

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, 7 August, 1986.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - COOPERATIVE DEVELOPMENT

MR. CHAIRMAN, M. Dolin: We are on Page 40, Department of Cooperative Development.

We will begin with a statement by the Minister - the Minister of Cooperative Development.

HON. J. COWAN: Thank you, Mr. Chairperson.

It has been said by many that the cooperative sector is a strong third sector in the Canadian economy. I believe, and I think members of this committee will agree, that nowhere is that more evident than right here in Manitoba.

More importantly, the cooperative sector of Manitoba is growing at unprecedented rates as more and more Manitobans look to cooperation as a way to meet their needs and build a stronger economy.

This is the second year in a row with record levels of incorporations for new cooperatives in Manitoba. Last year saw 46 new cooperatives come into being in almost every part of the province. That is three times the nine-year average for new incorporations.

The Manitoba Government believes that this second year of unprecedented growth is indicative of the trust and confidence all Manitobans have in the cooperative option. We respect the long history the co-ops have in Manitoba. We share the optimism of the cooperative leadership when they look to the future of this province and the role that cooperatives will continue to play in its development. Cooperatives and the hundreds of thousands of members of Manitoba's co-ops, credit unions and caisses populaires are all playing an increasingly important role in the Manitoba economy. By working together in almost every community in the province, these cooperators are building our collective future through cooperation. The facts are irrefutable. Approximately 5,000 Manitobans work for over 490 co-ops, credit unions and caisses populaires in Manitoba.

Manitobans themselves have invested over \$2.7 billion in cooperative enterprises and organizations. Over 3,200 housing cooperative members will live in 50 housing co-ops worth \$74 million in capital investment. In the past year, we have experienced one of the best records in the country on the number of housing co-op unit starts on a per capita basis.

The Provincial Government's Cooperative HomeStart Program, now in its third year, means even more Manitobans can live in affordable housing.

The Employment Cooperative Program that was announced last year has resulted in 13 entirely new employment cooperatives being incorporated with 12 more in varying stages of development. Over 70 employees of these new co-ops are creating new jobs for themselves and new opportunities for hundreds more.

Manitoba is in the forefront of this rapidly evolving concept. We are the only province outside of Quebec

to have established a special program for employment cooperatives and our employment cooperative initiative is leading the way for the rest of Canada. These new cooperative enterprises can create new jobs, save existing ones, stabilize local economies and give employees themselves more democratic control over their own futures.

The utility co-op thrust, which was begun by the department several years ago, has resulted in 29 utility co-ops throughout the province with eight new ones gaining incorporation during the year under review. These co-ops are providing water and sewer services to hundreds of Manitobans who, if not for cooperation, would not enjoy running water and indoor plumbing.

Four new community service co-ops in the last year are helping local residents develop their communities, and provide needed services to their friends and neighbours. From day care to recreation co-ops, they're helping tens of thousands of ordinary Manitobans to build stronger communities and better futures for all Manitoba.

Four new processing and marketing cooperatives can mean stronger farm communities and a healthier farm economy. Given the many challenges facing Canadian farmers today, the cooperative option provides new opportunities for difficult times. The Manitoba Government believes that many new and innovative solutions to the problems facing our farmers, their families and their communities can be found through cooperation.

Manitoba's financial cooperatives, the credit unions and caisses populaires, have also experienced several consecutive years of consistently strong growth in both membership and assets. With combined assets of nearly \$2 billion and over 330,000 members, credit unions and caisses populaires represent a significant financial force in the Manitoba economy.

These democratically controlled financial institutions will be celebrating their 50th anniversary of operation in Manitoba during the upcoming year. From their early beginnings in St. Malo when 12 local residents worked together to start the St. Malo Caisse Populaire with \$61.35, and a determination to help themselves and others, over 120 credit unions and caisses populaires are now a significant part of Manitoba's financial environment. By the way, that St. Malo Caisse Populaire now has over 1,300 members and assets of \$8.1 million. That kind of sustained growth is reflective of the entire system.

In recognition of the changing role financial cooperatives are undergoing on an ongoing basis as they reach out to serve new markets in both traditional and in innovative ways, the Provincial Government has recently finalized a major rewriting of the legislation that governs their operations. This legislation provides a regulatory framework for continued growth and expansion for the credit union and caisse populaire systems, and the protection of the members' investments.

Expanded service, record levels of growth, job creation, innovative ways of meeting new challenges,

forward-reaching programs and policies, these are all part of today's cooperative movements in Manitoba. The Provincial Government is committed to continuing to work together with hundreds of thousands of Manitobans who are members of their own co-ops, to build a stronger province and a better future for us all.

MR. CHAIRMAN: Thank you.
The Member for La Verendrye.

MR. H. PANKRATZ: Thank you, Mr. Chairman.
I am not only a new member in the House but also new to the Cooperative Development. As I understood here today, there's about 490 different co-ops of some kind, or credit unions, but personally I've been a member for about 20 years myself. I definitely am convinced that co-ops have a place in our community. They strengthen our community by pooling together our resources.

I am surprised to see the different kinds of co-ops, by going through the Estimates and finding out and studying more about it, the different kinds of co-ops that are in place. To date, as far as I'm concerned, as long as there's proper management and as long as it's not too dependent on government funding, I think there is definitely a place for him. But I do want to thank the Minister for giving us the information he's given us well ahead of time that we could peruse it and study it and which I believe has not always been done in the past so, to the Minister, I do want to thank you for that.

I believe co-ops should not only be formed to try and get the maximum amount of money out of governments, they should also generate their own and that, basically, must be the prime function of any co-op movement. I do have some concerns about some of the retail co-ops and their viabilities, by going over the estimates on some of them, but what is important is, if you do not generate money there is also some way, shape or form that, whatever co-op it is, there's a way of disposing of it. I think that's one question that I will later on be asking the Minister. So as we go through these co-ops in different areas of the Estimates, I'm sure the Minister and his staff will answer all of our questions, so without any further delay I'd be prepared to go into that.

Thank you.

MR. CHAIRMAN: If the staff would like to come forward now.

We will begin on Resolution 37, deferring Item 1.(a) Minister's Salary. We'll move to Item 1.(b) Executive Support. The Minister wishes to make a short response.
The Minister of Co-op Development.

HON. J. COWAN: Perhaps rather than make a short response, Mr. Chairperson, I can introduce the staff to the members of the committee.

My Deputy Minister, Dick Chenier; Administration, Greg Thomson; Ron Pozernick; Vic Hryshko; and my Special Assistant, Carol Sundin in the back.

