

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 7 May, 1985.

Time — 8:00 p.m.

### CONCURRENT COMMITTEES OF SUPPLY SUPPLY - CONSUMER AND CORPORATE AFFAIRS

**MR. CHAIRMAN, C. Santos:** By committee agreement, we are calling Item No. 3.(a)(1) Corporate Affairs, Corporations Branch: Salaries; 3.(a)(2) Other Expenditures - the Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, in the Corporation's Supplementary Information that we were given, at the bottom of one of the detailed pages dealing with Corporate Affairs, there is reference to some \$300,000 for computer or computer-related services, and then 100-and-some-odd thousand for computer services. Could you explain what the - it's called Development and Consulting in '84-85 that was just shy of \$400,000, and the same amount as for this year. What is that in reference to?

**MR. CHAIRMAN:** Mr. Minister.

**HON. R. PENNER:** We began a program - it's almost 18 months, two years ago - to computerize the Corporate Branch. Right now all registrations are in manually accessed files. If somebody comes to do a search on the XYZ Holding Company Ltd., a file has to be pulled - XYZ Holding Company Ltd. and if they are lucky, all the material is in the file and hasn't been lost or misplaced. That has happened, because you have literally hundreds of people coming, on any given day, at the counter, and pay the search fee and get a file and it may be that, you know - we try to be as observant as possible - somebody walks out with it. Not only that, of course, the kind of work that has to be done in the spring of the year, when it's the renewal time, in tracking renewals and delinquent companies in that way, it demands a very large amount of staff time all at one fell blow.

So what we are doing is all of the company records are going to be in the computer's brain, and when people come in to do a search - I am not sure, I will ask in a moment the system that will be used. I know I was just last week officially launching, the G.R.-computerized General Registry - in the Land Titles. It's marvelous; it was a user friendly, no fee arrangement.

There are four terminals right on the counter. You go and you press the appropriate buttons, say who you are and what you want, and out comes the names that might be of concern to you. It's all there on the instant, and no one has a chance to put the computer in their pocket or in a file and walk away with it. The records can be handled in such a way that they are safe against virtually anything like, you know, the ultimate disaster.

It's quite a sophisticated system. Our officials in the Corporate Branch, Hafiz Khan is the head of the

Corporate Branch, and Myron Pawlowsky is the lawyer and second in command, have looked at systems presently in operations, I think one in Wisconsin and we've spent over a year in development.

What we'll have is the program will be in the Manitoba Data Services IBM Main Frame. We'll have terminals not only in the Corporate Branch, but we think that ultimately and in the not too distant future we'll be able to have terminals in some main centres out in the province. So where there is sufficient activity - let's say we have Brandon, Dauphin, Thompson, The Pas - have I missed anybody? Flin Flon, Ste. Rose - there will be a terminal and users will be able to access the system and find out to whom it is registered, XYZ Holding Company Limited, when it last filed a return and what its corporate structure is.

**MR. CHAIRMAN:** The Member for Fort Garry.

**MR. C. BIRT:** Then, Mr. Chairman, when will this be in operation?

**HON. R. PENNER:** In approximately one year.

**MR. C. BIRT:** Is that then the 1985-86 year, or are we talking 1987 realistically.

**HON. R. PENNER:** We think the ultimate decision, or the final decision as to the system that we hope to purchase - and we're close to that - can be made by June. From that moment on, August at the latest, we think we'll be in business in fiscal 1986-87.

**MR. C. BIRT:** Mr. Chairman, why the similar amounts for the two years? Are you purchasing it over a time payment program? It seems unusual that you would be doing it this way.

**HON. R. PENNER:** The sums allocated in fiscal 1984-85 lapsed. They were not expended.

**MR. C. BIRT:** Mr. Chairman, to the Minister, I note that there are some 20 clerical positions. Is it intended that once this computer comes on stream - and I realize all 20 positions don't serve the counter and the public requests - is it the intention that once the computers are on and functioning that a number of these positions would disappear?

**HON. R. PENNER:** Yes.

**MR. C. BIRT:** Mr. Chairman, in theory then would the number of staff man years - or whatever they're called - be substantially reduced, or would you be substituting them with some other type of personnel such as key punch operators or something to that effect?

**HON. R. PENNER:** No, there will be an absolute shrinkage. It will be done by attrition, because the phasing-in of a system is such that we can handle it in that way.

**MR. C. BIRT:** Mr. Chairman, the Personal Property Registry is on a different floor, and I believe in a different department.

**HON. R. PENNER:** It's in the A-G's department.

**MR. C. BIRT:** Why is it not consolidated with the Corporations Branch, because they're a hand-in-glove type of operation in the practice of law? You're basically accessing information of a registry-type nature, and it seems to me a duplication.

**HON. R. PENNER:** Not really. The Personal Property Registry system is exactly that, that anyone who in the first instance lends money on the security of a chattel can register that fact in the system and it's there. Anyone seeking to purchase a chattel, auto or anything of that kind, can then do a search as to whether or not the vendor has liens registered against that vendor.

Whereas in the Corporations Branch, really all we have or what we have in the main, is the corporate name; then we can look behind the corporate name to find out who are the incorporators, what is the share structure and material of that kind. But there is no match between that information and the Personal Property Security Register.

**MR. C. BIRT:** I can appreciate the point of law, the distinction in what the Minister is making and what the Personal Property Registry attempts to do. Really Personal Property Registry now gives you a personal view by an operator and then if you want a hard copy, you can obtain it. The mechanics, and you're using a computer, you're accessing information that has already been put into the system supposedly, by staff people. It just strikes me that you could combine the two and perhaps have greater efficiency, whether it be personnel and time, computer size, costs, everything else like this.

**HON. R. PENNER:** No, the programs are not compatible. First of all, this will be a main frame program using the MDS hardware, whereas the Personal Property Registry is their own system right in the department. So mechanically and technologically there is a difference.

But also the programs are not compatible. They're two different programs.

**MR. C. BIRT:** A computer is a computer, is it not?

**HON. R. PENNER:** A human being is a human being, but look at how ugly I am and how . . .

**MR. C. BIRT:** I know. Mr. Chairman, another question, we talked this afternoon about the possible changing role of the regulation of financial institutions. Am I correct that it's the Corporation Branch that primarily does the provincial role under our present legislation? It's the watchdog registry agent.

**HON. R. PENNER:** Not really, only passively in the sense that if one is doing business with a company that seems to be in difficulty you can get some information. But the Corporations Branch itself does not play a regulatory role, indeed, we are in a sense regulatory deficient.

The regulatory role with respect to financial institutions is played, in part, on the investment side, by the Securities Commission and, on the insurance side, by the Insurance Branch and the Superintendent of Insurance. But, with respect to trust and loan operations, almost all of which are head office elsewhere, we are, in effect, rely to a very considerable extent on the Ontario regulatory system with respect to trust and loan, and that hasn't proved to be something terribly glorious.

That is why we and other provinces who have had their citizens suffer some loss because of the breakdown of the regulatory schemes that were supposed to be all that great and glorious in Ontario and federally are working now with the feds to develop national kinds of mechanisms for safeguarding investors.

Where you have a system where you have a federally incorporated trust and loan operation headquartered in Toronto or Montreal and with branches elsewhere, the question of being able to sufficiently control the function of that trust and loan company is a vexing one for provincial administrations. One of the things that we expect will emerge from the kind of thing we were talking about earlier today is that there may be a different mandate for the Corporation Branch, that we may want to, in fact, articulate stronger provincial trust and loan legislation to strengthen the companies' act in that respect.

**MR. C. BIRT:** Mr. Chairman, that was my next question that, if we weren't in that area, would this be the logical area where we would be building up and, in particular, keeping in mind some of the reviews or comments of the federal initiatives that were being undertaken, whether it be - well it wouldn't be the insurance, but it would be the review of the financial sector - would this not be a logical area where you would expand the powers of supervision, control and regulation?

**HON. R. PENNER:** Yes, it would. I should advise the member that we have established, in anticipation, a trust officer position whose job will be to review the reports and returns, and inspect the records of trust and loan corporations. We've taken a vacancy and converted it and upgraded it to an Administrative 4 position and we're presently seeking to fill. We hope we can fill at an appropriate level, and have someone in place, that person familiarizing himself, or herself, with what we have in Manitoba, where the weaknesses are, what we have in terms of legislation, making recommendations for legislation.

So I agree with the member, this is an area we must move, and we are moving.

**MR. C. BIRT:** Mr. Chairman, then it's logical, I would presume that the number of professional or managerial positions will then automatically increase within a year or two as the clerical positions reduce because of the introduction of computers.

**HON. R. PENNER:** That's right, and this is the way in which we've been able to go in other administrative units, by introducing the appropriate technology, some of the positions come vacant, were otherwise filled just doing manual work. We can upgrade some of the

positions, and get into other areas that will require work . . .

**MR. C. BIRT:** . . . the present Corporations Act was with consultation of the Manitoba Bar; I know the Canadian experience was going on at the same time.

We talked about the Research and Development Department and the role it would be playing under these new, sort of national schemes or ideas that are being studied, whether it flow from the Federal Government or other provinces with perhaps trust and loan experience problems. Should there not be some sort of research or professional expertise or consultative bodies, such as, accountants, the Bar, those sort of things, advising this area which is really becoming a regulatory and almost a safeguarding agency?

**HON. R. PENNER:** I was just checking on some information to make sure I had it right. What we are doing at present, which is no longer adequate, although it serves, we have an agreement which has been in force since 1938-39 with the Federal Government, and we use the federal Superintendent of Insurance as our trust and loan auditor.

**MR. C. BIRT:** I take it what the Minister is saying, though, that is going to change, or perhaps should be changed, as far as Manitoba is concerned, because it seems to me that if we are getting into a greater regulatory role, to a degree almost a guarantor of certain minimum standards in the corporate and financial sector, that you are going to need something more than perhaps a research entities, say, in Ottawa.

**HON. R. PENNER:** I would agree.

**MR. C. BIRT:** Thank you. We can pass.

**MR. CHAIRMAN:** 3.(a)(1)—pass; 3.(a)(2)—pass.  
3.(b)(1) Insurance Branch: Salaries . . .

**MR. C. BIRT:** We did that. Do you want to go to 3.(c)?

**MR. CHAIRMAN:** You want to go to 3.(c)?

**MR. C. BIRT:** Well, we did the Insurance Branch this afternoon.

**HON. R. PENNER:** Yes.

**MR. CHAIRMAN:** We passed it?

**HON. R. PENNER:** Yes.

**MR. C. BIRT:** I thought we did anyway; we are finished asking questions on it.

**MR. CHAIRMAN:** Okay. Anyway, I will call it. 3.(b)(1) Insurance Branch—pass; 3.(b)(2)—pass.  
3.(c)(1) Manitoba Securities Commission: Salaries;  
3.(c)(2) Other Expenditures.

**HON. R. PENNER:** The member probably knows Al Jacksteit . . .

**MR. C. BIRT:** Yes, I do.

**HON. R. PENNER:** . . . our senior legal beagle with the Securities Commission, and Jim Storsley who is in charge of the real estate end of our regulatory functions through the Securities Commission.

**MR. C. BIRT:** Mr. Chairman, I've met with representatives of the Association of Canadian Real Estate Syndicators. I am also aware that certain major legislation was enacted in 1980, but I guess the area of questioning I want to deal with is the time and expense that it takes to clear a prospectus through the Commission at the moment, whereas, I believe, in the 1980 change, there was a shorter method. I think they're called exemptions. My terminology may not be correct, but exemption orders whereby in certain limited circumstances there was a fairly speedy clearance of getting orders through so that projects could be financed and developed.

Will the Minister be proclaiming that legislation during '85-86, and I'm now referring to the legislation that was passed in 1980?

**HON. R. PENNER:** I have no present plans to recommend proclaiming the 1980 legislation. What happened - and this was reviewed at some length last year, but I think it's important to review it again and answer the member's question appropriately - is that from the time the 1980 act was passed and the work required to develop the regulations was undertaken, a number of changes began to develop, particularly in the collateral jurisdictions with which we work very closely - Alberta and Ontario in the main - and it appeared the better part of wisdom for us to make substantial amendments to our 1980 act before proclaiming it. The work was being developed in order to do that when it was made known to us that Ontario was now contemplating a complete revision of its act. I think the member realizes that most clearances originate in other jurisdictions, but they may want to mark it here, and, if there isn't a reasonable conformity between our legislation and the Alberta and Ontario legislation, then we have great difficulty with that.

We were advised that the Ontario legislation's passage was imminent and that's why we argued fairly strenuously last year when the matter came up in the House nine months ago. We argued for just some amendments to the 1972 act so that, in fact, the Commission could have some greater discretion in certain areas that would enable it, in the exercise of its discretion, to get more rapid clearances where that was warranted; that was finally what was passed. In the meantime, down on the ranch as they say, Ontario held off. It seemed to fluctuate between the idea of a completely new act and substantial amendments and then came the Ontario election.

Now matters are certainly in an unsettled state in the Province of Ontario and we will, shortly after the 21st of May when the Premier meets the House and announces his new Cabinet, we'll know who is in charge

of the shop - it might once more be Dr. Elgie or it might be someone else - and we will work very closely and, I would think, rather quickly with the new Ontario Minister to try and establish what the plans are there.

If it appears there is going to be a substantial delay in any move in Ontario, then I am prepared to work with our commission and our legal people in the commission to develop some options for action. The most readily available option would be to amend the 1980 bill and then proclaim it.

**MR. C. BIRT:** Mr. Chairman, I would like to deal with two areas, one dealing with sort of the small businessman in Manitoba who wants to get an alternate method of financing, and then deal with the larger share offering, whether it be in Manitoba at large or Canada at large, the two just a little bit later.

I am advised that with the current practice of the commission requiring you to file a prospectus, if someone wishes to raise say \$100,000 for a restaurant operation, to do it the public route, it is just too time-consuming and too expensive to go that route and as a result, it just isn't done. In fact, I am now being advised that you have sort of an underground movement, an illegal operation being carried out, people who are basically ignoring the law - and I am not saying that these syndicators are doing this - it's just people are finding ways of doing it and it's getting done.

Notwithstanding this whole industry is a fast moving one and a quick changing one, we really haven't had anything substantially done to our legislation for 13 years. I am advised that even that slight amendment of last year doesn't go to meet the local concerns of just local businessmen trying to raise money quickly. I believe all the other provinces and jurisdictions have this very quick method of, I think they're called exemption orders but if that's not the correct title, there is a method whereby they can get a quick clearance through the commission and you can then get on with raising your money.

**HON. R. PENNER:** I want to make a general comment first. The Securities Commission has a very tough line to follow. It must, on the one hand, protect potential investors. The notion that investors are sophisticated people is a notion that comes a cropper fairly readily when one looks at the recent record of failures and volatile times. A lot of people with relatively small amounts of money are attracted to the securities market, sometimes looking for a quick return or a tax shelter and they are all too often prone to enter into schemes which are marginal at best, and which have been overblown, puffed.

They find that they've been promised a wonderful analysis of the investment; they've been promised marvelous returns, and that their investment will pay for itself in no time flat. Even had times remained good, the promise was really a promise that overdrove its headlights. When things go a little bit difficult, interest rates go up and there have been some severe losses.

So we have to, on the one hand, protect the investors. That's why we have a Securities Commission. The whole history of the development of the Securities Commission is a history primarily of guarding people against fraud, intentional or otherwise, against scams, against the

huffery and puffery of the financial market. We're all too prone in societies these days to the get-rich-quick notion. People on that basis buy lottery tickets and some of them go into the securities market and when they do, they are relying, as I think they're entitled to rely on government, to have some protective mechanisms.

So the Securities Commission here co-operates with the marketplace very much, does grant exemption orders and, in fact, is working with the Bar Association to look at some regulations which will expand the area of exemption orders for small offerings. It wants to do that. There are some, particularly in the real estate syndication field - and that's really the only area from which the complaints are coming - who would want the commission to be a little quicker and, it follows almost, a little laxer.

But I have to say to the member, and I'm not at liberty to go much further, that there have been some very recent experiences that would be a warning to all of us to be quite cautious in moving. We have to move. We will move, but we ought not to be stampeded into rash action which would leave a lot of people looking for a tax shelter or a return at risk.

**MR. C. BIRT:** Mr. Chairman, I don't disagree with what the Minister is saying as far as it goes, but what I am talking about and I'm trying to target is the small businessman who wishes to raise alternate financing and is often, I believe, under \$200,000 or \$100,000, and to go through the existing process I'm advised, because of the time, the legal and the accounting required under the present system, it's often costing \$20,000 or \$30,000 and does not make it profitable for the individual to proceed.

