



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Finance

FINA • NUMBER 077 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Tuesday, April 4, 2017

—
Chair

The Honourable Wayne Easter

Standing Committee on Finance

Tuesday, April 4, 2017

• (1610)

[English]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I will call the meeting to order. Pursuant to Standing Order 108(2), we are doing a study of economic growth in the territories.

With us we have, as a witness from the Government of Yukon, the Honourable Sandy Silver, premier, by video conference. Welcome, Premier.

I don't see her, but I believe Katherine White, deputy minister, Department of Finance, is there as well.

Before we start, we have a notice of motion from Mr. Deltell. I believe you want to read that into the record at the start.

[Translation]

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you, Mr. Chair.

Mr. Premier, I just have a few words to say and then I will yield the floor to you.

I would like to table the following notice of motion:

That the committee, in response to remuneration granted to executives at Bombardier, invite the chairman and chief executive officer from Bombardier and the Minister of Innovation, Science and Economic Development to appear before it; that the committee report the evidence heard and its recommendations to the House of Commons.

[English]

The Chair: Thank you, Mr. Deltell. That notice is given and can be debated in 48 hours.

With that, we will turn to the premier. Just to start, Premier, you are aware we did pre-budget hearings, as the finance committee, in the fall. We tabled that report in December, and part of that study was economic development. At that time we looked at all the regions of Canada, so this testimony of yours is pertinent to the committee, and we thank you for appearing.

The floor is yours.

Hon. Sandy Silver (Premier, Government of Yukon): Thank you very much, Mr. Chair.

Good afternoon to the vice-chairs and the other members of the committee as well.

Thank you for the invitation to appear before the committee today to discuss economic growth. We appreciate the committee's attention and focus on the north. I would also like to give my thanks for the

opportunity to speak to the economic growth and well-being of our communities in Yukon in general.

All Canadians have a vested interest in a strong and robust north. Canada's overall economic position absolutely improves as the north develops. The reality is, Canada's north is a bigger picture of our national identity and economy than it has ever been in the past. New economic opportunities are opening up across the north, through both Arctic and subarctic regions. Across all three territories, you'll find a wide range of economic drivers, each with its own unique benefits and opportunities. These opportunities present themselves as the obvious drivers, like access to resources, but also as strong collaboration among territorial, municipal, and first nations governments.

In the north, first nations governments are both leaders and partners in our economic prosperity and diversity. In Yukon, that is absolutely no different. Since 2004, Yukon has enjoyed significant economic growth, as measured by real gross domestic product. Between 2004 and 2013, Yukon experienced 10 consecutive years of real GDP growth. The real GDP grew by over 50% to \$2.3 billion. A steadily growing population was experienced, as well as unemployment rates that were generally lower than the Canadian averages, a relatively strong labour market, and income growth. Supported by strong commodity prices, Yukon was largely insulated from the financial crisis of 2008, unlike southern Canada.

In recent years, however, that picture has changed. Both 2014 and 2015 saw significant contractions in Yukon's economy. There was a 0.2% contraction in 2014, and a 6% contraction in 2015. The underlying cause of these contractions can be most easily explained by a decrease in mineral prices, leading to a decrease in mining exports and the suspension of large-scale mining projects. While we enjoy economic benefits associated with access to minerals and resource deposits not found in some other jurisdictions, we also face challenges not present elsewhere in Canada. I will speak to that more in a minute.

I want to draw the committee's attention to the fact that GDP may not actually be a perfect measure of growth for the territories. In most jurisdictions, gains in real GDP are closely tied to gains in other variables, such as employment, population, and retail sales. Under normal circumstances, an increase in real GDP is generally interpreted as a sign that the economy is doing well, while a decrease indicates that the economy is not necessarily working to its full capacity.

In Yukon, the correlation between GDP changes and other indicators has often not been so strong. This is related to the small size of the territory's economy. One large mining project, for example, has the potential to significantly impact the GDP from one year to the next but may have less of an impact on other key indicators, such as employment, labour force participation, and income. For example, the significant 6% decrease in real GDP from the previous year that was experienced in Yukon in 2015 had no effect on the size of the labour force in the territory. During that time, the total retail trade in Yukon actually grew by almost 5%, with the contraction of the real GDP. Therefore, we must consider numerous additional factors when assessing growth. Yukon must work to diversify its economy in order to ensure that the growth is sustainable year to year and to protect it from the volatility of the resource production industry.

While we recognize the long and rich history associated with mining, we must also rely on economic drivers beyond a strong resource sector. Left unchecked, Yukon's economy may be destined for some rough times ahead.

•(1615)

With the expected suspension of mineral production at Yukon's only current active mine, now more than ever Yukon needs to get its house in order.

While Yukon is encouraged by forecast growth in its retail and construction sectors, volatility of the mining crisis reaffirms the need for it to diversify its economy.

There are encouraging signs of expansion in other industries as we look at the forecast into the next few years, but we need to ensure that the foundation is in place for businesses to grow and to expand. Reliable Internet, better public infrastructure, energy security—these are the fundamentals.

So, where do we go from here? For Yukon to be seen as having sustainable growth now and into the future, we must take action in the following ways.

First, Yukon imports the majority of its necessities from the south. In 2015, for example, this translated to about \$1.8 billion in imports. This is a significant drag in GDP and makes Yukoners more vulnerable to disruptions in the global supply. Increasing Yukoners' ability to produce what they need in the territory will help to mitigate this risk.