MR. CHAIRMAN: Thank you.
Item 1.(b) under Resolution 37, Executive Support - the Member for La Verendrye.

MR. H. PANKRATZ: Maybe one of my first questions would be, what are the number of people employed in the department, in total?

HON. J. COWAN: In the department, in total?

MR. H. PANKRATZ: That's right.

HON. J. COWAN: We can give you the breakdown by the different sections; and perhaps we may want to have a wide-ranging discussion without being too formal about what particular section we're under, if that's agreeable, and then pass the sections as it is acceptable to the Opposition.

MR. CHAIRMAN: Is that the wish of the committee? (Agreed). So we will not necessarily go section by section. We'll allow a reasonably wide-ranging discussion. We'll deal with the resolutions after the discussion and the questions.

The Minister of Cooperative Development.

HON. J. COWAN: Perhaps what I can do, as well, is we have some copies of the supplement which was handed out earlier, but we have some copies here for members. I don't know if we have enough so some will have to share.

If you turn to Page 15 of the supplement, it shows the staff year summary by staff category, for a total of 43 staff years broken down into the different sections. The Minister, one staff year; three in Executive Support; three in Financial and Administration Services; 15 in Co-ops and Credit Union Development, which basically are consultants and their support staff; and 11 in Co-op and Credit Union Regulation, which includes the examiners and those who are dealing with the regulatory process as well as their support staff; the Administrative Support shows up as three, four, one and two.

MR. H. PANKRATZ: Mr. Chairman, the reason why I asked that question, basically was I thought when I went through it - I calculated one figure and in your opening remarks, your number of employment, I don't think it jived. I think you indicated there was a certain different number of employment in your opening remarks. I'm just wondering where does that discrepancy come in.

HON. J. COWAN: For clarification, I think it was a figure of employees in employment cooperatives. That's where the discrepancy would come in. Those would not be government employees. They are employees of the different employment cooperatives themselves.

MR. CHAIRMAN: The Member for Arthur.

MR. J. DOWNEY: Mr. Chairman, just so I'm clear. The Minister has indicated he's going to get into a new wider range. Possibly we could move through the first section and then onto 2. so we could get into that.

MR. CHAIRMAN: 1.(b)(1)—pass; 1.(b)(2)—pass; 1.(c)(1)—pass; 1.(c)(2)—pass.
Cooperative and Credit Union Development and Regulation, Resolution 38, No. 2.- the Member for Arthur.

The Member for La Verendrye.

MR. H. PANKRATZ: What is basically the mandate of a cooperative? Would you be able to explain that to me? It's basically a totally new field to me, so, Mr. Minister, maybe you'd be able to answer that for me.

HON. J. COWAN: From a philosophical perspective; the mandate of the department or the mandate of the staff; or the mandate of the cooperative movement itself or co-ops?

MR. H. PANKRATZ: Mr. Chairman, no, what I'm referring to basically is, with the cooperative structure in place, what is then the role of the department once it's functioning?

HON. J. COWAN: We actually play a number of different roles, largely dependent upon the time we are involved with the cooperative during its developmental stages, starting from I guess the first role that we play as a department, is we attempt to look at areas where co-ops are presently serving the community, serving the membership, serving society in general; determine if there are strengths and weaknesses in those areas that we would want to work with the cooperative sector itself, the leadership of the cooperative, etc., as well as individual members, to deal with general problems or to try to meet new challenges in a general way.

We also looked for opportunities that may not be noticed by others, specifically where we can play a bit of an initiation role. For example, the utility co-ops was an area, when looking around at life in the smaller communities we noted that many did not have water and sewer services. I believe actually some individuals had mentioned this to the department and we started thinking about how a cooperative might be structured to meet those particular needs.

We then set about to develop a departmental thrust that would seek out groups that might want to develop a utility co-op - one could say the same for an employment co-op or a housing co-op or a day care co-op - but seek out groups that might want to take a look at that option and initiate the action; that's one role.

Another role is to respond to requests from individuals or groups of individuals in regard to how cooperation and cooperatives might help them meet a specified need. They identify the need; they look around for the options on how to satisfy that need; they could probably look a whole number of different options: non-profit corporations, corporations, small ad hoc groups of a non-legal status and co-ops, and they would come to the department - having learned of us through other cooperators or learned of us through our activities with field staff or just searching out a government department that can help them - and ask for specific assistance.

At that stage we would sit down them - our consultants would sit down - and explain what the cooperative motto is, how it might apply to their particular situation, go through feasibility with them to determine if the co-op might be the answer to their particular problem. If it was decided that they should incorporate, we'd then assist them in the incorporation

and then work with them during their developmental stages or early stages to make certain that they can benefit to the extent they require by our expertise in the department. We have very good staff with a lot of experience, a long history of working with co-ops, that can give them some helpful hints.

The ultimate goal though is to have the co-ops, as the member indicated, become self-sufficient and viable, so we try to work them towards that self-sufficiency and viability. Sometimes it happens very quickly; sometimes it takes a bit longer time, but we work with them during that stage. We may provide audits to them on a limited basis. We're trying to reduce that sort of activity, but we have in the past and continue to provide some audits where they require it. We also will get them in contact with other government departments, advise them of other government programs at all levels of government that might be able to assist them.

Then, once they're on their own, they're on their own pretty much. If they run into problems, they often come back to the department and say, we have a particular problem in this area, do you have any advice or assistance? Primarily what we do give them is advice. We don't have a large wherewithal to give them financial assistance, but give them advice, try to get them moving in the right direction and work with them.

It may come that they want to dissolve and there are times when co-ops do dissolve and then we assist them through that process.

The other function of the department is to regulate co-ops because co-ops are designed to serve their members and, since we incorporate them, we have a regulatory responsibility. They have to file annual reports with us; they have to file other reports on occasion and we make certain that they are operating within the articles and incorporation to the extent possible. It's not a heavy-handed regulation, but it's enough of a presence there to encourage the proper filing of reports, the proper response to the requirements of being a cooperative.

In regard to caisses populaires and credit unions, it's pretty much the same role, only there's probably more emphasis in that area placed on the regulatory and the legislative function, rather than the developmental function.

I hope that answers the member's question.

MR. H. PANKRATZ: Yes, it did.

In regard to credit unions and caisses populaires, the \$29.5 million that they're receiving interest from, where does the province receive the \$29.5 million from?

