College, and they're looking at the opportunity of us developing a carving instructor program, with the idea that some of our students can then be utilized to teach and instruct other students in communities throughout the Yukon. That's one of the ideas.

I think the second idea is...quite a few students we get aren't going to graduate. Again, a large number of our students, or a percentage of our students, have FAS or FAE. It's not really a barrier. I mean, there are certainly barriers in terms of... Several of our carvers are making a very decent living from art work, despite the fact that they can't read or write. It's amazing. I think there are a number of students in our program who are FAS or FAE and will probably never learn to read or write, but quite honestly, within the next five years they will probably make more money than I'm making right now.

The Chair: We'll have to call it at that.

Thank you very much.

Mr. Finton, we do have to move along.

[Translation]

Mr. Gaudet, you have the floor.

Mr. Roger Gaudet: Thank you, Mr. Chair.

My question is for Mr. Curtis.

Could you describe how your organization is structured?

[English]

Mr. Dan Curtis: Though there is validity both in Whitehorse and the regions throughout Yukon, we tend to structure most of our programs or our clubs throughout the communities. What we've done is gone quite aggressively into the communities repeatedly to find out exactly what it is that community needs, wants, or desires in terms of trades or technology. Quite often they'll vary quite a bit. But we'll go and talk to as many youth and as many people as we can—and feel out the industry as well, little as it may be, to find out if we can find someone who's capable of welding, or a mechanic or whatnot. So we go to the communities an awful lot and spend a lot of time and dedicate a lot of our resources to them to find out what it is they want.

When we find that out, we provide them with the material they need. Sometimes it's a bit more expensive than others. Sometimes we provide a welder with the equipment they need. If we don't have somebody in that community, we'll bring someone to that community and go through the whole safety thing, the prospects, and into the next level. That's why we keep on going back to the mobile, to have somebody who would be able to take them to the next level, the next step. The base is to find out what that community wants and what they really need. A lot of it is for survival, and that's what we try to provide. Hopefully when they learn the skills as much as they can from us, they won't feel as intimidated to go to the next step and go on to some post-secondary perhaps.

[Translation]

Mr. Roger Gaudet: What is your budget?

[English]

Mr. Dan Curtis: Our budget from Service Canada is \$250,000 a year. That pays for our national travel to go from Whitehorse, Yukon, to the national skills competition, which typically takes about half of our budget. That budget is for myself and staff—I have none—our facility, and any moneys we get. Mr. Furlong, for instance, mentioned that the Yukon Employees' Union gives us a few bucks, and Local 310. We rely heavily on the generosity of industry and our other partners.

In terms of...not the money we have; it's really moving mountains, when you think of how many people are put into an employable place, and really building a lot of confidence. For the amount of money we have, it is really is phenomenal, because in kind, and people who donate their time and expertise, would be in the millions, surely. I'm really proud of the representation that we do get from our community members.

[Translation]

Mr. Roger Gaudet: That \$267,000 budget is only for the Yukon, correct?

[English]

Mr. Dan Curtis: No, \$250,000 comes from Service Canada for Skills Compétences Canada Yukon. For every province and territory, their primary funder is Service Canada—every single one. I take that back. Perhaps Alberta has more industry following than they do Service Canada. Skills Compétences Canada would not exist if it wasn't for Service Canada.

● (1915)

[Translation]

Mr. Roger Gaudet: That answers my question. So every territory and province has its own budget. Is that right?

[English]

Mr. Dan Curtis: Yes, it is, and it varies greatly.

From what I understand, the Yukon is very fortunate to have the funding it has for the size of our region. We're producing some amazing results nationally and internationally. We're very blessed to have what we have.

[Translation]

Mr. Roger Gaudet: I agree. I have absolutely no problem with the budget.

My next question is for Mr. Furlong.

The federal government has allocated \$33 billion to the territories over the next five years. Do you think you will be able to attract other workers to become affiliated with you?

[English]

Mr. Alex Furlong: That would be music to my ears.

We in the labour movement have funding issues as well. There are some big projects that are planned for Yukon, if we look at the Alaska Pipeline and those types of initiatives. We have great union density in the Yukon. We have a workforce of approximately 15,500 people, of whom about 4,500 are unionized, so about a third. We're better off than most regions in Canada, if you look at union density across Canada, but we would always welcome new industries or new opportunities to organize and increase our density, because we're firm believers that to be a union member is to have better working conditions, better pay, and better benefits.

[Translation]

The Chair: Thank you very much, Mr. Gaudet and Mr. Furlong.

It is now Mr. Clarke's turn.

[English]

Mr. Rob Clarke: Thank you, Mr. Chair.

I'd like to thank the witnesses for coming here tonight at this hour. It's going to be quite late before you all get home.

First of all, I'd like to make a statement. I'm first nations. I've lived on a reserve, worked on a reserve. I was also an RCMP member. Sometimes, as a first nation we have to help ourselves to get ahead. I had to pay for my own schooling to get ahead, to where I became an RCMP member and became one of the first aboriginal members in the RCMP in charge of his own detachment in Saskatchewan.

When I hear numbers being sent out or when I hear statements, one thing that upsets me—and it can get better—is that when this government took over, there were 197 communities with unsafe water. The number is down to 40. I think that still needs work, but things are getting done slowly.

What I would like to know about tonight, since I haven't heard about this skills competencies program before.... You mentioned that 90 skills clubs are in operation. When you're looking at skills from hairstyling to welding to electrical, can the individuals partaking of these programs challenge the exams for further development and become tradespeople, or do they have to take further courses?

Mr. Dan Curtis: Anybody can challenge a program. The pre-employment programs, even at Yukon College, are not necessary to challenge a program, but I think it would be prudent to do them. Our hope and our desire is to reach out and find that there is some interest, and like you mentioned, and you're absolutely right, people have to help themselves. We're not trying to offer a handout. We're trying to offer a hand up.

What I'm getting at is that the more they learn and the more they get from our programs, the more apt they would be to challenge an accreditation program.

So yes, that's the plan. That's the whole desire.

• (1920)

Mr. Rob Clarke: What I'd like to do now, just on custom, is to pass the feather over to Ron to see what he has to say tonight.

Mr. Ron Rousseau (Representative, Yukon Federation of Labour): I'm not just a pretty face. I sit on the federation. I'm the aboriginal member. I'm president of the Canadian Union of Postal Workers here. I sit on the Canadian Labour Congress as an aboriginal member.

What I can say about the cost of living statistics we provided you is that when we look at food, it shows lower inside the Yukon than Canada. We can talk all we want, but here in Whitehorse I can go down and buy a jug of milk for \$4.50, generally, but I can go to Old Crow and pay \$14 for the same jug of milk. I can go to Ross River and pay \$10.

When we start looking at where the aboriginal people are, these are the real figures. We talk about gas. In Whitehorse, we're paying \$1.04. You can pay \$1.54 inside Dawson, if not more, as well as for heating oil. This is where the aboriginal communities are; this is where the people are.