Now we're talking about someone building a restaurant, perhaps a small building or something like this. When you look at the Provincial Government and its Venture Capital Program - and it has I believe some \$7 million - and it's handing out money to people to take ventures and to create jobs and, by their own statistics, have created 700 jobs in this type of area, this speculative nature. It seems strange that a regulatory agency is not allowing this sort of small financial area, and it is in other provinces.

We are not talking about scams or anything else like this; we are talking about a quick procedure where you don't have to follow the normal proceedings that are required, say, for a \$2 million, or \$3 million, or \$30 million syndication.

**HON. R. PENNER:** But your small businessman, about whom you talk, as long as he isn't making a public offering, doesn't have to go to the Securities Commission at all, it can go to 25 friends, if he's got 25 friends, 50 - they don't even have to be good friends. As long as he's not making a public offering, and that's a fairly ill-defined entity, he doesn't have to go to the Securities Commission. There is no fetter on a person raising capital in this way. The only fetter is the viability of the enterprise to begin with.

**MR. C. BIRT:** Mr. Chairman, when consulting lawyers and accountants who deal with commercial transactions, and advise me that this is the current

practice of the commission, it just doesn't seem to square with what the Minister is saying about his operation, because the public offering by this agency has been included to go to some bizarre lengths. The question then is: What is an offering? We can get into a great debate what it is.

It's sufficient to know that when some people who come in and want to raise money in this method, the accountants and the legal profession are now advising them not to go that method because it is (a) too expensive, too time-consuming; and, therefore, closes off a method of financing of certain small projects that create work and allow investment to be made in Manitoba.

**HON. R. PENNER:** To which I have to say, nonsense. The pressure that the honourable member is getting - I shouldn't say pressure - the representations do not come primarily from small business. You are being lobbied, as I have been lobbied consistently, and there are many others, by the large real estate syndicators who are talking about public offerings. As long as it isn't a public offering they don't have to go to the commission.

But I've got the 1984 statistics - the member should have them - from the Securities Commission. There were 164 Section 20 exemptions granted in 1984, and look at the record: 1979, 21; 1980, 30; 1981, 52; 1982, 94; 1983, 131; 1984, 164. If anybody tells you that we are throttling the market by our actions, they ain't telling you the whole story. The statistics just do not bear that out.

I have received the same horror story, and it's always the same story, got one story for the last two-and-a-half years. One company was delayed in filing a fairly large prospectus - and it was for a public offering, so it wasn't a small businessman looking to get 25 of his friends - and he didn't like the delay - sometimes this type of speculation is made from impatience - and went and filed in Calgary. Big deal! Calgary is made for that kind of thing, we are not, and we are not going to be.

**MR. C. BIRT:** A question directed to the Minister is that if a different attitude had been expressed by the commission, what would be the stats because, although they are growing, possibly they could have been much higher?

When you get respected members of the Manitoba Bar Association, chartered accountants — (Interjection) — Yes, talking to syndicators, but when you start talking about professionals who serve other clients and are saying that this route is closed to them, it seems to me that maybe it's not all roses down at the commission chambers.

**HON. R. PENNER:** That's true enough, nothing ever is. There are still some thorns among the roses, and we are aware of it. I did indicate that we are working with the Manitoba Bar, and we think in a very co-operative way. There are some very good people in the securities section of the Manitoba Bar, and we are working with them; they understand our problems, and they are working co-operatively to make sure that any expansion that is made in the area of exemptions are made so that we are still in a position to safeguard the investor.

I want to assure the member that we are in no way wanting to overregulate or to throttle the financial services industry. That's a tremendously important industry in Manitoba, tremendously important, far out of proportion to our size and to our manufacturing base and other sectors of our economy, far out of proportion. We have a national reputation, but you know we don't want to tarnish that national reputation. That national reputation was built on a good solid foundation. We know we have to move with the times but we want to do so and still safeguard investors.

**MR. C. BIRT:** Mr. Chairman, on that point that the Minister raises, that very reputation that we have of being a large syndicator is now being lost to us and the basis of the syndication is now moving out of the province. Again, I would submit, it's from the actions and activities of the commission.

I am advised, and I suspect, if you look at the national statistics, that the large syndications are no longer being done out of Manitoba and that all of the national, or at least the ones that used to be located here, are now opening up offices in Ontario and in British Columbia, and the comments that I am being told is that it's primarily due to the activities of the commission that are discouraging this type of large operation, and that the people who used to be located here are now being transferred out. In fact, the industry is on the verge of closing down in Manitoba.

This is a high tech industry. It consumes accounting experiences, legal experiences, computer experience, all kinds of printing and things like this, which is the type of, it seems to me, industry that we would like to foster and, on the point that the Minister makes, just is flying in opposition to what these large syndicators are saying. Because of the uncooperative nature of the commission they are leaving this province.

**HON. R. PENNER:** The member is new to this House, and we have all been new to this House, and we learn a lot in a period of time, at least I hope so.

I would, in a very friendly way, caution him. He has come to a judgment - and I would have thought he would have been more careful - without hearing the other side. There is a rule in law, the audi alterem partem rule that you don't come to a judgment until you hear the other side.

Has the member taken the time to go down to the Securities Commission; has the member taken the time to meet with the head of the Securities Commission, Mr. Peden, one of the most respected people in the field in the country; has the member taken the time to go down to the Securities Commission and meet with Mr. Jacksteit; has he asked any member of the Securities Commission their side of this story? No, he hasn't. And yet he comes here and he passes judgment. He says, because of the Securities Commission, the financial service industry in Manitoba is about to collapse. That is irresponsible.

**MR. C. BIRT:** Mr. Chairman, has the Minister received a copy of the Manitoba Bar Association's submission dealing with security law in the Manitoba Securities Commission, dated May 14, 1984?

**HON. R. PENNER:** May 14, 1984?

**MR. C. BIRT:** Yes.

**HON. R. PENNER:** Yes, I think I received that in advance of the Session in which we did pass some amendments to The Securities Act.

**MR. C. BIRT:** Has the Minister read it?

**HON. R. PENNER:** Well, yes, of course I have, but I subsequently also met with members of the Securities Commission. I had a very good and understanding meeting with them.

**MR. C. BIRT:** In it the Bar raises the concern about the conflict of interest between the man who sits as Chairman of the Commission and, in fact, advises the commission, points out a conflict of interest that the chairman of the Securities Commission has because, according to the departmental diagram that has been provided, he does not answer through to a Deputy Minister. It would appear that he answers directly to the Minister.

The response that I have read from the chairman of the Securities Commission would indicate that it's natural for someone to get instructions to carry out certain decisions and then to sit in judgment on those decisions. The Manitoba Bar subsection points out that that's not proper in administrative law and recommends changes.

I am wondering what the Minister has done, since receiving this policy statement, to changing that.

**HON. R. PENNER:** Right. We have to be clear that the member is now moving over to another area, that alleged conflict of interest does not deal with the topic which has just been the subject of some discussion between us. What we've been discussing is whether or not our legislation should be changed so that it, by statute and subsequently by regulation, provides a greater range of exemption orders, and on that there is no disagreement. I think that more can be done, all I've said is that we have to be fairly cautious and not simply blow with every wind in that area.

On the point that he's now raising there's merit in looking at alternative models, where one can have a scheme - indeed there are such schemes in other parts of the country - where the administrative and the judicial functions are separated, there's a clean separation between the administrative and the quasi-judicial. So those who are carrying out the day-to-day regulatory aspects will do so and may arrive at some conclusions that matters ought to be heard by the commission. Then if that happens it is referred to the commission for a hearing, and we have variations of that kind of scheme and there are many models of it in government. I think, in the long term, and perhaps not so long term, we should consider moving in that direction.

I would only say this, and it's not I think in self-defence, one can't do everything all at once, that I have never, as Minister, received a specific complaint that a particular action of the commission was wrong in the sense that it was influenced by that kind of conflict of interest - and I know we're talking about a functional conflict of interest. I haven't received those complaints nor, to my knowledge - and I'll check with Mr. Jacksteit

in a moment - has anyone who has been the subject of an order by the commission, sought to quash that order on the basis of the jurisdictional default. No one ever has.

**MR. C. BIRT:** The question that I see, and I want to address, deals with really the wearing of two hats and, to use an analogy, the Deputy Minister of Labour should not, and does not, sit as the commissioner or chairman of the Manitoba Labour Board, and I'm talking here now of the split functions, not of the personality. I don't think that one should have to wait until one is challenged to say, yes, there is a conflict.

The board points out that there probably is one. I think the Minister says that, in fact if you look at the basic functions, that there probably is a conflict or a potential of a conflict. Why should we have to go through the exercise of a court challenge to remedy it because it seems to me that you can take remedial action before the problem arises.

**HON. R. PENNER:** That's true enough and I have said that I'm prepared to take a look at that.

**MR. C. BIRT:** I believe this question has been raised with the Minister before, so when might the Minister be looking at it, because I know the Ontario example is different than what we adopted - when I say "we", the Legislature adopted in 1980 - they did not choose to separate the two functions, but I believe the Ontario Government did, either in the late '70s or maybe it was 1980, and they operate that way.

The only question to the Minister is, when would he consider separating these two functions?

**HON. R. PENNER:** Yes, as I've indicated, it's an area of some concern about which we're aware. It's not dissimilar in other jurisdictions, there has been a case in Ontario which held that was not a justiciable conflict of interest. It would be if the head of the commission purported to sit in review of the decision of the board that he headed.

But, having said all that, I have indicated to the member - and I can do no more - that I am aware of the problem and I am prepared to have a look at it. He says, well, when? Soon. I'm not trying to be flip in that answer. We have to get through this present Session and it won't be, I assure him, until the end of this Session.

**MR. C. BIRT:** Mr. Chairman, another question to the Minister. The discussion we've just had on a potential conflict with the Chairman of the Securities Commission, the earlier discussions we had on who's right and who's wrong as to the syndication industry, whether it's good and viable here or it's being driven away, or going down to the earlier small offerings, the lack of co-operation, or there is co-operation. I mean it's he says, she says sort of type of argument. And I'm wondering, because we all want really a good securities industry, but also a viable community here, if the Minister wouldn't consider perhaps just an independent review, whether it be judicial or something, someone who is a disinterested third party or parties, to review all of this because, as the Minister can appreciate it - and I don't

mean this in any unkind sense - he has the securities people under him and responsible to him; I'm not saying a captive of them, but perhaps is being more persuaded to their point of view, and maybe the truth is somewhere in-between, or maybe it can be improved. I'm just wondering, when you get a fair number of comments like seemed to be being made, that perhaps it's time to maybe take a step back and review it all to see, is there perhaps a better way of doing it, a more efficient way.

I realize that one shouldn't get hung up in drafting legislation because it changes dramatically - I'm talking about the format, the functioning of the commission and the possible splitting of its roles, that sort of thing.

**HON. R. PENNER:** I think we're really in agreement here. I did say that we recognize that there are areas in which we must move. We have waited, wanting to keep as close to the Ontario legislation as possible for some movement in Ontario. We recognize that may not now quickly come, but we are working with the Manitoba Bar to make some progress in one area of the problem, and I'm certainly prepared to look at the other areas which have been identified. I hope I'm not a captive of the commission. I am not involved in the securities market myself so that I may be the last of the innocents. But I suppose I know something of the reputation of the head of the commission, and I know the member hasn't been attacking the head of the commission personally. I may be forgiven if I've relied on his good judgment and his wisdom to a considerable extent, but I think I'm capable of forming some independent judgment there. I have listened courteously and I think with some assistance to myself to representations from the Association of Canadian Real Estate Syndicators and I'll continue to do so.

**MR. CHAIRMAN:** 3.(c)(1)—pass; 3.(c)(2)—pass.

Resolution 37: Resolved that there be granted to Her Majesty a sum not exceeding \$2,876,400 for Consumer and Corporate Affairs for the fiscal year ending the 31st day of March, 1986—pass.

We still have to go back to Item No. 2.

Consumer and Corporate Affairs, Item No. 2.(a) Salaries; 2.(b) Other Expenditures; 2.(c) Grants - the Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, in looking at, I guess it's the Annual Report for the Department of Consumer and Corporate Affairs, 1984, there is reference in the - the pages aren't numbered - but basically the number of complaints coming to the Consumer Affairs Department, and there is analysis provided and it says home improvements tops the list, and that seems to be fairly common. I'm wondering if I could get a rough breakdown of what those type of complaints, or the categories, if the Minister could do that.

**HON. R. PENNER:** I do not have available a breakout, but I can tell the member, which he probably would realize, that the majority of the 619 complaints - a slight decrease over 1983 - are in the area of roofing, siding, insulation, removal of the UFFI, the urea - let's stick to UFFI.

**MR. C. BIRT:** Urea formaldehyde. We discussed this matter under the Attorney-General's Department, but

I said I would raise it again, and it's this question of liens. I note that the department tries to adjudicate or mediate these disputes. Once the department steps into the picture of mediation, does it in any way affect the supplier or contractor's lien claim against the property?

**HON. R. PENNER:** Does it affect it?

**MR. C. BIRT:** Yes.

**HON. R. PENNER:** No.

**MR. C. BIRT:** Has the lien been often filed when these disputes occur, or is it long after the fact? What I'm trying to get at is whether or not this isn't a more effective method of dealing with these sort of contract liens through a mediation process, and if it's not an issue and there is some success this way, perhaps this might be a route to follow in that type of problem we were discussing in the Attorney-General's Estimates.

**HON. R. PENNER:** Of course, as the member knows, there is a statutory scheme. There is a time within which liens must be filed. There is an obligation on the person upon whose property improvements have been made to hold back against claims. The liability of that person is limited to 7.5 percent of the contract amount. None of that is really affected by mediation attempts, because if we're talking about a particular case involving the Harding Carpets, people whose names are known to the member and myself and the department, which is quite typical, the problem arose in a sense after; that is, they found at a certain point in time that the lien has already been filed. Once the lien is filed and has been filed properly and within the statutory scheme, then short of mediation, where you attempt to deal with it in a mediative way, then there is no remedy other than of course the remedy that the person may have with respect to the fulfillment of the contract and the value of the goods as alleged. That can always be raised in defence, but if that isn't there as a defence then there is liability up to 7.5 percent.

The point that emerges from the case, and in fact, coincidentally, I wrote a letter to the people again today after having tracked it through my officials both in Consumer and Corporate Affairs and in civil litigation. I've had one of our best people in civil litigation, a person who worked on the act, give me, as it were, a second and third opinion. All we can say is, sorry, that is the statutory scheme and, you know, you're right. That is, people who are presumed to know the law, but that is a presumption more honoured in the breach than in the fulfillment, people just don't know. They know that you can't murder and you're not supposed to rape and all the rest of it. They don't know the intricacies of legislation of this kind. How many people, if you went knocking door to door, would know that you're supposed to hold back 7.5 percent before you pay the contractor? So that in case the contractor doesn't pay the subcontractor, and the subcontractor comes knocking at your door, you've got a little pool of money to pay that person and then you're off the hook, how many people know that? They don't. So there is a big deficiency and I would be the first to



admit it, and I have often sort of been the advocate for more public information programs of this kind.

**MR. CHAIRMAN:** Does the Member for Thompson want to speak on the same subject?

The Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, if a lien has been filed, then the department steps out, it doesn't get involved in the mediation process?

**HON. R. PENNER:** No, I didn't say that.

**MR. C. BIRT:** I didn't think you had, but I just wanted to be sure.

**HON. R. PENNER:** No. Anybody who brings the case to our door, unless it's really wild, we'll try to help. We give the wild ones to the deputies.

**MR. C. BIRT:** He does, the staff doesn't.

Mr. Chairman, would it be fair to say then the bulk of these complaints dealing with home repairs often arise without a lien being present? It's something after the fact and it's just debtor-creditor type of arrangement that you're trying to resolve.

**HON. R. PENNER:** Indeed, and that is the other side of the coin. It's not only that the homeowners don't know, the suppliers also don't know. Ignorance may not be bliss, but it's a bit of a stand-off in this case.

**MR. C. BIRT:** A different topic, Mr. Chairman — (Interjection) — I'm sorry, yes.

**MR. S. ASHTON:** I'll defer to the Member for Fort Garry. I have some questions but if he wants to . . .

**MR. C. BIRT:** I have three more small areas and then I'm through.

**MR. CHAIRMAN:** The Member for Fort Garry.

**MR. C. BIRT:** Mr. Chairman, I believe the Minister made reference in his opening statement to something about the quality or trying to intervene, taking an activist role when it came to stores and certain hours and certain rights. The question that has bothered me is large stores get often volume discounts through advertising or through suppliers. The small grocery store doesn't have that benefit. It's sort of a take it and leave it situation. I think the Minister made reference or touched on this point in his opening statement.