HON. J. COWAN: In 1982, there was a loan agreement which called for a five-year interest-free loan of \$25 million to the credit union system and \$4.5 million to the caisse populaire system. The loan was invested and the interest is paid out on an annual basis or, at least, quarterly basis to the systems. Then they work with that interest funding to deal with creating a more stable base for the credit union-caisse populaire system.

MR. H. PANKRATZ: I believe the credit unions are receiving at the present time, just while we're on it now - I don't have my figures here with me - but they are

receiving about \$3.8 million annually. They've received it for the past two years and I believe they're receiving it this year as well. — (Interjection) — Yes, but that's Co-op Implements. 4.3, that's right.

I believe this is the third year now that they're receiving it. What will happen after the five years? What is your prediction on that? What do you assume will happen after that?

HON. J. COWAN: The credit unions and caisses populaires systems has already indicated to us that they would like to share with us their analysis of where the system is going over the next period of time. The purpose, I believe, would be to acquaint us with the progress that has been made and I believe there has been substantial progress made, and also talk about how that loan might be continued at the same or different level in the future.

We have indicated to them that we are prepared to receive that information, enter into discussions and will be prepared to respond in what will be determined to be an appropriate manner after we've had an opportunity to look at their projections, look at our projections and determine exactly what is required to ensure that the initial purpose of the loan is fulfilled.

MR. H. PANKRATZ: My next question is: How many credit unions are receiving funding? Like this 4.3 million; and how many credit unions - I believe there are about 120 or 130 credit unions and caisses populaires? How many of them are in that stage where they depend on the funding from the Stabilization?

HON. J. COWAN: The figure fluctuates, hopefully, in a downward manner. I think the trend has been generally in a downward manner. At least, the projections are that. Twenty-nine credit unions right now and three caisses populaires are in a position of receiving that funding now. The funding does not go to the credit unions or the caisses populaires directly, however. Just to clarify that, it's through the Stabilization Fund.

MR. H. PANKRATZ: Well that's right, but it still goes to the credit unions or caisses populaires. Am I right?

HON. J. COWAN: I should verify that. It does not go directly from the government to the credit unions or caisses populaires, it goes through the Stabilization Fund.

MR. H. PANKRATZ: I don't know whether it's appropriate to mention the name of our certain credit union or not, but the ones that come to my mind, the one particular one which has received almost .5 million grant for the past two years and still has only improved its financial assets by 300,000, we all know which one we're talking about. What is the future of one in that position?

Maybe I'm asking it because I'm a new member and I don't know. Maybe you can answer me. What do you foresee when the five years are over? What will happen?

HON. J. COWAN: Maybe I should back up just a bit to show you how fast the situation is improving with the credit union system. I now understand it's 26 credit

unions that are receiving funding, rather than 29. Twenty-nine was last year's figure, and we're now working with 26.

Without discussing a specific credit union or caisse populaire because that would probably be inappropriate in this sort of forum - and we had this debate last year - I would be prepared to discuss specific credit unions or caisses populaires with the members individually outside of the committee.

But to talk about how we deal with the situation in general that you have described, one should not focus only on the money, because that was only a part of the overall agreement.

MR. J. DOWNEY: Mr. Chairman, just on a point of order or clarification, on that point as to whether or not specific ones should be discussed, it is my understanding that each credit union makes a public statement, has a public report. So if it were to be discussed here by name, it shouldn't be any reflection on that particular institution.

MR. CHAIRMAN: In response to the Member for Arthur, I think it is appropriate to do that. It's within the discretion of the member and the Minister whether or not they wish to do that. The Minister has discretion to respond or not to respond to any question as he sees fit.

MR. J. DOWNEY: I'm just saying, it's not secret information anyway.

HON. J. COWAN: I'm not trying to be obstructive certainly.

MR. J. DOWNEY: I appreciate that, but I . . .

HON. J. COWAN: But the member is partially right in his comments. There is an annual report but it goes only to members. It goes to the government as well, but we have a regulatory responsibility to provide. Part of that is, do not disclose information - and this is general practice whether it's a co-op or a corporation - not disclose information about a specific business enterprise or cooperative enterprise without their permission.

However, I would be certain, given the open and democratic system that exists around credit unions and caisses populaires that, if you were to write to them and ask them for a copy of their report, they would be more than pleased to provide such information. It's just that under the provisions in which the information is provided to us as a regulatory body, we are not empowered - as a matter of fact we are restricted - from providing that information to third parties without the consent.

To go back to the original question though, there are a number of elements of the loan agreement. One we just saw recently in the House, and that was legislative changes which are designed to allow or encourage credit unions and caisses populaires to review ways of bettering their financial base and their stability. That's the one part of it.

The other part of it is performance improvement programs, which are undertaken to review at separate

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individual credit unions and caisses populaires, to review their performance and how it might be improved upon. Those reports are done and shared with the Stabilization Fund and other parties; then the credit unions and the caisses populaires hopefully will be able to build a better system internally to meet new demands.

The third is the funding which is intended to help them out of a difficult financial situation which is short term. If it would appear that the credit union was not undertaking the appropriate action to create a more stable, long-term base, then the Stabilization Fund, I'm certain, would sit down with them, with other parties and talk about what needs to be done.

In some instances there have been mergers - and I have to note that individual members have not lost any of their investment or savings in those instances - but there have been mergers where it was felt that a credit union or a caisse populaire, in fact, needed to merge because it was not able to develop the proper base for long-term stability and viability.

MR. H. PANKRATZ: My question, Mr. Chairman, would be: how many years or what criteria is set out as to when this would be imposed upon them, either to merger? Whose discretion is this to make that decision?

HON. J. COWAN: One of the problems previously and why we got into the situation that we did in 1982, which has vastly improved now, was that there wasn't the long-term planning and projections. There weren't the computer models that are being used now. There wasn't the data available to be able to determine over a longer period of time whether or not a credit union had a chance of making it and most of them do. The ones that don't merger and link up with stronger credit unions and still provide services, or stronger caisses populaires as the case may be.

With that information, it's a matter of the credit union and the membership, or the caisse populaire and the membership, and the funds in the different organizations sitting down and determining if, in their opinion, it appears as if there is that opportunity for long-term viability. If there is, they work towards it. If there isn't, they work towards a merger or another situation that protects the members' investment, but gets them out of a situation where a single credit union perhaps would have difficulty in long-term survival.

MR. H. PANKRATZ: Okay. I'm sure after the information that I've put on record, you know which one I'm referring to when it has been receiving this kind of funding.