As far as taking work back to the communities is concerned, just over a year ago Canada Post was looking at shutting down post offices in the north just because of the cost of it. With the help of the Federation of Labour and Mr. Furlong, I went back and took it to the different federations, to the national table. We sat down and drew up letters. We took it to the Assembly of First Nations and to the Prime Minister. We let everybody know what was happening.

Through that pressure, the post offices are going to remain there. Those post offices aren't just places you can get FedEx or Purolator to go into. These are for sending out artisan-type things. These are for receiving goods, receiving food. These are for sending out money orders, even the COD services. It's an essential link on which I think we've made headway. These are the type of things we should be looking at, keeping the work where it is.

I hope I'm not talking too much, but there can be a lot of things there. As I look at the people I've grown up with who have gone to the tar sands to look for work, I watch as people go into these

communities and build homes. They bring in plumbers and electricians who set up this home and then they go, and then we bringing people back in. Through people such as Dan Curtis, we're able to maintain somebody inside the community to do this work.

There are lots of things we can go forward with to ensure that these vital things are there. We can talk about medical, police, or other essential services that should be there.

Here we have both the federal government and the YTG, which have lots of employment opportunities, almost at times trying to beg people to come in who are aboriginal, to be taking the work. They also need to be taken into the communities and ensure that these jobs are there.

Thank you.

The Chair: Thank you, Mr. Clarke. That will finish the round.

We'll go back to Mr. Bevington, and then the final question will go to Mr. Payne.

Mr. Bevington, you have five minutes.

Mr. Dennis Bevington: I think we've come around to a point that I'm pleased to be at here tonight. It goes back in some ways to what's in the Federation of Labour brief, where you say you believe in sustainable development.

I believe in that, too. I've lived in the north most of my life and I believe the more things you have that you make yourself, you take care of yourself within your community. In the Northwest Territories, for instance, the value of the subsistence harvest of game is estimated at \$60 million a year in terms of replacement.

The ability to heat your home with the forest around you and the ability to find the ways to make your life sustainable in the north are extremely important. Quite clearly, when we talk about these numbers, the people who live in communities that have found ways to be sustainable are the ones who can deal with these extremely high costs.

In the Northwest Territories we've been in a bit of a boom over diamond mines, but our population has dropped. What I've noticed in the Yukon—and the statistics were given to us by our staff—is that the population has increased quite a bit.

I'll direct this to Alex, because he brought up the sustainable development idea: How do you see sustainable development in the Yukon? How do you see people taking hold of their lives here in a positive fashion, and rather than looking obstacles, looking at solutions?

• (1925)

Mr. Alex Furlong: I certainly concur that when it comes to our rural communities, they need to be in charge of their own destinies. As you said, Mr. Bevington, the resources of the land certainly need to play a big role in that.

As I said in our brief, and Mr. Rousseau can jump in, when we talk about consultation, we need meaningful consultation. There are many projects that I know of firsthand that first nations have put forward that haven't met the mark or that haven't gone anywhere. I firmly believe that they need to be bigger players who are in charge of their own destiny, and they certainly need to be equal partners, not only here in the Yukon but in Canada.

Do you have anything to add?

Mr. Ron Rousseau: As I mentioned on the post office, that was actually putting it back in and putting the pressure on, and the job is there. It's gone into every first nation community inside Canada that had postal services remaining. Ensuring that the work stays there ensures that the people are there.

As far as developing, when things come in and there are contracts to be given out, I think first nations should be taken into account, especially when it's in their area, and should get the training and move forward.

Mr. Dennis Bevington: It was very interesting to hear Chief Peter Johnston talk about the need to build not just in their communities, with economic development, but the need to have the dollars go down to the level where individuals and smaller units can benefit from micro-investment and opportunities to borrow money to make things happen at that level. I know that's probably a little off from organized labour, but it is, as well, sustainable. You're in the entrepreneurial aspect. What do you think about that?

Ms. Barbara Dunlop: The dollars going down, is that the question?

Mr. Dennis Bevington: Yes, I mean getting down to a more local and individual level.

Ms. Barbara Dunlop: Absolutely. Going back to our webisodes project, a lot of the webisodes will be out in the communities. We will go to as many communities as we can. We will engage the services of community members who are members of the film industry or who are interested in becoming members of the film industry. We'll be hiring them for their services to make the webisode commercials.

The Chair: We'll go back to Mr. Payne for the last question. Go ahead, Mr. Payne.

Mr. LaVar Payne: Thank you, Mr. Chairman.

I'd also like to thank all the witnesses for coming. It's certainly late in the day for you, but we have another panel to go through yet.

I want to read something from *The Economist* magazine from August 29. It says: "Mr. Harper's government has paid more attention and allocated more funds to the Arctic territories than the two previous Liberal governments managed during a dozen years in power." As part of that announcement, I understand that there was something like a historic labour agreement for \$22 million for the territories. Of that, about \$12.5 million was for the Yukon.

I wonder if Mr. Curtis and Mr. Furlong can make some comments on that.

• (1930)

Mr. Dan Curtis: I know that Skills *Compétences* Yukon has been a beneficiary of the generosity of the federal government for 12

years. Although we're very grateful and appreciative, it's been kind of the status quo for the last 12 years.

Our working relationship within Service Canada has been wonderful. I think the Yukon is the only region in all of Canada that has been offered and has received a three-year contribution agreement. Certainly, from a personal point of view, our organization is very appreciative of the support we've received from the federal government.

I must add that locally it hasn't just been the financial aspect of it. We've received a tremendous amount of support from the local Service Canada office. The participants who are working there have been very good at ensuring that we have everything we need to facilitate the needs of northerners and Yukoners.

Mr. Alex Furlong: I think past governments, the current government, labour, community members, and first nations all share a responsibility. I don't think anybody would argue the dollar-and-cents side as governments put investment into first nations or communities in general. I think what we really need to see is a commitment from all levels of government—municipal, territorial, provincial, and federal. The situations that we've seen and that are described across Canada need to change.

To go back to a previous committee member's statement, it's not all about money; money plays an integral part in laying the foundation, but we all share the responsibility. It's not the current federal government or the past Liberal government. We need to move forward on that basis, on the basis that it will take everybody's efforts. I learned a long time ago in the labour movement never to argue with an economist.

Mr. LaVar Payne: Thanks for that. I understand what you're saying in terms of cooperation.

One of the things we have heard over and over, of course, is an ask for funding, and there's no question around that. I think that we've done pretty well.

There's also another one here. The Yukon Mine Training Association has received about \$640,000 for training and skills development. How does that fit in with Skills Canada as far as the labour movement goes?

Mr. Dan Curtis: They've been a huge partner within the Skills Canada movement of getting people engaged in trades and technology. That's been another big benefit to the participants and competitors we have throughout the north. Not indirectly, but very directly, the Yukon Mine Training Association has been a fantastic partner in helping to get people in the communities engaged and ready for mining, as Ron was saying as well. They've been a big help for that.

Mr. Alex Furlong: From the labour perspective, I would certainly view the YMTA as a success story. The program they have coupled with Skills Canada here in the Yukon can only go to enhance opportunities for aboriginal people. It's a great program, and we would like to see more programs of a similar type in the north.

The Chair: You've got 15 seconds left. Do you have one more quote that you'd like to get out?