I believe, if not in Canada, there are some states that have legislation that prohibits it or at least says, if there's a benefit flowing one way, it should flow another to the small grocery store. Has the Minister looked at this possible area? And if so, is he prepared to make any recommendations or deal with this type of a problem?

**HON. R. PENNER:** A general and then a specific answer as is my wont, the general answer is to the question, are you prepared to look at the problem that's been identified? In a broad sense, yes. I had indicated earlier

in the day that we are looking at the possibility of a Trade Practices Act to the extent that we can legislate within our jurisdiction and not do so in any overbearing way. I certainly want to recommend to my colleagues somewhere down the line that we do that and perhaps model the Ontario and, I believe, Alberta and B.C. legislation in this regard.

Specifically, the Federal Combines Act that strikes out against combinations and restraint of trade, the gist of one part of it - and I could by no means quote the section let alone the words - is that it doesn't prohibit volume discount. That is a fact of life in the marketplace. But it says that, in effect, if you are offering a certain level of discount, 2 percent for 100,000 widgets, then you have to offer 2 percent for 100,000 widgets to everybody. Now that doesn't help the small guy, the small concern that only deals in 25,000 widgets, but if you're offering down at the bottom 1 percent for 25,000 widgets, then you've got to offer everybody 1 percent for 25,000 widgets. The vision market collapses, it's the widget market.

I've had some experience with the retail end myself in the book business, and I purchased from many wholesalers and from publishers. They had volume discounts based strictly on the number of a particular title that you were prepared to purchase and sometimes you could aggregate, but I got the same deal as Eaton's.

**MR. C. BIRT:** On a different topic, Mr. Chairman, I have been given some correspondence and I believe it's been forwarded to the Minister. Yes, it would appear that several of them have been. It relates to Kiss Minute Canada Ltd. entering into some contracts to either purchase or lease. Now I've just gotten this letter, and there's two of them. One comes from Russell, Manitoba, and I believe there's another one from another area and I can't find the letter.

I haven't had a chance to deal with it, but I'm not sure what they're selling, whether it's a franchise type of operation or it's a contract for delivery of specific services. There is some concern about whether or not they entered into a good business deal but there were certain undertakings given, at least according to the letter that was provided, and they are not being met. I'm wondering if the Minister has received this letter and what action, if any, has been taken by the department on it.

**HON. R. PENNER:** It hasn't till this moment come to my personal attention about the problem. There have been three complaints received by the bureau and they're about 80 percent complete in terms of — (Interjection) — looking at it . . .

**MR. CHAIRMAN:** Order.

**HON. R. PENNER:** You know, I won't answer your questions if you're not nice.

What we have been able to find out so far is that the operation appears to be reliable; that is, it is not a scam. They are offering to franchise a photofinishing machine valued at about \$54,000 on a lease-purchase option. If a small merchant wants to get into it, instead of having to take in the roll of film and sending it to Winnipeg Photo or whatever, Kiss Canada, I think - and kiss your money goodbye, I think, is the way . . .



**MR. C. BIRT:** That would appear to be the tenor of the letter, yes.

**HON. R. PENNER:** But having said that just to wake up the Member for The Pas, we are not at all satisfied that indeed there is a scam or that there have been misrepresentations. But that is not yet a complete investigation. We are looking into it.

**MR. C. BIRT:** Thank you. One final area, there has been some concern with a number of the farmers in southwestern Manitoba about contaminated fuel being supplied to them. I gather what has happened is the nitrates or phosphates or something have been transported in the container, and that it hasn't been properly cleaned. Then farm fuel has been put in and, in fact, the farm fuel has caused problems to the engines, primarily diesel engines to farm equipment. Has the Minister or his department investigated any of these complaints?

**HON. R. PENNER:** All I can say is that clearly we're aware of the problem. Officials in three departments, Agriculture, our department and Finance have looked fairly hard at it and checked with Ontario legislation. We have no legislation which allows us to do anything in this area, and we've regrettably had to come to the conclusion that there is at the moment nothing that we can do.

**MR. C. BIRT:** Mr. Chairman, is it legislation or regulation that is required?

**HON. R. PENNER:** Well, legislation or regulation under legislation, but either way we have nothing.

**MR. C. BIRT:** Mr. Chairman, I think if the Minister would be interested in doing something, if it's just a minor amendment to an act to accommodate or prohibit this from occurring in the future, I think you would get some co-operation from this side of the House. Is it that type of a piece of legislation you need?

**HON. R. PENNER:** It's simple enough and even all the more simple when the opposition says we'll agree to the speedy passage of this or that amendment ad all that has an allure about it. It's charming in its simplicity, so now you have a law. We live in the Mr. Fix-It kind of world where the law will solve all our problems but the minute you pass a law of this kind, you need a whole regulatory apparatus.

I mean, you're going to have to presumably then get into the field of having the investigators out on a fairly regular basis doing spot checks of bulk supplies and supplies at the retail level, testing and sniffing and smelling and test tubing and all the rest of it, and you begin to incur enormous costs, and then you begin to incur the big question. Why did I ever do this? Why didn't I leave it to civil action?

A buys a product from B, and A has been damaged because the product from B has been polluted or convoluted, or whatever. Let A take B to court. I mean, why does the government always have to set in? Now I'm beginning to talk like a member of the opposition. But this is the story I've been hearing so frequently

from the opposition's inventions that it just shows I'm capable of being influenced.

Seriously, it is a problem. You can't, simply by identifying a problem, say let's pass a law. We get problems that are trucked into our front door by the truckload, by the bale, by the tonne and we realize that there is a vast area that is not covered by government legislation and government regulation, and probably shouldn't be. Certainly we couldn't bear the cost of being the intervener in the marketplace. For good or for ill, the marketplace has its own regulatory mechanisms.

People do get hurt but we're not at all insensitive to that and where it appears to be some consistent pattern of activity that ought to be dealt with, then we don't need one heck of a lot of convincing to get in there with the legislative muscle. But we also realize when we do it, we've got to repriorize in terms of available money. I mean, everytime you have an SY, you need an Admin person and 10 cubic metres to hang their hats on, a desk and it goes on and on. The first thing you know, you're looking at a little mini-budget of \$100,000.00. With that club for \$100,000, you may be dealing with one person's problem.

**MR. C. BIRT:** Mr. Chairman, I am advised that in excess of 200 farmers have been affected by this problem. I was under the impression that the Minister would like to have done something, but there was no law on which they could rely.

**HON. R. PENNER:** That's true.

**MR. C. BIRT:** The suggestion then is, if you want the law, you can have it fairly quickly. Then am I taking it from your answer that nothing will be done about this?

**HON. R. PENNER:** Not quite. Let's just see what is being suggested here. I think the member knows this. If there is a problem with respect to which there is no law and then you say I'm going to pass a law and make it retrospective; retrospective legislation is the bane of the civilized and certainly the democratic world. You can't deal with legislative remedies in that way.

**MR. C. BIRT:** Let's talk about preventive, not retrospect.

**HON. R. PENNER:** Okay, let's do that, and the member is quite right to do so. I can do no more than repeat what I've said on two or three other occasions during the course of this excellent discussion. I feel we do need trade practices legislation so that we have a regulatory mechanism for dealing, not with just sort of the one particular kind of problem but a class of problems.

Along with that and again it's something that has an attraction about it but has to be looked at very carefully, we have to examine. The Law Reform Commission has looked at class actions, because you talked about 200 farmers. I mean, there is a group, that if they could form a class and take action, then the legal costs and so on would be relatively minimal.

**MR. C. BIRT:** Thank you, Mr. Chairman.

**MR. CHAIRMAN:** The Member for Thompson.

**MR. S. ASHTON:** After the Minister's previous comments about problems, I hesitate to raise another series of problems. But these actually have been consistently of concern particularly in Northern Manitoba, and I raise it not out of any thought that there's any easy solution to any of them, but I would like to ask the Minister a few questions on each of them.

First in regard to frozen food operations, in particular the operation of Eatrite Frozen Foods, a number of consumers particularly in Northern Manitoba have been ripped off by this particular company in the past to the point of being charged double for bulk frozen food purchases of \$2,000, double the retail value, despite representations that the products they were buying were actually cheaper than the retail costs.

Now what has happened, and I think it's a situation that applies to similar operations which are in operation at the present time, is that these companies transfer the contract to a holding company so the contract is held by another company. They operate for a period of time, until such time as people catch on to what they're doing, then basically they fold the company. That's what happened in the case of Eatrite Frozen Foods.

It was taken to court in a civil action. One couple was able to obtain a judgment for \$750 from Eatrite for misrepresentation. They were unable to collect it because the contract, I believe, was held by a company in Alberta. There was action under federal legislation in Gillam under federal legislation and that was, I believe, successful, although it went nowhere because the company was bankrupt by that point in time.

Now the reason I say it's a continuing problem is because I understand the previous owner of Eatrite Frozen Foods is operating another company under a different name, using the same sort of operation. I know of another company which is operating in Northern Manitoba or was certainly operating within the last six months, and it's a continuing problem.

Now I realize it's difficult in the case of products being overcharged for us to take any action. However, in the case of misrepresentation, I believe there are legal grounds. What I was going to raise for the Minister's consideration was the possibility of bonding those operators. At present they are not subject to bonding requirements because they are considered a perishable food operation. I'm wondering if the department has been looking at that possibility. It wouldn't solve all the problems, but it would allow for at least some recourse for those individuals who were able to prove that the contract was essentially fraudulent.

**HON. R. PENNER:** Well the member certainly has a good grasp of all the material particulars of the particular case. The frozen food scam is not unknown in this province, and it seems to be an area that attracts fast operators who are in and out before you can say frozen.

You see, the remedy that is suggested by the member is clearly an option; that is, we lift the exemption with respect to the vending of perishable foods from the

direct selling provision of the sections of the act, but these are all two-edged swords. You cut at the scams and then you have all of these honest people who are around selling cabbages and onions and carrots in season and they are the innocents who get cut by the other edge of that blade.

**A MEMBER:** It's always those 2 percent who spoil it for us all, isn't it?

**HON. R. PENNER:** That's right, and if you try build too heavy a weapon to deal with the 2 percent, you may, without realizing it, hurt the 98 percent.

The reason why the perishable food section was built into The Consumer Protection Act is because we really don't want to hurt the very very small entrepreneur, you know, farm to door. But once you have a little chink in the armour - no offence meant - a little cap in the door, you know, the camel gets his knees in the tent.

**MR. CHAIRMAN:** The Member for Thompson.

**MR. S. ASHTON:** I realize the Minister raises a point. I would also point out there is another trade-off involved, however, and that you have legitimate retail businesses who are being undercut by these rip-off outfits. So while I realize it's not a simple trade-off, I think the trade-off is on a scale. What I would suggest, over and above any possible legal changes that could be brought in to tackle this problem, that there be improved consumer education in regard to this matter. I found that one fortunate thing about this whole episode is that by raising it I've been able to alert consumers to the problems that are out there, and there are some very easy guidelines consumers can use to prevent being ripped off in regard to those matters.

I wanted to raise quickly another item in regard to the gas prices. The Minister tabled a report several months ago in regard to investigation into gas prices. One thing that was raised in that report is that the Federal Government has been conducting a study at the federal level into gas prices. I'm wondering if anything has happened, whether they have developed a study, whether they have come up with anything which can be done under their existing legislation since they probably have more direct jurisdiction over the operation of the oil companies than we would as a province.

**HON. R. PENNER:** The Restrictive Trade Practices Commission, looking into the industry, has not reported. All I can say is that we hope that it will. In '85 there is a long one that sometimes - I was going to say sordid, but that would be wrong - difficult history of this particular investigation. It's been back and forth in the courts in several aspects. Shell Oil Company versus Director of Research when Bertrand was the head of the Director of Research for the Combines Investigation, and it was necessary for the commission to access certain records of Shell Oil. They were seized under a subpoena and ultimately went up to the Federal Court of Appeal and the Federal Court of Appeal said give those back. They were in the possession of the corporate lawyer of Shell Oil and therefore protected by solicitor-client privilege. You know, there went a big part of the case.

So I want to tell you when you're dealing with the oil companies, and I don't want to tar everybody with the same brush, but it's certainly accurate to say you're dealing with some very very big corporations with a lot of defensive armour that they're prone to use when somebody wants to lift the curtain and see what's behind it.

**MR. S. ASHTON:** In regard to the Minister's comments to the Trades Practices Act and also he made reference to the Federal Combines Act, I was wondering if the Minister could indicate whether the situation in regard to the gasoline sector will be taken into consideration with regard to any provincial legislation, and also whether some of the findings of that report might be brought to the attention of the Federal Government. I note in some of the Minister's previous comments, his reference to discounts, to price wars, for example, that essentially the reason for the major differential between Northern rural areas and Winnipeg is the fact that Northern rural areas never benefit from gas wars, never benefit from gas price discounting by the oil companies. I'm wondering if the Minister could indicate whether those factors will be taken into account.

**HON. R. PENNER:** Yes, they will.

**MR. S. ASHTON:** Just one final comment on that, and I'm finished my comments, Mr. Chairman. I would indicate that while it's a concern in Northern Manitoba in particular, it's something that's perhaps broader than that. I don't know if the members read the recent resolutions from TIAM, Tourism Industry Association of Manitoba, but one of the areas they indicated concern about was the differential in gas prices, and they specifically asked for government action in regard to the oil companies to stop the spread in gas prices. So they are recognizing it as a problem in their industry, and it's therefore something that affects not only the consumer but I think the economic well-being of rural and northern areas.

**HON. R. PENNER:** Right.

**MR. CHAIRMAN:** 2.(a) - the Member for La Verendrye.

**MR. R. BANMAN:** Mr. Chairman, I wonder if the Minister could confirm that this last budget in this last month the Legislature passed an increase in gasoline tax of 1.4 cents for regular gas.

**HON. R. PENNER:** Don't you know?

**MR. R. BANMAN:** Well, Mr. Chairman, the point that we're trying to make is that over half of the cost of gasoline right now is not at the whim of the oil company to increase or reduce it, we're talking about taxation. One of the things I guess that should be pointed out at this time is that one of the problems that we have in Northern Manitoba is because you don't have the volume that you have in urban Manitoba, that the individuals - and your service station operators have to have a few more dollars in order to keep their enterprise viable. I guess the question I would ask the Minister of Consumer Affairs is whether there are any Petrocan stations in Northern Manitoba?

**HON. R. PENNER:** That's a big area. My guess is that there is at least one, but don't ask me where.

The point that is being raised, there is really not that much difference between the two members, if I can purport to be the mediator here - simply because I want to get home sometime tonight - that there are a large number of variables. Sure, taxation clearly is one of them, but that taxation is uniform between north and south. There isn't a different tax rate in Thompson from the one in Steinbach. But what is different, some of the things which are different, and No. 1, there is a transportation cost; No. 2, there is quite often a bulk storage cost, which at least in Winnipeg we don't really have to pay for to the same extent. Because, sure, there is bulk storage, but it's spread over so many vendors that it's an infinitesimal part of the laid-in price. There is a lack of competition. We have price wars here, not frequently enough, but we have them. So these are some of the variables. Pass.

**MR. CHAIRMAN:** 2.(a)—pass - the Member for La Verendrye.

**MR. R. BANMAN:** Well, Mr. Chairman, the Member for Thompson would not be happy with me if we didn't get into a bit of a sparring match on this one because we do every year and it's become a tradition in the last four years to deal somewhat at length with this particular issue. I am not going to prolong it.

But I find it somewhat passing strange, as the Member for Gladstone puts it, that every time we deal with this issue is right after a provincial budget when we have raised the gasoline tax and the Member for Thompson berates the oil companies.

I don't want to hold a tag day for the oil companies. Lord knows, they can look after themselves, and they have all these years. But let it be clearly understood that a major portion of well over half of the cost of fuel in this country of ours is directly responsible to taxation of government, either at the provincial or the federal level; and that one of the difficulties our northern colleagues face is the one of not only having a problem with government taxation and the corporate oil prices but also one of being in a remote area and having to provide a margin for the operators that are up there that exceeds the margin that the people in Winnipeg, or in the near proximity of Winnipeg, are working on.