Next, Yukon requires strong connectivity with the rest of the world. Access to fast and reliable Internet would be a significant boost to making Yukon a more attractive place for businesses and would allow those businesses that are already there to succeed. Now more than ever, mining is a technology play as much as it is a natural resource play. With better access, Yukon would be better able to build its natural resources and knowledge economy, and to position itself to be a leader in northern innovation. With better connectivity to the global economy there are opportunities to grow industry that isn't dependent upon physical location. A lack of speed and redundancy undermines the reliability of our Internet in Yukon, and it significantly constrains businesses and the economic growth and diversification.

As you can see, these items go hand in hand. To succeed in one is to succeed in the other.

Government sees itself playing a role in this endeavour. We are taking steps towards exploring the feasibility of a second fibre optic line in the territory. We also recognize and support businesses already established in the territory. The most fundamental component of our future growth and prosperity is the recognition and the enhancement of the roles of indigenous governments, development corporations, and businesses and of how they play in the Canadian and in the Yukon economy, particularly in the rural community. Yukon first nations development corporations and businesses are rising stars in Yukon's economy. First nations governments are a major employer and economic driver in all of our communities.

An example of how Yukon first nations are leading the way in developing local economy is the success of Air North, Yukon's airline. The airline is now half-owned by the Vuntut Development Corporation of the Vuntut Gwitchin people of Old Crow.

Another example is the success of the Carcross Commons, a retail village that was developed by the Carcross/Tagish First Nation's development corporation. Also with the Carcross/Tagish First Nation was a tiny homes project, an employment and skills development project.

Truth and reconciliation means that we advance a vision for diversifying our economy, and that vision must be inclusive of the development and collaboration of Yukon first nations, governments, and economic development corporations. Yukon first nations governments are both leaders and partners in Yukon's economic prosperity.

One of the central commitments of my government is to work collaboratively and respectfully with first nations governments to build strong, intergovernmental relations and a strong, diverse economy that brings benefits to all Yukoners. We recognize the essential role that first nations, Yukon first nations governments, and businesses play in the development and prosperity of a shared Yukon.

The modern treaties and self-government agreements in Yukon have opened many economic development opportunities. As the members of the committee are aware, 11 of Canada's 29 modern treaties and self-government agreements are located in Yukon. These agreements increase collaboration between our governments, reduce conflict, bring certainty that is attractive to investors, and have made first nations governments significant and savvy investors in local economies.

•(1620)

These agreements outline a shared vision for economic self-reliance and ways of sharing the benefits and economic development across our territory.

A critical role of all governments is to work actively and continuously to implement these modern treaties. Addressing the physical relationship with self-governing first nations is critical to the implementation of these agreements. It ensures that first nations are meaningful partners in the economy of Yukon, as was envisioned by these agreements.

Yukon first nations governments and the Government of Yukon have committed to working collaboratively to identify and to take actions for our shared priorities. We meet regularly at leadership forums to advance these priorities. As a recent example, the Government of Yukon and self-governing Yukon first nations have signed a memorandum of understanding, agreeing to work together to improve the management of mineral resources in Yukon. I firmly believe that this type of collaboration will make Yukon a more attractive jurisdiction for investment and will result in real and lasting benefits to Yukon's economy.

Members of the committee, the path ahead is not easy, as you can understand. In addition to the well-known challenges that I've raised, we are also set to experience greater challenges than we've ever faced before. Climate change is known to affect the north on a disproportionate basis, and we are already seeing the impact on our infrastructure as permafrost begins to thaw.

The Yukon government is proud to have signed the Pan-Canadian Framework on Clean Growth and Climate Change, and Yukon agrees with the framework's assertion that carbon pricing will encourage innovation and develop the foundation for a low-carbon and resilient economy. However, Yukon will need clarity from Canada, prior to designing a rebate program, on how Canada will adhere to the following principle related to carbon pricing that was used in the framework:

Carbon pricing policies should minimize competitiveness impacts and carbon leakage, particularly for emissions-intensive, trade-exposed sectors.

People of the committee, in Yukon, that is mining. This includes plaster mining, which is a key driver of the territory's local economy.

How Canada intends to fulfill this promise is very critical to the future of Yukon's economic success. However, we do recognize that some communities are still reliant on diesel power and that investment in alternative energies is difficult in smaller jurisdictions. It's very difficult for them to afford these initiatives.

This means that we must recognize and find a balance between reducing our greenhouse gas emissions and meeting the unique needs of the north, recognizing that support is needed to help Yukon develop alternatives to lessen its own carbon footprint.

We must also understand the economic impact associated with Yukon's lack of scale to provide similar services at the same costs as southern jurisdictions. Yukon must find ways to close the gap in order to maintain a robust and diverse economy.

Members of the committee, while sustainable economic growth is the goal of all jurisdictions, of course it's not without its own challenges. Yukon is working hard to start conversations and to address the challenges as it develops solutions that benefit all Canadians. It is through the co-operative and collaborative methods of the territorial government, and in working with provincial, federal, and first nations governments, that we will be able to make real and lasting improvements that benefit industry, the economy, all Yukoners, and of course, all Canadians as well. By strengthening Yukon's economy, we strengthen and solidify Canada's sovereignty in the north.

I would like to thank you all for the opportunity to speak with you today. I invite you to ask questions at this time.

The Chair: Thank you very much, Mr. Premier, for your opening remarks. My apologies; we were late starting because we were in votes in the House.

We'll go to five-minute rounds. The first round of questions goes to Mr. McLeod.

Mr. Michael McLeod (Northwest Territories, Lib.): Thank you, Mr. Chair.

I appreciate the opportunity to ask a couple of questions on the premier's comments. It was a very good presentation. We heard the Premier of the Northwest Territories this morning talk about a number of the barriers that the Northwest Territories is facing.

I have a number of questions.

First, I find it very interesting that Yukon, with its history in mining, really is moving to low interest in that sector. Could you explain to us why it is that you're not getting the same type of interest we have had historically in Yukon for mining?