Mr. LaVar Payne: Perfect. No, I want to make a statement.

In terms of Skills Canada and the competition in Calgary, that was absolutely fantastic, and it would be really nice if you could get that here in Whitehorse. It would do great things for the Yukon in terms of getting that message out on training as well as tourism.

Thank you.

The Chair: Very good. Thank you, Mr. Payne.

Of all the five panels we've heard from today, I must say to our witnesses that you certainly represent the broadest range here, and in a very important area. We know that the skills, the human resources side, and the arts and culture side are incredibly important to the success of our economy here in the Yukon in the future. We appreciate your thoughts and your thoughtful responses here this evening, and we wish you well.

Members, we're going to suspend for approximately ten minutes. Then we'll resume with our last panel.

- _____ (Pause) _____
-
- (1940)

The Chair: Order. Members, we'll get under way with our last panel today.

I'd like to thank you all, by the way, for your patience today—and your perseverance, I guess I should say. It's been certainly a long day but a very fruitful one from the standpoint of informing our study.

We're delighted to welcome back Mr. Richard Runyon, who was here earlier today with the Yukon council, and also Mr. Rick Karp, who is the president of the Whitehorse Chamber of Commerce.

We're delighted to have you back. You may see from the agenda that we were also awaiting a representative from the Dawson City Chamber of Commerce. It would appear that we don't have that person in the house tonight, so we will have just the one presentation.

Mr. Karp, I'm assuming that you will be giving that presentation. We normally allow five minutes, but since you're our only witness in this last panel, if you want to take a little bit more than five minutes, then please do so. Later we'll go to questions from members.

We were just saving the best for last, Mr. Karp.

Mr. Rick Karp (President, Whitehorse Chamber of Commerce): Absolutely.

Thank you for the opportunity of being a witness this evening. I will do a brief introduction, and then Mr. Runyon will read through our presentation.

We're here to say that business in the north is not an easy task. I joined the Chamber of Commerce five years ago as its president, but I've been in business for 24 years. It's been a challenge. I continue to be in business in Whitehorse, but it has been a challenge.

It's an ongoing challenge for the business community to do well in Yukon. We have been told that we have a \$1-billion budget. But that \$1-billion budget is not getting down to the small business person. As you will hear, we are primarily government-run, and small businesses have a serious challenge in Yukon.

We're hoping that this panel can help make some adjustments to that, make some changes to that, and support the small business community throughout the north.

Having said that, the chamber movement throughout the north is about working together. We have a meeting coming up December 4, where the chambers from Labrador and northern Quebec, Nunavut, Northwest Territories, and Yukon will be meeting. We'll be discussing specific issues related to small business throughout the north.

This is a significant issue to us as a chamber. The Whitehorse Chamber of Commerce represents over 400 businesses in Whitehorse, and many of the challenges that we have are significant challenges throughout the north as well.

Not to take too much more time here, because I'm sure we will have some questions and answers, I'll turn it over to Richard to read through our presentation.

- (1945)

Mr. Richard Runyon (Second Vice-Chair, Whitehorse Chamber of Commerce): Thank you.

At the Whitehorse Chamber of Commerce the following questions are being asked: Are we business ready? Are we business friendly? What markets can we compete in, and when, in the global economy?

Based on a lack of outside private sector investment this past year, the answers to questions one and two are no. As do many northern regions, we continue to struggle with attracting skilled human capacity, we struggle with high housing costs, and we struggle with the high cost of transportation.

In the Yukon, our economy is government, and the majority of our private sector resources are focused on servicing this economy. We have little incentive for promoting growth or infrastructure, both human and capital, to support the larger private sector investment initiatives. Instead, we remain dependent on the financial generosity of Ottawa to continue funding our quality of life that has become equal to the bigger cities across Canada.

Our largest fear is the reduction in transfer agreement payments, which would decimate our economy. As a region, we are not focused on working together toward a common economic development plan that will enable Yukon to become self-sufficient. In many cases, our largest groups—mining, tourism, and environmentalists—work against each other. This adds to the complexity of doing business in our region and is especially true for projects like mining, which ironically for Canada, after energy projects, is our second-largest export industry.

For current outside investors in our region, it is not uncommon these days to see these investors pulling back from the Yukon as we fail to resolve our threats to business and market failures. In Whitehorse, our prime waterfront real estate remains vacant, as do large plots of commercial space and offices. The majority of our construction in the territory is focused on building more government buildings that our minuscule tax base will struggle to cover, both operational and maintenance costs.

Taxes for the city of Whitehorse alone have risen 23.4% in the past years. Although these taxes are some of the lowest in the nation, these increases show outside investors that we have no governance fiscal spending discipline.

The risks are high for successful investment in the Yukon. Our small population and our high transportation costs make it difficult for small businesses to compete against the high-volume stores, where lower prices usually win. Add together increased costs of local regulation, unreliable utilities, ever-increasing taxes, and local government competing for labour, and it equates to the extinction of our small population of commercial business owners.

In these worldwide difficult economic times, we are at a disadvantage to compete for large global investment dollars. At present, it appears we are only able to attract large private sector companies if they are able to have legalized monopolies in our regions. For those new businesses that have committed to the Yukon and are under construction, they are competing with government projects for our precious yet limited supply of skilled trade labour.

In the Yukon's current budgets for economic development dollars, INAC's contribution to this pool is 2%—which is going to be the new CanNor—which INAC strategically delivers to 14 competing communities. INAC's regional office approach to distributing their funds has been to select projects that would provide return on investment or have the greatest economic impact to a region of the Yukon. The larger pools for economic development are the Yukon government, consisting of economic development and tourism dollars at 17%, and Infrastructure Canada at 81%. These two larger pools are delivered largely not by strategic initiatives to make the Yukon a better place to attract business, but as a result of political pressure. Often these projects do an exceptional job at creating economic opportunities and wealth for locals in the region, but, like the 2007 Canada Winter Games, leave more debt once completed than economic benefit.

Over the past several years, Ottawa has invested hundreds of millions of dollars in the Yukon with very little impact to creating an environment where both business and people can flourish. This occurred largely because the moneys are not tied to specific plans for

building long-term commerce. Our dollars distributed for strategic impact are too small and the politically driven dollars are too high.

To complicate the problem, federal programming is designed in Ottawa by technicians who have limited experience in rural communities. The result is often a disconnect on how program dollars can be used versus implementation that will work in our limited human resource environment. We are ever hopeful that the new Canadian Northern Economic Development Agency will help to reduce these program design flaws.

● (1950)

In closing, Canada and the Yukon need to strategically identify specific industries in which the Yukon can compete in the global marketplace. It needs to be one or two industries. Once identified, we need to build an environment that will attract investors from these industries, yet look out for the long-term interest of the nation—i.e., environmental issues. An economic development plan needs to be developed that focuses on building this environment for business. Economic development dollars would be strategically assigned for implementing each element of the plan and not allocated by political whim.