Mr. Chairman, I want to tell the member I know my margin out in Steinbach at my gasoline pumps that I make, per litre that is pumped, is much less than it is in Thompson, and that is because their volumes are less and their costs are more. So I point out to the Member for Thompson - just not to disappoint him once again on this debate - is that there are certain variables that have to be factored in there, and there is a reason why the gas in Thompson is more expensive than it is in Steinbach or in Winnipeg.

**MR. CHAIRMAN:** 2.(a)—pass; 2.(b)—pass; 2.(c)—pass.

Resolution No. 36: Resolved that there be granted to Her Majesty a sum not exceeding \$755,700 for Consumer and Corporate Affairs, Consumer Affairs, for the fiscal year ending the 31st day of March, 1986—pass.

Back to Item No. 1.(a), Minister's Salary—pass.

**A MEMBER:** Manitoba now takes 40 cents a gallon; 40 cents a gallon is our taxation.

**MR. CHAIRMAN:** Pass.

Resolution No. 35: Resolved that there be granted to Her Majesty a sum not exceeding \$701,300 for Consumer and Corporate Affairs, Administration and Finance, for the fiscal year ending the 31st day of March, 1986—pass.

What is the pleasure of the committee?

**HON. R. PENNER:** Committee rise.

**MR. CHAIRMAN:** Committee rise.

### SUPPLY - URBAN AFFAIRS

**MR. CHAIRMAN, P. EYLER:** Committee, come to order. We are considering the Estimates of the Department of Urban Affairs, Item 1.(b) and (c) - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I wonder, where do we deal with Plan Winnipeg in this, or do you just

**MR. CHAIRMAN:** Mr. Minister.

**HON. L. DESJARDINS:** At Urban Policy Co-ordination, we can cover it pretty well. But the way we're going now, it doesn't matter.

**MRS. G. HAMMOND:** We could go all over the place, okay?

**HON. L. DESJARDINS:** Sure, as long as we eventually pass some of the lines.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** I'm not sure that we're planning to do that.

I think we were probably still with the review committee then. We might as well continue on — (Interjection) — you were finished with it, were you? I wonder, Mr. Chairman, if the Minister could indicate whether the review committee is staying within its budget.

**HON. L. DESJARDINS:** Mr. Chairman, there has been a request for some additional funds by the chairman, and that is being looked at now to see if there could be a transfer if it's needed. There is no decision made. There had been a request though for additional funds.

**MRS. G. HAMMOND:** Could the Minister indicate how much additional they're looking for?

**HON. L. DESJARDINS:** If my memory serves me correct, I think it's another \$20,000 or so, it's not a large sum. As I say, there is no decision made, and we just got the request late last week and we're looking at it.

**MRS. G. HAMMOND:** Instead of jumping up all the time, I should have asked why they're asking for more funds. Is it because of all the extra hearings they were holding? Or did they have to hire extra staff, or just what is the reason?

**HON. L. DESJARDINS:** I think it's partially both. I think they've had extra hearings, and then they've requested more time for the lawyer to help with the preparation of the report and so on and I think they even want to look at the acts.

I know when I was talking to Mr. Chernlack, he was saying that he felt just one act is quite confusing for the general public. I think one of the recommendations might be that - might be, I say, because he wasn't specific - they might divide that.

For instance, the assessment would be a separate act and so on. That's a possibility, I'm told.

**MRS. G. HAMMOND:** Mr. Chairman, I was under the impression that they weren't dealing with assessment, so I don't understand why that would be a problem other than leaving it out.

**HON. L. DESJARDINS:** I'm just talking about the act now. I'm not saying that they're going to tell us how to do the assessment or deal with that. They're just talking about the possibility of separating. Let's say, forget the assessment then and do the rest, or maybe a combination of acts. It's very vague at this time.

**MRS. G. HAMMOND:** When the Minister is talking about a lawyer, and then it's so difficult to understand, is it difficult for the committee to understand? Is that what's happening? Because it would be nice if we ended up with an act, or if we ended up with suggestions that weren't legalese and that the average Joe Public could understand and that we could understand.

**HON. L. DESJARDINS:** That's right, I agree with that.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. W. STEEN:** Yes, Mr. Chairman, I would like to ask the Minister, and as he said a moment ago, that we are moving from spot to spot within the Estimates, but he being a former City of St. Boniface councillor and looking at the review report on Page 6 that mentions various sections of municipal government and the estimated millions that they spend, whether the Minister believes in block funding; and that a Provincial Government should deal at arm's length with a municipal government, in this case the largest one in the Province of Manitoba and the one that comes under this jurisdiction; that the City of Winnipeg should be given a sum of money from the Provincial Government's Treasury; that they should make the decisions themselves, as councillors and administrators, as to how those dollars should be spent, whether they be for capital improvement or for their current budgets.

**HON. L. DESJARDINS:** Heaven forbid, I would lose my job if that was the case. No seriously, Mr. Chairman, I believe in both; I don't believe in just one. I think that certainly the city has a duly elected government, they

have certain responsibilities, and I don't think that the Provincial Government should dictate every move.

But I do believe, especially in a place like Manitoba with the setup and the planning and so on, the Provincial Government has a responsibility. Furthermore, the Provincial Government I think will want to change - my colleague, the Minister of the Environment, and so on - there are certain things that have to be done for this province. You know what's going to happen if they say, well the Minister of the Environment is saying this has to be done but that's costly and we will need funds.

I've had discussions unofficially with the mayor and some of the chairmen of different committees, and I don't think that is as bad a problem. I don't think we have to have a big battle on that because this year, for instance, my intention is to have a list of some of the things we'd like to see, and I think the Provincial Government has a right.

The critic for the opposition was talking about the cost of transit and so on. I think the Provincial Government has a right and a responsibility to look at it and maybe make some of these conditional loans. The situation is that I think if we just exchange lists, that probably at least 75, 70 percent, 80 percent, we'll agree. So there is no use starting to fight on the 100 percent; let's look at the others.

I think it's very difficult for a municipal government to be told, well, you must change, you must do this, you must correct the sewer, you must do this with the rivers, and so on, if there are no funds at all. If you don't make conditional funds, well, of course, you know what's going to happen. I am not saying this in a partisan way; I don't care who the Provincial Government and the councillors are.

I think the first thing they are going to do on the things that they want they might get less support from others and then come back for more funds. So I think they have accepted that principle, and I don't expect too much trouble on that. It seems that we are getting along quite well on that.

I am meeting with some of them on Friday, and this is one of the things we are going to talk about, and the Plan Winnipeg we want to talk about. Well, there are a few other things also.

**MR. W. STEEN:** Mr. Chairman, I think the Minister is in a particularly - I can't use the word "enjoyable" position - but in a position of experience in his long political career because, as Minister of Health, he's constantly after the Federal Government, on behalf of the Provincial Government, for greater transfer payments to the province from the Federal Government. And, of course, the Federal Governments, in the past, I remember Monique Begin, who has come through with ideas that she had as Health Minister, that she didn't want doctors to opt out of health programs and so on, and that the Provincial Minister had to try and live with that Federal Minister and conditions and strings that were attached to health payments from the Federal Government. Now he is in the senior position at the municipal level, being the Minister of Urban Affairs, and he is the person who sends the cheque down to Main Street, to City Hall and, as I had asked him about clear block funding, or block funding with conditions, and the Minister's reply, Mr. Chairman, was that "I think

that we can negotiate to a position where both the city and the municipal officials will kind of agree as to how those dollars that the province forwards to the City of Winnipeg in the way of financial assistance to relieve the property tax base.

But I would ask the Minister that, if they were going to resurface a street like Provencher in St. Boniface, would that be something that he would be discussing with the city officials or, if they were going to replace the Provencher Bridge, would that, in turn, be the type of an expenditure through block funding that he would prefer to get himself involved in, a major million dollar bridge replacement, rather than perhaps half a million dollar street resurfacing or reconstruction?

**HON. L. DESJARDINS:** I want to make sure it's Provencher and not Main Street.

No, Mr. Chairman, the example that my honourable friend gave about Monique Begin, I agree with the Federal Government. I think the Federal Government has a role, there is no such a thing - I don't know if my honourable friend was trying to show that I did not want Monique Begin to have any . . . Let's forget Monique Begin, let's talk about the Federal Government. But the point is, I think that's what it's all about. If there is a Canada and they bring in a universal program, I think they have a responsibility. I would never criticize Monique Begin for what she wanted to do in the act, it's what she didn't do. They were a founder of the program, partners of the Provincial Government and they insisted on all kinds of things, and then they pulled the rug. They capped the funding, and that's what I've criticized her for more than anything else.

But, as I say, this year we had very little trouble with the capital program. There are still some unconditional grants, and then the others, there was an agreement in a very short time. I'm not saying it's fully settled.

My answer to the question, there has to be a mixture of both. I think that's fine, you can give some unconditional grants, but I think you have the right and the responsibility at times to make some conditional grants, also to do things that are important for the province, that's the overall responsibility that we have. What I hope I'm never a part of is something like the Federal Government of New Horizons, for instance, that they have seed money to the municipality or different groups, and they're out there to cut the ribbons and then they pull the rug and we're stuck. After a year or so there is no more funding and these groups come and see the provincial government and we're the bad people. I would hope that we'd never put another junior level of government in that kind of position. But, on that I would say I don't think that we definitely should call all the shots. I certainly don't intend to, or not even to try, but I think that we could co-operate and work together in some of those programs. I'd sooner see the co-operation than in a confrontation on everything.

**MR. W. STEEN:** I'm glad, Mr. Chairman, that the Minister has mentioned seed money, because I would think that he would agree with me that in the core area Initiative Program there are a number of programs that are started up that are dealing with persons and groups, and they're not bricks and mortar. The drawback to

that is that when the core area Initiative monies are all spent, the federal, provincial and the municipal dollars are all spent, where are these groups that have been started in the downtown area that are benefiting the people, and the social programs, where will those groups turn to at that time for their funding? Will they be going to the Municipal Government, their first level of government, or will they be coming to the Provincial Government, or will we be back at some future date having to have another core area Initiative Program just to carry on the social programs that have been initiated by the existing programs?

**HON. L. DESJARDINS:** I don't think there are that many in the core area, but that is the example, that is the thing that I'm concerned with. You might have a good program and then you're forcing it on another level of government and you pull out, I don't think it's fair at all.

But having said that, I certainly don't think that, if we're going to talk about the core area, I'm not saying that there shouldn't be some changes, but I certainly don't think that the core area should be just brick and mortar. What is the core area? I think it concerns very much the people in the centre of the city. I think that maybe we don't understand really what has been done, what has been started but, if there is a program like that, I think that the city would be right to remind the other two levels of government, if it's a continuing program, fine, that there should be a commitment from the other two levels of government.

If it's a temporary thing, if it's just job education or retraining or if it's a program such as that, it's something else if it's going to self-destruct eventually, but if you're just starting and you're creating that need, and also this expectancy from different groups, I share exactly the same concern as my honourable friend.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I would like to deal briefly with the five-year capital plan, and find out specifically what programs that the province is wanting the city to go into, not ones that the city has maybe said, yes we would like, but the specific programs that the province is wanting to deal with.

**HON. L. DESJARDINS:** Mr. Chairman, I'll give you those, it's the first year. This year we haven't had time to discuss the five years, just in principle. I could say that what is approved here is approved by both parties, both levels of government, there has been no concern about that. The Major Urban Transportation Capital Project, that is bridge overpasses and underpasses, there has been \$3.3 million provincial commitment; the Urban Transit Capital Grants, that's 35 Flyer buses, transit garage ventilation, 3.5, just the round figures, bus refurbishments, Handi-Transit Vans and other miscellaneous capital expenditures, \$572,000; and again on the Urban Transit Capital, innovative urban transit projects to be approved anytime during 1985, \$230,000; and then the Manitoba Community Revitalization Program, Weston - I think Weston was chosen by the city - that's 1.4 million; Assiniboine Park and Zoo, the renovations to the bear exhibit and

roadway, walkway and so on, \$547,000; the Disinfection Pilot Project, that's the one I'm talking about, the Red River water quality. That's one I think we should push, we should insist, but also bring some dollars to help the city. I think there has been an agreement just to have more of a study or a pilot project.

Then for this year, which originally wasn't in there, but there was \$1 million of unconditional capital added on also. At first the intention was to have all conditional grants. That is for this year and then, as I say, very soon we want to discuss things.

So I think the city should have the advantage of having a five-year program to know where they're going and then we can discuss these things together also.

**MRS. G. HAMMOND:** Is there a time limit that they have to come up with their five-year plan, or is this just going to be an ongoing discussion with the city?

**HON. L. DESJARDINS:** There has been a question of time. The last time we parted on that I suggested - I think it was approved in principle - to those representing the city and to our staff that we provide different lists and so on. I'm discussing that for the provincial list with the Cabinet also. I would imagine that the city is doing the same thing. Then when I get out of here, this is one of the first things that we would want to do for the next four years or so, and then have it approved by Cabinet after we've discussed it with the city. Then we could announce it immediately, something like my five-year capital program in Health instruction.

**MRS. G. HAMMOND:** Mr. Chairman, just to carry that further, is the idea that the province is going to come up with some plans, the city come up with some, and then they mesh together, or is it pretty well the things that the city is going to suggest and that the province will just take variances on it?

The other thing, while I'm on my feet, is that I am just looking at a press report where the mayor was attacking the province for requiring them to enter into a five-year agreement and claiming that the province was to take over city planning. Now this was back in January, has there been a change in the negotiations, or is there still that feeling?

**HON. L. DESJARDINS:** At one time, Mr. Chairman, there is no doubt that the mayor was holding, as a question of principle, that he wanted all unconditional grants, the same as we probably would ask the Federal Government. If we had our choice, this is what we would take. I think the Provincial Government at the time was quite as adamant that they had a role to play.

Now soon after I took over the department, I met with them very informally. This is what I was relating to the committee, that we agreed. I said, well let's try it, let's not start fighting on the whole 100 percent. We might not need to, and the list that I read was approved in no time just between staff. The suggestion that was accepted willingly by both sides is that they would get their list and then we would compare.

I hope there are reasonable people on both sides, and I think much of the priorities will be the same. We'll see how we can get along on, and then we'll decide after. But I can tell you that there definitely will be some conditional grants.

**MRS. G. HAMMOND:** In the capital this year, it has a lot to do with the transit. What has happened to the Flyer buses? Are they still renting from Alberta, the city, or what is happening to the Winnipeg Transit? I think they had 35 Flyer buses they were to receive.

**HON. L. DESJARDINS:** Yes, we're waiting for the delivery. I think that the total purchase is 75 and I think we still have, on rental, about 20 from Alberta at this time, roughly.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, would the Minister of Urban Affairs explain to the committee why the province has to have a five-year capital program agreement? — (Interjection) — No, I don't think so.

**HON. L. DESJARDINS:** Capital program?

**MR. G. MERCIER:** I don't think so. Yes.

**HON. L. DESJARDINS:** Why five year?

**MR. G. MERCIER:** Why does the province have to approve a five-year capital program in the city?

**HON. L. DESJARDINS:** Why do they have to approve it? Because this is a decision that was made and I've told you why. I told you that the five years is to be helpful for them. If they don't want it, we can go year by year. I think it makes an awful lot more sense that you don't have to start negotiating or fighting every year.

I think any kind of planning that makes sense is long range and that's exactly what they want. They're not against that at all. I think it makes sense and then you are planning ahead. If they're going to decide that they're going to replace certain bridges or overpass or something, they want to have a plan, and that is the reason. That is not one that is a contentious point at all.

**MR. G. MERCIER:** Mr. Chairman, I appreciate that the city has to plan and they have been planning. My concern is the province's plans, and I would ask the Minister of Urban Affairs to explain what is the province's five-year plan for capital improvements in the city?

**HON. L. DESJARDINS:** I'm misleading. We don't approve the plan, and I know I mentioned the plan. We approved the grants, certain grants, that we're willing to share with the plans, and then we will suggest certain things. I said it might be because of a decision of the environment legislation and so on where they need help and they might get an order from my colleague, the Minister of the Environment and then they'll come to me and they will say fine, but you know how costly that is. So I was misleading when I talked about approving the plan. What I meant is the grant, our share of it. We don't dictate to the city about all the planning.

**MR. G. MERCIER:** Mr. Chairman, does the Minister of Urban Affairs have a list of projects or specific projects

that the province wishes to see included in the capital program in the city?

**HON. L. DESJARDINS:** Mr. Chairman, I covered all that. I told him the discussions I have had with the city, and I told him that the city is preparing a plan that they'll submit; and some of the conditional grants that we have we're submitting that to the city and we're getting together after I get out of this . . .

