



Second Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31-32 Elizabeth II

Chairman
Mr. A. Anstett
Constituency of Springfield



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

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ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Wednesday, 27 July, 1983

TIME — 8:00 p.m.

LOCATION — Winnipeg

CHAIRMAN — Mr. A. Anstett, (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam, Kostyra and Plohman;

Messrs. Anstett, Banman, Eyer, Filmon and Scott

WITNESSES: Mr. Bob Douglas - Manitoba Farm Bureau - spoke on Bill No. 105

MATTERS UNDER DISCUSSION:

Bill 92 - An Act to amend The City of Winnipeg Act

Bill 105 - An Act to amend The Municipal Assessment Act (2)

Bill 106 - An Act to amend An Act respecting the Taxation of The Canadian Pacific Railway Company by The City of Winnipeg and to amend The Winnipeg Charter, 1956.

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MR. CHAIRMAN: We have a quorum, ladies and gentlemen.

The bills before the committee this evening are Bills No. 92, No. 105 and No. 106. Representations on the list before the committee relate to Bill 92, there is one on the list; and Bill No. 105, one on the list.

I've had a request that we hear Bill 105 first. Is that agreed? (Agreed)

**BILL NO. 105 - AN ACT TO AMEND
THE MUNICIPAL ASSESSMENT ACT (2)**

MR. CHAIRMAN: Mr. Bob Douglas, please.

MR. B. DOUGLAS: Mr. Chairman, members of the committee, thank you for the opportunity to appear on behalf of the Manitoba Farm Bureau on Bill 105. I apologize for not having a written submission due to other commitments and as you know, Mr. Chairman, we were all day yesterday in another committee, so the comments tonight are simply verbal and taken from very brief notes.

The Farm Bureau has long been concerned with the inequities and the question of property assessment. We have appeared on many occasions to government and other groups relevant to this particular issue.

When Bill 100 was introduced and was before committee in 1980, the Farm Bureau made representation at that time pointing out to the

committee that if you were going to freeze the assessment in the City of Winnipeg and permit other assessment to continue to be adjusted, that what would happen is that rural assessment would gradually move up while City of Winnipeg assessment was frozen.

Again, when Bill 33 appeared, to extend that freeze from 1981, to 1982, and on to 1983, and to unlimited time, or to the Lieutenant-Governor-in-Council's wishes, we again appeared pointing out the same problem, that the longer we stayed in this particular position, the greater problem it might be for rural taxpayers in regard to assessment.

We acknowledge when Bill 100 was here that as legislators you had problems in that, at that point there was an inquiry on the question and it was extremely difficult to deal with while an inquiry was on. I think we acknowledged that and said we were prepared to live with it, providing that when the adjustment came that you took that into account. We thought we had some understanding with all parties concerned that that was to be the case, and we reiterated that same position and felt we had some of the same understanding when we appeared on Bill 33.

The way we read and understand the present Bill 105, and particularly Section 13(3.1). It makes the provision and takes into account, in the latter part of that clause 13, the provisions for the other adjustments, but makes no provision for an adjustment vis-a-vis the freeze from rural and urban assessment.

What I'm suggesting to you is that we either include in there a provision whereby we go back to some previous date, and not the 1983 date, to extend it to 1984, and the way I understand the bill to read is it could be extended to '85, '86, '87 - no one really knows - and you're really freezing all assessment in the province until the second part of your bill is declared an act and comes into force.

Mr. Chairman and members of the committee, what we are requesting is that you give some consideration to amendments in 13(3.1), which would make this adjustment and it could be done I think, in my view, in two ways: (1) of going back to an earlier date and having it equitable from that point on, before you started the freeze on one part of the assessment in the province and not on the other part, or some provision made that that adjustment will take place at the time that the second part of the act is implemented.

Mr. Chairman, that's basically the position I put forth for your consideration.

MR. CHAIRMAN: Thank you, Mr. Douglas.

Are there any questions for Mr. Douglas from members of the committee?

Mr. Adam.

HON. A. ADAM: Mr. Douglas, prior to this bill coming in - it hasn't passed yet - but the equalized assessment is not frozen anywhere in the province. Is it?

MR. B. DOUGLAS: Yes, but because the Winnipeg assessment is frozen, it affects the equalized assessment.

HON. A. ADAM: The equalized assessment is not frozen anywhere in the province now and this is the intent of this bill, is to make sure that . . .

MR. B. DOUGLAS: But because you've had the City of Winnipeg frozen for three years, you have already developed an inequity, at least from the base of 1980 to 1983, to that extent; and I'm suggesting it can go on as long as you only leave the first part in place and there's no adjustment and no compensation for the kind of representation that was made at the beginning of Bill 100. Not the equalized assessment, Mr. Adam, I acknowledge what you're saying, but because Winnipeg is frozen, it affects the equalized assessment; 1980, in my view, is not necessarily the right place to start from anyway.

From the position of the farm community, we're way overassessed and taxed now, and that is really compounded particularly because of the educational costs. The position that the farm people have taken and come on from, is that we're not trying to say we don't pay our fair share; we want to but we start, Mr. Adam, from the point of view that there's a great deal of inequity right within the rural sector itself and, in particular, the farm sector. What we're really saying is that we must move on quickly and adjust some of those assessments and then make some adjustment vis-a-vis rural and urban, and move quickly forward or we're just getting it further compounded into problems.

HON. A. ADAM: The Manitoba Assessment Review Committee, in their recommendations, I believe indicated that the farm assessment was further away from the current market value than most other properties than urban properties and residential properties. So how does that square with what you're saying, if you're going to assess on the base of market value? They indicated that there would be some shifts towards the farm sector. They also said that we should try and avoid any major shifts and when Bill 100 was introduced it was only introduced for the City of Winnipeg and not for equalized assessment. As a result that, it was felt necessary at this time that we should extend that to the equalized assessment as well because there could be some shifts taking place in that area. It should have been done at the same time when Bill 100 was introduced. It's our opinion that it should have included the equalized assessment, so that those shifts should not take place just as the Weir Report recommended.

MR. B. DOUGLAS: Mr. Chairman, Mr. Adam, the answer to that question is that the Assessment Review Committee were making the comparisons at the very highest time of farm land prices in this province, and that's why it shows higher. If you do the same thing today, you'd get a totally different picture, so I'm questioning really the basis. That's one of the weaknesses in the market value concept of assessment because your rural and urban float up and down in terms of market prices. We're down considerably today in 1983 where we were when those figures in '79-80 came on. That was almost at the peak of any figures in rural property values. So that's one of the reasons the Farm Bureau - although we agree in many ways

with the Assessment Review Committee and many of its recommendations, we think there are weaknesses and that there are some ways that we should be improving some of the aspects of that in order to make it more workable.

Fundamentally, our recommendation all along has been two factors and therefore they balance out. If you looked really at the figures in the City of Winnipeg and look at other major cities in Western Canada that had a much different market value concept, you can easily understand why those figures came in the Assessment Review vis-a-vis agricultural land or rural land and urban property, but those same figures in comparison in British Columbia, Alberta and Saskatchewan are not the same at all.

HON. A. ADAM: So your suggestion is that we should be looking at the assessment on farm lands before we do anything else. Is that what you're suggesting?

MR. B. DOUGLAS: No, Mr. Adam, I'm suggesting that back in 1980 when Bill 100 came in, there was, we thought, an explicit understanding of the parties then, and more recently with the current government, that because there was a freeze on Winnipeg property or urban property it was causing the assessment here - and if you look at the figures now, Winnipeg assessment stayed about this level and rural assessment has been moving up and it's this way out, we're about that far apart. What you have not taken into account in 105 or in the second part of 105, is any recognition or acknowledgment of that inequity that you've created.

Now, I acknowledge the fact that the 1980 base may not be the right base.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: The purpose of the bill is not to do away with those inequities now, it's to start putting the mechanisms into place. That is the intent of this bill.

We still have a lot of research to do before we can move into a new system and this is the beginning of it. It's not to address those inequities at this time but, however, the staff advise that the equalized assessment has been adjusted each year in rural municipalities, and the freeze did not affect the equalized assessment as such.

MR. B. DOUGLAS: I don't agree with that. I'm quite sure if you gave me a little time that I can prove to you that that's not really the way it's working out. That's the way it does in theory, but because you've had a freeze in Winnipeg and because you haven't in rural Manitoba, then there's no other way but the fact that there is greater inequity.

HON. A. ADAM: As I have said, Bill 105 is not addressing these problems at this time, it's getting the mechanisms into place that when the freeze is lifted we will be able to adjust the portioning to reflect, I suppose, to fine tune the portioning provincial-wide on each class of property. That's the intent of the bill, and it's to enable us to move into that direction without having to call the Legislative Assembly back in case we are able to proceed prior to a Session.