For the city of Whitehorse, we as a community need to focus on building efficient government and manage our tax base cost, keep housing affordable, and then create an environment where we are able to attract and retain the right skill sets and businesses to implement both Canada's and the Yukon's plans. Most importantly, as a city, we must create an environment where small and large commercial businesses can flourish and grow, as these are the businesses that will create greater wealth for Canada's future. As our main source of revenue, though—transfer payments—Canada needs to create funding requirements that ensure we as a city live up to our commitments to the nation.

Thank you.

The Chair: Thank you, Mr. Runyon and Mr. Karp.

Now we'll go to our first round of questions, beginning with Mr. Bagnell for five minutes.

Hon. Larry Bagnell: Thank you for your presentation. I know you're a very vibrant organization in the Yukon.

One of the comments you made was that small businesses are competing for labour. Could you elaborate on your labour challenges and problems and the whole labour field for small businesses?

Mr. Rick Karp: Absolutely. In the labour market here, we have at this time over 1,100 people on EI and about 850 people on social assistance. The SA wall in Yukon is around the \$40,000 to \$42,000 mark. It's very difficult to get these people back into the workforce. The chamber has been working with Yukon Health and Social Services and attempting to create some programming to get these people back into the workforce. Because we have seasonal labour markets up here, we've made recommendations several times for EI programming to create some incentives for seasonal workers to continue in the workforce during the off-season times.

What the small business community has done to compensate for the lack of labour here in Yukon is to bring in foreign workers. We now have several businesses where foreign workers constitute upwards of 90% of their labour force. Many businesses have brought in foreign workers and continue to bring in foreign workers for the labour market.

Does that answer your question?

Hon. Larry Bagnell: Yes.

In terms of the strategy to get the people on SA or EI to work, you believe some of them could work in your businesses to solve that need. I know we had a program to give an incentive to get off EI when we were in government, but do you have other things that the federal government should do that would help those people get into the labour force to fill some of those needs that you have?

Mr. Rick Karp: Yes, the program we've been trying to work on with the Yukon government uses the head start program, which provides top-up funding for social assistance clients. We have several that we're experimenting with right now where a social assistance client would be partnered with a business. They would stay on full SA money, which they would get on a monthly basis for about six months or more. During the time they would be working in the business, they would be able to keep the money they would be making as an employee and they would build a bank. During that time as well, not only through the training department at Health and Social Services but through the business employer as well, they would learn budgeting and all the things they get from social assistance. Right now, they're getting rent rebates, bus fare, and all sorts of day care, everything they would get that they wouldn't get if they were just in the workforce.

What we are working on doing is having a transitional program so they stay on SA for a period of time, they work, they gain a bank, and then when they're ready—whether it's six months or a year—they start phasing out of social assistance and they stay in the workforce.

We have arranged for several businesses in Whitehorse to take on social assistance clients, and they guarantee them the job for a minimum of six months to a year. Social assistance has been helpful in that attempt.

We at the chamber have said all along that we feel that we could solve our labour market problems right here through EI if there were proper incentive programming, through social assistance, and through first nations training and development.

•(1955)

Hon. Larry Bagnell: How is the time?

The Chair: You have 45 seconds.

Hon. Larry Bagnell: I think we heard several times in our hearings, and also from you, that there may be some good programs or projects here and there, but it's a bit random, a bit shotgun, and there's not a thoughtful overall economic strategy for the Yukon involving all governments. Do you want to comment on that again? I think you referred to it in your presentation.

Mr. Richard Runyon: I wanted to comment on the previous one, actually.

Hon. Larry Bagnell: Go ahead on the previous one too, if you want.

Mr. Richard Runyon: Let me give you a real-world example with this labour issue.

We've got some mines going into operation here. They need electricians because they've got to do all the electrical work at the mines. I talked to the people at one of the mines, and they need 60 electricians on site. We've got maybe one company that could provide 60 electricians to this mine, but then they've got to get in another 20 guys because you're going to have turnover and everything else, and they've got to send these guys out into the bush. The problem is that with all this low-lying fruit—these government projects such as the new fire hall and the library and all this other kind of stuff—there's no incentive for this company to actually go out and work at the mine, because there's easier money to be made in town. You don't have to send your people out of town and that kind of thing.

Does that answer your question? It's a real-world example of a foreign investor trying to start investment here, and the investor can't get the resources locally to do it. I can assure you that as part of their equation, they didn't think they would have to import labour to get their facilities up and running.

The Chair: Thank you, Mr. Bagnell.

You may want to put your headsets on for interpretation.

[Translation]

Mr. Lévesque, you have five minutes.

Mr. Yvon Lévesque: That is good advice, Mr. Chair.

You were here in the room when we heard from the Skills Canada representative.

You probably suspect what my first question is. Were you consulted when the needs of Whitehorse's merchants and businesses were being assessed?

[English]

Mr. Rick Karp: Do you mean the need for labour? Yes, but it isn't necessarily by Skills Canada. We are certainly consulted often by the business community for their needs. They come to the chamber, probably on a daily basis, asking where they can get some reliable employees.

[Translation]

Mr. Yvon Lévesque: Your mission is to learn what the Whitehorse business community's needs are. You are in contact with them.

In order to meet those needs, does Skills Canada consult you, as a member of the chamber of commerce, to find out what your community's labour needs are?

• (2000)

[English]

Mr. Rick Karp: No.

[Translation]

Mr. Yvon Lévesque: Do you ask for meetings with Skills Canada or Human Resources Canada to request training in the sectors where you need it?

[English]

Mr. Rick Karp: Over the years, we have participated with Skills Canada with their competitions. We've had talks with them, but we haven't been at the table seriously talking about labour market issues.

We have with the Yukon government and we have with business. We have surveyed businesses to find out the needs and what is going on. We are currently sitting on four committees with the Yukon government with advanced education, and they are working on this labour market situation, but we have not had serious discussion with the federation of labour or with Skills Canada.

[Translation]

Mr. Yvon Lévesque: Based on your knowledge of the region and your needs, do you think that if you were able to hire first nations people to do the work that needs to be done in the territory, you would have enough labour to fill the jobs that are currently available?

[English]

Mr. Rick Karp: Yes, at the entry level we would have enough with first nations, with social assistance clients. Yes, we would have enough to solve labour market issues at the entry level in Yukon, in Whitehorse.

Mr. Richard Runyon: Can I add to that?

Mr. Rick Karp: Yes, of course.

Mr. Richard Runyon: When we talk about entry level, one of the biggest problems in the Yukon is housing for entry-level workers. For example, when you look at the rental market, I think we have about a 2% vacancy rate, which is about 12 units in Whitehorse that are available for rent. And most of those units are available for rent because they're substandard, with mildew and things like that.

As Rick has indicated, what we have done in the business community is bring over Filipino workers from the Philippines. People live here and they rent out rooms. They have 15 people living

in one house, that type of thing. So that deals with the housing issue for this entry-level worker as well. It's very expensive here in that regard.

[Translation]

Mr. Yvon Lévesque: I am sorry, but I do not think that is the way to solve the problem. You are creating one in order to solve another, and I do not believe that approach will solve the problem. I am sorry, but I do not agree with you, and I do not follow your logic one bit. The local government has a duty to create decent housing spots for workers from surrounding communities, in order to help Whitehorse's economy.