**MR. G. MERCIER:** Will the province be committing itself to a five-year funding program for capital projects in the city?

**HON. L. DESJARDINS:** That's our intention at this time.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. W. STEEN:** Yes, one area that I would like to discuss with the Minister is, in the former City of Winnipeg or the inner city, still carries on a number of services that in the suburban area of the city are carried on by the province, many of them that come under the Minister as Health Minister.

I want to ask the Minister, can he foresee the day that the city welfare will be provincial welfare for all 600,000 people, rather than the 250,000 in the inner core; and that the public health delivery service in the inner city will be totally provincial and that the transfer of city health duties from the inner city will become part of the Provincial Government setup, as it is in the various suburbs around the city. In the same vein, the Municipal Hospitals are funded by the Provincial Government, but are really operated by the City of Winnipeg. Can he foresee that those hospitals will be taken over and operated by provincial bodies, rather than by a municipal body?

**HON. L. DESJARDINS:** Mr. Chairman, my honourable friend has mixed two programs that are not exactly the same. On Welfare, it is not just the core area of the city. It is all the city, as all the municipalities in the province. Most of the financing is done by the province, and the administration of the program is done by the municipalities. When we had Health and Social Development together, it was at the request of the municipalities.

I would like to see some changes in there, the last time I looked at it anyway. I think that the rates should be uniform at least if there is going to be the administration. I think there are some advantages in both, in having people in the municipalities, in the community, that are administering, they know their people better and so on. Of course, there probably would be a saving if it was done centrally. I don't think that has been much of an issue, there hasn't been too much pressure or request that we take over.

But there has been in Health, and Health is the area mostly where the old city, the former City of Winnipeg, original City of Winnipeg, delivered the Health programs to their citizens for the province, and the province was delivering it in the suburbs and municipalities. We have been requested by the city to take over Health. We had a committee jointly chaired by my Deputy Minister and Dave Henderson.



The situation there is, if anybody listened during the short debate that we've had in Health during the last year that we've been debating this, the situation is that we're looking at maybe decentralizing. You might find that odd coming from this side of the House, but the possibility of decentralizing, going into the community and involving the community more. It would be a bad time to look at that and then do exactly the opposite.

Then there are other concerns. The concern is the city on its own, somewhat like a school division can do, has provided extra services to the core area in the city, even now that they are not getting in the suburban areas. There is no way that the province could do that if they take it over, they would have to have equal service for all the province. We didn't say that we would never take it over, but that is the condition there, it has been on hold for the time being.

The hospitals, for all intents and purposes, we're funding the whole thing. There is not even the 20 percent that they used to have in the metropolitan government, if you remember, for the construction and that. What actually is happening is that the city pretty well named the board and so on. So, eventually, it will be done, we're the ones that approve construction and so on, so I don't think that is that much of a concern at this time. Eventually it should be taken over, the same as probably the mental hospitals and so on should all go under the commission with independent boards.

**MR. W. STEEN:** I would ask the Minister, because the Municipal Hospitals are managed by the City of Winnipeg, or a board appointed by the city, does a resident of the City of Winnipeg get preferential treatment on the selection of obtaining a bed in that hospital over someone from rural Manitoba because the hospital is operated by the City of Winnipeg?

**HON. L. DESJARDINS:** To a certain point, if there is duplication of beds, but if these are a certain type of beds, the only ones in the province, the same as Deer Lodge - it might be a special geriatric centre. You're not going to make that difference, the same as the teaching hospital or any hospital here. There is a large percentage of people that are patients, especially at both Health Sciences Centre and St. Boniface, they come from all over the province, and the funding is done accordingly. Don't forget the funding is done by the province.

So that has not been that much of a problem in a place like the Municipal Hospitals, unless that's the only place they'll get the care, because the people in the rural area would much sooner stay closer to home, the same as in personal care homes and so forth.

**MR. CHAIRMAN:** The Member for Kirkfield Park.

**MRS. G. HAMMOND:** I just want to follow up on the welfare question. As far as I can understand, the city has the short-term welfare and the province the long term. Is that how it goes? I wonder if it would not be

**HON. L. DESJARDINS:** That's right. All the municipalities, not just the city.

**MRS. G. HAMMOND:** Pardon me.

**HON. L. DESJARDINS:** All the municipalities, not just the city.

**MRS. G. HAMMOND:** Okay, it's all short term. If it wouldn't be so much simpler for people to have it all under one, rather than a few. I know it makes it very difficult for people. I think they just get used to one set of officials, and then have to go to another. Half the time they don't understand it; they don't understand, they think the rent's going up because they're going on provincial. You know, it really is sort of a mishmash. Not only that, the numbers on welfare have gone up so high that it's turning into a real burden for the city.

You know, when you're talking about 7,259 welfare cases, that's a major problem and, I think, somewhat of a disgrace that the people of our province, people in the city, should be in those kinds of straits today. I can't stress enough the sort of horror that I feel for these people that are in a position like this that is looking like there's no end. There are so many young people, I think a good percentage are young people from 18 to 25 who they are indicating have little education.

Now I'm finding this hard to believe. We have a Minister of Education who gets up and tells us how wonderful the education system is; we have the different Ministers saying how well this government is doing, the Jobs Fund is doing everything. Yet, we have this alarming figure of over 7,000 of our population on welfare. It really is disgraceful that our people, and our young people, should be in this type of position with no hope in many cases of getting anything permanent; that's the sad part of all this.

So it's not that anything better is going to happen if the province takes it all over, but I think it is something that the province better be looking at. Instead of hiring so many of the communicators, as we've been into before, I think it's time we started to look at what the problem is because there certainly is a real problem in Manitoba. For the government to continually say everything's fine; everything is not fine, in fact, it looks like it's pretty much of a mess.

**HON. L. DESJARDINS:** I'm trying to follow. I find it a bit confusing. Let's talk about just the administration of welfare now. The costs, and I'm talking about the part that is administered by the municipality, most of the costs come from the two senior levels of government anyway.

Now I don't think necessarily the Provincial Government could be blamed for that. The situation, as I try to relate, give the information to the committee, that was at the request of the municipalities. There were two different reasons, completely going in different ways. Some municipalities say that the government, there's such a large group they don't know. They'll be too hard on them, and others were saying exactly the opposite. We know our people, and it's going to be tough. It is not uniform.

I would agree with what has been said today, that it should be taken over. I want to qualify that, I want to come back to that but, let's say, that a few years ago I was agreeing 100 percent, it should be taken over by the province or, at least, the rates should be uniform. There are some rural areas that I can tell you, to add to the confusion, in those days anyways, that

they were proud of saying we've got nobody on welfare. They would make it so difficult for them they would force them back into the City of Winnipeg, and the City of Winnipeg then would be stuck where the rates would be different.

Now I said I wanted to qualify that because again I am saying that we will have to look more and more at community health and single unit delivery and so on. Before now, that we waited that long, I don't think this is the time to make the move because health and the welfare and social programs go very well together. I think it's very difficult to divorce them.

Eventually, if you decentralize, then, of course, you would have to leave it like that, but you could improve it. It would be one or the other but, in principle, I think that it's true. This was at the request of municipalities at the time, and most of the funding comes from the two senior levels of government.

**MRS. G. HAMMOND:** Mr. Chairman, the Deer Lodge Hospital, when it was a federal hospital - I guess it's the Deer Lodge Centre now - did the Federal Government pay taxes to the City of Winnipeg?

**HON. L. DESJARDINS:** I think we will have to go back in health for another month because I haven't got the answer to that. That is something that the officials of the Department of Health would know, but I will try to get that information.

**MRS. G. HAMMOND:** The reason I asked that, Mr. Chairman, is I guess the city had asked for a grant in lieu of taxes and the province had turned them down. I was just wondering if this was equal treatment or if the province was just going to take a free ride on this property.

**HON. L. DESJARDINS:** Well, you've got an argument now if you are going to try to make it stick that the province is taking a free ride by building hospitals. My goodness, we can do away with hospitals if that is the concern.

If I had my way, I'll tell you - and I probably won't - but they certainly would not be payment in taxes. These hospitals are built and financed and the operating costs for the citizens of the area, whatever municipality and so on, fine, give a grant - call it what you want - but to say there is a tax on a hospital that you built for us, or on a school that you built for us, I don't think that's quite proper that you would give the service and then you are taxed on top of that.

Now I certainly won't call it a free ride. I will have to find out; I think that maybe the Federal Government was paying taxes. But I don't think it's the same comparison. The Federal Government had a responsibility for something that were not paid by the province for the veterans who had fought in the war and that's the way it was set up. They had a responsibility for the veterans and they were limiting these hospitals to veterans. It wasn't open to the public of the city.

I will check to make sure. I think the honourable member is right; I think there were taxes paid by the Federal Government. I am not saying this will not happen. I might as well say right now - I hate like heck

to go back in health again, I thought that was finished - but we are having a look now at a possibility of changing the act. I am talking about not just for the city, and I don't want to give the impression that that is done, there is a decision made, but that is being reviewed at this time to see if there should be some kind of a grant for hospitals. I personally don't believe in it. Health is expensive enough without having to pay taxes.

**MRS. G. HAMMOND:** The reason I brought that up, it was just that if the city was getting taxed on that property before, it's just another area that they have to make up and there are really not too many areas that the city can raise taxes for all the things that they are being forced to do.

I have another question for the Minister, and that's about the steam generating incinerator that the city did a feasibility study on, and if the province was planning to cost-share that particular facility.

**HON. L. DESJARDINS:** I don't think there is any report, certainly no final report of the study that's being done. It's in the last phase or whatever; it's not finished. It's in three phases. We have had a preliminary report, only I haven't seen it. I am making it quite obvious that I am not too familiar with it.

**MRS. G. HAMMOND:** I thought maybe the Minister might have seen it as part of the Health Minister because it's the Health Sciences Centre that I believe is the big . . .

**HON. L. DESJARDINS:** But I didn't see the report; I know . . .

**MRS. G. HAMMOND:** . . . component of it.

I wanted to ask a question of the Minister - I understand that this really comes under environment but it has everything to do with urban affairs, and that is Shoal Lake - if the Minister has an update on what's happening with Shoal Lake, and if the Minister or the department has made any presentation, or if he knows what's happening.

**HON. L. DESJARDINS:** This will be covered by my colleague, the Minister of the Environment. I think he is on next in the committee outside.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, with respect to funding, the operating grant to the city, could the Minister of Urban Affairs indicate how much the grant increased in 1985 over 1984?

**HON. L. DESJARDINS:** Is my honourable friend interested in getting pretty well all the total grants from the Provincial Government or did he say just the operating grant?

**MR. G. MERCIER:** Operating.

**HON. L. DESJARDINS:** Oh, operating. It's \$76,398,600.00.

**MR. G. MERCIER:** Do you want to break that down?

**HON. L. DESJARDINS:** Do you want to write it down?

**MR. G. MERCIER:** Break it down to what categories.

**HON. L. DESJARDINS:** I am going to give you this anyway. The unconditional current program grant is \$18,200,000; the transit grant operating is \$15,461,000; there is a capital project, current, that's 801,870. I haven't got it broken down, that amount; I will give you what I have here. From Municipal Affairs, there is a special grant in lieu of taxes in the Legislative Building, the municipal share, 124,500; from Natural Resources, the Dutch Elm disease - now I am giving you pretty well all the list - 350,000; Regional library from Culture, Heritage and Recreation 1,120,600 million; municipal social assistance from employing service 17,102,000; the grant from the Department of Health for ambulance service 991,900. I even have the contribution to hospital debt charge here, but I won't include that. Recreation Program Support, another \$25,000 from Cultural. The Local Government General Support Grant, we covered that earlier during the Session, that was 4,079,700; Provincial Municipal Tax Sharing Payment 19 million; and that subtotal was \$78.163 million, and then there's the Capital Assistance, including the Winnipeg Hospital, and the total is \$111.5 million, roughly.

**MR. G. MERCIER:** Mr. Chairman, in the Minister's letter of March 18, 1985, to the City of Winnipeg, with respect to the unconditional current programs grant, he indicated that there would be an increase from 18 million to 18.2 million, an increase of 1.1 percent, and this reflected the difficult financial position facing the province due to the low growth and overall provincial revenues and the uncertainty about federal transfer payments. Is it not correct that at that time the budget of the Province of Manitoba assumed payment of the equalization grant in the amount of \$72 million?

**HON. L. DESJARDINS:** I'm told that yes, the provinces pretty well assumed that in the past. My honourable friend chose to take one amount, where there was a 200,000 increase only, but the total, if we look on the 111, there's a \$21 million increase and there could be more money coming yet.

**MR. G. MERCIER:** Mr. Chairman, would the Minister care to explain what kind of a game he was trying to play with the city then by including this statement about the uncertainty about federal transfer payments when the government was assuming the payment of the \$72 million in equalization in its budget.

**HON. L. DESJARDINS:** I think I made it quite clear at the time, that's not part of the \$18 million at all. There is a formula, that is accepted how to collect the money, but it's up to the province how to distribute these funds and we have flexibility there. As I said, there was an increase of 1,000,400 over last year. That's not a bad increase at all. That's not a gain at all.

**MR. G. MERCIER:** What about your statement, the uncertainty about federal transfer payments? You're assuming payment in full.

**HON. L. DESJARDINS:** What statement, that I said the uncertainty? You asked me what the province did.

**MR. G. MERCIER:** Mr. Chairman, in a letter dated March 18, 1985, from the Minister of Urban Affairs to the city with respect to 1985 provincial financial assistance, in Paragraph 1, talking about the unconditional current programs grant, the Minister said this grant is an increase of 1.1 percent reflected low growth in overall provincial revenue and the uncertainty about federal transfer payments. At that time, the Minister of Finance and the government was assuming in its budget a payment of \$72 million in equalization payments. There was no uncertainty in the mind of the government.

**HON. L. DESJARDINS:** Mr. Chairman, those funds that come to the province, and this is the fund collected, it's an estimate, the money is not even collected. I don't think that most of us had filed our income tax return at that time at all, and what I did to the city to be helpful to the mayor . . .

**MR. G. MERCIER:** Well, that's a different program.

**HON. L. DESJARDINS:** That's the one you're talking about.

**MR. G. MERCIER:** No, you're talking about the provincial and municipal tax-sharing thing.

**HON. L. DESJARDINS:** Oh, wait a minute. Well, I was thinking of the fight we had with the . . .

My honourable friend is saying that because we assume in our Budget, 72 million, that we should have given him the money at the time without knowing what we were going to get. We've tried and tried to get the — (Interjection) — well I don't think I understand the question. I admit that we budgeted for the \$72 million from Canada, because we waited and waited, and we had to come out with the Estimates, and we budgeted at that. We still were not sure, we never had - am I not answering your question?

**MR. G. MERCIER:** You're talking about a different program.

**HON. L. DESJARDINS:** Well, I don't know what program you're talking about.

**MR. G. MERCIER:** Mr. Chairman, the Minister is talking about something that was referred to later on in his letter of March 18, of 1985, the provincial municipal tax-sharing payments, which are based on the 2.2 points of personal income tax and 1 percent of corporate tax. I appreciate what happened in that instance. I think we went through it in question period.

In this letter, the Minister of Urban Affairs had said that the city should probably have at least \$1 million more than the 1984 payment. But that, Mr. Chairman, for the record, is not a grant. It is a payment that is due and owing to municipalities throughout the province by virtue of legislation.

What I'm talking about is on Page 1 of the letter where we're talking about the unconditional current

programs' grant, which is simply out of the general revenue of the province.

**HON. L. DESJARDINS:** 18.2.

**MR. G. MERCIER:** Yes, the 18.2, and the statement in that paragraph that the increase of 1.1 percent reflects difficult financial position, etc., and the uncertainty about federal transfer payments.

I'm saying, at the time, the government, the Minister of Finance, were assuming in their budget receipt of \$72 million in equalization payments, and there was no uncertainty in the mind of the government. I'm therefore asking the Minister of Urban Affairs why he put this comment in his letter?

**HON. L. DESJARDINS:** What . . . is that there was no uncertainty.

**MR. G. MERCIER:** He put it in his budget.

**HON. L. DESJARDINS:** I know, but we still didn't have it. We made that quite clear that we put in the Budget. We had to come and prepare the Session, prepare the Budget, and we put this amount of money in, the same as they had under the old formula, and the decision was made, but we didn't get it. As it ended up, did we get the 72 million?

**MR. G. MERCIER:** Well, was the Minister's grant then based on the province not receiving any part of that \$72 million of equalization payments?