• (1625)

Hon. Sandy Silver: I guess you mean the interest in the international community and definitely not the interest of the government. We're extremely interested in our resource industry as a government.

I think what we're seeing, Mr. McLeod, is a change in direction. We've had some concerns over the last couple of years about the variables we can control. You can't control commodity prices, but what you can control is relations with first nations governments. What we're seeing in Yukon right now, with the new government approach, is a modernization of what it means to do business in Yukon with the mining industries.

For example, we signed a memorandum of understanding with the Yukon first nations governments. We went down to the Cordilleran Roundup in Vancouver, we went to PDAC in Toronto, and we went government to government. We went arm in arm, Grand Chief Peter Johnston and I, and also the other chiefs. We're presenting a united front, a joint approach when it comes to the resource industry.

What we're seeing is on two fronts. One is the economic front. The companies that are interested in Yukon like this approach. They consider it as one-stop shopping. They know that the conversation they're having with the territorial government is the same conversation they're having with the affected first nations whose traditional territories are being affected, because we're in the same room.

What we're also seeing on the social side of things is more trust from the general population. If you're involving the first nations governments in this sector, which is the resource industry, with these modern treaties, through having them at the table where they are supposed to be—basically implementing these modern treaties as they're supposed to be implemented—the public is seeing a trust factor: that we will be taking into consideration the environmental considerations. The regulatory certainty piece is there as well. Industry gets the certainty they need and the general population sees that this isn't a one-sided conversation.

I think that we're going to see the fruits of that labour.

Mr. Michael McLeod: I certainly recognize and see the partnership arrangement that has happened in the last while with the Yukon government. From talking with some of your chiefs I know they appreciate it and are breathing a sigh of relief.

I think everybody has to recognize that as we talk about reconciliation we also have to talk about economic reconciliation and about not leaving the aboriginal people sitting on the sidelines watching everybody else move forward. I think you're doing a very good job, and everybody seems to be of the same mindset now

If you were able to provide us recommendations on where the government should invest to help Yukon, what would your top priorities be?

Hon. Sandy Silver: Do you mean in the mineral industry or outside of it?

Mr. Michael McLeod: I mean for economic growth.

Hon. Sandy Silver: I think our economic growth is part and parcel. We definitely want to make sure that we're moving forward in a sustainable manner with respect to our resource industry, but we also need to diversify. In tourism, for example, we need to do a better job of making sure we diversify our investment to the private sector's ability to provide a tourism industry.

There are also issues involving technologies. Right now we're talking with the Northwest Territories government. We're looking at a couple of different routes for redundancy of Internet connections. When you build a railroad east to west in Canada, you've opened the western part of the nation to prosperity. Building a redundant fibre line into Yukon and into the Northwest Territories is going to be the determining factor that decides our economic future as we move further into the 21st century.

Diversification of our technologies is very important, then; our tourism industry is important as well. Also, when you look at the mining industry, development is about the subsidiary jobs around the industry too. We need to do a better job to make sure that, if and when another mine comes on, we maximize the potential for local jobs in considering it.

The Chair: We have to cut it there.

Mr. Deltell, you have five minutes.

Mr. Gérard Deltell: Thank you, Mr. Chair.

Mr. Premier, it's a great honour for me to speak to you.

I want to tell you that when I was elected a member a year and a half ago, one of my dreams was to go to your territory. I did it a few

months ago, in September, with the electoral reform committee. We were there just a few days or even, I would say, a few hours before the royal couple, and we were exactly at the same hotel. I was very pleased to open the door for them.

The first thing I learned when I went to your city was this. They said to me, "When you're in Whitehorse, don't talk about Yellowknife, and when you're in Yellowknife, don't talk about Whitehorse."

Voices: Oh, oh!

Mr. Gérard Deltell: I want to continue the conversation that you had with my colleague Mr. McLeod. Speaking about mining, we all know and we all recognize that wherever it is, whether it's new or in the northern part of my province of Quebec, it's cyclical. Sometimes it's good, sometimes it's wrong; sometimes it's good, sometimes it's bad. Usually it follows a cycle of around seven years.

As a political decision-maker, what do you think we should do to address this issue? Do we need to have a long-term plan? Do we have to invest in huge infrastructure near the mine?

What do you think?

• (1630)

Hon. Sandy Silver: Both for sure. I will say next time you come to Yukon, make sure you come up to Dawson City. It's my riding, so I believe that it's the true heart and soul of Yukon. Next time, make sure you let me know when you're in town.

You hit the nail on the head. Boom does turn to bust in the mining industry. In my riding, being Klondike, we lived through that. The first nations, the Tr'ondëk Hwëch'in of that area have been living alongside the mining community for over 100 years. Part of the reason it's such an effective community is because of the Athabaskan principles of sharing and getting along with the folks who live in this community.

We have an ability to sit down at the table, government to government, Yukoner to Yukoner, and discuss when boom turns to bust. The best thing that we can do is make sure that when we're training our citizens, when we're training our students, when we start looking at how we're going to fill those jobs, we have to make sure that we take a focused lens on technologies and trades that aren't specific just to the industries in our backyard.

When things are going well and when the jobs are in the backyard, then we'll have folks not just with air brake licences but with actual red seal certifications in trades, and also the ability, when boom turns to bust, to be able to go and participate in the rest of Canada and be competitive. We need to do a better job in our school system, in my opinion, to focus on technology and trades, and have dual credits so that if you're going towards a certain direction in a certain trade and you change your mind—because you're young and you do that when you're young—that's not going to affect your ability to graduate from high school and to move on into another area. Again, it's about that diversification of the industry.