I'd like the Minister to clarify to me at what stage or, if there will not be for a certain period of time or whatever, when will you recommend - because I believe you are the body now that basically is in control as to the future and the viability of any co-op, so to call, in that respect - and I would like the Minister to be a little more specific as to how many years, if now five years. This interest-free loan is going to be gone in five years. This particular one, let's assume now, will still not even be able to carry its own, never mind show a profit; but I mean, for instance, what it has been receiving. Will you then state to it that you have to merge with a different one, or dissolve? I wish you'd be a little more specific, Mr. Minister.

HON. J. COWAN: The body that has the legal authority and responsibility to force a merger where such a situation is indicated as the Stabilization Fund, or the Stabilization Funds themselves, through the two different systems. They are constantly monitoring, doing the long-term projections, working with the individual credit unions and caisses populaires.

I guess, if it becomes apparent that a situation can't be turned around, and that has happened in some instances where there were mergers, then a merger is contemplated or a merger is required.

In the particular instance that we're discussing now, I would suggest that the most recent examples point to a longer-term viability if actions are taken in an appropriate manner, and we have every reason to believe they will. I guess what we would have to do is to come back at a later date, a year, two years or three years hence, and see if that projection is correct. It's like anything else, it's a forecast based on certain criteria, but the forecast now is one of the more positive ones that we've had in a fair amount of time on most of them.

There is also an assumption in the member's comments that the five-year agreement may not continue beyond this year. I'm not at a point in time when we can say that. We are involved in discussions which may see a continuation of some agreement, whether it's that or another agreement, to deal with particular situations. So I wouldn't want to leave that impression, that that topic has been closed. It's still a very open discussion.

MR. H. PANKRATZ: My question to the Minister would be: In the new Credit Union Act that has been put in place, does that allow you basically to monitor some of these that possibly errors of this kind need not occur or would not be likely to occur in the future as has in the past?

HON. J. COWAN: I think we've always had the ability in a lot of ways, the responsibility, to work with the fund, and the phone to monitor and to make those sorts of determinations. I don't think that this particular Act gives us vastly more power in that area. What it does do, I think, is enable the credit unions and the caisses populaires themselves to take a number of actions that would enable them to give them a stronger financial footing. It also provides, I think, for a clearer definition of the responsibilities more so than massive changes in the responsibilities.

MR. H. PANKRATZ: Does it also have a control on the amount of a loan that individual credit unions or caisses populaires can borrow on its own? Is there not a limit to that amount before it needs approval?

HON. J. COWAN: There is a provision in the legislation for regulations to be developed around the provision of loans and loan committees, credit committees, at the different levels in the system.

MR. H. PANKRATZ: Did I understand you correctly, but it is not in place at the present time?

HON. J. COWAN: It is in place, but the new legislation provides for that as well.

MR. H. PANKRATZ: Okay.

HON. J. COWAN: I was addressing myself only to the new legislation that is before the House.

MR. J. DOWNEY: Mr. Chairman, I find the Minister's comment extremely interesting. In view of the fact that we're now into the final year of a support program to the credit unions, of which there is \$4.3 million going in annually, a total of \$20-some million of taxpayers' money going directly in as a subsidy to the credit union movement and to the caisses populaires, I'm surprised that the Minister isn't able to give us a brief update as to what the current status is. You know, we hear the argument from the New Democrats and from the government that the banking industry is very lucrative and the banks have made a lot of money and that's basically what the credit unions are in. Are we in a position now, are you not in a position, as Minister, to give us an indication that at the end of this agreement they will be in a more stable condition and that the taxpayers won't be called upon to contribute \$4.3 million annually, and are they using the maximum? Is that not being able to be reduced somewhat? I'm surprised the Minister doesn't have a more accurate report as to the current status of the credit union and caisse populaire movement and their stability. I don't need a long answer. I hope the Minister would, you know, in a reasonable length of time.

MR. CHAIRMAN: I hope so, too.
The Minister of Cooperative Development.

HON. J. COWAN: No. 1, they are in a more stable position. There are fewer under supervision in both the credit union and caisse populaire system. The ones that are under supervision for the most part are turning profits now. The problem is with the deficit that was generated over a number of years and that's what keeps them in that supervisory position, but that deficit is being reduced each year.

In regard as to whether or not we will continue the loan agreement, that is under very active discussion. I think the criteria we're using in our discussions with the system is: No. 1, do you need a continuation of the loan agreement at all? If so -(Interjection)- well, they will say, yes, but we're asking them to respond to the member's suggestion. They will say, yes, we know that already. If so, what is the justification for that? We have to do our analysis of it and then we have to turn to discussions with them. I would say that there could be a continuation of an agreement. It may be shaped differently than the previous agreement, but until we actually receive the information in detail and have analysed it in detail, and had discussions with the systems, it's difficult at this stage to say what that agreement might be. However, there is marked in the system overall.

MR. J. DOWNEY: Does the Minister get an annual report on the status of the fund? Does he get an annual report on where they're at as far as their viability is concerned?

MR. CHAIRMAN: Excuse me. Is the member talking about the Stabilization Fund or the . . . ?

MR. J. DOWNEY: Stabilization Fund. The support that the province are giving the credit unions and the \$4 million that we're putting in in interest support.

HON. J. COWAN: The Stabilization Fund itself puts out an annual report on a year-by-year basis which does show a significant reduction in the overall deficit totals.

MR. J. DOWNEY: What percentage of the credit union investments are in agriculture?

HON. J. COWAN: 21 percent.

MR. J. DOWNEY: What are the other investments made up of largely? Could he give us a breakdown as to the loan portfolios, the percentages?

HON. J. COWAN: We don't have it broken down in the detail. I can get that detail and have it forwarded to the member.

MR. J. DOWNEY: Mr. Chairman, has the Minister heard from the credit union movement dealing with the position that they will be put in as far as collecting back or being able to live up to their commitments dealing with both the government and the investors when Bill 4 is passed? Has he had any opposition from the credit union movement in that regard and what does he personally think carrying out the responsible role of the Minister responsible for the credit union movement? Does he not see that 21 percent - it wouldn't be 21 percent because it all wouldn't be in land which is now the only portion of the Act which would apply - but does he not feel as a Minister that there could in fact be a major jeopardy brought about as far as this money that has been invested? I ask the question directly: Has he had input, has he had concern brought forward and he would be prepared to table any written opposition to this act?