**HON. L. DESJARDINS:** No, it was an increase. Granted, it was a small increase, but there was an increase, and then we made up in other areas, also. So the situation, the city got more money this year than ever, but mind you, I agree that it's not the largest increase, but the situation demands that, and my letter was correct when I said it was the low return that we were getting and we did know that we had nothing to go on and then there had been a statement from Wilson, that leaked document, and so on. The recommendation was that they would do nothing at all. We enlisted the help of my friends to go to Ottawa and put pressure on Ottawa to try to get more funds. So now you're asking me why, as if we knew.

There is no doubt that we budgeted as receiving the 72 and, of course, we'll have to make that up by more taxes or more revenue. That had to be looked at.

**MR. G. MERCIER:** Mr. Chairman, my concern is that Ministers of this government have used this type of statement in virtually every area of activity in the province over a four- or five-month period of time, and certainly left the impression that the federal transfer payment was causing all of the difficulties in the Province of Manitoba, and it certainly wasn't.

I would ask the Minister of Urban Affairs, Mr. Chairman, in view of the fact that the mayor has made a comment that the Provincial Government has virtually taxed back all the extra grant money it gave to the city this year, if you could inform the committee of the effects of the Budget of the Province of Manitoba upon the City of Winnipeg?

There are suggestions in a news report that provincial estimates put the higher water rental rates charged Manitoba Hydro at a figure of \$1.7 million. They indicate higher fuel taxes are expected to cost the city \$165,000 to \$200,000.00. I would ask the Minister of Urban Affairs if he could inform the committee as to how much the Budget taxed away from the City of Winnipeg?

**HON. L. DESJARDINS:** Mr. Chairman, this is a decision of the Finance Department. The taxing has nothing to do with me . . .

**MR. G. MERCIER:** Sure it does!

**HON. L. DESJARDINS:** The taxing has nothing to do with me. The government, yes, but the . . .

**MR. G. MERCIER:** The financial position of this . . .

**HON. L. DESJARDINS:** The taxing is the role of the Minister of Finance who is quite ready to answer, and we've had the same thing in Health. But that is the responsibility of the Department of Finance; we take our lead from there. I think he's ready to answer it now.

**MR. CHAIRMAN:** The Minister of Finance.

**HON. V. SCHROEDER:** Thank you, Mr. Chairman. I think I'll need a few minutes to get some of my material together, but I'm surprised that these kinds of ridiculous attacks are made in the various departments rather than with the Department of Finance Estimates.

You know, a couple of years ago when that bunch were in office, they increased hydro rental rates. Did we hear Mayor Norrie screaming and shouting and so on when our rates were far higher in relation to other provinces, such as B.C. and Ontario, than they are today? Did we hear him crying all over the place and his henchman from St. Norbert getting up here and crying all over the place? No.

Did they not raise gasoline taxes during their time? Of course, they did. They were the group that brought in the ad valorem tax on gasoline. They wanted a tax that would go up automatically and quietly without having the guts to come before the Legislature and say, we're raising the price of gasoline because we want more taxes. They didn't do that; they didn't want to do that anymore. There they are.

Now they're coming back and they're saying, oh, you've raised the taxes, and now we have to do all these things. We have to do all these sorts of things. — (Interjection) — The water power rates - and I have the numbers. I will be back here in a few minutes if you want to keep on with the debate, but that is really a pile of nonsense. If you want to debate that nonsense, I would suggest that the appropriate place to debate taxation changes, increases, decreases and whatever is with the Department of Finance Estimates, and just leave the other Ministers alone, for Pete's sake!

**MR. G. MERCIER:** Mr. Chairman, the Minister of Finance talks about Conservative policies. In "A Clear Choice for Manitobans" - the Minister of Finance will remember this - "Policies and Attitudes of the Manitoba

New Democratic Party," they said: "Starved for funding by the Lyon Government, the city is cutting back and raising the price of essential services such as ambulances and buses," - ambulances and buses.

Does the Minister of Urban Affairs care to indicate to the committee the increase in the ambulance fee in the City of Winnipeg from 1981 to 1985, and the increase in bus fares from 1981 to 1985?

**HON. L. DESJARDINS:** No, and I don't know the increase in bubblegum either. How can you blame everything on this department? What do we have to do with ambulances? We're the department that brought in a grant for ambulances. You never had one before. Are we responsible to pay the ambulance if the rates go up?

**A MEMBER:** That's what you said.

**HON. L. DESJARDINS:** What?

**A MEMBER:** That's what you promised.

**HON. L. DESJARDINS:** We did. We gave a grant to ambulances that you never had before. Did you introduce a grant on ambulances? What did you give? — (Interjection) — you made a lot more promises than that.

**MR. G. MERCIER:** Mr. Chairman, I'm asking the Minister of Urban Affairs to inform the committee the increase in the ambulance fees and bus fares from 1981 to 1985. That's clearly a matter within the purview of the Committee on Urban Affairs. He may not like it, Mr. Chairman. He may not like the answer. I'm sure he won't. Members on that side of the House won't after the promises they made and after the Minister of Finance's little tirade, let's hear what they are.

**MR. CHAIRMAN:** 1.(b) - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I too had questions about the way the government has been dealing with the city. I can't understand how the Minister of Urban Affairs is not planning to take any responsibility for Urban Affairs in the city. That's the only thing that he's responsible for in this portfolio certainly.

I am well aware that he's certainly not familiar with it, but that doesn't take away from the fact that the government went into an election on these false promises. This is what's happening now, is that the city is having a hard time, and they have to pass on the money to the taxpayer. Consequently, the taxpayers of Winnipeg are paying so much more than they did under the Lyon Government. I think that it's up to the Minister, instead of being indignant about these things, he should come out and answer quite openly and say, yes, these things are having to go up, instead of railing away and getting the Minister of Finance to come in to his defence.

I really feel that the people in the City of Winnipeg have had a raw deal under this government. It's hard for people to keep their homes up. It's not a great time. We've already talked about the Welfare, the unemployed in the city, and they have high taxation. When we get into the assessment, that's going to be another mess,

and people are going to be stuck with more bills. Quite frankly, they're paying as much as they should right now.

So I don't know just how the Minister plans to resolve some of these things, but I think it's time that he took a look at the city in all fairness, not just as an election campaign and not just as a spot where they have a few more seats than we do, although they're not acting like it. Instead of little grants here and there, maybe they should be looking at the overall picture and trying to help every taxpayer or, as they would call it, the ordinary Manitoban. I think it's about time that the Minister answered for the department, even though he is new. I really think this is quite disgraceful.

**HON. L. DESJARDINS:** it's not a question of being new. I don't mind answering for the department at all. And collectively I will accept my responsibility like other members of the front bench. But don't you understand that there's a certain staff in the taxing and so on, there is a department that does that? And that the Minister is the one that is briefed in that, that asks the staff to give you the information?

You don't want information. You're trying to embarrass the different departments who haven't got the information. I stand with the Minister of Finance but he's the one who's going to give you that because of Urban Affairs. What do I have to do with taxing? And you want - I'll give you some of the information.

You want to know about the comparison of transit fares in Canada, that they're getting such a bad deal? All right, the adult in Calgary — (Interjection) — Just shut up a minute. You asked for information, I'm giving it to you, so keep quiet then. Keep quiet if you want the information. — (Interjection) — You called me a hypocrite. You'll get your bloody information.

Mr. Chairman, the Calgary adult, the cash was \$1, and a ticket was 90 cents; in Edmonton, a \$1 and \$1; Hamilton, 90 cents and 85 cents; Montreal, 90 cents; Ottawa-Carleton \$1.10 and \$1; in Toronto, 90 cents and 70 cents; Vancouver, 85 cents; Winnipeg, 75 cents and 70 cents; and they proposed 80 cents in . . .

You asked for that. You asked for that, didn't you? This is what you called me a hypocrite on because I wouldn't give you that. — (Interjection) — You've got the information right here and you're saying that Winnipeg is getting such a raw deal. And if anything, what did you do when you were the Minister? We didn't hear you talk too much about that. Do you want to make a comparison of what you did?

When there was a raise in the water rates also and then a grant on that, it was a heck of a lot more costly to make up with it. That was great, wasn't it?

**MR. G. MERCIER:** Mr. Chairman, the comparisons that the Minister of Urban Affairs has made with other urban centres have always been the same. Winnipeg has always ranked in that order with other provincial centres.

What I'm referring to, Mr. Chairman, for the benefit of the Minister of Finance, is the comments by the Minister of Finance, who attempted to talk about our party and I reminded him that it was his party - your party you said - starved for funding by the Lyon government, the city is cutting back and raising the price of essential services such as ambulances and

buses. And if he looks at the increase in the ambulance fees and in transit fees under this government, he will see a very significant increase - a very significant increase.

But it was this party. You implied to the people of Manitoba, these increases weren't going to happen any more with the New Democratic Party government. These aren't going to happen any more with the New Democratic Party government. Ambulance fees won't go up. Transit fees won't go up. — (Interjection) — That's the point that I'm trying to make, Mr. Chairman. This is what they said in their election material and the facts of the case show the significant increases in these types of fees that have taken place since they assumed office.

**MR. CHAIRMAN:** The Minister of Finance.

**HON. V. SCHROEDER:** Mr. Chairman, I recall for a number of years in the late '70s expressing real concern about the level of funding to the city from the Lyon government. I don't have the particular numbers here but I do remember, for instance, that in 1978-79 the actual contributions to the city dropped significantly, although there was inflation in the range of 8 to 10 or 11 percent, in there somewhere.

I know that since 1981-82, we took office in '81, total grants - well just for instance from then till now - total grants and financial assistance to the City of Winnipeg have increased by 73.9 percent, including all of the programming we have with the City of Winnipeg, and including the core area initiative.

We have moved from \$395.2 million in '81 to about \$552.3 million in 1985. That growth in provincial assistance has substantially exceeded the growth rate in Winnipeg's spending and our grants and assistance represent a far greater portion of Winnipeg's overall budget today as compared to the last Lyon year. Of course, with that increase of 73.9 percent - that's at a time when inflation is up by about 25 percent - I would suggest that we have not done badly at all in terms of attempting to bring the city back to a level where it had historically been.

I find it somewhat disconcerting, I had come here, quite frankly, to listen a little bit to the Estimates of Urban Affairs and learn a little bit about what we're planning on doing in the future, and in fact I was even planning on looking at the past - I came here armed solely with the Annual Report of the Social Credit Board of Alberta, of 1943, which also was concerned about Urban Affairs, and so on, and was referring - and I'm quoting from it, "The transition from the present system to a fully functioning social credit order can be smooth and rapid. No individual will suffer. There will be more for everyone but there will be no wide gulf between the haves and have-nots."

Having read that I was going to devote some more of my evening to that but that doesn't appear to be possible. Now what's been happening here is that without any numbers the opposition gets up and tries to make the suggestion that we have not been fair with the City of Winnipeg. I suggest that we have been more than fair with the City of Winnipeg.

I suggest that the City of Winnipeg and especially the Mayor of Winnipeg have attempted, on occasion

after occasion, to embarrass this Provincial Government when it was raising taxes in exactly the same way as the Sterling Lyon Government did. The only difference was that then Mayor Norrie did not speak out. And if he's speaking out now, I question why he didn't speak out then if he is such an independent mayor, as he suggests that he is and that he has no political affiliations.

I would suggest, Mr. Chairman, that when you look at things such as ambulance costs, that you look also at things such as pension costs, because one of the reasons the city is having some of those peripheral problems is that I don't think that all of their spending priorities are all that great. Just for example on their pension - which has a great deal to do with money, using 1983 as an average and based on 15 years of service - there's only one mayor in Canada whose pension benefits would exceed the benefits to William Norrie, who managed to legislate that for himself a couple of years ago in the depth of the recession in Manitoba.

The average city councillor, and again during the recession, they managed to legislate themselves pensions that are 50 percent richer than pensions for other cities in the country. They tried to say, well look at the provincial legislators, and you know and we know that our pension plan is one of the most reasonable in the country. I don't think there's more than one province that has lower rates of pension for their elected representatives.

The Member for St. Norbert says you passed legislation enabling it. We've said all along that we believe that that group should be responsible for its decisions. We should not have to do that for them. They were democratically elected and they should have the right to set their plans in the way that we set our plans, and we don't believe, as they believe in Alberta - I'm sorry, not Alberta - British Columbia - that you can go zap, you're dead to trustees or other elected officials in the province because you don't particularly like what they're doing. That happened, Mr. Chairman, just this morning. — (Interjection) — Why would I do that? Those people are democratically elected people. They have the right to do what they did. I disagree with what they did. I expect that the voters will look at what they did in the next city election. That is where those issues are decided, not in the provincial Legislature. If you want to find some way to save a few dollars for ambulances, I would suggest that would be one way to start.

Let us not put all of the blame for increases in the City of Winnipeg on the Province of Manitoba, on the NDP Government of this province, because that is absolute nonsense. Obviously, the member from West Winnipeg up there doesn't understand that 73.9 percent of an increase in funding to the City of Winnipeg since 1981, at a time when we've had about 25 percent inflation, goes far beyond the commitment we made in 1981 when we stood for election in this province. We have nothing to be ashamed of on that commitment. We've done far more than any taxpayer could reasonably have expected us to do. It is now up to the city to start behaving responsibly in the spending of that money.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, I would say, through you, Sir, to the Minister of Finance, firstly, with respect to pensions, bring in a bill and let's cancel the pension plan if you disagree with it.

I can recall, Mr. Chairman, that the Minister - and the Member for River Heights will recall when we were first elected to the Unicity Council in 1971, the first decision that was made was to cancel the pension plan - if you disagree with it so badly, and he talks about putting councillors through an election, they've just been through an election. — (Interjection) — They certainly have. Bring in a bill if he feels so strongly about it.

Mr. Chairman, I found the statistics that I wanted to refer to. The Minister of Urban Affairs didn't want to refer to them. For his information the ambulance fees under his NDP Government have been increased by 33 percent from \$75 to \$100 and transit fees, adult fares have been increased by 33 percent from 60 cents to 80 cents.

Now, Mr. Chairman, the Minister of Finance says the NDP Government shouldn't be responsible for the level of taxation in the City of Winnipeg. Let me just say two things about that. When I was Minister of Urban Affairs, and this party opposite was in opposition, the former Member for St. Johns, in our Estimates on an annual basis would say to me as Minister, do you feel as a Provincial Minister of Urban Affairs and the government, responsible for the level of taxation in the City of Winnipeg. I indicated yes, we did have a responsibility.

I think the members of the NDP thought the Provincial Government should have a responsibility. They said in their election document in the fall of 1981 that New Democrats would ease the property tax burden in the City of Winnipeg. What has happened, Mr. Chairman, to the property tax burden in the City of Winnipeg? And I've been using this example on an annual basis since this government was elected because the figures get worse every year - using as an example, an average home assessed at \$7,000 in the Winnipeg School Division No. 1, the total taxes on that home from 1977 to 1981 under our Conservative Government increased by just \$78.03 over a four-year period of time. In four years under the NDP, the total taxes on that same house have increased by \$344.32 which is four-and-a-half times the total increase under a Conservative Government for a similar period of time.

Now, Mr. Chairman, this was the government that promised to ease the property tax burden. Now, they want to take no responsibility for the level of taxation in the City of Winnipeg that has occurred under their government. They criticized the Lyon Government for the increases in the ambulance fees and transit fares. There have been 33 percent increases in those areas and now they want to take no responsibility, Mr. Chairman. What a change in perspective one might say, Mr. Chairman.

I say, Mr. Chairman, that they will have to account to the people of Manitoba very shortly, I hope, in an election for the promises and the statements that they made in 1981 and they have failed miserably to live up to.

**MR. CHAIRMAN:** The Minister of Urban Affairs.

**HON. L. DESJARDINS:** The transit grant in 1980-81 which was a Conservative year went from 40 cents to

60 cents which is a 50 percent increase. In the following year we froze it at 60 cents and the 33 percent that you're talking about, that was brought up in four years. My honourable friend doesn't mention anything about the core area money that we put in there or the North of Portage, that's another \$55 million. Isn't that helping the people of the area? You're not mentioning that.

You're talking about the city - and this is the figures from the city on the provincial grant - in '84 they had an estimated \$72.6 million. They requested 85 - 18 percent increase. We gave them 76.3 of 5.2. It's not the greatest but it's certainly not that bad in this year.

**MR. CHAIRMAN:** Item 1.(b) - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, in the Throne Speech under Urban Development, it said "My Ministers are pleased with the progress of North of Portage Redevelopment and my Government will assist with the development of an attraction which will stimulate private investment by drawing residents and tourists to North Portage and to a revitalized downtown Winnipeg."