MR. B. DOUGLAS: I acknowledge that, Mr. Adam, and I can see what you're doing. It's the same kind of problem we had when we had Bill 100. What we were asking for was some commitment; we thought we had it. We're now making a third change and we've got no acknowledgment of the further inequity that's developing and all we're coming forward and asking, either to put it in now in 13(3)(1) and make provision to make an adjustment backwards to some date so we could live with that and go with those proportions, or get some acceptance or acknowledgement of the fact that we still have a problem.

You've gone through four years, according to this bill, and it may go up further, therefore, you get a further inequity and we simply say at sometime - and that's the kind of issue we were raising when Bill 100 came in - was we thought that the issue would be forgotten by the time we got to the point of making the adjustment. That's what we're still very much afraid of is going to happen.

Mr. Adam, maybe I could take you back to British Columbia. One of the things that makes this more important is that Manitoba is the only province that still is carrying a major load of educational costs on farm property. British Columbia brought a new assessment in on market value basis and it was so severe on the farm community that just this last year they made a major adjustment down and have removed practically all the educational costs on farm property in that province.

Ontario has just this year removed all farm property taxation, so I'm raising the issue now of the fact that what we've got going here is a situation where our farmers in Manitoba are very inequitable, relevant to the way that other farmers in other provinces are being treated.

HON. A. ADAM: Traditionally, I would have to agree with you that Manitoba and British Columbia have depended largely on property to raise revenues for education and I'm not aware that they have changed recently. I do know that other provinces use other methods of raising revenues; Nova Scotia uses a heavy sales tax and probably other provinces as well. Maybe they use the income tax or the other forms of taxation to raise funds. Manitoba has traditionally depended on property to raise revenues, and British Columbia as well.

Now, I know that they have had some difficulty, perhaps it was timing in British Columbia. They had approximately 30 assessment branches in the province and they had to do some major restructuring of their assessment system and perhaps the timing wasn't good when they did make the changes. There were some problems, but I understand that since then it has been levelling off and I suppose we can take advantage of their trials and errors as they went along. I'm sure it'll be valuable to us when we look at how they address the whole system there.

MR. B. DOUGLAS: I really have no comment, Mr. Chairman.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: Thank you, Mr. Chairman. If I understand Mr. Douglas correctly, what you are saying

is that because of the freeze which was started in 1980 and was intended I guess at that time to last only a few years, there is and will continue to be a growing disparity between Winnipeg and the rural areas as far as the assessment. That of course reflects on the equalized assessment, and of course the larger portion then that the rural areas will have to bear as far as education costs are concerned.

I guess one of your major concerns then would be that the longer the freeze is continued the larger the disparities and the harder it will be later on then to rectify those problems. Because if indeed this is carried on for another two or three years, there are going to be some classes once the new assessment comes in that will receive some substantial increases.

Now the people, of course, that will have a decrease in taxes are going to be happy but you're going to see some substantial increases and I guess what I read from what you're saying is, that if this continues the disparities will be of such a nature that it's going to become very difficult even to implement some of the policies of the Weir Commission.

MR. B. DOUGLAS: Mr. Chairman, to Mr. Banman, I guess the issue is that we in the Farm Bureau felt we were being reasonable when Bill 100 came in because we recognized the government had a problem. When Bill 33 was brought in and extended it, we were somewhat more upset because we didn't know how long it was going to go on. We see here, in this bill, it being extended in another form through 1984 and maybe longer. Now I think we can be understanding and go along because we recognize it's difficult to make changes and to get them co-ordinated together. However, I think the problem we're having is that we're afraid in five or six years that inequity that's been created by this freeze is not going to then be acknowledged. Our prediction when Bill 100 came in is that we could envision under the equalized assessment about a 2 percent increase in the City of Winnipeg in the two years and about 7 percent in rural Manitoba, therefore, we're out 5 percent already at that level.

Now I haven't taken the time, Mr. Banman, to check to see where that kind of rough projection in Bill 100 actually has come true or not. The difficulty - it's hard to make it come true or know where it's at because you'll notice in Section 5 of Bill 100 all the other matters of adding and deletions that weren't in the freeze go on. So how many are in that category and how many are in the other part of the assessment?

MR. R. BANMAN: That's fine, thank you.

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. Mr. Douglas I just want to understand a bit better what you're saying. You're indicating that in your view there is present inequity with respect to the equalized assessment. Is that correct?

MR. B. DOUGLAS: No, I don't think I said that. I think there's inequity in assessment. I didn't say that the equalized was a bad thing; it was probably the only

alternative to make it even out. There's no other way of doing it at the present time at least.

HON. E. KOSTYRA: I thought you had said that there was inequity within the equalized assessment itself in particular between the City of Winnipeg and rural areas.

MR. B. DOUGLAS: Well, it's being created because of the freeze on one part and not on the other part, yes.

HON. E. KOSTYRA: That inequity is which way? Is it inequity against the rural areas or against the City of Winnipeg, in your view?

MR. B. DOUGLAS: Against the rural areas.

HON. E. KOSTYRA: Thank you.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Staff will be prepared to meet with you to discuss the concerns that you raise and to perhaps exchange ideas and they could explain to you just how that's arrived at in the City of Winnipeg, if you choose to do that.

MR. B. DOUGLAS: Mr. Adam, the other thing, I'd be prepared to share with the staff also, the Ontario exemptions where farmers aren't paying and also the changes in the British Columbia situation where the market value assessment has been reduced for farms, if that's any help.

HON. A. ADAM: Yes, that would be helpful, I'm sure. I believe they have that information; if they don't, it would be valuable to them. Thank you very much.

MR. CHAIRMAN: Further questions for Mr. Douglas from members of the committee? Seeing none, Mr. Douglas, thank you very much for appearing this evening.

Is there anyone else in the audience who wishes to make a representation on Bill No. 105? Seeing none, is there anyone who wishes to make a representation on Bill No. 92, An Act to amend The City of Winnipeg Act? Seeing none, gentlemen, that concludes public representations on the two bills before us.

Oh, my apologies, Bill No. 106, I'm reminded by the Minister of Urban Affairs, is also before the committee. Are there any representations on Bill No. 106, An Act to amend An Act Respecting the taxation of the Canadian Pacific Railway Company by the City of Winnipeg and to amend the Winnipeg Charter, 1956? Are there any public representations on that bill?

MR. R. DOERN: Mr. Chairman, just on a point of order. I'm not a member of the committee and I intend to speak on this bill. I assume I can speak on it at anytime, on any clause, as opposed to now.

MR. CHAIRMAN: Members of the House have the full rights of members of the committee with the exception of voting and moving motions. The presentation period is only for members of the public at this point. Is there

anyone from the public who wishes to make representations on any of the bills, 105, 92 or 106? Last call? Hearing none, gentlemen, now turn to clause-by-clause. How do you wish to proceed, numerically, starting with Bill 92?

Mr. Kostyra.

HON. E. KOSTYRA: I suggest we start with Bill 92.

BILL 92 - THE CITY OF WINNIPEG ACT

MR. CHAIRMAN: Bill No. 92. Well, do you wish to proceed page-by-page or clause-by-clause, gentlemen? Oh, there are quite a few amendments, I believe we'll have to proceed clause-by-clause. Mr. Tallin and the Clerk are distributing proposed amendments at the present time. I'll wait till they're distributed before I call Clause 1.

HON. E. KOSTYRA: Can I speak?

MR. CHAIRMAN: Mr. Kostyra and then Mr. Filmon.

HON. E. KOSTYRA: The amendments are being distributed to members of the committee. I had distributed amendments earlier today to all members of the House and I would just make a couple of comments in general about the amendments.

Most of the amendments are as a result of representations and dialogue between Legislative Counsel and Council of the City of Winnipeg and are as a result of that. Those amendments that are not part of that I will highlight as we come to them.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: My only question to the Minister was whether or not the City of Winnipeg is in agreement with all of these proposed amendments and if he could then highlight which ones they are not in agreement with, we can discuss them in that manner.

HON. E. KOSTYRA: Yes, I will do that. I believe there is only one amendment that they're not in agreement with and that's in Section 88 and I'll highlight that when we get to it.

MR. G. FILMON: Is there contained within these amendments something to do with the pension contributions that was subject of concern?

HON. E. KOSTYRA: There's a separate one.

MR. G. FILMON: There's a separate one, okay.

HON. E. KOSTYRA: There's two additional amendments that are not part of the package that's before you. We can distribute them now. One deals with pensions and I'll explain it when we get to it. Another one deals with a change in the date that would make certain sections of the bill operable and that's those that are in conflict with Bill No. 47, the Conflict of Interest Bill.

MR. CHAIRMAN: Section No. 1—pass; Section No. 2—pass; Section No. 3—pass; page 1—pass. Section

No. 4—pass; Section No. 5, I believe there's an amendment.

Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed clause 59(2)(h) of The City of Winnipeg Act be set out in subsection 5 of Bill 92 be amended by striking out the word "numerical" on the third line thereof and substituting therefor the word "fiscal."