One of the best things that we can do in the mining sector is put a lot more attention towards working with first nations governments and the economic development branches therein on reclamation. If you take a look at all the economic development branches that are represented by the different first nations governments in Yukon, there are hundreds of millions of dollars of potential development in this industry waiting to happen. When you're mining, it's nice to have Yukoners in those jobs. The more we keep that money local, the more it affects our GDP in a positive way. When boom turns to bust, we have to make sure that in the reclamation industry, we're also leading the way with local solutions.

Mr. Gérard Deltell: Let's talk about another issue in economic development, which is tourism. Do you think we should place more emphasis on foreign countries, in Europe or in Asia, to go to your territory instead of local or, can I say, Canadian tourism? What is your main target, Canada or foreign?

Hon. Sandy Silver: It's definitely a balance. We, as a territorial government, go to Germany, Japan; we try to invest in the international community based upon the statistics that we take. When you take a look at the Canadian dollar, you really want to make sure that Canadians are travelling to these distinct areas. I take a look at the tourism efforts of Newfoundland and Labrador, and I'd like to take a page from their book. They're a unique destination in Canada. People who go to Newfoundland, they're not going somewhere else, they're going to Newfoundland.

Right now, a lot of our tourism is based on people who are going to Alaska. I don't know if you know the geography very well, but Skagway is a small community with large ports. You go there in the summertime, and there are thousands of people coming off the cruise ships. If you ask them when they're down there if they're planning on going to the Klondike to see where the gold rush happened, most of them believe they're already in the Klondike and witnessing it. I think we need to do a better job of educating the road traffic, the RVers, and the cruise ship folks. We have a great opportunity to work in partnership with Seattle, as well. It would be nice to see some direct flights coming from Seattle up to Yukon.

To answer your question, it's not about putting all your eggs in one basket. It's about taking a look at the American market. You take a look at the RVs that are coming up the road. It's Texas, it's Arizona, it's folks who want to come up and take a look—they come into our tourism branches and they ask where the guys they see on the TV show are. They want to see the people who are on the *Gold Rush* TV show. A lot of people are doing bucket list types of trips, the RV crowd. They're coming up to see this spectacular gold rush concept that has happened. Most people who come up to Yukon and were on their way to Alaska say two things, they can't believe how beautiful it is here—and they mean the people as much as the actual geography—but also that this was the best part of their trip. I think we need to do a better job of focusing in on what the north has to offer and sharing that secret with the rest of the world.

• (1635)

The Chair: Thank you both.

Mr. Dusseault, you are next, please.

[*Translation*]

Mr. Pierre-Luc Dusseault (Sherbrooke, NDP): Thank you, Mr. Chair.

I thank the Premier for his statement before the committee. The territories, and especially the relationship the federal government has with them, are an extremely important matter.

In a conversation I had this morning with Mr. McLeod, the Premier of the Northwest Territories, my first comments were about the evolution and independence of their legislative assembly. He felt that their powers over territories, resources, fisheries and environmental issues were priorities. I'll put the same question to you. From the Yukon's perspective, in the context of your objective to gain more independence and powers from the federal government, what would your priorities be?

Hon. Sandy Silver: Thank you very much.

[*English*]

Here in the north, we're very different as well. Devolution transfers happened in Yukon over a decade ago. We're ahead as far as land use planning and implementation of our land use planning process. That answers your questions a bit.

Land use planning gives us a certainty. Land use planning allows us to make decisions from a northern perspective when it comes to our resources, and I can tell you it's a great time to be involved in politics in Yukon. This government is committed to getting back on track with modern treaties and with the land use planning process.

Concerning Arctic sovereignty, we've been watching a ban on offshore drilling. These bans affect my counterparts in the Northwest Territories and in Nunavut much more than they do Yukon. As you can imagine, on the one hand, Ottawa has engaged in communications as to how to do the devolution transfer and how to take a look at own-source revenue at the same time. It's the opinion of the other premiers that one of their hands is being held behind their back as they talk about own-source revenues.

This is not so much the case in Yukon, but at the same time we want to make sure that the decisions being made on Arctic issues involve the leadership in the north—the aboriginal leaders as well as the premiers. We want to make sure that the conversations on issues that affect Canadian interests, specifically in the north, take into consideration the unique differences between all the different jurisdictions.

Again, for Yukon, as far as our differences go, I would say that land use planning provides the certainty that industry is looking for. It is also the certainty for our environment, moving forward.

[*Translation*]

Mr. Pierre-Luc Dusseault: Thank you.

I will continue with the issue you raised regarding revenues, where you would like to have more independence.

All of this is related to taxation. According to the figures provided to us by the Library of Parliament, about 20% of your workforce is made up of interprovincial and interterritorial employees. So those employees come from other provinces or other territories.

What is the situation in the Yukon with regard to tax collection? What could be improved to allow you to have more independent revenues, bearing in mind that revenue will also be generated by development and what is happening in your territory?

• (1640)

[English]

Hon. Sandy Silver: That's a great question. When we started our devolution transfers, the intention was to give us the ability to make decisions for ourselves and to create more industry by having local solutions to local problems. We need to have a little more self-reliance there. We're no more or less dependent now than we were at the beginning of the federal transfers.

How do we get own-source revenue is the question, really, because that's the crux of the conversation. If we can create an economy, then we have more opportunity to tax. How do we do that? We're competing right now with a lot of the provinces when it comes to tendering contracts. Our goal is to make sure that these companies come to Yukon and live in our communities. A lot of companies do that right now in Whitehorse, so we're seeing success stories in there, but we want to diversify and make this more of a community-by-community aspect. When companies come up and see the amazing beauty of the area and see how rich we are in resources, but also in our human resources, we need to better incentivize these companies to actually grow roots in our communities. We need to have better lots available. We need to work with the private sector to make sure that our housing prices are competitive to give that incentive to companies to come and do business in Yukon. We need to make sure that our corporate tax base is at a comparable rate to other jurisdictions, as well as our small tax rate.