Mr. Chair, allow me to finish even though I have used up some time.

The problem seems to be housing and labour retention. If the Employment Insurance Act made it possible to support workers for short periods in places with a job shortage and if ongoing training was offered, thereby improving the skill level of these workers, could you fill all the jobs with people from the Yukon and surrounding areas, before bringing in workers from the Philippines?

[English]

Mr. Rick Karp: If we had the proper training, if we had the proper attitudes, because this is a big issue in small business as well, that we have had in the past.... Employees come in and they get hired. They'll be there for a few days and then leave. The attitudes are questionable, to say the best, and this has literally forced us to bring in foreign workers, because the attitudes of the foreign workers.... These attitudes are starting to have an impact on local workers; they're beginning to learn from the foreign workers proper attitudes, a proper work ethic. If there were training available for first nations—and I believe there is training available—if there were the desire to take on that training....

I'll give you an example. A local company that is owned by five first nations called those first nations and told them that in a week or two they were going to have a hiring day. So they worked with the first nations. They set up a day. They wanted to hire ten or eleven first nations individuals. The first nations said, "Absolutely. This is fantastic. We'll have the people there and set up the whole day. We'll have coffee and doughnuts and everything ready for these people." The day arrived and not one person showed up. That same company now has ten foreign workers working for it.

• (2005)

The Chair: We'll have to finish up with that.

[Translation]

Thank you, Mr. Lévesque, Mr. Karp and Mr. Runyon.

Now it's over to Mr. Bevington for five minutes.

[English]

Mr. Dennis Bevington: Thanks, Mr. Chair.

I'm pleased you're here with us tonight, staying through the evening on this issue, because really I think, in the four years that I've been in Parliament, this is the first time northern development has had any focus at the committee level. We're going to be engaged in about 40 sessions over a period of one year on northern development. It's a very important study that's going on and we appreciate all the input that we get.

I'm curious. It seems that the population growth rate in the Yukon over eight years has been about 1.5% per year. So you have a nice orderly growth rate. Your GDP per capita has gone up pretty steadily during that time. Our figures show that you have a pretty good profile, really, for the economy, yet you're saying businesses are not doing well. Is it certain sectors of the economy that are really suffering, such as tourism?

Is the problem in the service sector? Is it uniformly the problem that you don't have the personnel? How does this work?

Mr. Rick Karp: The problem over the last few years has been things such as Internet shopping and a transition in Whitehorse to a franchised economy. If you look at Main Street, you will see close to 80% of the businesses are now franchises. If you look to the north, you'll see that most of the businesses are franchises. They're large businesses. Many of the family businesses that were here 15 years ago are not here any more.

Mr. Dennis Bevington: Your retail sales have gone up, they say, 6%.

Mr. Rick Karp: Yes. That's because the huge Wal-Marts and the Canadian Tires that we have now, the franchises, are keeping people shopping here a little bit more. But in terms of the smaller businesses, the sole-proprietorship businesses, the small partnerships, in the last year we've lost 28 businesses in Whitehorse. So it's the discretionary spending where we've lost the businesses, and we have to somehow get that back.

It's the discretionary spending, where we have this recession down south and all the media that has come north. We have, as Richard was saying, some 80% government workers. They've lost some on their RRSPs, so they've been holding back. They say, "Well, I don't necessarily want to go to a nice restaurant. Let's go to McDonald's or Tim Hortons." They want to go out, but they don't want to go to the really nice restaurants. So we've lost a couple of restaurants.

They're saying, "Well, I'm going to go to Canadian Tire or to Wal-Mart to get some clothing. I'm not going to go to the men's shop." So we've lost a men's shop; we've lost a ladies' shop.

Mr. Dennis Bevington: Then you have a question here. What market can we compete in and win in the global economy? You don't talk about import replacement. Do you not consider that an important part of it?

Mr. Rick Karp: Absolutely. We have some programs that we're running at the chamber. One of those programs, called "Partnering for Success", is bringing together a steering committee that is representative of all the sectors. So we have government, the city, the mining sector, the regional director general for INAC, and business and industry on that committee. We have the manufacturing sector, the mining sector, tourism, and the retail sector sitting on that committee. Each one of them, when we meet monthly, has an opportunity to express the concerns they have for our economy.

What we're saying here is that we have a little over 34,000 people in the Yukon and we need to grow that economy. We need to be business friendly, as Richard was saying, so that we can attract more business.

We have identified four pillars to our economy, mining being one, but right now we have only one fully operating mine. We have to develop it.

Labrador, if I'm not mistaken, has six or seven operating mines.

● (2010)

Mr. Dennis Bevington: If I could go back, in the Northwest Territories we have a number of operating mines, our GDP is through the roof, and yet our businesses are saying exactly the same thing as you: it's not the volume of economy, it's the quality of economy. That's what you're saying there too, with your small businesses, with the people who are doing the things on the ground. I wanted to get to that point.

Go ahead.

Mr. Richard Runyon: When I went to Yellowknife I walked through your city, and it's very robust. You have three or four computer stores and those types of things. When you walk through our downtown, it's all non-government organizations—Save the Fish, Save the Ducks. Those are not really revenue-generating businesses. That's what it comes down to.

An hon. member: You don't have any Save the Businesses?

The Chair: Okay, that will do it, Mr. Bevington. Thank you very much.

Now we'll go to Mr. Duncan.

Mr. John Duncan: Thank you.

I know you have been very busy today, maybe as busy as us, because we've seen you before. I want to thank you, Rick, for introducing us to Rolf Hougen tonight. It was a very special time that we spent with him. He's a very important Canadian. I noticed he was wearing his Order of Canada merit there.

I'd like to look at your submission in the context of the fact that we are in a global economic recession. Some of the things you are talking about here don't actually address the fact that we're in special circumstances. We're not really comparing apples with apples unless we take into account that this dip in economic activity is happening everywhere, so I'd be surprised if you remained unaffected. It's no surprise that private sector investment has been down in the past year. It's no surprise that your mining, tourism, and environmental groups sometimes work against each other's interests. Guess what—that happens everywhere.

We did have a lot of optimistic witnesses today. I must say that. In your fifth paragraph you talk about your waterfront real estate remaining vacant. We did hear from one of our witnesses this morning, from the Pelly group, that there is a proposal on the table for developing that property along with a first nations partner. It sounded pretty positive.

Our mission is to look at the federal role or contribution, to try to help out on the economic development front. This is why we're here.

You made the statement that federal programs are designed in Ottawa by technicians who often have limited experience in rural communities. I like to think that most of our programming has actually had significant partnerships. South of 60, the provincial governments have been partners, and I know that the Yukon territorial government and the first nations have been significantly involved in designing much of what's been rolled out in the Yukon. We've heard a significant number of witnesses today who have had very positive things to say about what has been funded. Somehow, there is a disconnect between what you're seeing and what we're hearing. Can you try to join the dots to tell me I'm wrong?

● (2015)

Mr. Richard Runyon: Which one do you want me to kick at first?

Mr. John Duncan: The last one.

Mr. Richard Runyon: Okay.