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment on Section No. 5—pass; Section No. 5 as amended—pass; Section No. 6—pass; Section No. 7—pass; page 2, as amended—pass.

Section No. 8 - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed subsection 75(3) of The City of Winnipeg Act as set out in Section 8 of Bill 92 be amended

- (a) by striking out the word "intestate" in the 4th line thereof; and
- (b) by striking out the word "letter" in the 6th line thereof and substituting therefor the word "grant".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment to Section 8—pass; Section 8, as amended—pass; Section 9—pass; page 3, as amended—pass. Section 10, ending on page 4—pass; Section 11—pass; page 4—pass. That portion of Section 12 on page 5—pass.

Page 6, subsection 88(6) - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed subsection 88(6) of The City of Winnipeg Act as set out in Section 12 of Bill 92, be amended by striking out the word "granted" in the 3rd line thereof and substituting therefor the words "placed on".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

Section 88(6), as amended—pass.

Section 88(7), I believe there's an amendment - Mr. Scott.

MR. D. SCOTT: I move

THAT the proposed subsection 88(7) of The City of Winnipeg Act as set out in Section 12 of Bill 92 be amended by adding thereto, immediately after the word "absence" in the 4th line thereof, the words "without pay".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion? Hearing none, the amendment on Section 88(7)—pass; Section 88(7), as amended—pass.

Section 88(8) - Mr. Scott.

MR. D. SCOTT: I move

THAT the proposed subsection 88(8) of The City of Winnipeg Act, as set out in Section 12 of Bill 92, be amended by striking out the last 2 lines thereof.

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment—pass; Section 88(8) as amended—pass.

Section 88(9) - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed subsection 88(9) of The City of Winnipeg Act, as set out in Section 12 of Bill 92, be amended:

- (a) by adding thereto, immediately after the word "been" in the 1st line thereof, the words "placed on or"; and
- (b) by adding thereto, immediately after the word "shall" in the 5th line thereof, the words "within 60 days"; and
- (c) by striking out the words "and in that case his service shall be deemed to be unbroken for all purposes" in the last 2 lines thereof.

MR. CHAIRMAN: Thank you, Mr. Scott. Is there any discussion on the proposed amendment?

The amendment to section 88(9)—pass; Section 88(9) as amended—pass; page 6 as amended—pass.

Page 7, Section 88(10) - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed subsection 88(10) of The City of Winnipeg Act, as set out in Section 12 of Bill 92, be struck out and the following subsections substituted therefor:

Rights under leave of absence.

88(10) Where a person is placed on or granted leave of absence under this Section,

- (a) the period of service before the leave of absence began and the period of service after the leave of absence ends shall be deemed to be unbroken for all purposes; and
- (b) the period of the leave of absence shall, for the purposes only of determining the seniority of the person in the employment with the city or the agency of the city in relation to other persons in that employment be deemed to be a period of service in the employment of the city or the agency of the city; but all other rights of the person to any fringe benefits to which employees of the city or the agency of the city are entitled during the period of leave of absence shall be determined in accordance with the terms of the collective agreement, or other agreement, or a policy of the city or the agency of the city, under which the fringe benefits are provided and the period of the leave of absence shall be treated, for the purposes of qualification for any fringe benefit provided under a collective agreement, or other agreement, or a policy of the city or the agency of the city, in accordance with that collective agreement or other agreement or the policy.

Definition of "agency of the city."

88(11) In this section and in section 88.1, "agency of the city" means any board,

commission, association or other body, whether incorporated or unincorporated, all the members of which, or all the members of the board of management or board of directors of which, are appointed by by-law or resolution of the council.

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

Mr. Kostyra.

HON. E. KOSTYRA: Yes, thank you, Mr. Chairman. I had indicated at the commencement of the clause-by-clause that I would indicate those sections that the City of Winnipeg did not agree to with respect to proposed amendments, and this is one of them.

By way of explanation, the City of Winnipeg's position before this committee when it last met was that they had requested an amendment that would provide for broken service basically with the city in the case of leave of absence. This clause provides for unbroken service.

However, it does clarify I believe, the other concern of the city and that of the representatives of some of the unions that appeared before the committee also insofar as that it goes on to indicate that other than the connection of service, all other items that may relate to that with respect to benefits or anything else shall be in accordance with terms of whatever collective agreement may be entered into between the city and the respective unions, or in the case of no collective agreement, the policy of the city. So this is one amendment that was not as proposed by the City of Winnipeg.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I wanted to ask the Minister, and it's very complex to read the amendment to section 88(10), but is the amendment saying that the employees who take a leave of absence from their job to run for public office are entitled to accumulate seniority while they're on leave of absence, but are not entitled to accumulate fringe benefits such as pension benefits and other things unless that's a term of their collective agreement? Is that what you're saying? Is there any other aspect to it that I've missed?

HON. E. KOSTYRA: Yes, you've said in a very few words what all of the verbiage in that section says. I've just been informed that the term "other agreement" also could include such things as group insurance policies that may be in effect to ensure that coverage.

MR. G. FILMON: I assume that that was meant by the fringe benefits so that it's any other agreements that are additional benefits over and above normal remuneration.

It's unfortunate, Mr. Chairman, that lawyers can't put those things into simple words like that, but I understand that courts misinterpret simple words and so these complicated words are much better because they can't be misinterpreted.

MR. CHAIRMAN: Mr. Tallin would like to comment on that.

MR. R. TALLIN: I'm sure that if we could use simple words like that, the courts would have less difficulty in understanding them and less likely to misinterpret them than they are to look at this.

MR. G. FILMON: One of my unfulfilled ambitions, Mr. Chairman, is to become a lawyer but in any case this was an area of contention to members of city council, I believe, and I'm not sure what their - because I wasn't at committee when they made their official presentation, I'm not sure what the official presentation was - but the argument that I had heard them make was that in taking a leave of absence to run for political office since the other political offices generally give them entitlements to other such benefits as, for instance, participation in a pension scheme which they will now be entitled to with this legislation, a separate pension scheme as members of city council, or if they were going into the Legislature or Parliament, indeed, a separate and more lucrative pension scheme; and the question becomes why should they retain all of their other rights such as seniority, such as entitlement to fringe benefits if that's permitted under the collective agreement, and so on?

Why should they be able to build all these other things in addition to gaining some other benefits which may be substantial by throwing their hat into the political ring to run for public office? I'd like to hear the Minister's rationalization of that.

HON. E. KOSTYRA: Mr. Chairman, the position of the city, with respect to this, was laid out in decision of council based on a recommendation of the Executive Policy Committee which outlined a number of reasons why these sections ought to be amended - I'll just maybe indicate the four areas because most of them, I believe, have been met.

One is, they want the legislation amended to make it clear that there is no accumulation of benefits unless paid for, as provided under the collective agreement, and I believe that is covered by the amendments that we put forward.

They ask for no accumulation of seniority which is the one that we are not accepting.

There was one where a person who is on leave of absence not be able to apply for promotion, they wanted that clarified and, I believe, again, that is left to collective agreement or policy and they also wanted the intermittent leave section dealing with those civic employees who might be elected as Members of the Legislative Assembly be deleted, and that has been done.

So those were the areas that were contained in the council resolution that was brought forward. There were, of course, the other more detailed changes which we've met, I believe all of them.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: I hope the Minister will bear with me when I ask something that may be answered by the leave of absence on election, the leave of absence for an MLA or Member of Parliament. Does that section indicate that if a person takes a leave of absence from the employ of the city to become an MLA, or an MP,

that there is a time limitation in which they can maintain their leave of absence, in other words, five year and four months after the day of the election, or three months after the employee ceases for any reason to be a member?

HON. E. KOSTYRA: That's correct.

MR. G. FILMON: So there is a limitation to which they can remain on this leave of absence; in other words, if they were to be elected for more than one term, under the normal circumstances they would forego this leave of absence privilege that they have.

Well, I still question the aspect of them accumulating seniority, Mr. Chairman, but I suppose that's one of the areas the Minister has decided he can't agree with the city in their position.

MR. CHAIRMAN: Are you ready for the question? The amendment to Section 88(10)—pass; the amendment to Section 88(11)—pass; Section 88.1 on page 7—pass; Section 13—pass; page 7, as amended—pass.

There's an amendment to Section 17, so Section 14—pass; Section 15—pass; Section 16—pass.

Amendment to Section 17, separate sheet.

Mr. Eyler.

MR. P. EYLER: Mr. Chairman, I move

THAT Section 17 of Bill 92 be amended by striking out the word "subsection" in the 2nd line thereof and substituting therefor the word "subsections" and by adding thereto immediately after subsection 134(1) set out therein the following subsection:

Status of councillors re. pensions.

134(1.1) For the purposes of any pension plan for members of council and for the purposes of The Pension Benefits Act, members of council are not employees of the city.

MR. CHAIRMAN: Is there any discussion? Mr. Kostyra.