The whole key is growing our private sector. As a government that, basically, has taken the devolution control from Ottawa and has taken it into Yukon, our job now is to diversify that responsibility, and to diversify and make sure that our private sector thrives and that we create not monopolies, but healthy, competitive communities in all the areas.

We have had relative success in Whitehorse, and now we're turning to the communities. Part of that success is working with the first nations that have the modern land use treaties. There are chapters dedicated to the umbrella final agreement that the self-governing arrangements are based upon that allows us to be very creative in finding ways to keep our economies whole.

The Chair: Thank you, both.

Mr. Sorbara.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Thank you, Mr. Chair.

I'd like to allocate my time to the member from Yukon, please.

The Chair: Okay.

Mr. Bagnell.

You might know this guy, Premier.

Hon. Larry Bagnell (Yukon, Lib.): I agree.

I thank the committee members for being generous, both this morning and now, in letting me speak because I'm not on this committee.

Hopefully, Premier, your answers will be short enough that I can get all my questions in within the five minutes.

First of all, I'll follow up on my colleague from Northwest Territories on your interest in mining. In the past, there has been some support for mine training. Would you like the federal government to continue that type of support?

Hon. Sandy Silver: Absolutely. Mr. Bagnell, as you know, my riding is Klondike, and there's no way someone's going to get elected in Klondike without being supportive of the mining industry. We struck a balance as a community. It's up to our government now to figure out how to model that community by striking that balance. We can't do it alone. We need the federal government to help us with these considerations.

Our college is doing some great things, as you know, Mr. Bagnell, with cold-climate innovation, with the Centre for Northern Innovation in Mining. These programs would not happen without the support of the federal government. The return on investment for these dollars is not guaranteed, but it's there. With the right partnerships, with the first nations governments, with a joint approach to our resource industries, and with the support of Ottawa, we will grow resilient communities that take into consideration an economic picture, not just for today, but for seven generations of families.

Hon. Larry Bagnell: You mentioned that we need a good environment for mining with certainty. Is there anything Parliament can do to help you create that certainty for the mining investors?

Hon. Sandy Silver: I think with regard to certainty, it's about regulatory certainty. We're working right now to wrap our heads around streamlining our water licensing and our YESAB applications. In those, there are some board positions on a federal basis that are not whole yet, so it's a concentration on making sure that our boards and committees have federal seats on those. I would definitely give kudos to the federal government if they could expedite that process.

• (1645)

Hon. Larry Bagnell: As I asked the Premier of the Northwest Territories this morning, do you need any help for airports?

Hon. Sandy Silver: Yes.

Take a look at Alaska. If you go into any small community, you'll see that all of their runways are paved. They have the money for the private sector to flourish in an area that needs that type of transportation.

Currently, we're looking at paving the runway in my community, Dawson City. We've spoken to a lot of the aviation companies, and they're worried that if we take a lot of the money for one particular runway then we're going to lose out in considerations for other smaller runways.

Whether this is access to mining or a federal commitment to our Health Act to make sure that Yukoners have the same consideration as the rest of Canada when it comes to access to medical services, it's imperative that we have money for our airports in these smaller communities.

Hon. Larry Bagnell: I think people would be surprised that the digital high-tech sector is an important sector in Yukon. Is there anything we can do to help in that respect?

Hon. Sandy Silver: I think we surprise people a lot of times in Yukon with how ahead of the curve we are in certain areas. One of the things that separates us from other northern areas is that all of our communities, except for one, are accessible by road. When you're transferring to a more modern economy with roads, we need that accessibility to technologies as well. We're developing the pathway to success in own-source revenue by modernizing our connections.

It's very important that Ottawa understand how important redundancy is. Right now, a backhoe in Edmonton ruins the day up here in Yukon. We're trying to modernize, and without that redundancy we're talking about a lot of money that's going to be cut—pardon the pun—when these types of things happen.

Moving past the redundancy is just one step. We're going to be working with our federal counterparts to figure out money for two different distinct routes that we're considering right now, one into Juneau for fibre optic redundancy, the other going through the Northwest Territories.

The next question is reliable service and also Internet rates to make sure that we're competitive in the north. We've only scratched the surface in these considerations, but I think we're at a good place to start having those conversations.

The Chair: I'm sorry, but I have to cut you there, Larry.

Mr. Albas is next.

Mr. Dan Albas (Central Okanagan—Similkameen—Nicola, CPC): Thank you, Mr. Chair.

Premier, thanks very much for your presence here today. I had the great pleasure of living in the community of Whitehorse for a year. I certainly saw a lot of the whole territory and appreciate a lot of what you said today as far as encouraging people to go. They need to see it through their own eyes.

You opened up your opening remarks with talk about the GDP and how to make it increase. Obviously, that's an important facet for any provincial or local economy to focus on. Have you any stats, though, on your GDP per capita? Are you seeing wealth not just being created, but also being created roundly?

Hon. Sandy Silver: The biggest consideration when it comes to the GDP in Yukon is that we don't have a large, diverse economy compared to other jurisdictions. We're not there with agriculture. We're not there with timber. We have very certain sectors.

One of our biggest ones is capital assets and capital builds. Our ability to make sure that the money stays in the community is what's really important to us. When we have companies coming up with design build contracts in which they have the ability to subcontract outside of the territory, that really affects our GDP.

We're looking at 10¢ on the dollar actually staying in Yukon when we don't wrap our heads around how to incorporate first nations communities and first nations development corporations into our considerations about how we actually do tendering processes and how we involve a local hire.