We live in a glass house. The situation, as I said, is our economy is government. It's not without irony that first nations are looking to develop that waterfront. They've had eyes on that for a long, long time. When you talk to the first nations, they want to invest in the Yukon because they're here for the long term. That's what it comes down to. But when you talk to the private sector, that real estate is not properly priced. We have regulation issues and so on. We're not business-friendly is what it comes down to.

I could give you numerous examples of businesses that have invested here. The Yukon government has spent a lot of money on attracting the Minto mine here. These guys are operational. What do we do? We beat them up and assault them, and they're public enemy number one and things like that, which kind of deviates a little bit from this topic.

Going back to your question, we're not seeing the outside investment here, whereas you have places like Labrador that are. You've got the Northwest Territories. I mean, we are hostile to business here. We have some of the highest costs, and they're self-induced.

When we talk about this housing issue, this is self-induced, because we're not dealing with it at the municipality level with regard to zoning and so on, but we can't even get the private sector in here to help build our housing. It's kind of interesting, because we were talking about this last night. You talk about the Conservatives—I got this letter from Minister Strahl that said how the Conservatives are trying to kickstart the construction industry in Canada by giving tax incentives to first-time buyers, refunds for home improvements, and things like that. The way the Yukon responds to this is to increase the costs for our construction

companies so that we're basically chasing them out of the territory. That's what it comes down to.

Going back to your comments, we had an industrial road and the city wanted to repave it. They expected the private sector on that road to repave it as well. We had bidding from all over Canada, because there's a recession down south. From what I heard, the cost difference between the local guys and somebody from Saskatchewan, who was going to bring up all their equipment and workers and everything else, was a price difference of \$1 million from the local bid. So when we talk about not being business-friendly and attracting foreign investment, or even outside investment, the Yukon right now has a very bad reputation in this regard. It's a huge struggle.

● (2020)

The Chair: We're running over time now, Mr. Runyon.

Mr. Richard Runyon: Does that answer your questions?

Mr. John Duncan: Well, in a sense, but it doesn't respond to why the committee is here. You're talking about problems that are inherent to the region, as opposed to being driven by federal priorities or initiatives.

The Chair: We'll have to leave it at that.

Now we'll go to Mr. Russell, and then we'll see if there's anyone else on the list. Let's go to Mr. Russell for five minutes.

Mr. Todd Russell: Thank you very much for being here. It's good to see you again, Mr. Runyon.

By way of introduction, are you guys going to be involved in the Northern Lights Trade Show and Conference in Montreal in January?

Mr. Rick Karp: No.

Mr. Todd Russell: It's a great show. I'd invite everybody there, that's for sure. There is some collaboration between various chambers of commerce across the north.

Mr. Rick Karp: Yes, we've heard from them.

Mr. Todd Russell: We had a fabulous time in Ottawa about three years ago. It's going to be a huge trade show involving Nunatsiavut, Labrador, Nunavik, Nunavut, perhaps the NWT.... Are you there?

Mr. Dennis Bevington: I don't know.

Mr. Todd Russell: We'll see what we can do to get you invited.

You made some strong comments. Let's just accept them as they are. What would your recommendations then be to us, as a committee, from a federal perspective?

I don't particularly think the answer is to cut transfer payments to the Yukon. I don't particularly think the answer is to necessarily dictate to the Yukon government, from the federal perspective, how they spend that money. That might involve some very delicate type of negotiations and maybe you have some views on that yourself, but I'm not sure if that's the direction we would be looking to go in.

From a federal perspective, I can see the changes to EI; that's in our federal jurisdiction. There are things that we could do there, such as more flexibility in programming, things of that nature.

Would direct transfers, for instance, to first nations, outside of what they currently get from the federal government or from others, be part of the solution? I hear a sense, too, that they're being cut off somewhere and not getting access to some of the funding for their particular priorities.

Can you give us one or two concrete ideas as to what we can do as a federal entity to address some of your areas? I think that's important for us.

Mr. Rick Karp: When we were moving towards having the Canada Winter Games, there was the creation of a pan-northern tourism strategy. We've made recommendations that the pan-northern strategy be brought back into effect to assist the tourism industry across the north. So that's one recommendation that we would put forward, to have a pan-northern tourism strategy, and also to have special funding for tourism.

In Yukon, one of the pillars that I was talking about earlier was the mining, but another one is tourism. We understand the changes in tourism. We have a Condor flight that comes directly from Germany to Whitehorse during the summer, three times a week, and they bring over a lot of Germans.

Through a program that we have at the Chamber of Commerce—and this would be another recommendation that is pan-northern—we have something that we call the Yukon business development project. We've created a program that has been assisting businesses in growing their business and becoming export capable. Yukon Brewing—if you've had any of our beer—is part of it; we've been assisting them. We've been assisting Air North; we're working with them. So it would be to have some funding to allow this program or other programs of a similar nature to be shared across the north, to be expanded. This is one of the reasons we're bringing all the chambers here on December 4, to try to share this programming.

What I'd recommend is for you to support pan-northern strategies, strategies that will develop the main pillars, whether it's mining or whether it's tourism in particular.

The third pillar that we have identified in Yukon is the knowledge sector. Yukon College right now is doing between \$8 million and \$10 million a year in research and development to support the northern knowledge sector. Allowing places like Yukon College, the University of the Arctic, the pan-northern university, to grow and prosper will bring business. This will be bring the economy to the north.

If Yukon College can become Yukon University... They now have partnerships with the University of Alberta and the University of Northern British Columbia. We recently had the president of the University of Saskatchewan up here talking about research and development. If we can create a pan-northern strategy, a strategy for cold climate research and have centres of excellence in the north, this is another way that you could really help the north and benefit in research and development.

There are many others, but I guess we're running out of time.

● (2025)

The Chair: Thank you, Mr. Russell.

Now we'll go to a question from Mr. Dreeshen, for five minutes.

Mr. Richard Runyon: Going back to the first nations component, if your goal is to see more development in the first nations—

The Chair: I've actually recognized the next speaker, so perhaps in the course of answering Mr. Dreeshen's question, if there's an opportunity to sneak something else in, maybe we could do it that way.

Let's go to Mr. Dreeshen for five minutes.

Mr. Earl Dreeshen: Thank you, and I don't know whether I'll take my full five minutes, so if you get an opportunity, you can expand upon that point.

I know that with the KIP funding that has been put into Yukon College, the knowledge infrastructure program, there's \$2 million that has been presented plus \$2 million that has come from the territory. So there's a start there again to recognize research capabilities and so on.

The point I wanted to discuss with you had to do with the business advisory boards that you would have with the chamber. I come from Red Deer, Alberta, and we have a very strong business advisory group there, whether they deal with agriculture or other issues. And of course they then are able to take those issues to the national level and get hearings on them. The things that I hear you talking about, it would be nice if that got presented. I know that you're going to be talking to all of your northern partners, but perhaps letting some of the people south of 60 realize what is happening would be a benefit as well. Whether or not you're going to be able to get any suggestions from them, an awareness at least would certainly be a great start.

I guess my first question is how are you really working with the Yukon government and your municipal governments to address these issues? It seems as though there's some friction there.