HON. E. KOSTYRA: This is the section dealing with the pensions that I think Mr. Filmon enquired about previously. There have been changes as I think the member is aware, to the act allowing taking out the restrictions that were in the act with respect to city councillors having a pension plan.

In doing that, subsequent to the request from the city and the inclusion in the act, there was some concern from the city that with respect to a regulation under The Pensions Benefit Act that they could not have the pension established in the manner that they had originally proposed.

It's the view of council that if this amendment is in The City of Winnipeg Act it'll ensure that the pension, as proposed by the City of Winnipeg, would not be in conflict, obviously, with The Pension Benefits Act. It's really to clarify that they do not come under the act because they're not deemed to be employees.

MR. CHAIRMAN: Is there any further discussion on the amendment? The amendment to Section 17—pass; Section 17, as amended—pass; page 8—pass; Section

18 on page 9—pass; Section 19—pass; Section 20—pass; Section 21—pass; page 9—pass. Page 10, Section 22—pass.

Section 23, I believe there is an amendment.

Mr. Eyler.

MR. P. EYLER: Mr. Chairman, I move

THAT the proposed subsection 270(4) of The City of Winnipeg Act as set out in Section 23 of Bill 92 be amended

- (a) by striking out the word and figures "subsection 260(1)" in the 1st line thereof and substituting therefor the words and figures "section 260 and subsection (1)"; and
- (b) by striking out the word "land" in the 4th line thereof.

MR. CHAIRMAN: You've heard the amendment. Is there any discussion? The amendment to subsection 270(4)—pass. Section 23.

Mr. Eyler.

MR. P. EYLER: Mr. Chairman, I move

THAT the proposed clause 270(5)(b) of The City of Winnipeg Act as set out in Section 23 of Bill 92 be amended by striking out the word "municipality" in the 1st line thereof and substituting therefor the word "city".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion? The amendment to Section 270(4)—pass; Section 270(5), as amended—pass; Section 270(6)—pass. Section 270(7) - I believe there's an amendment. Mr. Scott.

MR. D. SCOTT: I move

THAT the proposed subsection 270(7) of The City of Winnipeg Act as set out in section 23 of Bill 92 be amended by striking out the word and figures, "subsection 260(1)" in the 2nd line thereof, and substituting therefor the words and figures, "Section 260 or subsection (1)".

MR. CHAIRMAN: Is there any discussion on the amendment?

The amendment to Section 270(7)—pass; Section 270(7) as amended—pass; Section 270(8)—pass; Section 270(9) - there's an amendment. Mr. Eyler.

MR. P. EYLER: I move

THAT the proposed subsection 270(9) of The City of Winnipeg Act as set out in Section 23 of Bill 92 be amended by striking out the word "effective" in the last line thereof and substituting therefor the word, "effected."

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

Question on the amendment—pass; Section 270(9), as amended—pass; Section 270(10)—pass; Section 270(11)—pass; Section 23—pass; therefore, page 10, as amended—pass; page 11, as amended—pass; page 12, Section 24—pass; Section 25—pass; Section 26 - Mr. Scott.

MR. D. SCOTT: I move

THAT Section 26 of Bill 92 be amended by striking out the word and figures, "Subsection 274(7)" in the 1st line thereof and substituting therefor the word and figures, "Section 274".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment to Section 26—pass; Section 26, as amended—pass; Section 27—pass; page 12, as amended—pass; Section 28 - Mr. Eyler.

MR. P. EYLER: I move

THAT the proposed Section 312 of The City of Winnipeg Act as set out in Section 28 of Bill 92 be amended by striking out the word "or" in the 2nd line of the debenture provision set out therein and substituting therefor the word, "of".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion? The amendment to Section 28—pass; Section 28, as amended—pass; Section 29—pass; Section 30 - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT Section 30 of Bill 92 be amended by striking out the words "word 'work'" in the 2nd line of clause (a) thereof and substituting therefor the words "words 'the work.'"

MR. CHAIRMAN: Explain. Is there any discussion on this amendment? Does anybody understand this amendment? Legislative Counsel says he understands the amendment. Is it agreed?

The amendment to Section 30—pass; Section 30, as amended—pass; Page 13, as amended—pass; Section 31—pass; Section 32—pass; Section 33—pass; Section 34 - Mr. Eyler.

MR. P. EYLER: I move

THAT the proposed Section 435.1 of The City of Winnipeg Act as set out in Section 34 of Bill 92 be amended

- (a) by adding thereto, immediately before the word "activity" in the 2nd line of clause (a) thereof, the word "temporary";
- (b) by striking out the word "the" where it appears for the first time in the 5th line of clause (a) thereof;
- (c) by adding thereto, immediately before the word "placing" in the 1st line of clause (b) thereof, the word "temporary"; and
- (d) by striking out the word "marks" in the 1st line of clause (b) thereof and substituting therefor the word "markers".

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

Mr. Kostyra.

HON. E. KOSTYRA: Mr. Chairman, just for the record, this amendment was as a result of representation from the Federal Government with respect to an area that they have some interest in, so I just wanted the record to show that the Federal Government is involved in The City of Winnipeg Act amendments.

MR. CHAIRMAN: Further discussion on the amendment? You've heard the amendment. The amendment to Section 34—pass; Section 34, as amended—pass; page 14—pass; Section 35—pass; Section 36 - Mr. Eyler.

MR. P. EYLER: I move

THAT Bill 92 be amended by adding thereto, immediately after Section 36 thereof, the following section:

Subsec. 494.01(1) rep. and sub.

36.1 Subsection 494.01(1) of the Act is repealed and the following subsection is substituted therefor:

Construction in designated floodway areas.

494.01(1) Subject to subsection (2), no person shall construct, erect or bring any building, structure or erection within or on a designated floodway area except public services including water control works, electrical, gas, water, sewage, communications, or transportation services, or publicly owned open air structures for recreational uses.

MR. CHAIRMAN: Order please. The amendment appears to follow Section 36, therefore, I will put the question on 36 and hold the amendment.

Section 36—pass. The amendment following Section 36, as moved by Mr. Eyler, is there any discussion?

Section 36.1, as amended—pass; Section 37 - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed Section 494.10 of The City of Winnipeg Act, as set out in Section 37 of Bill 92, be amended by striking out the word "or" where it appears for the 2nd time in the 4th line thereof.

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment to Section 37—pass; Section 37, as amended—pass; Section 38 - there's an amendment. Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT Section 38 of Bill 92 be struck out and the following section substituted therefor:

Clause 495(5)(a.1) added.

38 Subsection 495(5) of the act is amended by adding thereto, immediately after clause (a) thereof, the following clause:

- (a.1) for regulating the temporary closing of a street to traffic where necessary because of any work or improvement being carried out on any street or because of the condition of any street and, without the limiting the generality of the foregoing for the purposes of widening, extending, diverting, preserving, repairing, or reconstructing or making any other improvement to any street, including the construction of a bridge;

MR. CHAIRMAN: Is there any discussion on the proposed amendment?

Mr. Filmon.

MR. G. FILMON: Yes, Mr. Chairman, just a clause or so before that where the phrase was "without the limiting the generality," we removed "the" and it became "without limiting the generality." Should that be what it is in this one? I think that's the common phrase, isn't it?

MR. R. TALLIN: Yes, the "the" should be struck out in that as well.

MR. G. FILMON: We will accept the correction if the Member for Inkster would just like to read it over again, leaving out the word "the" after "without."

MR. CHAIRMAN: I take it it's the will of the committee to consider the amendment as moved without the word "the" at the end of the 5th line of clause (a.1), is that agreed?

MR. G. FILMON: Yes.

MR. CHAIRMAN: The amendment then, as moved, is there any discussion?

Seeing none—pass; Section 38, as amended—pass; page 15—pass; Section 39—pass; Section 40—pass; Section 41—pass.

Section 42 - Mr. Eyer.

MR. P. EYLER: I move

THAT the proposed subsection 496(4) of The City of Winnipeg Act, as set out in Section 42 of Bill 92, be amended

(a) by striking out the word "not" where it appears for the 2nd time in the 1st line thereof; and

(b) by striking out the word "or" in the 1st line of clause (b) thereof.

MR. CHAIRMAN: You have heard the amendment. Is there any discussion?

Question on the amendment—pass; Section 42 as amended—pass; page 16—pass.

Section 43 on page 17 - Mr. Scott.

MR. D. SCOTT: I move

THAT the proposed sub-clause 524(1)(j)(iii) of The City of Winnipeg Act, as set out in Section 43 of Bill 92, be amended by adding thereto, at the end thereof, the words "on the expiry of that period."

MR. CHAIRMAN: You have heard the amendment to Section 43. Is there any discussion?

The amendment as moved—pass; Section 43 as amended—pass.

Section 44 - Mr. Eyer.

MR. P. EYLER: I move

THAT the proposed section 547(a) of The City of Winnipeg Act, as set out in Section 44 of Bill 92, be struck out and the following clause substituted therefor:

(a) the breaking of any pipe, wire, meter or other apparatus except where it is established that the break was due to the negligence of the city; or.