The most important thing that we can do is make sure that we break these bigger contracts down to bite-sized pieces. It's more of a reconciliation piece as well, taking a look at how we can actually make our communities more sustainable, our first nations communities as well. That comes down to looking at the capacities that we have right now and making sure that we as a government are there to effect the training that's necessary to move into those areas.

The second consideration is to make sure that we do a better job of forecasting into the future the builds that we're going to do, not just on a yearly basis but on a five-year basis, to make sure that all the communities know that we have certain funding in certain areas. That's going to help them realize capacities in year three, in year four, and in year five.

● (1650)

Mr. Dan Albas: Premier, just in regard to that, it sounds as though many other provincial counterparts are looking to reduce barriers when it comes to things like municipal or provincial procurement. What you're saying is that you're looking to move in a different direction, obviously with the intent of trying to see more local purchasing policies. Is that right?

Hon. Sandy Silver: Yes. The intent is to make sure that all of the capacities are self-reliant and self-resilient. When I went to federal finance minister Morneau's office with the Teslin Tlingit Council chief, we talked about how partnerships with municipal governments and first nations governments actually help make sure that the dollars we get in federal transfers stay in Yukon, and therefore we develop resilience in these communities and self-reliance in these communities. In the long-term picture this is good for Canada. This is good for our economy as well.

Our goal is to strike that balance between making sure we keep that money in Yukon and actually keep these communities competitive. You don't want to be creating monopolies. That doesn't help either. But as long as we make sure that the partnerships we can create....

This is where self-governance and modern treaties come into play, more so in Yukon than in other jurisdictions in Canada. With these modern treaties come federally and constitutionally protected chapters on economic diversification. We're going to become very creative in making sure we use these modern treaties to maximize the potential to build resilience in our communities.

Mr. Dan Albas: I do appreciate your point on wanting to see more of the money stay. If you're looking to be competitive and to attract capital, you have to be seen as a place you can invest in but also derive a profit from and whatnot. It's just as one country, the idea of there being some sort of political boundaries or jurisdictions where you can't bid as a Canadian.... I'm against it. I don't quite get the sense that you're being protectionist, but I do worry when we see those kinds of policies.

I'd like to move on. You spoke about mining and how important it is to your riding and also to the Yukon economy. Obviously the government has extended the mineral exploration tax credit for a year. I've heard a number of concerns from people who say that the game has changed somewhat for financing, particularly when investors are looking for exploration and there may be 10,000 site visits before a potential mine is identified. Is it a concern for you that the current tools that governments are using to attract investments to this area are not sufficient toward creating economic growth in the long term?

Hon. Sandy Silver: That's a very good question. It always concerns me. Take a look at 2008 and 2009. We had one of the largest geochemistry "experiments", I guess, for lack of a better word, in North America happening in our backyard in Klondike and throughout Yukon with the exploration boom. If you take a look at the initiatives the government provided for at that time, we didn't go to production in any of those areas.

I think what we did was that we heavily invested in certain areas, but we didn't take a look, to your point, on a long-term basis, on a sustainable basis, at the industry and at how to make sure we maximized that local piece. That's key in the first nations government mines. If you're going to open up mines, you can't just have a check box saying you're going to have 25% local hire. You have to really push yourselves to make sure these things happen.

On the one side, it's smart to incentivize the industry to make sure they see the jurisdiction in Yukon as being a great potential. As we saw from the Fraser report on mining, we have tons of potential in terms of being an area for the resource industry moving forward. The other variables that we have to do a better job of controlling are making sure that we're working in partnership with the first nations whose traditional territory is being affected and making sure that we're doing a better job of upgrading the trade skills of the local people.

On the concern of it being a little bit too prescriptive to just Yukon concerns, what we're seeing on a national basis is that it's hard to compete with the provinces sometimes for the jobs in our own backyard. We have companies from down south that are just keeping people employed by coming up and doing contracts in Yukon. That's fine. We see a lot of benefits in that, including the new technologies that come up the road. But we want to make sure that these folks stay in Yukon and become part of our economy as well.

So it's about diversifying, about increasing our population, but also about working with first nations to make sure we maximize the benefits for locals as well.

• (1655)

The Chair: Thanks to you both.

We'll go probably 10 minutes over our five o'clock stop time.

Ms. O'Connell, you have five minutes.

Ms. Jennifer O'Connell (Pickering—Uxbridge, Lib.): Thank you, Mr. Chair.

Thank you, Premier, for your testimony today. You certainly sold me on the story for tourism, and you certainly painted a picture for

Mr. Deltell. Now I'm going to have to add that to my list of places to visit.

I have one question, and then I will turn over the remainder of my time to Mr. Bagnell. I think he has an additional question.

Premier, when we heard from the Premier of the Northwest Territories earlier today, he spoke about climate change. They see the impacts of climate change on a daily basis. I found that testimony striking. He went into some detail. I'm curious to know whether in your territory you also see this as an economic risk. If you do, could you elaborate on that?

Hon. Sandy Silver: When you do come to Yukon, you have to come to Dawson City.

Ms. Jennifer O'Connell: Deal.

Hon. Sandy Silver: The environmental consideration makes a great segue as to why. Dawson City is built on permafrost, and we're seeing that the permafrost is melting. The north sees the effects of climate change at a much higher rate than anywhere else in the world. We need to prepare for those inevitabilities.

The Auditor General of Canada just did a report on our buildings in Yukon. There is a serious concern with our aging infrastructure and our ability to modernize and move forward. As we move forward on the pan-Canadian framework and agree with the federal government in their pursuits, we need to be very conscientious in terms of how we can move forward together to make sure that while we're protecting our environment we're also moving forward on our economy. This is an important consideration in Yukon.