HON. J. COWAN: I've met, along with the Minister of Agriculture, at a joint meeting with representatives of the credit union and caisse populaire system at which time I think we had a good frank discussion about the purpose of Bill 4, which is to ensure the survival of the family farm, and I'm certain that all members agree with that goal. If they don't agree with the legislation, at least they agree with the particular goal. We discussed the impact that it might have on the credit union and caisse populaire system. They asked a number of questions; we responded to a number of questions; they provided us with some helpful suggestions. We are considering those helpful suggestions. I would say I walked away from that meeting with a sense that, while they have concerns, they are definitely prepared to work with the government toward the goal which we share - they want to see the family farm survive as well - and the development of legislation. There may be some differences of opinion when it's all over, but the dialogue has not yet stopped. It started some time ago and is continuing.

MR. J. DOWNEY: Let's just stop and be realistic about this, through you, Mr. Chairman, to the Minister. Here we have the credit union and the caisse populaire

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movement in Manitoba, who have a \$29.5 million support program from the province. They're getting a \$4,388,000 annual interest rate, taxpayer writeoff, and the Minister is expecting us to believe that they are coming forward saying, well they have concerns but they aren't blatantly against it. I guess they aren't blatantly against it, because they don't want to cut off the hand that feeds them.

I'm really wondering if the Minister is being truly fair with the whole movement. I'm sure they're not going to come out and absolutely clobber the Minister or the government, because they have certainly got concerns that they have another agreement they're going to negotiate. But I ask the Minister, if he really searches down deep in his own mind, carrying out the responsibility that he's been given to make sure the security of the credit union movement and the *caisse populaire* movement is protected through the ability to take the investors' money, to use the taxpayers' money, through the support and stabilization program, and truly support Bill 4 which prohibits them from moving to protect that investment that they put in agriculture.

I ask him, if he really searches down deep, if he - and I asked the question about the credit union movement coming forward and what did they say? Certainly they did not come out and absolutely say, no don't pass it because it puts us in jeopardy, because they are in a position where they can't. They have certainly got a vested interest in being somewhat reasonable with the Minister. But I say, in all seriousness, does he feel, in his responsibility as the Minister responsible for Co-op Development, that that is the right thing to do or is he doing it because he's a member of the a government who are bent they're going to put that piece of legislation in for political purposes?

HON. J. COWAN: The legislation has been introduced and will be passed because we believe it is essential to the continued survival of the family farm in Manitoba. That is the primary goal. That is a goal that Opposition members share; that is a goal that the credit union system shares; that is a goal that the banking system shares; that is a goal that this government shares with all of those parties, including the farmers themselves.

I have to, as a Minister responsible for a certain area, dialogue with that clientele, the client group. I have done that. We have had a frank and open discussion. I will not impugn motives as to whether or not they said all that they would want to say, I believe they did. I would not suggest that they are concerned that their frank and open discussion which we invited and which we encouraged would, in any way, impact upon our other discussion, no. I believe that what we are doing is right. I believe that in the long term it will aid the credit union and *caisse populaire* system, because it will ensure a healthier family farm environment in the Province of Manitoba.

MR. J. DOWNEY: Granted, the Minister makes that motherhood statement that we all can agree with, that everyone wants to see the survival of the family farm. It's given, it's the cheapest food policy in the world. Why would anybody want to be against it? That's the bottom line; but I'm saying to the Minister, regardless of the fact that we're all supportive of the family farm,

he is less supportive of the credit union movement and their ability to act responsibly with the taxpayers' money that is invested in it through both stabilization and, as well, through the investors that go to those organizations to put their money in.

He is less interested and less supportive of them than he is in the cheap food policy, because he wants to maintain the family farm to maintain a cheap food policy and he says you can legislate farmers from going broke or from losing their farms and we'll do that at the expense of the credit union movements; and that's the bottom line. He is more interested in maintaining a cheap food policy and the survival of the family farm for that purpose than he is to the survival of the credit union movement of which he has the major responsibility.

I'm not arguing against the support of the family farm unit; I'm arguing against the politicization of the way in which they're trying to save the family farm. You would save the family farm a lot better if you loosened up the lending policies of the credit unions and gave the farmers, through the credit union, interest free loans. That would have a lot more impact than the legislation that you're passing, that you say that, yes, after we're through with the support of the credit union movement, we will reduce the interest to farmers who are in difficulty. But he could use that tool better than the legislative tool that he's supporting, that his government are going shove through this Legislature.

That's the point I wanted to make; I make it very, very clearly. I think the Minister cannot wear two hats in this particular case, and if he is going to do that, then he should honestly level with this committee that he is now saying he's going to treat the credit union movement with less concern and care than he is the political pressure that's coming from his colleague, the Minister of Agriculture.

HON. J. COWAN: I always suspected that we might have a political difference of opinion on Bill No. 4. I guess we do.

I honestly believe that what we are doing as a government is in the best interests of the family farm, the farm community. I honestly believe that. I accept there's a difference of opinion and I believe that members opposite honestly hold their views. I think there is a difference of opinion. There is a different philosophical political approach and that's what makes these committee hearings as interesting as they are.

I accept the comments from the Member for Arthur and those who shook their head in agreement with those comments as he made them. I believe they are sincerely held. I believe he is wrong; I believe we are right in our approach. That should surprise no one.

I believe that the credit union and *caisse populaire* system will in fact benefit from the results of The Family Farm Protection Act, Bill No. 4. I believe they have concerns which must be discussed. We may differ in approach, but I believe they will work with the government in order to meet our common objectives, even although we may suggest different paths for those objectives from time to time.

I also believe - and I may be wrong - that they do have confidence in this government and I know I certainly appreciate the working relationship I've been

able to develop with them over the past number of years. I think they appreciate that working relationship as well and I think that we both seek to serve the province as a whole and work toward that goal on an ongoing basis. I think we are doing that in regard to Bill No. 4.

MR. J. DOWNEY: I'll yield the floor for a few moments, Mr. Chairman, to reload the gun.

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: I had some of the questions answered, but the Member for Virden wanted to follow on the same line. I'd like to follow him; we'll let him carry on.

MR. CHAIRMAN: The Member for Virden.

MR. G. FINDLAY: Thank you, Mr. Chairman.
I'd like to ask the Minister what sections of Bill 4 did the credit unions have concern with?

MR. D. BLAKE: Have you read the bill yet?

HON. J. COWAN: Yes, I've read the bill, I've discussed the bill with them. I'm afraid I'm not going to be able to quote it section by section without it being in front me, by number, but I can tell you that they had some concerns with some of the overall thrusts of the bill in regard to their area, loans, and in regard to the actions which the government could take, others could take as a result of the legislation.