MR. CHAIRMAN: You have heard the amendment. Is there any discussion?

The amendment to Section 44 as moved—pass; Section 44 as amended—pass; Section 45—pass; page 17—pass; Section 46—pass; Section 47—pass; Section 48—pass.

Section 49 - Mr. Eyer.

MR. P. EYLER: I move

THAT the proposed clause 614(1)(d) of The City of Winnipeg Act, as set out in Section 49 of Bill 92, be amended by striking out the figures "615(3)" in the last line thereof and substituting therefor the figures "615(4)."

MR. CHAIRMAN: You have heard the amendment. Is there any discussion?

The amendment to 614(1)(d)—pass; Section 614(1)—pass; Section 614(2) - Mr. Scott.

MR. D. SCOTT: Mr. Chairman, I move

THAT the proposed subsection 614(2) of The City of Winnipeg Act, as set out in Section 49 of Bill 92, be amended:

(a) by striking out the words "a register in which shall be entered" in the 1st and 2nd lines thereof and substituting therefor the words "a record of";

(b) by striking out the word "of" where it appears for the 1st time in the 1st line of clause (a) thereof and substituting therefor the word "and"; and

(c) by striking out the words "a record of" in the 1st line of clause (b) thereof.

MR. CHAIRMAN: You've heard the amendment. Is there any discussion?

The amendment to 614(2) as moved—pass; Section 614(2)—pass; Section 49 as amended—pass; page 18—pass; Section 50—pass; Section 51—pass; page 19 as amended—pass.

No amendments on page 20; do you wish to pass the page? Page 20—pass.

Section 59 on page 21 - Mr. Scott.

MR. D. SCOTT: I move

THAT the proposed subsections 637(22.1) and (22.2) of The City of Winnipeg Act, as set out in Section 59 of Bill 92, be struck out and the following subsections substituted therefor:

Subdivision in designated floodway areas restricted.

637(22.1) Subject to subsection (22.2), no plan of or consent for the subdivision of a parcel of land located wholly or partly within a designated floodway area as defined in Part XV shall be approved or given under this section if the effect of the approval or consent would create, or allow the creation of, any additional parcel of land wholly or partly within the designated floodway area in respect of which additional parcel any person would be entitled to a building permit under subsection 494.01(2) for any construction within the designated floodway area other than one or more of the works excepted under subsection 494.01(1).

Agreements re designated floodway area.
Now do I go on with the next one as well?

MR. CHAIRMAN: Yes.

MR. D. SCOTT: Okay. Next heading,
Agreements re designated floodway area.
637(22.2) A subdivision plan or a consent referred to in subsection (22.1) may be approved or given subject to an agreement under subsection (57) prohibiting construction on the land within a designated floodway area as defined in Part XV other than one or more of the works excepted under subsection 494.01(1) recorded against that land by caveat under subsection (58) as a first charge other than utility's caveats or building restriction caveats but no such agreement shall be amended to allow other construction within the designated floodway area and no such caveat shall be withdrawn from registration against the lands within the designated floodway area unless withdrawn and re-registered as a first charge other than utility's caveats or building restriction caveats to accommodate land titles office procedures.

MR. CHAIRMAN: Is there any explanation or discussion? Mr. Filmon.

MR. G. FILMON: Is it possible, Mr. Chairman, that "utility's" should be plural "s"? Is there a possibility that there could be more than one utility caveat on the land? I think there is.

MR. CHAIRMAN: Mr. Tallin.

MR. R. TALLIN: It's usually a caveat for a utility. There may be more than one caveat, but each one would be for one utility, likely. In any case, you can read any singular as a plural.

MR. CHAIRMAN: Is there any further discussion on the amendment? The amendment to Section 59, as moved—pass; Section 59, as amended—pass.

Section 60, there's an amendment to subsection 3, so 60(a)—pass; (b)—pass.
Subsection (c) - Mr. Eyler.

MR. P. EYLER: I move
THAT clause 60(c) of Bill 92 be amended by striking out the letter "(c)" in the last line thereof and substituting therefor the letter "(e)".

MR. CHAIRMAN: You've heard the amendment. Is there any explanation or discussion?

The question on the amendment—pass; 60(c), as amended—pass; (d)—pass; Section 60, as amended—pass; page 21, as amended—pass. Section 61—pass.
Section 62 - Mr. Eyler.

MR. P. EYLER: I move
THAT the proposed subsection 655.1(2) of The City of Winnipeg Act as set out in Section 62 of Bill 92 be amended by adding thereto, immediately after the word "councils" in the 3rd line thereof, the words "of each".

MR. CHAIRMAN: You've heard the amendment. Is there any explanation or discussion?

The amendment on Section 62—pass; Section 62, as amended—pass; Section 63—pass; page 22, as amended—pass. Section 64—pass; Section 65—pass; Section 66—pass.

Section 67(a) - Mr. Scott.

MR. D. SCOTT: I move
THAT Section 67 of Bill 92 be amended
(a) by striking out the figures "76" in the 3rd line of clause (a) thereof and substituting therefor the figures "72"; and
(b) by striking out the figures "71" in the 4th line of clause (f) thereof and substituting therefor the figures "72".

MR. CHAIRMAN: You've heard the amendments proposed to Section 67. Any discussion? Section 67, as amended—pass; page 23—pass.

Section 68 - Mr. Eyler.

MR. P. EYLER: I move
THAT section 68 of Bill 92 be amended
(a) by striking out the figures "47" where they appear in the 2nd line thereof and again in the 5th line thereof; and
(b) by striking out the figures "54" where they appear in the 2nd line thereof, and again in the 5th line thereof.

MR. CHAIRMAN: You've heard the first amendment? Is there any explanation or discussion? The question on the first amendment—pass.

There's another amendment - Mr. Eyler.

MR. P. EYLER: I move
THAT section 68 of Bill 92 be amended by striking out the word and figures "October 1, 1983" in the 5th line thereof and substituting therefor the words "a day fixed by proclamation".

MR. CHAIRMAN: You've heard the amendment. Is there any explanation or discussion?
Mr. Kostyra.

HON. E. KOSTYRA: Again, this is an additional amendment. The reason for this amendment is not to have a date specific for the amendments of The City of Winnipeg Act that relate to Bill No. 47.

MR. CHAIRMAN: Is there any discussion on the proposed amendment to Section 68? The question on the amendment—pass; Section 68, as amended—pass; Preamble—pass; Title—pass. Bill be reported.

BILL 105 - THE MUNICIPAL ASSESSMENT ACT (2)

MR. CHAIRMAN: Bill No. 105, An Act to amend The Municipal Assessment Act (2). Section 1—pass; page 1—pass. Section 2, on page 2—pass; Section 3, on page 2—pass; page 2—pass. Page 3, Section 4—pass; Preamble—pass; Title—pass. Bill be reported.

**BILL 106 - AN ACT TO AMEND AN ACT
RESPECTING THE TAXATION OF THE
CANADIAN
PACIFIC RAILWAY COMPANY BY THE CITY
OF WINNIPEG
AND TO AMEND THE WINNIPEG
CHARTER, 1956**

MR. CHAIRMAN: Bill No. 106. Section 1—pass.
Mr. Doern.

MR. R. DOERN: Mr. Chairman, I have remarks that I want to make on this bill, and I'll make them in a couple of places.

Mr. Chairman, my interest in the CPR goes back a long way, partly, I suppose growing up in the North End and seeing all sorts of people that I grew up with work for the railway, and then, I, myself, worked for the railway in 1955, '56 and '57 on the trains as a waiter, working my way through university and in 1958, I went to Lake Louise and worked there.

MR. CHAIRMAN: Order please. Mr. Doern, we're on Section 1 of the proposed amending bill. If your discussions relate directly to Section 1, I would entertain them now. If they relate to a discussion of the bill in total, it would be most appropriate to have those discussions on the motion for the Title or on the motion to report the bill. Is there any discussion specific to Section 1?

Mr. Filmon.

MR. G. FILMON: With all due respect, the bill is only two sides of one sheet and I'm just wondering, something that the Member for Elmwood might say in his dissertation might cause us to consider an amendment, so I would just as soon hear the story before we go into the two clauses in the bill or the three clauses in the bill and that will give us some background against which to judge the amendments that he's going to propose.

MR. CHAIRMAN: Order please. It's been suggested that leave be granted to allow a more wide-ranging discussion on Section 1. Is that agreed? (Agreed).

Mr. Doern.

MR. R. DOERN: Mr. Chairman, I have, like anybody who grew up in Winnipeg or has lived in Winnipeg, there's a love/hate relationship with the CPR, because the railway is a very powerful corporation. It has provided employment for thousands and thousands and thousands of people in our city and in our province and, of course, this is one of the largest privately owned railroads in the world - at least it used to be advertised as such.