Yes, living in a community that basically, honestly, is on a frozen slab of mud, the effects of climate—they're on a daily basis in Yukon, for sure.

The Chair: Mr. Bagnell.

Hon. Larry Bagnell: Sometimes the federal government has contributed to music festivals. Do music festivals, culture, and the arts play any part in your economy?

Hon. Sandy Silver: Absolutely. As you know, Mr. Bagnell, previous to my political career I was president of the Dawson City Music Festival for a couple of years. I'm a musician as well. I know very well the importance of tourism and culture to Yukon. My executive assistant was also the producer of Dawson City Music Festival for a time.

We have so much talent to showcase here when it comes to our talented musicians, but there's also our culture. I really believe we've only scratched the surface when it comes to diversifying our economy based upon the arts. Dawson City has the School of Visual Arts, SOVA, which has courses that correspond. For example, you can do your first year in Dawson City and move on to Emily Carr or to NSCAD in Nova Scotia.

We have so many opportunities because of the mosaic of our communities. That's one of the beautiful things about Yukon. You come up here and you can't imagine how diverse the communities are. We cherish that as Canadians and we cherish that as Yukoners.

Hon. Larry Bagnell: Last week I spoke in Washington at a conference of the northern Arctic regions in North America. The top item, or tied at the top, was energy, both energy needs and reasonably priced energy. Could the federal government help you in that respect?

Hon. Sandy Silver: Oh, absolutely. In Yukon we're approaching an energy cliff, in a lot of ways. A lot of our energy is coming from hydro. In Whitehorse, with our hydro dam project, upwards of 95% of our power is from hydro. We do need to take into consideration, if any of these mining interests come to fruition, that we'll be in a situation where we'll have to make some major decisions as to how to supply our energy.

One of the benefits of self-governing agreements with the first nations is the ability to provide power for local communities on their own. We've had opportunities for windmills for Kluane First Nation. Tr'ondëk Hwëch'in in Dawson is taking a look at the "Yukon ditch", which is such a fantastic provider of power it powered the Klondike gold rush into the dredging era. There's a massive amount of power being created.

Working with the first nations economic development branch, challenging our independent power production policies, and partnering in infrastructure building with Ottawa as they take a look at the national consideration in infrastructure—these are key questions and key conversations that we must have. I've had these conversations with the Minister of Infrastructure, Minister Sohi. To have that government-to-government-to-government conversation, where we're all at the table together, makes sense to the ministers, and I believe it expedites the conversations as well.

We're looking to remove power from our debt cap as well. The federal government will definitely have to help us out with that very important consideration.

• (1700)

The Chair: Thank you.

Mr. Liepert.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you, Premier.

I'm going to ask you about the potential for hydro. Is it something that could be exportable or are you simply too far removed and the cost would be prohibitive?

Hon. Sandy Silver: On the conversations about exporting power, we've only scratched the surface on that. I don't think our government has ever asked B.C., for example, if they'd want to buy power from Yukon. It's been a different conversation.

We've also, in my opinion, wasted some time and energy in the last exercise on next-generation hydro because we didn't consider the first nations traditional territories from the beginning. We ended up with a list of six major hydro production areas that didn't have the consent of the first nations whose traditional territories were going to be affected.

My current chief of staff spent 14 years as the president of the Yukon Energy Corporation, and this is a conversation that we have all the time. There are opportunities with Skagway, right next door, in terms of exporting power to Alaska. We have cruise ships that are

coming up the harbour right now, docking, and using the diesel power. I believe it's illegal, but there's a consideration made because there's no alternative. There's an opportunity there for us. We definitely want to ask Canada again if there's consideration of a national energy grid and to have conversations about building that, now that B.C. is moving further north with their hydro lines and their hydro power considerations as well.

To answer your question, yes, but because it is pretty far, it does get expensive. There is a little bit of bleed-off with those distances, but it's a conversation that we're always willing to have.

Mr. Ron Liepert: My only other question, then, would be on the fact that from a proximity standpoint, you probably share as much commonality with Alaska as you do with much of the rest of Canada. We clearly have an administration in Washington that is going in a much different direction than the administration in our country is. Do you see any negative spinoffs because of your interconnection with Alaska?

As an example, you mentioned road traffic. If the price of gasoline is more expensive in Yukon than it is in Alaska, do you run the risk of those motorhomes not filling up in Whitehorse and trying to make it a little further? Give me your thoughts on whether the two different directions economically could impact your territory.

Hon. Sandy Silver: On a completely high level, I believe, in terms of Canada's stance, when you take a look at the Paris agreement and moving forward from there, and at the commitment of the international community to tackle anthropomorphic climate change, I think Canada is in the right place at the right time and we're doing the right thing.

If you're an American travelling through Canada, you're going to complain about the dollar from the time you get to the border down in B.C. or Vancouver and all the way up. We hope that by the time you hit the Yukon-B.C. border, those complaints will be countered with the natural beauty of the experience and the people. There are always going to be considerations as far as the difference in price goes and how expensive it is in Canada versus the States in general.

I will say that the proximity to Alaska is actually a benefit to Yukon. That highway they travel on, the Shakwak Highway, that's from federal money from Washington that has dried up. I'm an optimist, and I hope that with the change in government we can have some conversations about making sure that money is reinstated so that we can maintain the highway in Canada that goes to Alaska to the standards they want. I'm looking forward to heading down to Washington in June, having conversations with the Council of the Federation, and letting Washington know the considerations and the benefits of having such close proximity to our Alaskan brothers and sisters.

• (1705)

The Chair: Thanks to both of you.

Mr. Ouellette, go ahead.