Some of those I think have been dealt with; some of those are yet to be dealt with. Some may never be resolved to the mutual satisfaction of all the parties, but as a government we must make a determination in the end as to what is fair, what is honest, what are the objectives and what moves us closer to those objectives. Their advice is just that; advice.

MR. G. FINDLAY: I guess in this context, I see the government's having a very large conflict of interest because on the one hand, you're trying to protect the institutions; on the other hand you're trying to protect the farmers which is not going to protect the institutions. They've come forward and they've made certain suggestions to you. I know some amendments have been drafted, probably the credit unions had a lot to do with some of those amendments. Have you given the same weight to recommendations from the other financial institutions that obviously have come forward, too, with certain concerns? Have they been given equal consideration or is the conflict of interest of your involvement with the credit unions at this level giving them a preferential position?

A MEMBER: It's a selective conflict.

HON. J. COWAN: Without accepting the premise that there is conflict of interest at any level, we do have a more direct regulatory relationship with the credit unions and the caisses populaires than we do with the other banking institutions, financial institutions, because of their federal regulation. I can tell you that members of all those, representatives of all those institutions have

been meeting, lobbying, discussing, dialoguing, perhaps even on occasion, debating the specific provisions of the bill with the Minister responsible and his department over the last little while. I think he's indicated those talks are ongoing and I think he's indicated that he is listening very carefully and taking constructive suggestions to heart where he believes they will benefit the overall purpose which we all share, the survival of the family farm in Manitoba.

MR. G. FINDLAY: Did they have major concerns with the potential for court ordered write-down and the moratorium provisions?

HON. J. COWAN: They certainly had concerns around that area and indicated those concerns to us. I believe they have some good suggestions as well.

MR. G. FINDLAY: Did you give them any offer in the event if those things happen, that you would cover their losses?

HON. J. COWAN: Not to my knowledge.

MR. G. FINDLAY: Or that you would supply them with a guarantee in those areas?

HON. J. COWAN: Not to my knowledge.

MR. G. FINDLAY: I guess that's enough on that topic.

In my area I'm not closely linked with credit unions but I've seen some of them get into difficulty because of maybe a bit misguided in commercial loans and in agricultural loans, too large, maybe not properly researched before the loans were given. Does the department have guidelines and directions for those kinds of loans now that weren't in place say three, four, five years ago?

HON. J. COWAN: The decisions regarding those loans are made within the system itself, basically. They are made at the individual credit union level or caisse populaire level. They are also made at the system credit union or system caisse populaire level. They have some overall guidelines but a lot of individual guidelines on the basis of what an individual credit union, through its membership and its board of directors or an individual caisse populaire, through the same process might consider appropriate for that area.

MR. G. FINDLAY: You talked earlier about mergers between credit unions - and a merger would normally take place between a weak credit union and a strong credit union - from your comments before I almost got the impression that maybe you had the authority to force a merger between two credit unions?

HON. J. COWAN: Just so I give the fullest answer. The Stabilization Fund can in fact force a merger in respect to credit unions under supervision. I suppose they could do so against the wishes of the credit unions if that was the case. My understanding is that has not been the case. Those mergers also, I understand, are approved by the Registrar who is the Deputy Minister. But yes, they can initiate force but I think it's done, almost in all cases, through consultation and consensus.

MR. G. FINDLAY: There was some discussion in our area between two credit unions; one was stronger than the other and the stronger one didn't really care to get involved in the merger because they felt that their equity would be reduced by having the weaker credit union become part of their total unit. Is there a method by which the objecting party can have a hearing, you know, the members, not just the directors? Sometimes the members don't always agree with the directors, too.

HON. J. COWAN: Maybe so I understand the question, is the member entertaining that there was a forced merger?

MR. G. FINDLAY: No, there's been discussion up there of a merger and I was wondering if they could be forced against the wishes of the stronger one.

HON. J. COWAN: If the credit unions are in a supervised position . . .

MR. G. FINDLAY: Both of them supervised or just the one?

HON. J. COWAN: If they are both supervised, then it can be forced and the membership there is not really a primary factor. If one of them is unsupervised though, the membership can stop that merger.

MR. D. BLAKE: Mr. Chairman, I have one or two questions. Some of them have been answered.

First off, I might have a bit of confidential advice to give to the Minister. I think it's the desire of the committee to finish the Estimates tonight and if he kept his answers fairly short, we might be able to accomplish that; otherwise, it could be a problem.

A MEMBER: It's not confidential anymore.

MR. D. BLAKE: To follow on that, and I won't pursue Bill 4; we've covered it fairly well. If he felt that there was some support from the movement for Bill 4, he certainly hasn't been talking to the credit unions in my area or those that run them. I will agree that there has been considerable strengthening in the administration and the credit union movement because they've hired over the years quite a number of former bankers who were trained well under the Canadian banking system. It's done a great deal for their loan portfolios.

I wonder, Mr. Minister, if you could provide us with some indication of the credit union losses and the reserves for losses during the past year. Is there any reasonable figure or something? I don't want accurate figures. Do you have a ballpark figure on that?

HON. J. COWAN: I thank the member for his advice. I think the type of information which he is requesting I can share with him on a confidential basis and would be prepared to do that.

MR. D. BLAKE: Okay. Maybe at the same time, I wonder if he could give us some idea of how many co-ops have either closed down or amalgamated or for other reasons have gone out of business over the past year.

HON. J. COWAN: Twenty-one cooperatives have dissolved last year and that was mostly dealing with

cooperatives that were not functional and had not been functional for some time. It's more of a technical nature, rather than a failure of an ongoing enterprise.

MR. D. BLAKE: How many amalgamations have there been? Have there been any co-op amalgamations, takeovers?

HON. J. COWAN: Not to my knowledge.

MR. D. BLAKE: Would the information be available on the loan portfolio and the deposit portfolio with regard to term, short-term, long-term, medium-term, and that would include mortgages? Is there any breakdown on those figures on their portfolios, on loans and deposits?

HON. J. COWAN: I want to backtrack on the last answer. On the amalgamations, there have been some mergers within the credit union-caisse populaire system, not within co-ops.

In regard to the last question, I would be pleased to arrange a meeting between the members or any members who would wish to attend and the Central, and they could provide that sort of detailed information at that time.

MR. D. BLAKE: That's fine, Mr. Chairman. Something like that, it would just give us some idea of what the portfolio is. We could maybe judge what kind of risk is involved and how much of it might be a longer term or how much a short term.

HON. J. COWAN: We'd be pleased to do that at the convenience of both parties.

MR. D. BLAKE: Sure, no hurry on it at all.