Mr. Rick Karp: We have partnerships with at least five different departments of the Yukon government and we consult and share with them on an ongoing basis. So we do have partnerships. But to us government is government, and it's difficult for us at our level to really deal one-on-one with government. We support government. We respond to their needs. When they ask us questions about business, we respond to them about business.

We've developed partnerships with the department of highways, with the department of education, with economic development, with health and social services, as I mentioned earlier, to name four of them. With the department of highways, we run the highway signs program and several other things. So we are partnering with the Yukon government in that respect.

I have to say at this time that INAC has been very supportive over the years with our business development program, and we do have business advisory boards. The uniqueness about our program is that we will audit a particular company. Let's say it's Yukon Brewing. We will then find expertise from anywhere in the world. We've actually taken four of our businesses in the tourism sector and sent them to a worldwide tourism conference in Paris, and they got a list of 74 wholesalers in France who are interested in the Yukon. This is economic development.

We obviously don't have the capacity to deal with that many wholesalers in Europe, so we turned it over to the department of tourism. This was about a year and a half ago, and nothing's happened yet. We're waiting, and this is a frustration on the part of business. We, as business people, want to see something happen now. We want to be able to act. We want to be able to move on things, and it's very difficult to be involved with government where we want to study things more.

● (2030)

Mr. Earl Dreeshen: How many people did you say were on EI?

Mr. Rick Karp: On EI? A little over 1,100.

Mr. Earl Dreeshen: Eleven hundred. Okay.

As far as bringing in foreign workers, the first thing that came to mind is where do you house the foreign workers if you're bringing them in, but that's a minor question, although it might not be a minor problem.

I guess the other thing is, do you feel that there's a certain level or a certain percentage of people that, from your perspective, are just unemployable? Is that sort of what I'm hearing? When you ask for intake for certain businesses and nobody shows up, what do you feel the problem is there?

Mr. Rick Karp: In social assistance, of the approximately 850, we know that about half of them are unemployable and need to have social assistance. Of the other half, we know that about 20% to 25% are employable, and that's our target—to work with that population.

Where EI is concerned, it is primarily because of the seasonality of our workforce up here, with tourism and with the ebb and flow of mining, so I'm not sure how much we can do.

Again, I come back to the point. We have made submissions through Mr. Bagnell about desirable changes to EI to have incentive programming, so that someone on EI does not stay on EI, so that they have an incentive. Although the work may be less desirable than what they have been used to, they'll still be working. If we could do that here, we wouldn't need to bring in all these foreign workers.

To answer the problem about housing foreign workers, we've been concentrating on the Philippines. We had a base of Filipino workers in the Yukon and they've been pooling resources and buying homes, and they've been doing very well. There are not quite 15 per house—I don't want to give the wrong impression—but they've been very successful.

The Chair: Okay.

There being no more questioners on the list, I would like to thank you on behalf of all the members.

Oh, just a minute. We're not going to adjourn yet. We had Mr. Dreeshen. Do you want to go back?

[*Translation*]

You have a question?

Mr. Roger Gaudet: Yes.

The Chair: Go ahead.

Mr. Roger Gaudet: Thank you, Mr. Chair.

Gentlemen, twice today, I heard that the federal government does not have any good employees.

I heard the same thing when I visited western Canada on farming matters. Western farmers told us that civil servants in Ottawa did not know the difference between a cow and a carrot.

Is it the same for you? When you call Ottawa, do they know about the area and what happens here?

We heard that comment from people in western Canada, in Alberta, Saskatchewan and Vancouver, British Columbia. People in those three provinces told the members of the Standing Committee on Agriculture and Agri-Food that the civil servants in Ottawa know nothing about agriculture.

Has your experience been the same?

[*English*]

Mr. Rick Karp: No. I think the people working in INAC—CanNor now—have a strong desire to understand and do understand our needs. For example, we have traditionally had three programs supported by INAC, now CanNor, to the tune of about \$400,000 a year. The frustration comes out locally when trying to deal with Ottawa, in that the applications at that level have to get certain approvals and there are delays. Here we are in November, we have three programs that we're working on, and we're still waiting for the funding. So the chamber—we're a small organization, and we do not have \$400,000. Here it is in November, the year started April 1, and we don't have any money. We have zero funds to run this business development program, which has been very successful and partnering for success. So the chamber is down to the tune of around \$60,000 to \$70,000 trying to keep these programs going.

Do the local people have an understanding of our needs? I think so. They listen well to us. Are they frustrated with Ottawa? I think so. We're very frustrated with Ottawa. I've called Ottawa several times with CanNor to try to make some reasonable suggestions about timelines—funding timelines, approval timelines. I haven't had any word back from them.

It could be another recommendation for the committee as you delve into CanNor in more detail. Please get those funding timelines. When someone has an approval for a project, they need to get that approval and the money, because most of us cannot function without having that money come forward.

● (2035)

[Translation]

Mr. Roger Gaudet: As for seasonal work, how many weeks do your employees work during the year? Is it 10, 12, 14, 16 weeks?

[English]

Mr. Rick Karp: The tourism season starts at the end of April, very beginning of May, and it goes to the middle of September, the end of September at the very latest. So May, June, July, August, September, five months in tourism.

[Translation]

Mr. Roger Gaudet: In tourism.

How long do they work in all other seasonal jobs?

[English]

Mr. Rick Karp: The construction industry, again, as soon as they can get in the ground. So here, for example, we don't put any flowers in the ground until the middle of June. Otherwise the ice is still there. But the construction industry will start up in April and they'll go as long as they can. So even right now, as long as you can close in a building, you can continue working. But again, there's considerable seasonality. You can't start any construction once the ground freezes. It's very, very difficult and very expensive. So it would be probably an additional month or two, so seven months, perhaps eight months, for the construction industry.

[Translation]

Mr. Roger Gaudet: Thank you.

The Chair: Thank you, Mr. Gaudet.

Now, it's over to Mr. Bagnell for five minutes.

[English]

Hon. Larry Bagnell: Thank you.

I have three quick questions. Before I do, though, I'm interested in your commenting on mailings from Mr. Strahl. I'm surprised you didn't comment on the one on VIA Rail, the great job he's doing there; it's pretty important to the Yukon.

I have three quick questions. One is we're looking at ways we can help business. You run the Business Service Centre and you have businesses coming in. What types of things are they asking for, that the federal government can help with? That might give us a key as to what people are looking for when they come to your door looking for help and assistance and information.

I'll ask all three questions and then you can answer three.

Secondly, you're members of the Yukon Chamber of Commerce. Because no one else could make it, could you tell us any comments you have on the big challenges facing rural Yukon? Some of those challenges may be different from those in Whitehorse.

The third question is related to housing. One of our other presenters showed us a chart on shelter that said Canadians on average spend \$13,643 a year. In Yukon, it was \$14,058. So the difference was only \$415 a year on housing. It doesn't seem like a huge disparity between the Canadian average on that. Maybe it's the occupancy rate that's different. I'm not sure.

● (2040)

Mr. Rick Karp: Is that a rental you're talking about?

Mr. Richard Runyon: Can we start with the housing one first?