Would the Minister indicate what that project is?

**HON. L. DESJARDINS:** Mr. Chairman, I don't think this should be announced at this time. It's in front of the corporation now. As you know, the corporation make the decision and we've informed the corporation of what we would like to do, what we're ready to do and we'll have to await an answer from the corporation. That's over and above any arrangements that we've made with the other shareholders at this time, any other announcement that has already been made.

**MRS. G. HAMMOND:** I wanted to ask the Minister, in our last Estimates last year the then Minister of Urban Affairs had indicated that the North Portage Development Corporation would be looking after the relocation of some of the businesses that were expropriated. She said that they there would be a commitment. They'd send them the information and there would be a commitment. I'm just wondering if the Minister could indicate what is happening to those businesses on the North Portage Development that were expropriated.

**HON. L. DESJARDINS:** Mr. Chairman, this is something that I brought to the attention of the corporation and the shareholders. We discussed at the last meeting - my suggestion was not only in businesses, well mostly the businesses. I was comparing it to an apartment block that becomes a condominium and the people living there at the time have not only first choice, first preference, but also a special rate. It was something like that that I had in mind, but I was informed that a decision had been made and I think the best thing I can do is read from the report of the chairman of the corporation.

"That in recognition that expropriated owners and tenants may wish to relocate within the North Portage triangle area and be provided with real opportunities to do so, the board has suggested that the core area Small Business Assistance Program be used to encourage expropriated owners and tenants to relocate within the North Portage area.



"In the event this program runs short of funds, the corporation has approved an allocation of up to \$125,000 to supplement the Small Business Assistance Program for the North Portage and east side area.

"The corporation will also be undertaking discussions with expropriated non-profit organizations in the area with the objective of providing them with financial and technical assistance to locate in the North Portage area.

"For residential tenants, the corporation will make available a grant of \$500 to assist them in moving to other locations."

That was a decision that was placed by the corporation before that.

**MRS. G. HAMMOND:** That relocation, is that something that happens to them now? What happens to them between the time that they're expropriated and they have to be out, which would be, say, June, July or August, and the time that the building is up? Is there a transition period in there that they've arranged for, or just what is happening?

**HON. L. DESJARDINS:** I think my honourable friend is talking now about an example of somebody relocating in the same area, that is, somebody that is in there now that is expropriated and wants to - and I think that certainly creates a problem if they have to be out of business for a few months - and that was brought to my attention at the last meeting also.

That is why it is not that easy for these people to relocate in the same area. That might be able to be done but you can't start building until these people are out, in most instances. So it is recognized that causes a problem.

I was told that's one of the reasons that many of them are going outside of that area because of exactly that, they would lose business until their building is completely demolished and then something else was built and they can occupy it, so that caused a problem. That is one of the reasons why they're suggesting that kind of help, to help them relocate somewhere else.

**MRS. G. HAMMOND:** Have all the businesses had settlement arrangements or how many are still working for extra money, say, through the Expropriation Authority?

**HON. L. DESJARDINS:** Approximately \$16 million has been advanced to the corporation. The settlements are just starting now. I think we have all the titles except the Free Press and on Thursday the Federal Minister of Health, Mr. Epp, the Mayor and myself, are meeting with the senior officers of the Winnipeg Free Press in Toronto to discuss the situation of the Free Press.

**MRS. G. HAMMOND:** I wonder if the Minister is aware of when the North of Portage Development will be starting, when they'll be turning the first piece of sod or digging the first shovelful.

**HON. L. DESJARDINS:** Demolition is supposed to start July 1st and construction September 1st.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. W. STEEN:** Mr. Chairman, the question I have would likely come under Urban Policy Co-ordination,

but if the Minister doesn't mind, I wouldn't mind asking it now because we just might be going into Business Development and Tourism any moment.

In Winnipeg the Provincial Government has had a freeze on the servicing of new lands in the outlying suburban areas within the city's jurisdiction and major development firms such as Ladco, who have been well known builders in the city and have developed a number of areas in the city, are starting to run out of serviced land that they can develop into lots and then go on and build housing for Winnipeggers. Of course, the housing is a very important part of the construction component.

Is this freeze still on, and if it is, has the Minister been approached by the city to lift it or lift portions of it?

**HON. L. DESJARDINS:** Mr. Chairman, there's no freeze at all. I think my honourable friend is talking about Plan Winnipeg for the City of Winnipeg, the proposed line of the city and the proposed line of the province. I certainly could inform the committee that there's been progress on that. I'm meeting with the officials of the city on Friday and I expect that it should be settled to accept it by everybody at that time.

The intention is not to freeze anything but not have a situation where you're going to jump and leave some vacant property because you have to plan also for - we have a responsibility and all that - schools and hospitals and those facilities. I'm confident, because we've had preliminary meetings, that that should be pretty well settled on Friday afternoon.

**MR. W. STEEN:** I'm glad to hear the Minister's reply to that question, Mr. Chairman, because the housing construction industry in Winnipeg is in a soft position right now and many of the better and more capable developers are looking for land that they can service and provide and build new housing accommodation in suburban Winnipeg.

As the Minister says, sure, the government has to be very interested so that it's not scattered planning because of public services that must be provided in neighbourhood communities. But I hope that the Minister realizes when he talks to other members of his Cabinet and when he's talking with the city, that housing conditions in Winnipeg could be improved if developers can have land freed up so that they can service it and sell off lots and see the housing components go ahead.

**HON. L. DESJARDINS:** I certainly don't think it's a problem at this time. If there's any freeze, I'm informed that it's the City of Winnipeg if they have to pay for the servicing. I think that any developer that is ready to include it has to plan to pay for the proper servicing and so on, that they can go ahead right now.

But anyway, as I say, that is part of the answer and also the plan that has been discussed between the city and the province. As I say I'm very hopeful that that should be resolved to everybody's satisfaction, or at least accepted.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, could the Minister of Urban Affairs table the agreement or Memorandum

of Understanding signed by Mr. Axworthy and the former Minister just prior to the last federal election?

**HON. L. DESJARDINS:** My honourable friend is talking about the renewal of the core area program, I think there's been an assessment that is being looked at - I tabled a copy in this House - by the different levels of government and there's been an extension of the - oh, this is for the agreement that deals with the evaluation.

**MR. G. MERCIER:** No.

**HON. L. DESJARDINS:** Well, that's what I was talking - we talked about the renewal of the core area, because I'm not familiar with that . . .

**MR. G. MERCIER:** Mr. Chairman, I'm talking about a Memorandum of Understanding that was apparently signed by the former Minister of Urban Affairs and Mr. Axworthy, just days prior to the federal election, committing each level of government to an additional \$34 million, I believe, over a five-year period.

**HON. L. DESJARDINS:** I'll table the copy. The situation that I was trying to straighten out here in my own mind to start with is that that was a renewal of the core area and the Federal Government has been changed since then. There has been an assessment; we've agreed that the three partners have an extension till the end of the year and it is felt that sometime after September there should be a decision made by the three levels of government, should we continue or not, and we're on record as saying that we would like to continue, not necessarily exactly the way it is now. We would probably want to see some changes, but we're certainly ready to continue if the other levels of government do. So a decision should come sometime between September and December, I guess.

**MR. G. MERCIER:** Mr. Chairman, was the former Minister of Urban Affairs authorized by Cabinet to enter into that Memorandum of Understanding?

**HON. L. DESJARDINS:** Yes, at the time.

**MR. CHAIRMAN:** Item 1.(b)(1)—pass; 1.(b)(2)—pass; 1.(c)(1)—pass; 1.(c)(2)—pass; Item 2. Financial Assistance to the City of Winnipeg—pass.

Resolution No. 137: Resolved that there be granted to Her Majesty a sum not exceeding \$33,900,000 for Urban Affairs, Financial Assistance to the City of Winnipeg, for the fiscal year ending the 31st day of March, 1986—pass.

**MR. CHAIRMAN:** Item 3. Urban Policy Co-ordination (a) Salaries - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** I'd like to ask the Minister about the Core Area Initiative and the evaluation and what is going to happen to many of the programs that are community-based programs, where the core initiative has given funds to this group or that group and what's going to happen to the continuation of these, because although they have indicated that it was only supposed

to be for five years, the expectation of these groups certainly is that they'll be continued. I'm wondering what kind of funding or what kind of planning will be happening for the community-based groups.

**HON. L. DESJARDINS:** Mr. Chairman, I'm told that, first of all, out of 76 of these projects, there are only nine that would require further help, but that is for information.

Besides that, if it is not renewed, that's the end of it. I think that my understanding is that everybody that came under this program knew that this was a limited time program. We, the Provincial Government, as one of the partners, are ready to renew this agreement between the three levels of government. We're also looking at the assessment that was made. I'm not saying we should renew it without any changes and the agreement is being extended to the end of the year and I expect that there should be a decision sometime between September and December of this year.

The three levels of government will have to make their wishes known and then I would imagine that if the decision is to continue, in principle, we'll have to sit together to see what form or if there's any changes that will take place, but there's no guarantee after five years and I think everybody knew that. The information that I was just given is that there's nine out of 76 - is it? - that would need more help to function.

**MRS. G. HAMMOND:** I wonder if the Minister could indicate which of the programs, which of the nine are the ones that will be continuing. Is that what he indicated?

**HON. L. DESJARDINS:** The only information that I have, there are nine out of those 76. I can't identify these at this time. I probably could get that information later. I don't think it will affect anything anyway because that was as added information to the committee, but it was very clear that this was a limited time program, unless it is renewed.

**MRS. G. HAMMOND:** I wonder if the Minister could inform the committee if his department is making any recommendations about narrowing the area, the Core Area Initiative, and I'm talking about land surface, how far it would go. Is it still going into Osborne? Is it still going into St. Boniface or just what recommendations might be coming from the government as far as the program is concerned?

**HON. L. DESJARDINS:** Mr. Chairman, the first decision that has to be made is individually, to start with, by the three partners to see if they want to continue or renew the program, in principle, to start with - and if that is done, I don't think there's any point in everybody spinning their wheels if there's not going to be an agreement.

The situation is that when that is accepted, I am sure, because the three partners are now looking, studying the assessment that was made and also the principle that they might have, come with their recommendations. In the case of the province, we would anticipate - I hope, at least - do some of the groundwork, that there'll be a will to renew and then the recommendation will

come to Cabinet and I would see no other way but the three partners - as I say, if the decision is made to renew it - will get together and then discuss all those points, such as the example given by the honourable member.

**MRS. G. HAMMOND:** What is the exact date of the ending of the agreement?

**HON. L. DESJARDINS:** It's March 31, 1986. That is, to carry on with some of the programs that are already done, but the final date is March 31st.

**MR. CHAIRMAN:** The Member for River Heights.

**MR. W. STEEN:** Mr. Chairman, I would like to make some comments on the notes that I took at a conference that was held March 1, 1984, at the University of Winnipeg that had a number of persons interested in the Core Area Initiative. A couple of the persons that were at that conference that were speaking that I thought had some very interesting comments were Earl Levin, a former planner with the Metropolitan Department of Winnipeg and now head of the Department of City Planning at the University of Manitoba where he went on to mention that the Municipal Governments are severely limited in their capacity and I'm sure he was meaning in their financial capacity.

One of the basic reasons why we do have a core area in Winnipeg is that we have had no growth in that area for a number of years. He went on to mention that, unfortunately, our Winnipeg community, when we have a recession, we, as a community because we don't have the ups and downs like some other areas in Canada, particularly in the east and the west coast, is that we always go back half a step after each recession and don't seem to be able to recover as well as other jurisdictions.

Then, at that same meeting, there were people there from the private sector and they were talking about getting a blend of home ownership into the downtown area and they say that the private sector needs to have 300 units of housing per acre, whereas in the suburban area that I mentioned to the Minister earlier, it's about four housing units per acre. And when I mentioned earlier about the freeze and the Minister answered that question - and I was glad he did - is that we have to have some suburban housing starts going ahead because it's going to take a long time before we get this housing component into the core area. Hopefully this housing component can be a blend between public or subsidized housing, whether it be senior citizens or for low-income families, as well as trying to attract maybe 15,000 to 25,000 people in years to come to locate back in the downtown portion of Winnipeg.

It was recommended at that conference that the east yards, which I'm sure the Minister is very familiar with - every time he would drive past the St. Boniface Hospital he would just look to the west and he would see those vacant yards sitting there. It's unfortunate but it's been recommended that the east yards not be attempted until something is done on the north side of Portage.

Does the Minister agree that the north side of the Portage - and it's only about a six-square block area

- should have a major housing component in it as well as the retail; and should that retail be of a significant size to be in competition with suburban and major department stores?

**HON. L. DESJARDINS:** Well I think there's a question that's more accepting as interesting information, the information transmitted to the committee from the honourable member.

**MR. W. STEEN:** Yes, Mr. Chairman, to the Minister, to the former Minister, the late Mary Beth Dolin.

Shortly before Christmas I had a number of west, northwest River Heights constituents, that, at that time raised an issue with me and that was the expansion of the Polo Park Shopping Centre. Those residents were of the impression that if the Polo Park Shopping Centre increased in size substantially that it would hurt the downtown core area from some future growth.

I also conveyed the concerns of those constituents to the Mayor of the city and he totally disagreed with my constituents and their concerns. The late Minister of Urban Affairs was of the impression that the downtown area might get hurt by that expansion, but not by very much.

What these people I think were driving at was that there should be a freeze on any major commercial complexes away from downtown Winnipeg, until downtown Winnipeg had a chance to grow and get started properly and get some of their growing pains under their belts.

I wonder if the Minister has any comments along those lines or any thoughts along those lines? Should we, as provincial legislators, be trying to convince municipal politicians to ask developers to slow down in the suburban areas in the area of commercial development to give the downtown area a chance to be revitalized and to give the core area - and particularly the north or Portage - projects a chance to get started?

**HON. L. DESJARDINS:** I'm well aware of the different opinions on that. I haven't got that much experience on that. I think there's probably some truth that the core area needs help and maybe some protection up to a certain point. But then you take Edmonton, for instance, who are building probably the biggest shopping centre in the world outside of the city and they feel that this will bring more tourists because it's going to be quite - I'm sure my honourable friend is familiar with it - and they feel that this is going to bring tourists to the city but that remains to be seen. Will it kill the centre of the city?

On the other hand, I've seen areas in some of these towns or cities in the States and so on, where they've tried everything in the centre. The centre seemed to be completely dead practically - the merchants aren't doing that well. So I don't know, I'd let the expert comment on that. I think that what we're trying to do is assist through these different programs the core area and the North Winnipeg and also in the plan for the City of Winnipeg. That's the concern that we have. That is why we're involved in that planning.

**MR. W. STEEN:** Mr. Chairman, there are two examples I can point to. One is in the City of St. Louis where

they gutted a downtown area and put up new housing. What they did was they just put the same people back into the housing and they didn't appreciate the new housing which, in no time at all, was a slum area, except it was a little bit cleaner to start with.

Then you can take the example of the City of Milwaukee, where they had a good downtown revitalization plan and it has proven to be a successful one.

So there's the two schools of thought as to how we can revitalize our downtown area. But perhaps maybe to the Minister, that if we're going to be a long time ever developing the east yards, maybe my associates and I can get our Triple A Baseball Park located on the east yards and see if we can get the home runs hit across the river onto the St. Boniface side of the river.

**HON. L. DESJARDINS:** If they keep the ball. — (Interjection) — Yes, I remember in the Island in Portage la Prairie that Black Stewart hit one off me and I think it's still going on a line drive too.

Mr. Chairman, the situation - I think the important thing for the City of Winnipeg and I think there is kind of a unique chance because of our rivers, and if I'm asked my opinion, this is where I'd like to see us move, in the river and in the centre around the St. Boniface and the CNR - around that area behind St. Boniface Hospital. And I'm confident that after talking for so many years, there might be a move.

I think that the decision of the CNR in Toronto where they helped Toronto in the grant that they made, it seems that - I don't think I'm talking out of school in saying that the Federal Government, certainly after being encouraged by the mayor and myself, might want to maybe twist the CNR's arm a little bit. We hope that something could be done.

Now I know that in certain countries, older countries who haven't got all the wide-open space that we seem to have in Western Canada, I know how important the centre of it is. In most of these like the Bois de Boulogne in Paris, Hyde Park and all that, seem to have some kind of a park in the middle. I've seen it near Dusseldorf, in Germany, a park in Essen which is very close to Dusseldorf, where there's approximately 700,000 people I think that are within about 15 minutes walking distance of the most wonderful park and amusement.