Mr. Robert-Falcon Ouellette (Winnipeg Centre, Lib.): I won't be long. I promise. I'll let you go. We'll finish up soon.

Thank you very much, Mr. Premier. I appreciate the opportunity to ask you a few questions.

I was wondering if you could talk a bit more about the Arctic Fibre network with Quintillion, which is going through the northern Arctic. Is the federal government currently investing in that at all?

Hon. Sandy Silver: When it comes to Arctic Fibre, that would be NWT's consideration, not Yukon's.

Mr. Robert-Falcon Ouellette: I'm asking because there is a cable coming down through Alaska. The goal is to connect Japan to western Europe with a cable coming down through Alaska and then down the west coast all the way down to San Francisco, Los Angeles, and Seattle. I'm looking at this, and what I've heard about this project is that there is a need to allow a node of access in. It's not a lot of money, but so far I believe that the federal government is not actually investing in this. I've asked a couple of times at previous finance committee meetings in the pre-budget period. You were talking about trying to get Internet access, high-speed fibre optic access, through Alaska to ensure that you don't have to simply rely on the south, and I see this project, which is already actually being built right now. It could benefit you in Yukon and in the Northwest Territories and in Nunavut at some point, and even in Labrador and other communities up north, and really open up that opportunity for you.

Hon. Sandy Silver: Currently we are considering two routes. One is the Alaskan route, which would go through Juneau. We'd connect Whitehorse to Skagway, Alaska, through the South Klondike Highway. That's a connection that goes into Seattle, Washington.

The other application we are working with is the Dempster route, which would connect Dawson City to Inuvik along the Dempster Highway, a more northern and a Canadian connection, and that would connect to the Mackenzie Valley fibre line as well.

The final decision on the fibre line routes will consider the needs of Yukon residents as a whole and the business community as well as finding out where the federal money will come from for that. We have not picked a route yet. We're basically looking at the merits of both, and we know, honestly, at this point, Mr. Ouellette, that there are other considerations involved. It's a modern industry and it's always evolving. We're going to make sure that we make a decision that affects Yukoners and Yukon businesses taking into account considerations they have already identified for us.

Mr. Robert-Falcon Ouellette: You don't have a cost estimate for any of those projects?

Hon. Sandy Silver: It's always changing; that's for sure. There is nothing I would rely on right now.

Mr. Robert-Falcon Ouellette: Okay, thanks.

The Chair: Do you have one question, Greg? You're the only one who hasn't had a chance.

Mr. Greg Fergus (Hull—Aylmer, Lib.): Thank you very much, Premier.

I have just a very quick question. In your opening comments, you talked about how for Yukon Territory the GDP might not be the right measure for really measuring the health of the economy. You made the illustration regarding how the GDP in 2015 had shrunk by 6%, yet you saw retail trade grow by 5% and labour and employment remain the same.

If you were looking for a better measure or basket of measures, what would you like to see Statistics Canada use to better measure the health of Yukon Territory's economy?

• (1710)

Hon. Sandy Silver: It's a very good question. The GDP is a measure, but it's not the only measure, and when you look at the north, you really have to take into consideration these extenuating circumstances. Because we are northern, because we have such a small population with such a large geography, it's really hard to just look at GDP and to take a look at the fulsome picture of whether or not we are thriving from community to community.

Incomes per capita and the distribution of those incomes would be better, or would help paint a fuller picture, when we're looking at how prosperous Yukon is on a year-to-year basis.

The Chair: Thank you.

I do have one question, Premier. It relates to the regional economic development agency in your region, CanNor. We did meet with it early on in our pre-budget consultations.

As a federal economic development agency, is it doing what needs to be done? Are the processes appropriate in terms of involving your government and moving forward on economic development, and is the funding appropriate to do the job?

Hon. Sandy Silver: It's a simple question yet one that's hard to answer. You don't want to bite the hand that feeds you. That's for sure.

The Chair: But we need to know the facts.

Hon. Sandy Silver: It's like any institution; everything needs assessment and needs to make sure it's working as efficiently as possible. I would say we are happy with CanNor. We're happy with the representation. We believe that there's an easy connect. It's very easy for my office to reach out to the personnel in the offices, and we have a great rapport there.

I think we need to do a better job in Yukon of identifying community-to-community needs, to make sure that the lists that are given to us by municipalities and first nations governments... When those lists are collected by the territorial government, we need to partner as a one-government approach and then focus into Ottawa and say that these are our priorities. I think we need to do a better job of making sure that the items that get to Ottawa are the ones that started on that list and are prioritized based upon the individual needs of the communities.

The Chair: With that, Premier, we'll thank you for your presentation, and committee members for their questions. Thank you very much.

Committee, I have one other thing before we adjourn. I mentioned earlier that the Minister of Finance would be willing to come on Monday, April 10. If it's fine with committee members, he has confirmed that he would appear from 3:30 to 4:30 on the budget and the main estimates. Department officials would attend for the second hour on the main estimates, and the minister would appear at a later date on the budget implementation act. Are we okay with that?

Some hon. members: Yes.

The Chair: One other thing not related to committee business is that today is a special day for someone. It's somebody's birthday who works with the committee. Suzie's birthday is today. Seeing as we're the finance committee and the Conservatives are always putting the pressure on not to spend too much money, we didn't dare go and get a whole cake. I have a piece of a cake.

Suzie, happy birthday.

Mr. Greg Fergus: Mr. Chair, I feel obliged to point out that I've known you for over 20 years, and, Suzie, I can assure you that he has had no other excuse for getting just a piece of cake in every other year.

Some hon. members: Oh, oh!

The Chair: Okay, the meeting is adjourned.

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the Parliament of Canada Web Site at the following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante : <http://www.parl.gc.ca>