MR. CHAIRMAN: 2.(a)(1) - the Member for La Verendrye.

MR. H. PANKRATZ: I believe the Minister indicated that we could move back and forth from one of these to the other. So if you don't mind, I'd like to jump at the present time to this Cooperative HomeStart Program which was put in place, I believe, last year. Maybe you could just tell me, does it cost the province any kind of money to keep that program in place, or is it self-sufficient? If it isn't, maybe you can just give me some of those figures on that?

HON. J. COWAN: There is a cost to the province, and I can get the figures for you very quickly.

MR. H. PANKRATZ: Mr. Chairman, if the Minister would allow me to, while he's going to get those figures, I would gladly pose a different question to him and come back to this a little later if you so desire.

HON. J. COWAN: Yes.

MR. H. PANKRATZ: Mr. Chairman, I'd like to ask the Minister how many fishing co-ops are in place in the province. Maybe right away with that, are they self-

sufficient or does the province have to invest money into some of them? How many, and to what degree?

HON. J. COWAN: There are 13 fishing co-ops in total. We do provide some assistance to them through our audit, which is a cost, but not a major cost factor. I'm certain that they avail themselves of other provincial support programs that are open to all enterprises or organizations. We don't provide them with a specific subsidy other than the management consulting, the accounting and the audit services that we provide to a lot of different co-ops.

They're very successful. Manitoba has one of the most successful fishing cooperative sectors in the entire country. Last year, two fishing cooperatives reported a loss. They were not significant losses. One was because of just poor fishing in the area, and the other was because of some management difficulties which we expect will be overcome.

MR. H. PANKRATZ: In regard to the HomeStart Program, Mr. Chairman, would you have any information in that respect?

HON. J. COWAN: The reason we're having a bit of difficulty with the details, the program is a joint program between the Department of Cooperative Development and the Department of Housing, and the Department of Housing does most of the administration; we do most of the developmental work.

There are two different forms of assistance. One is a start-up grant, and there was \$35,000 paid out last year under the HomeStart start-up assistance for a total of seven different housing co-ops, each getting 5,000.00. That's for CMHC housing programs.

Then HomeStart housing projects that have received start-up assistance as well, there are another 16, for a total of \$111,065.00. The first figures I gave you of 35,000 are CMHC figures; the second are the provincial, as I indicated.

There has been mortgage financing of \$5.1 million committed for 1985-86, but that's paid out over a longer period of time. You just commit that as a front-end cost, and then amortize it, I believe, in some instances.

MR. H. PANKRATZ: Maybe you could tell me where in the Estimates would this amount of money be involved?

HON. J. COWAN: The Department of Housing Estimates.

MR. H. PANKRATZ: All right, that's fine.

HON. J. COWAN: We really provide the developmental and consulting support.

MR. H. PANKRATZ: There's a Lakeshore Metis Development Corporation Ltd., I believe, that received a 70,000 interest-free loan. Maybe you could update us at the present time as to their status and where they are with that, Mr. Chairman.

HON. J. COWAN: This has been a matter of some discussion in the House previously, and I've had some

meetings with a number of members of the Opposition regarding it.

They received an interest-free loan. The loan payment is now somewhat in arrears, although we just received \$5,200 today as a result of the Special ARDA audit being approved and the money passed through. That's an audit done by the Federal Government agency on that particular operation. They're still in arrears.

We are entering into discussions with the board of directors, or have been in discussion with the board of directors for some time regarding that. The loan balance is now \$37,000.00. As the member knows, there was a larger amount that had first been provided, then it was written down as a result of some monies coming forward. We have secured on the loan, equipment with a total of \$65,400, and there was an ARDA grant assignment of \$36,842.15, and individual promissory notes by the members of \$2,200 each.

The terms of the repayment are a Special ARDA grant of \$36,842 in three equal installments of \$11,052.66 on March 31, 1986, March 31, 1987 and March 31, 1988. The Special ARDA funding of \$27,573 was received on September 18, 1985. We received the additional amount, which I indicated earlier, just today, and we are hopeful that the rest of the outstanding amount for this year will be paid off as the co-op recovers money from the clearing of land under the appropriate Crown Lands Clearing Program.

MR. H. PANKRATZ: So you feel that loan is well secured at the present time anyhow?

HON. J. COWAN: The loan is oversecured at the present time. We have more securities on that loan than we do have outstanding debt by a significant amount. That's not to say we want to have to recover that security. We expect the loan will be paid off in a normal fashion and we would not have to go the securities, but we are prepared to do so if that appears to be required at a period of time.

MR. H. PANKRATZ: I understand the way you indicated the figures that possibly their payment, which was due March 1st is about 50 percent paid to date. Is there any overdraft charges or anything of that nature, penalties or anything that are added on?

HON. J. COWAN: No.

MR. H. PANKRATZ: Are there any other different co-ops that are basically in this same similar situation that you feel are in financial trouble, and if so maybe you'd feel free to mention them?

HON. J. COWAN: I think there are probably co-ops at any time that are in financial trouble, co-ops at any time are very successful. I wouldn't want to mention specific ones that might or might not be in financial trouble without first having consulted with them. But I believe overall - and the member asked why - and I guess the reason is that they report to us - and we'd gone through this a bit earlier - they report to us by legal requirement. We perform a regulatory function. Those reports are really privileged information in the same way that reports from businesses are privileged

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information when they report to a government agency because they are required to do so.

That information can be provided by them to their membership or to whomever they want. We can provide it if we have their approval to provide it. But other than that we would be going beyond what is allowable to us and acceptable general practice in any jurisdiction, by commenting on those reports. However, in my understanding there are not significant areas where co-ops are in financial difficulty. There are always going to be some that are, some that aren't.

MR. H. PANKRATZ: Maybe you could elaborate a little bit on these type of co-ops which I think you call them worker co-ops. What are they about? Is it actually a labour pool or what kind of a co-op is that?

HON. J. COWAN: They are termed worker co-ops in some areas. We, and I think most of the other provincial jurisdictions are now using the term employment cooperative because we feel it more accurately reflects the purpose of the co-op.

We in Manitoba, are leading the nation, I believe, in the development of the concept of employment cooperatives outside the Province of Quebec, which is way ahead of any other province in regard to analyzing how employment cooperatives can benefit the provincial economy in working with the different co-ops to develop them.

We have a program in place which was announced in Co-op Week last year, October 11, 1985, with funding of \$1.42 million for the 1985-86 fiscal year. There have been, as I indicated, 13 employment cooperatives incorporated to date and another dozen under development. The purpose of an employment cooperative is much like any other cooperative; a group of individuals band together because they believe they can perform a function, serve a need or provide a service collectively through cooperation.