Mr. Chairman, my quarrel with the CPR goes back to 1883 when they, in effect, struck an agreement which presumed to bind generations of Winnipeggers and Manitobans to a free tax situation in perpetuity. It's very interesting to note that when you read some of the history of Winnipeg, and I'm now looking at a book called, "Winnipeg's First Century - An Economic History" by Rueben Bellan, that he points out in one

footnote that, according to an old-time resident, a former Mayor of Winnipeg, he says, quote, "The most important reason for the shift to Winnipeg from Selkirk was the fact that Donald Smith, by now the majority stockholder of the Hudson's Bay Company, used his influence in the Canadian Pacific Railway Co. to bring the road to Winnipeg in order to enhance the value of the substantial block of land in the very centre of Winnipeg which was owned by the Hudson's Bay Company; and in support of this suggested explanation, it may be added that the Hudson's Bay Company reportedly sold out virtually the whole of its landholdings in Winnipeg during the boom of 1881 realizing an estimated \$2 million." So there was more than just the goodness of their heart that brought the CPR to the City of Winnipeg and we know there was a conflict between Selkirk and Winnipeg, in terms of who could bid the lowest, or who could bid the most, rather, in terms of attracting the railway to Winnipeg.

Mr. Chairman, that's sort of the background and we all know that 100 years ago it was the Provincial Government that made an agreement, that ratified an agreement by which the city was able to grant no taxes to the CPR in perpetuity. In '65, the Roblin Government changed that agreement and brought in a phased-in taxation which went from 50 percent from '65-72; to 60 percent '73-80; to 70 percent '81-88 - and that's where we are now. We're at the 70 percent level and if that agreement had continued, it would have meant that the railway would have received tax concessions until the year 2005.

Mr. Chairman, if you tried to calculate the amount of those concessions for the past hundred years, I think you could arrive at a number of interesting figures. If, in fact, the railway now pays about \$1 million, and could pay, if it paid its full amount, \$1,750,000 in taxes per year - if that's what their full taxes were - and if you assumed that an equivalent amount would have been paid going back over the past hundred years, then you could arrive at a figure of \$200 million. But if you arrived at a lesser amount, if you, for example, assumed that taxes were paid at the rate of about \$375,000 a year for a hundred years and compounded at only 5 percent, you would arrive at a figure of \$100 million up to now.

Mr. Chairman, my point is this. The CPR went out and dickered with towns and cities in Western Canada and got a tremendous agreement from the City of Winnipeg. They got a cash grant; they got a bridge; they got special concessions and they had taxes in perpetuity.

I'm looking at an article here by Allan Fotheringham, which was a column in MacLeans's magazine of June 1, 1981 and the title is, "God Damn the CPR" and he quotes a section in here, he quotes Pierre Berton in "The Last Spike" detailing how the CPR purportedly veered off government surveyed routes and took more difficult mountain passes so as to control development and then it slyly moved its lines three kilometres from the centre of a young Calgary so as to create a new downtown. They themselves, of course, happened to own 6,000 acres of what is now the most expensive land in Canada, in Vancouver, and so on and so on. So they have done very well indeed by the people of Western Canada and very well indeed by the people of Winnipeg and the Province of Manitoba. They have

garnered millions and millions and millions of dollars in tax concessions.

Mr. Chairman, that may have been okay 100 years ago when Winnipeg had a population of 8,000 people. Maybe that was a good deal for a small town with a small-town mayor dealing with a big corporation. But Winnipeg now has 600,000 people and the CPR is no longer just a railway company. It's a conglomerate with a steamship company, an airline, oil and gas, real estate investments, and so on. It doesn't even have a hotel in Winnipeg at this time, which was part of the original agreement. It doesn't have stockyards in Winnipeg, although it didn't have stockyards in Winnipeg from 1912 until The Unicity Act. It was supposed to build stockyards in Winnipeg; it built them in St. Boniface.

Many mayors and many councils and many citizens tried to pressure the railway to pay a fair share of their taxes and the railway always said, no. Mr. Chairman, the CPR is a pretty tough corporation. I'm sorry to bore the Member for Inkster, who apparently isn't interested in this topic, but the railway is a pretty tough corporation.

MR. CHAIRMAN: Mr. Scott, on a point of order.

MR. D. SCOTT: I don't know quite what that comment was supposed to mean, from the Member for Elmwood, because maybe he can't read over some correspondence and whatnot and listen to someone at the same point in time, but I'm quite capable of that and I wouldn't want him to reflect his shortcomings upon myself.

MR. CHAIRMAN: It's not a point of order. Will the Member for Elmwood please proceed?

MR. R. DOERN: Mr. Chairman, I'm simply saying that the railway is tough and the CPR is not afraid of anybody, and I think that they have, in their course of time, told many people of very high political office where to go and they have not been afraid of threatening to pull the railway out; they've not been afraid to go to court; and they have not been afraid to say no.

Mr. Chairman, in 1981 I introduced a Private Members' Resolution into the Legislature of Manitoba and that resolution did not pass, I think it died on the Order Paper. It was, in fact, to force the CPR to pay their full 100 percent share of taxes by the end of '81. There were a number of people at that time who spoke on the debate, I recall Mr. Graham, the Member for Virden speaking on it and he was not in support of the resolution; Mr. Steen, the Member for River Heights, he was worried that we would lose jobs and investments and turn the clock back and so on, and so there was little or no support coming from the Conservative side of the House. So in '82 I introduced the resolution, again, with the full support of the New Democratic Caucus and, therefore, the government and that resolution read that the CPR should pay its full share of taxes by the end of 1982.

Mr. Chairman, that resolution did carry, there were speeches, I don't remember everyone who spoke. I remember, in particular, Rev. Malinowski speaking and there were probably some others and it carried. So, therefore, the Minister had a mandate to go to the

railway and force them to pay their fair share of taxes. It seems to me, Mr. Chairman, that after 100 years of no taxes and low taxes the time had come for the railway to pay up.

So onto the scene strides the Minister of Urban Affairs, who's striding around this committee room not paying much attention to what I'm saying, and he had a legislative mandate, a mandate to force the railway to pay 100 percent of its taxes by the end of 1982; and what did he do? He started to negotiate with the railway. He started to have meetings, he had meetings with Mr. Pike and other people, and with the City of Winnipeg, and they started to discuss this matter and months and months and months went by.

Mr. Chairman, the Weir Report on the assessment recommended that the whole question should be re-examined. The people of Winnipeg have, I think, for almost, if not 100 years, a very long time, many decades, have wanted this agreement terminated and the newspapers, the Free Press and others, have called for an end to this agreement. For example, on January 5, 1983 there was an editorial in the Free Press called "CPR Bargain Should End." There has been press support, media support, public support, political support, legislative support, what more do you need?

So the Minister goes into negotiations, he gets gunshy, like the Attorney-General, he's afraid to go to court. The Attorney-General is afraid to go to court on bilingualism because there's a 1 in 100 chance, or 1 in 1,000 chance that we could lose. The Minister of Urban Affairs, he was afraid to go to court because the CPR might win. Mr. Chairman, I regard that as a weak-kneed approach, and Mr. Chairman, what did the Minister come out of? He came out of that agreement, he came out of that discussion after seven months of negotiating with the railway, he got the railway, he thinks, to pay their full taxes by 1989.

He blew 1983, first of all, and then he went on to get some concessions in terms of . . . in fact, he didn't get any concessions now that I look at the agreement. He blew '83 in which they were to receive 70 percent of their taxes, and he blew '84 in which they paid 70 percent of their taxes, so he gave them the Roblin agreement. Then for two years he moved it up, and then for another two years he moved it up, so after six years, Mr. Chairman, the railway will pay their fair share instead of after 20 years. Well, Mr. Chairman, I do not accept that as good bargaining and I do not accept that as a good agreement. I think it's a poor agreement.

So, Mr. Chairman, I have more to say on this but I would like to hear . . . I tell you right now that I will propose an amendment, when we reach Committee of the Whole, because I'm not a member of this committee, I'm having prepared, by Legislative Counsel, and will introduce an agreement to require the CPR to pay their full taxes in 1983, as of January 1.

I would like to know what the Minister has to say about his agreement; he had a press conference. I must say I'm disappointed in the Mayor because the Mayor said it was good for the city; I have to say I'm disappointed in Mr. Filmon who represents Tuxedo who thought that this was not a bad agreement. So what we got was Mr. Kostyra and Mr. Pike patting each other on the back about what a good deal they had made. It was a good deal, Mr. Chairman, for the railway,

because the Minister walked in there, he had all the cards and he started to negotiate, and in the process of negotiation he gave most of his cards to the railway. He made lovely statements about how the CPR is a good corporate citizen and they agreed to the shortened phase-in period, and Mr. Pike said about how, gee, they didn't get everything that they wanted and they had to make a compromise. Who's he kidding? Who are they kidding, Mr. Chairman? Nobody but themselves.