Essentially, for the business, the private sector here, we're blue collar business. An example is Dan at Canadian Tire. He wants to bring up a manager here but the situation is that the median housing price here for a home is \$350,000. So the struggle is, if he brings up a medium manager, the guy's going to live in a trailer. So it's difficult for him to attract people coming up here, given the housing situation and stuff like that. We don't really have any entry level housing. That's the problem here. We've got a lot of higher-end housing, so if you've got a government job or two government job incomes, you know, there's lots of housing. But for the lower end we don't really have housing.

Hopefully that answers your housing question.

Mr. Rick Karp: I'm not sure what the \$14,000 refers to.

Hon. Larry Bagnell: Basically it's suggesting what a Canadian household in the Yukon spends is almost the same as what the average in Canada is for their housing expenses.

Mr. Rick Karp: The average rental for an apartment right now is \$775 a month in the Yukon, if you can get one. The occupancy rate is very low. That's another thing. We're working with the Yukon government on bringing back the act that deals with the apartments and the rentals. So we'll see what happens with that.

For your other two questions, the Business Service Centre, which is the Yukon Chamber of Commerce, not the Whitehorse Chamber of Commerce, is very interesting. We've sent people over there. It happens, though, to be a library of hard copy. One recommendation would be, of course, to have Canada Yukon or Canada Business Service Centre system across the country use more modern technology. When you send people in there now, they're basically left on their own to look through this library and try to find things. It's not as functional as one would hope it would be, especially for somebody who is wanting to start up a new business.

On the challenges of rural Yukon, I suppose Richard might be able to answer that better with the first nation component. We've been working through our business development program with a couple of businesses in Dawson City and formed a partnership with them and the first nation in Dawson City. Their challenge of course is distance from market. One is a manufacturer. One is in tourism. One manufactures anoraks, and if you're interested in a winter coat, it's fantastic. The other is in tourism. So the challenges in rural Yukon... I've talked with the people in Old Crow. Imagine the opportunity they have there to see 130,000 caribou marching by you. The tourism, if there was marketing that allowed them.... They do have some people that go up there just to experience that. It's really something.

There are considerable challenges to business in rural Yukon. We're covered on the Internet, but distance and location are still serious problems for them.

The Chair: Okay, we'll leave it at that.

We'll maybe just come back. Mr. Runyon, at one point you had something else to add there and we had to move on. Did you want to come back to the point that...?

Mr. Richard Runyon: Mr. Russell inquired with regard to first nations, and in answering his question, if your desire is to see guaranteed development in the first nations, then increasing their funding directly.... I know for a fact the first nations that are self-governed would very much like to see that occur, particularly with things like Canada infrastructure and stuff like that.

To give you a two-second example of that, in Carcross, they wanted to get the women working there but they didn't have any day care. So the first nations used their first nations money to build a day care centre so that they could get their women to start working in the community. It would be easier for them if they could get some other financial assistance. To make that happen a lot faster is what it comes down to.

The Chair: Okay.

Are there any other questions?

Mr. Rickford.

• (2045)

Mr. Greg Rickford: Thank you.

I just wanted to make Mr. Runyon aware that four funding programs implemented in Canada's economic action plan have in fact gone directly to a number of first nations across the country. In our riding it's been particularly important, because we have ensured that first nations play a full and integral role in a regional economic development strategy. So just for the record in that regard, outside of the traditional INAC and HRSDC agencies or departments who have traditionally been the stalwart funding organizations for them, we have in fact done a great job looking in other programs, particularly through this year's budget with respect to the infrastructure stimulus fund—R-in-C in particular, and I must say CAF, the community adjustment fund. And we've heard testimony to that effect today.

I think the comments I hear from a number of the first nations communities across the country, but particularly across northwestern Ontario, is that they're very excited about being considered in these funding programs directly, as you say. And as we know, to encourage a sense of regional strength and recognizing the important contributions that a community can make to a fuller and more developed economy in its respective region....

We have a number of initiatives in forestry and tourism that I think, in particular, recognize the importance of not just the federal government's roles but the territorial and in my example the province's responsibilities with respect to tenure and dealing with forestry—a variety of issues like stumpage and what not—that make sure and consider that first nations are full participants in that process.

That's all I want to say.

Thank you.

The Chair: Okay.

Any other comments to Mr. Rickford's?

Mr. Rick Karp: I'm not sure if it's been clear during the day today, but Yukon of course with devolution and Yukon with 11 of 14 first nations who have settled their land claims creates a unique situation in trying to achieve economic development and partnerships among all of those partners.

I think in the provinces it's probably...well, I shouldn't say it's easier, but we're dealing with 11 separate governments in the first nations plus the Yukon government, plus the federal government, plus municipal governments. So in your consideration of that, please remember the difference between the Yukon and the other territories.

Thank you.

The Chair: Thank you, Mr. Rickford, Mr. Karp, and Mr. Runyon.

We will finish up our questions on that point. We will dismiss and adjourn here momentarily, but just before we do, there are two administrative items that we need to remind members of. The first is that you know that we're going to visit the Kwanlin Dun First Nation here in Whitehorse tomorrow. They are one of the group of four first nations that are not in fact part of the coalition of four, as they say.

They have circulated to us a letter and a schedule for tomorrow. The problem is that the schedule they have circulated is only in English. There is one here for each member. We recognize that our rules are such that we only circulate documents in both official languages. I'm cognizant of the fact, however, that tomorrow's agenda really is a site visit and not a formal meeting.

Is it acceptable to the committee members that we circulate those now? I guess I'm really directing my attentions to our committee members from the Bloc. If this is acceptable, we'll go ahead and do that.

[Translation]

Mr. Yvon Lévesque: As far as I'm concerned, it is just a schedule of the visit, and I do not see it as an official document submitted to the committee for consideration.

[English]

The Chair: Okay. *Merci beaucoup.*

Go ahead, Larry.

• (2050)

Hon. Larry Bagnell: Just a point of clarification as to how you describe the coalition. The four members in the coalition are actually members of the Council of Yukon First Nations. They are four members that have signed their land claim later. So they've gotten together because they have unique needs.

The Chair: Correct. Pardon me. I didn't mean to suggest anything different. Perhaps the intimation that they weren't part of the council was incorrect. My mistake.

The second administrative item has to do with our schedule tomorrow. Of course you have the itinerary. But just remember that we are leaving the hotel here at 8 a.m. We're not going too far, but we will be on the bus. We'll board the bus here, so you can put all your stuff on the bus and we'll be making a couple of stops through the morning. Our first stop is not too far, right here in downtown Whitehorse, where we will be having breakfast. So you don't have to plan to get breakfast before you get on the bus unless it's your wish to do so.

As far as checkout goes, we will be coming back to the hotel here for 12 o'clock, so you need not worry about checking out prior to 8 a.

m. You can leave your stuff in the hotel room. There will be sufficient time when we come back at noon to gather your luggage and belongings and we will check out when we return to the hotel at 12 o'clock.

Thank you very much, members and witnesses, for being our last panel here today. This has been a very long day and we've had some excellent material presented here today.

Meeting 37 is adjourned.

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