And a baseball park, as far as I'm concerned, could very well be part of that summer recreation and so on, not necessarily just business - some things that will attract. I think that an example is Saskatoon. What they've done around the river there I think has made Saskatoon a pretty nice city. I certainly would like to see us try to do something to beautify the rivers and use the rivers more. As I say, we're so fortunate to have these two rivers, it seems we should do something with them.

**MR. DEPUTY CHAIRMAN, D. Scott:** The Member for River Heights.

**MR. W. STEEN:** I agree with the Minister with his comments about along the river. A great example is in his home constituency from Provencher along the river through to the hospital, a development actually

from Marion Street along Tache to Provencher and then back right through to Provencher Park. With the new arena that was put in there a few years ago and the athletic facilities around the church and the Basilica, the improvements that have been made in that area are fantastic.

If, in the next 20 years, the same type of improvements can be made to the other side of Provencher down towards the Whittier Park area, his constituency is going to be completely revitalized and rebuilt. So I would say to the Minister if he can stay around for another 20 years, he's going to have a brand new constituency within the same boundaries that it was years back. — (Interjection) — Oh no, you'll still be here.

Mr. Chairman, my colleague, the Member for Pembina, says that if he can put up with him for one month each year, that the other 11 months he can rest up, so that he can keep coming back year-in and year-out.

As the Minister has said, there's no doubt that we have made some improvements in the Winnipeg area, and particularly along the riverbank. Last year when the Minister of the Environment officiated at the opening of the Stephen Juba Park, that was a great improvement for that side of the river.

I would hope that the Minister would see some of the old downtown Winnipeg area fixed up much the way older parts of St. Boniface have been improved over the past few years.

**MR. DEPUTY CHAIRMAN:** 3.(a)—pass? The Member for Kirkfield Park.

**MRS. G. HAMMOND:** Mr. Chairman, I just wanted to make a few comments and ask the Minister about the North Logan Development.

I've got a few press clippings here and back in June of 1981. It starts, "People Ignored in the Core, Pawley Says." He said, "The province ought not to sign the agreement until it has negotiated a more positive progressive package that will place people over buildings." It went on to say that in all likelihood that will ensure money being spent will be spent to better the people of the core area rather than spend it on private enterprises, that in all likelihood will not contribute to bettering the quality of life and the people of the core area.

He went further to say that the NDP Leader said the type of high technology industry proposed would likely require imported workers and not the low-skill labour available in the area. Now, that was what the Premier said before the election of 1981.

Then, we go into 1982 and we have "Uncertainties Delay the Logan Action" and it talks about the decrease in the size of the Logan Industrial Park and a Mr. Stocker indicated it made him a little uneasy to the extent that you reduce the acreage, you increase the risks in attracting a major industrial manufacturer; 20 acres was small to begin with and they're making it smaller. It doesn't make it easier.

Then we come to 1983. It says, "Logan Park Fails to Land A Single Tenant." Kelly said, "No industry has yet applied for funding under the 7.2 million incentive program through the Federal Department of Regional

Industrial Expansion." We carry on now to find that they're advertising - and I think the figure was around \$135,000 in advertising - and I meant August '84 in the Winnipeg Free Press - it says, "Core Program Still to Find Tenant for Industrial Park." Now, this is going on all through the development. It says, "A spokesman for the Core Area Initiative said the inquiries about the still-vacant industrial site come from businesses across North America after recent ads in Business Industrial and Development publication. The ads are part of a \$135,000 advertising campaign to promote the initiative's industrial development."

Walker said, "The ads are geared to attract clean, quiet, high-technological industries to the Park as well as other sites in the City core area."

I guess my question to the Minister is, are they going to keep their portion, are they going to recommend that they keep the portion of the money in this site when there's no sign of any businesses moving in there? Also, how does this relate to the Premier's comments back in '81 that high technology industry would likely require imported workers and not below-skilled labour available in the area. Does the Minister have a comment on that, Mr. Chairman?

**HON. L. DESJARDINS:** Mr. Chairman, there is no doubt that they seem to have problems out there. I think the idea was a good one. If you could have that kind of a firm, I think, it would have meant many jobs. This was something that the Federal Government was responsible for the marketing of that industrial site. I think they've tried hard with the other partners. I'm told that there hasn't been the change there has been. The new strategy has been developed and a consultant has been engaged by DREE to market the site, and if that is not successful, no doubt the three partners will have to get together again and consider other things, but there's still a last-ditch effort, a real effort being made. I still think if there was any chance at all, it would be worth it to keep that it would be very meaningful to the City if that could be done.

**MRS. G. HAMMOND:** Well, Mr. Chairman, I believe it was this government's policy to go with the housing component and the smaller industrial park area against all the information and, I think, it was the City Planner and the Planner for the Federal Government. I just wonder when I see the assistant general manager of the core area saying that the reason that there haven't been jobs in the core, that there haven't been any number of jobs, was because they weren't able to attract, that this was to be the major job-producing area, and because of the government's action, it hasn't succeeded.

In spite of what the Member for Ellice was saying that by making it smaller, I think the proof is in the pudding and the pudding is showing that there is not one single industry in that park. It's a shame that because of political interference that we have an area there that really up to now has been totally useless.

**HON. L. DESJARDINS:** Mr. Chairman, I don't accept that the responsibility or the fault is always with the Provincial Government. There's other industrial sites that are not doing as well.

The situation is that you are always going to have two different parcels of land divided by a bridge. In the area that is seemed not to be doing well, what they're looking for is one large business. It might be that eventually they'll have to accept smaller businesses. I can't accept that all the blame is because the Provincial Government decided to have some housing there; at least they got the housing there.

As I said, it would have been two different pieces of property divided by a bridge, so I think that's wrong and there's other areas, such as the Inkster Industrial Park and so on. They're still quite a bit of room there.

Anyway, the three levels of government, the three partners are trying to get together. The lead for the marketing was with the Federal Government and, as I say, they changed their strategy. They're going to try and even if it finally comes, it would be worth the time waited, but eventually if this doesn't work, they'll have to put their heads together and try to come up with something else.

**MR. DEPUTY CHAIRMAN:** 3.(a) - The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, just a brief comment on this section. I think this North Logan Industrial Development will certainly go down as a significant mistake of this government. One of the real problems and reasons why this site has been unable to attract users is because in addition to reducing the site significantly in size, the Provincial Government cancelled the Industrial Technology Training Centre and Work Experience Centre, which was supposed to be developed in conjunction with the Logan Industrial Development. That, I believe, is the main reason why this site has been a failure.

In addition, Mr. Chairman, of course, the government has spent as much as was estimated at \$112,000 per unit for the housing in the area and most of the people who live there now did not live there previously. When one reviews the results of this government's action in this particular area, Mr. Chairman, it's simply mind boggling.

The government in August, 1984, at the end of August, approved an Order-in-Council that gave \$76,000 to the Logan Community Committee Incorporated. Could the Attorney-General indicate how much, in total, has been paid to this Logan Community Committee Incorporated?

**HON. L. DESJARDINS:** Mr. Chairman, I think I'd have to admit that there's quite a bit of money spent there, but probably the figures, the methods my honourable friend took to get the average, is throwing everything in, even things that might be developed later on. I think if you look at the land and the funds that were spent where the housing is, it's more around \$67,000, which is still fairly high; but I don't know if you could classify that or suggest that it's a real mistake. You have to look also, if you build these suburban houses, also the schools that you'd have to build and the services and so on, and that is not done. The school, the hospital and so on, that is in that area, so I'm not saying it's the best bargain ever, but I don't think it's as bad as my honourable friend would like to have us believe.

**MR. G. MERCIER:** Could the Minister answer the question I asked? That was, with the Order-in-Council in August of 1984 giving a further \$78,000 to the Logan Community Committee Incorporated, what is the total amount of money that this group received from the Provincial Government?

**HON. L. DESJARDINS:** If my honourable friend's talking about the Logan Community Committee, around \$210,000 for the three years.

**MR. DEPUTY CHAIRMAN:** 3.(a)—pass; 3.(b)—pass; 3.(c)—pass; 3.(d)—pass.

Resolution No. 138: Resolved that there be granted to Her Majesty, a sum not exceeding \$4,943,700 for Urban Affairs, Urban Policy Co-ordination—pass.

What is the wish of the Committee? Do you wish to continue? (Agreed)

Appropriation 4.(a) Agreement for Recreation and Conservation for the Red River Corridor, Salaries - the Member for St. Norbert.

**MR. G. MERCIER:** Perhaps the Minister would like to wait for Mr. Dickson.

**MR. DEPUTY CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, I wonder if the Minister would explain the status of the St. Norbert Trappist Monastery project.

**HON. L. DESJARDINS:** The consultant is preparing a detailed site plan. Construction should commence about July of 1985, anticipated completion around June, 1986, total cost of \$150,000.00.

While I'm on my feet, I might as well give the information of the different programs. Netley Creek has been completed; also St. Peter's Church, Selkirk waterfront; Lockport Heritage Park should be completed in '85 as well as the River Road Parkway; Kildonan Church and Kildonan Dock have been completed; Point Douglas, Stephen Juba Park; and St. Boniface Promenade has been completed. The Trappist Monastery is one that's still going on, the St. Norbert and another one in my honourable friend's constituency, the X-Kalay also. That's pending; they're not advancing. I think that's the group that have been - I've just received a letter - they want to come and have a discussion with me. I don't know if it's about that.

The St. Norbert - gee whiz, you get more than St. Boniface. He must have been the Minister of Urban Affairs at one time.

**MR. G. MERCIER:** It's an historical area.

**HON. L. DESJARDINS:** The St. Norbert Heritage Park is to be completed in 1985. The boat-bus system - that was probably in St. Norbert also - that has been cancelled. St. Andrew's Church is completed and the Fork's Historical Park, of course, that's the main one and we hope that something will happen fairly soon. So the total expenditure as to March 31st, 1985, was \$4.9 million, that's Manitoba; and Canada was \$4.1 million. Manitoba is to complete its program during '85-

86 and Canada should complete, depending on the core project, by '87-88.

**MR. G. MERCIER:** Mr. Chairman, with respect to the Trappist Monastery Project, could the Minister indicate what is being done about acquisition of land. I understood that was a problem. Is the province acquiring land or the city? Is the project definitely going to be completed now?

**HON. L. DESJARDINS:** The land has been made available; it's being donated.

**MR. G. MERCIER:** Mr. Chairman, I wonder if the Minister could advise with respect to the problems of the X-Kalay project. My understanding was that CMHC was going to be involved in some funding. In answering the question, could he indicate when the final deadline for resolving these matters is; when do the final decisions have to be made so that the project can go ahead?

**HON. L. DESJARDINS:** My information is that we've been waiting for the reallocation of funds from the Federal Government and that should be announced fairly soon. I think they're expecting around \$80,000 or so and as soon as that is done, they could proceed.

**MR. G. MERCIER:** Could the Minister indicate whether - I think there's a substantial sum of money that was allocated towards the East Yard project that, of course, has not being spent yet, will the program be extended past the end of the fiscal year '86 so that the balance of the monies can be used, particularly, I suppose, on that project and to complete others?

**HON. L. DESJARDINS:** Until the end of the contract, there are the three years, and that could be renewed, because that seemed to be the wish of the three partners to make this the first priority right now. As I stated, I think we expect that they will . . . some movement because of the decision of CNR, who helped Toronto with the grant and also with the stadium, I think, and the amount would be \$825,000 from the province that would be available and 2.8 from the federal.

**MR. DEPUTY CHAIRMAN:** 4.(a)—pass? The Member for River Heights.

**MR. W. STEEN:** Just one question to the Minister.

I gather from the information that he gave the Member for St. Norbert when he read off the number of projects that have been completed and the status of the remaining projects, that is why the decrease in all areas within this appropriation. It's winding down.

**MR. DEPUTY CHAIRMAN:** 4.(a)—pass; 4.(b)—pass.

Resolution 139: Resolved that there be granted to Her Majesty a sum not exceeding \$125,000 for Urban Affairs, Agreement for Recreation and Conservation For The Red River Corridor—pass.

Appropriation No. 5. Expenditures Related to Capital; 5.(a) Acquisition/Construction of Physical Assets - the Member for Kirkfield Park.

**MRS. G. HAMMOND:** Yes, are there any lists of anything that's happening in this area that we could have, Mr. Chairman, to the Minister, as far as the construction aspect is concerned?

**HON. L. DESJARDINS:** Would my honourable friend repeat the question, all I heard is coughing in this thing.

**MRS. G. HAMMOND:** I wondered if the Minister had a list of anything that's happening in this area that he could inform the Committee of, as far as the Acquisition/Construction of Physical Assets.

**HON. L. DESJARDINS:** I wonder if the honourable member could be a little more specific. If we haven't got the information, maybe we could get it. What kind of information is my honourable friend looking for? You're talking about a list, detailed, more broken down or what?

**MRS. G. HAMMOND:** Well, I was wondering what particular area this covers, if it's in general something or are there are specifics?

**HON. L. DESJARDINS:** I can give you the whole thing if you want.

**MRS. G. HAMMOND:** Easier to get a copy.

**HON. L. DESJARDINS:** There are 20 - I'll send the rest of them as long as you promise not to ask too many questions.

**MRS. G. HAMMOND:** I won't.  
The Acquisition/Construction of Physical Assets for the recreation and conservation for the Red River Corridor, is that what was just covered under the ARC Agreement?

**HON. L. DESJARDINS:** (Inaudible)

**MR. DEPUTY CHAIRMAN:** 5.(a)—pass; 5.(b)—pass.  
5.(c) - the Member for River East.

**MR. P. EYLER:** Yes, I have a concern, which I guess pops up every year around this particular time, it's the Kildonan Corridor. I imagine most members are familiar with that. It came up again at the end of 1984 when a few local councillors were proposing that the bridge between Main Street and Henderson Highway be built to alleviate traffic congestion on Henderson Highway.

My problem with this is that the city always seems to be taking a take-it-or-leave-it, all-or-nothing approach to this corridor; either you take the bridge as they have designed it, which is a four-lane bridge with structural provision for six-lanes, which then leads into a four-lane super highway through the backyards of River East over to 59.

My problem is that I see the public need for a bridge crossing at this particular point, but at the same time I don't see any possibility for the province to authorize spending \$20 million to build a bridge and road connection between Henderson Highway and Main Street. I'm sure that even the rural members would

agree that \$20 million is a lot of money to spend on two miles of road.

I'm wondering if there have been any discussions between the Department of Urban Affairs and the city for downsizing this particular project or coming to some kind of an agreement whereby a bridge can be built and perhaps a local roadway put in, rather than simply going with a costly mega project, which would certainly be a drain on the finances of the province and probably would not contribute a great amount to the quality of life in the City of Winnipeg as a whole, certainly not in my constituency.

**HON. L. DESJARDINS:** Mr. Chairman, it's not in the city's budget at this time. It crops up occasionally, then it's been withdrawn. If the city wanted to discuss it with us, and they would no doubt if they were going to include it. We'd be ready to discuss that with them.

**MR. P. EYLER:** Just to clarify that then, the Minister is saying he would be prepared to discuss a smaller version of this particular project, which would allow a crossing of the river on a smaller bridge and perhaps some sort of east-west roadway, which would not be the size of a four-lane freeway.

**HON. L. DESJARDINS:** That's correct. As I said it's not included in the city's budget at this time, so we would be ready to discuss it with them if it's their wish.

**MR. DEPUTY CHAIRMAN:** 5.(c)—pass.  
Resolution 140: Resolved that there be granted to Her Majesty a sum not exceeding \$27,000,100 for Urban Affairs—pass.

We'll now revert to Resolution 136, 1.(a) Minister's Salary—pass.

Resolution 136: Resolved that there be granted to Her Majesty a sum not exceeding \$417,300 for Urban Affairs—pass.

Committee rise. Call in the Speaker.

## IN SESSION

The Committee of Supply has adopted certain Resolutions, directs me to report same and asks leave to sit again.

**MR. DEPUTY SPEAKER, P. EYLER:** The Member for Inkster.

**MR. D. SCOTT:** Mr. Speaker, I move, seconded by the Member for Thompson, that the Report of the Committee be received.

**MOTION presented and carried.**

**MR. DEPUTY SPEAKER:** The Honourable Government House Leader.

**HON. A. ANSTETT:** Thank you, Mr. Speaker.  
I beg to move, seconded by the Minister of Urban Affairs, that the House do now adjourn.

**MOTION presented and carried** and the House accordingly adjourned and will stand adjourned until 2:00 p.m. tomorrow (Wednesday).