Mr. Chairman, I would like to hear what the Minister has to say about why he negotiated and why he was afraid to bring in legislation, because he did not have a mandate to negotiate, he had a mandate to legislate, he should have brought in a bill. So I'd like to know what he has to say.

MR. CHAIRMAN: Further discussion? Mr. Kostyra?

HON. E. KOSTYRA: Thank you, Mr. Chairman, . . .

MR. CHAIRMAN: Order please. Did you have a point of order, Mr. Filmon?

MR. G. FILMON: No, I did have a question.

MR. CHAIRMAN: Well the Minister has the floor, he may waive the floor to you.

Mr. Filmon.

MR. G. FILMON: My question for the Member for Elmwood, Mr. Chairman, is that he said at the beginning of his dissertation that he had a love-hate relationship with the CPR . . .

MR. R. DOERN: I said the people of Winnipeg did.

MR. G. FILMON: Oh, I see, well does that include the Member for Elmwood.

MR. R. DOERN: Absolutely.

MR. G. FILMON: Which part of the dissertation was the love part?

MR. R. DOERN: It was I appreciated them hiring me in 1956.

MR. CHAIRMAN: Further questions, Mr. Filmon? Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman, it must be fun to be sitting out as one of the few independents in the Legislature because you can say whatever you want in debate and not have to accept any responsibility for your actions. The logic of the Member for Elmwood really escapes me on this issue as it does, quite frankly, on a number of issues lately.

But let's just take a moment, Mr. Chairman, to understand what is accomplished by this amendment to the act. It's reducing the amount of time that the CPR would receive a partial concession, a partial exemption on assessment in the City of Winnipeg and thereby taxation, moving it from what was in the 1965 legislation from the year 2005 and moving that from

the year 2005 for full taxation to the year 1989, which is a reduction of 16 years in the agreement that was originally struck in 1965, a significant reduction, Mr. Chairman.

In dollar terms that reduction, on the basis of this year's assessment, this year's mill rate, will mean an increase in revenues of at least \$5.3 million. How the Member for Elmwood is able to turn a minimum of \$5.3 million of additional revenue to the City of Winnipeg as a further concession to the CPR is beyond one's wildest imagination.

Another way of looking at it, if one would look at the existing 1965 agreement running to the year 2005 as 100 percent, using the total amount of the concession as 100 percent for the years 1983 to 2005; that 100 percent has been reduced to some 23 percent, that is one-quarter of the original concession, if you want to call it that; less than one-quarter of the original agreement, if you want to call it that. That is all the CPR is receiving from the original or the modified agreement that was enshrined in legislation in 1965. Somehow in his wild imagination he says that this is a further concession to the CPR.

The point was also made that this great history of the fight of the Member for Elmwood to change this. There's a bit of history lacking that was missed in that report and that was the history when the member was on the front benches of government when, conceivably, he was in a position to change this legislation, to bring an end to this unjust - as he called it - concession to the CPR. When do we hear about it? When he's on the far reaches of the back benches, that's when we hear about it, not when he was in a position of responsibility when he could have done something about it, he did nothing.

So, I believe, Mr. Chairman, that this legislation which brings about a change in the existing arrangement with respect to the agreement with the CPR is a good one. It means a massive reduction in the existing concession agreement that exists, provides increased revenue to the City of Winnipeg of at least, at minimum \$5.3 million, and it was done, Mr. Chairman, by agreement with the CPR and the City of Winnipeg. I think that's important because it's true that we had the legal right to enact arbitrary legislation that may have resulted in action being taken by the CPR with respect to the original 1965 legislation which was put in place on the basis of an agreement, I don't know; I wasn't afraid to go to the courts, in fact, I would not have had to go to the courts.

The fact of the matter is that we could have enacted legislation, but it may have been challenged or there may have been other actions arising out of that. I think it's important that we are able to sit down and negotiate with one of the major business interests in the province to get them to accept the responsibility to pay full taxation.

I would also like to correct one other inaccuracy in the statements of the Member for Elmwood in his selective use of information. He used, as part of the rationale for his argument, the Weir Report, the Manitoba Assessment Review Commission, I would suggest that he reread that section of the report of the Manitoba Assessment Review Commission, because their recommendation - if you can call it that - is that the agreement could possibly be changed, but if it were

to be changed it should only be changed by negotiation and agreement with the CPR. So the Weir Commission did not recommend an arbitrary unilateral change to the 1965 legislation. It suggested that if there was to be a change - it didn't even recommend a change - but if there was to be a change, it should be accomplished by negotiations with the CPR and the City of Winnipeg. So that reference was incorrect.

Again, Mr. Chairman, I would like to re-emphasize that this legislation will put in place a system over the next years which will bring about full taxation for the first time, full taxation within five years, count them - 1-2-3-4-5 - not 21 years, but five years, a significant reduction which will amount to in excess of \$5.3 million for the City of Winnipeg.

MR. CHAIRMAN: Mr. Enns.

MR. H. ENNS: Mr. Chairman, the CPR leases and rents at very reasonable rates of lease or rent a number of their buildings and properties to various businesses in our core area, different types of wholesale and retail businesses. It's been brought to my attention by one of these lessees who has rented CPR property for many years and carried on a successful business in Winnipeg for many years, that the same week that this bill was introduced to the House the CPR indicated to him that his lease would be cancelled in 90 days and that it was obvious to the lessee that it was the intention of the CPR to demolish and raze some of these - if I can call them that, low-rental properties - that nonetheless are housing a number of businesses in the inner core area.

My question to the Minister is, has the Minister any information in this regard? Has he done any checking as to what really in net dollars the City of Winnipeg may gain? Full taxation in five years or X number of years based on a current assessment which includes properties and buildings is one thing; full taxation on vacant parking lot property is another thing. The net return, the assumption that the assets the CPR currently is paying taxes on, in my judgment from the information that I have, is not all that secure. In other words it's very likely that the action that the Minister and the government is undertaking in the understandable pursuit of having the big CPR pay their full measure of taxation, has the Minister any idea of how many businesses have received notices that they are to vacate CPR properties, how many businesses and/or employees that may consequently lose their jobs as a result of this bill, or is it a subject matter that has not been brought to the attention of the Minister at all?

HON. E. KOSTYRA: No, I'm not aware of any businesses that have received any notice of termination of leases with respect to property that they may lease or buildings they may lease from the CPR. If the member is willing to give that information to me, I certainly would be interested in pursuing it. We did, in discussions with CPR, receive an indication that CPR was not planning to reduce generally their position in the City of Winnipeg as a result of the payment of these increased taxes; but if he would like to give me the details of the particular case that he's reciting, I'll look into it to see whether or not that was on the basis of this legislation or if it was done because of other business practices of the CPR.

MR. H. ENNS: Mr. Chairman, I'd be happy to take up the matter privately with the Minister. I can only assure the Minister that the person who contacted me in this regard is someone who has carried on a business in the wholesale fruit and vegetable business for many years in the City of Winnipeg. I would want his permission prior to making known publicly the name of the firm.

But the indication was that he had received an official notice from the CPR that his lease would be terminated in 90 days. That happened the same week that this particular bill was being introduced to the House. His concern was, he indicated to me, well, fine, he appreciates that the CPR after all has a right to do with their property as they choose, but his concern was how many other businesses who are struggling to survive who could not perhaps pay the higher rents charged in other sections of the city, whether or not the government was aware of it, whether they were concerned about it.

Of course, my question with respect to the principle of what we're talking about here in the bill is that if indeed some of these properties, buildings, are being vacated and subsequently demolished, there would, of course, be a significant change in the assessment that the CPR is currently paying taxes on. So the net result of this action may well mean no net gain of dollars in taxation money for the City of Winnipeg.

Mr. Chairman, I will provide the Minister with the name of the person and the firm involved and, in fact, I would deem it a service if the Minister would undertake to further investigate the matter.

HON. E. KOSTYRA: Mr. Chairman, just a couple of further comments. I would find it hard to believe that - and I indicated I would certainly investigate the specific situation - I would find it hard to believe that the two are connected since the change in actual taxation will not take place until 1985, the first phase and period, and then it continues in the subsequent years until the concession is down to zero in 1989. So there will be no change with respect to present assessment during the time in question that the member is suggesting that the leaseholder has been given notice by CPR.

The other point I would make, I would have difficulty in justifying actions on the basis of that kind of rationale, because I think it's a widely accepted position now that concessions on property taxation are not a good way of doing business; and if you can get in the situation that was at one time where municipalities used to fight over each other with respect to specific tax concessions and that, indeed, I believe the enabling section in The Municipal Act a number of years ago was changed to prohibit that practice.

So I don't believe in principle that that would be a good rationale to maintain such concessions. Again, if you will give me the details, I will look into it, but that was never a position that was advanced to us by the CPR at anytime, and one that has not been brought to my attention by anyone else that may be affected.

MR. H. ENNS: Well, Mr. Chairman, it's not the time and place to engage the Minister into an argument about what makes a business go and what doesn't make it go. Let me assure the Honourable Minister

that in these times of difficult economic situations, a 10, 15, 20 percent rise in rental costs and a .5 percent payroll tax are factors in whether or not a business survives or it does not survive.

The fact that the CPR has not raised it, of course, does not surprise me. It's not of their concern or worry. They are merely - as the caller indicated to me - this is not the most desirable space. This is old warehouse space, by and large, that various wholesalers of different goods and services find some use for.

I raise it simply to indicate to the Honourable Minister, and to this government, that some of these businesses, at least, that the purport of this call was that the kind of business that he was involved in simply would not carry the kind of per-square-foot rental charges that are made in modernized or up-to-date industrial parks, or the kinds of commercial property that is otherwise available.

Now that's one of the marvellous things about the enterprise system, that left to its own, everything finds some appropriate use. In this case, obviously, not unused empty warehouse properties of the CPR were being leased out at what I am told were about one-third of the equivalent commercial costs, but a number of inner core city businesses are doing businesses out of those properties.

I would think that the Minister who is concerned with the City of Winnipeg, concerned particularly with the livelihood and continued livelihood of the inner core of the City of Winnipeg, would be concerned about anything, whether it's a matter of two or three firms that are being inconvenienced, forced perhaps out of business, forced to close their doors, would be of some concern to the Minister; and, certainly, that they add to the equation of the so-called net gain in the agreement that the Minister talks about in having arrived at with the City of Winnipeg and the CPR.

MR. CHAIRMAN: Further discussion?

Mr. Doern.

MR. R. DOERN: Mr. Chairman, a couple of points on background, and then I will make my concluding remarks.

The railway announced in May - not announced, but had a ground-breaking ceremony in May of 1982 for the new diesel shops here, \$16.5 million to maintain and repair CP Rail diesel locomotives, and they are expecting to add an additional 250 full-time jobs. So I think there's no doubt that the railway is staying in Winnipeg and is not in danger of pulling out which is, I think, a common threat or a concern on the part of some people.

I also point out to the Minister again that many many writers and observers of the railway over the years have thought and argued that the railway was not justified in receiving these concessions. I'm looking at a column of January 22, 1983, by Val Werier, titled "CPR still collects on a 100-year-old bribe."

Mr. Chairman, the railway has an incredible amount of money. In 1981, they had assets valued at \$13 billion; \$11 billion in CP Enterprises which includes an incredible range of companies: oil and gas companies, Pan Canadian and Petroleum Ltd.; mines and minerals, Cominco Ltd., Fording Coal Ltd.; Steep Rock Iron Mines

Ltd.; forest products, CIP Incorporated, Great Lakes Forest Products Ltd., Pacific Forest Products Ltd., Commandant Properties Ltd.; iron and steel, The Algoma Steel Corporation Ltd., AMCA International Ltd.; real estate, Marathon Realty Co. Ltd.; agriproducts, Maple Leaf Mills Ltd., Baker Commodities Incorporated, Canadian Pacific Hotels Ltd. and Canadian Pacific Enterprises, U.S. Incorporated.

So they have \$13 billion of assets in 1981, and we're arguing with them about \$500,000 a year. When you have assets like that, Mr. Chairman, and you have a net income of \$508 million in 1979, and you have a net income of \$583 million in 1980 - that's on CP alone - what are we arguing about? I mean, what great amount of money is this to a giant multinational corporation? And still the Minister negotiates. Still the Minister is afraid to legislate an end to this agreement. Then the CP hands out material in '83 about their rail program, \$315 million in capital works, \$722 million for maintenance, and then they're getting billions of dollars, billions from the Federal Government in regard to western transportation and the Crow and all of that - billions.

According to one article, the CP plans to spend \$7.6 billion during the 1980s to increase their hauling capacity in an effort to meet the expected surge in demand - \$7.6 billion - and we're talking about \$500,000.00. Our Minister's afraid to pound the table and say, I want that money.

Mr. Chairman, I simply say in conclusion that I am not going to hold a tag day for the CPR. The Minister might. He seems to be so interested in helping them out that he's willing to make concessions to them. In my judgment, Mr. Chairman, he has collected \$5 million, but he has given the railway between \$2.2 million and \$3 million. After 100 years of concessions and after \$100 million or \$200 million in tax concessions given out over the past century, he still makes concessions.

Mr. Chairman, I would simply conclude and say that the Minister has fumbled the ball, and he gave the CPR six years of concessions, not five. He gave them '83; he gave them '84; he gave them '85; he gave them '86; he gave them '87 and he gave them '88, that's six years. And it's not until '89 that they are going to have an end to their tax concessions.

MR. CHAIRMAN: Further discussion? Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. Again, the member doesn't deal with the facts of the situation. This change in legislation does not give CPR any concession. It reduces, removes the concession that presently exists with respect to taxation in the City of Winnipeg.

It reduces it, Mr. Chairman, reduces it from the year 2004, reduces the year 2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990, 1989 - count them, 16 years - reduces by 16 years the amount of concession that would have existed if this action was not taken by this government, if this bill was not introduced. That's the full 30 percent. It also reduces in the next preceding years of '88 and '87 by 20 percent the existing arrangement, and the two preceding years before that by another 10 percent, reducing it from 30 to 20.

So it is not a concession, Mr. Chairman. Rather, it is reducing, taking away what was granted originally to the CPR 100 years ago in 1883; what was amended in 1965. It has reduced it significantly to virtually an end, to an actual end in just five years from now. So it is not a concession. It is a reduction. It is bringing the CPR to accepting its full responsibility in the City of Winnipeg.

MR. R. DOERN: Mr. Chairman, I simply point out that the Minister had a mandate to force the railway to pay full assessed value by the end of '82. Now he has given them a 30 percent discount in '83 and '84; he has given them a 20 percent discount in the following two years; he's given them a 10 percent discount in the following two years after that. I say that is a very poor bargaining position. That is a very poor result after all that the people of Winnipeg have suffered on this particular agreement.

MR. CHAIRMAN: Mr. Filmon.

HON. E. KOSTYRA: You did nothing for six years.

MR. G. FILMON: I just want to make the point that with all this discussion, I support what the Minister has done, because I said when I was asked for a response on behalf of the opposition that it's always better to do something by agreement, by consensus than it is to do it unilaterally.

I know that the Member for Elmwood, who thinks that because he can read a financial statement of the Canadian Pacific Railway that indicates that they have a good deal of assets, that means that he can play Robin Hood with them regardless of principle, regardless of morality, regardless of the consequences. He would be the first one to be screaming if, unilaterally, the government put through a provision that would cut the income of MLAs by 25 percent without consultation, without discussion, without negotiation with him — (Interjection) — well, perhaps there would be others in line, but there is a matter of principle here.

I say that by negotiation, by agreement, regardless of what coercion, regardless of what mandate he had to bring to the table, I support that before any unilateral action. That was, as the Minister pointed out, the preferred method in the Weir Commission Report, and that still would be the preferred method.

On the other hand, I do say that perhaps through the commentary of the Member for Elmwood, or indeed the Minister, that sufficient credit was not given to the Roblin Government who took their action in 1965. There

is an old saying that if you were left \$1 million it would be easier to parlay that into \$100 million than for you to make the first million on your own. For the Roblin Government, they were faced with a situation where the railway was paying nothing and it . . .

HON. E. KOSTYRA: That's not true. They were giving money, in lieu of taxes, of \$250,000 . . .

MR. CHAIRMAN: Order please, one at a time. Mr. Filmon has the floor.

MR. G. FILMON: . . . and they had to negotiate something that, at least, saw the railway make agreement to ultimately pay 100 percent. To me, that was a rather major step forward that now is being taken a step further by the Minister, and I compliment him for doing that.

I think the final telling factor of the discussion that's been going on between the Minister and the Member for Elmwood is the fact that the Member for Elmwood did not respond to the question that was put to him by the Minister. That is why he did nothing when he was a member of the Treasury Bench in the former New Democratic Government of Ed Schreyer, why, when he was in that position for something close to seven years, he was able to accomplish nothing? It seems to me that for all of the talk he has done about beating his breast and forcing the CPR to knuckle under is nothing but wind and rabbit tracks, as compared to the record that speaks for itself of his inaction in those years in which he had presumably some influence and authority in government.

MR. R. DOERN: Mr. Chairman, I would like to ask the Member for Tuxedo, who was in the Lyon Government for four years, why he didn't introduce a bill to end this tax concession. Could he answer that?

MR. G. FILMON: I've asked the question first and when the member responds, I'll be happy to give my response.

MR. R. DOERN: Mr. Chairman, one good question deserves another.

MR. CHAIRMAN: Any further questions? Clause 1—pass; page 1—pass; Clause 2—pass; Clause 3—pass; page 2—pass; Preamble—pass; Title—pass; Bill be reported—pass.

That concludes the business for the committee. I will entertain a motion for the committee to rise.

Committee rise.