It's incorporated as an employment cooperative, there are certain criteria for the incorporation which we can share with the members opposite, it's public information. We provide them some assistance in regard to feasibility studies under that criteria and some loan guarantees under the criteria. We have been involved with a number of them.

We believe it is a way for Manitobans to work together to accomplish a number of purposes: (1) from their own perspective to create employment for themselves, families, friends, co-workers, neighbours; secondly, because co-ops are locally owned and locally controlled they stabilize the local economy, the profits stay in the local economy; they're much like the small business that keeps regenerating its profits through the community; and we believe they provide for more democratic control by the employees over their own work situation.

MR. H. PANKRATZ: Is there any funding going into this type of employment co-op?

HON. J. COWAN: Yes, we have funded a number of employment cooperatives. I hope I'm pronouncing this one correctly - GAIA Reforestation - we've given them some consulting advice and a \$5,000 loan guarantee;

Vent-Air Industries, consulting and a \$339,000 loan guarantee - I'm just doing the ones where we've given actual financial assistance; others we've given consulting services to, Accu-Graphics, consulting and a \$43,500 loan guarantee; Crocus Information Management, consulting and a \$5,000 loan guarantee; PRT Manufacturing, consulting and a \$250,000 loan, of which \$62,400 has been advanced to date.

MR. H. PANKRATZ: Just for information, Vent-Air, is that the company that went into Receivership and was taken over by the employees?

HON. J. COWAN: Yes, it is.

MR. H. PANKRATZ: They formed a co-op?

HON. J. COWAN: The employees are financing to buy it out. I think it is a classic example that shows how employment co-operatives can sometimes not only create jobs but save existing jobs.

The business was experiencing difficulty. The employees thought that difficulty was not directly related to the business itself. They banded together; they invested significant sums of money themselves in it - 11 members invested \$180,000 of their own moneys - also came to us under the program for assistance; we provided that assistance; they're doing extremely well and have a very successful future ahead of them according to all indications today.

MR. CHAIRMAN: The Member for Portage la Prairie.

MR. E. CONNERY: Was that the Venture Capital Company that lost money in that particular . . . that the government put money into?

HON. J. COWAN: The original company was the Venture Capital Company and they make, actually ventilation systems, air conditioning systems and related materials.

MR. E. CONNERY: There was some concern whether the money was invested properly. Was that one fully investigated beforehand?

HON. J. COWAN: We were aware of that investment. We spent a lot of time reviewing that particular situation, to make certain that the money that we were advancing was going for the purposes of the employment co-operative and the start-up in the operation of that.

In fact, those investigations show that that was the case. We made the loan on the basis of a decision, being fully aware of the situation.

Just one other point which may be helpful. It has already gone into Receivership first and then the employees formed the employment co-operative.

MR. E. CONNERY: The fact that the new company was successful, was there some misgivings or inappropriate use of the funds, through the Venture Capital Program, that the first one failed?

HON. J. COWAN: I don't believe that I could make that judgment at this time. All I can say is that we thoroughly reviewed the situation that existed at that

time and our review was to determine the feasibility of an employment co-operative; determined in our opinion that an employment co-operative was feasible provided the guarantee and the funding and the assistance, the consulting assistance, and I think they're employing now 50 employees, and growing.

MR. E. CONNERY: So what the Minister is saying is, that the business was financially a sound type of business that you invested in.

HON. J. COWAN: We felt that the potential for the economic activity they were undertaking was a sound potential, and it was a viable operation. Remember, when employees take over an operation, they oftentimes take over an operation that is failing for a whole number of reasons, and are able to turn it around. They're able to turn it around for a number of reasons. One is you get higher productivity. They're actually starting to get the returns on the profits, if there are profits.

No. 2, they can take actions unto themselves that they would not normally accept someone else imposing on them. You know yourself, if you're involved in your own business, you will work without a salary for a long time or for a low salary, and have done it, in order to ensure — (Interjection) — I think every farmer has probably done it - in order to ensure the viability.

Individuals in employment cooperatives will do that as well. They also have more control over the operation of the industry, and can sometimes come up with some good suggestions as to how to make it more efficient, and will do so because it has a direct impact on them of a positive nature.

MR. E. CONNERY: The department must have obviously investigated what had transpired before. There was Venture Capital money lost, and then the government reinvested more money into this co-op. Did they analyze why the initial investment did not succeed?

HON. J. COWAN: No. Our purpose was to ensure that the investment we were making along with the employees in the employment cooperative was a good investment. That's the mandate we undertook when we sat down to review the situation. In order to do that, one has to review how a certain operation got to a certain stage, but that was not the purpose of the review. The purpose of the review was to determine where it could go. We believe that it can be very successful. To date, that belief has been justified. Hopefully, it will continue to be so.

MR. E. CONNERY: If the government lost in the Venture Capital Program and they lost pretty heavily in this Vent-Air deal, they must have done some in-depth analysis of why initially it went sour and, secondly, why under the new program it would succeed.

HON. J. COWAN: Our feasibility is basically to see if there are any barriers to a successful operation. One reviews retrospectively and prospectively when trying to determine if there are barriers. But the real purpose and the main thrust and focus of the review is to see if there is an opportunity there. That's what we set out

to determine and we did determine, in fact, that there was an opportunity there. The employees, through their investment and through their acceptance under our program, have taken advantage of that opportunity. It saved a lot of jobs and created some new ones.

MR. E. CONNERY: I appreciate that it saved jobs and created employment, and we're happy with that sort of taking place, but when you're going to invest in a company that has failed, do you not analyze why the initial company failed before you're going to invest and say that the next venture will succeed? There has to be some correlation there.

MR. CHAIRMAN: I think the question is repetitious.

HON. J. COWAN: No, I'll answer.

One looks at both the past and the future, but the focus is on the future. You do a much more detailed examination of the markets, of the ability of the employees to develop a product at a profitable level. Are they going to be able to market it afterwards? Is there a demand for it? That's where our thrust was.

One must remember that the employees involved in this were actually dealing with a company that was in receivership and was being operated under a receiver. That was the situation at that time. They said, we think we can make a go of it. We're putting up \$118,000 of our own money, 11 members. Do we meet the criteria of the program? Yes, you meet the criteria of the program; here's the loan. The criteria demands a feasibility study that proves potential. It proved potential.

MR. E. CONNERY: So obviously, the previous Venture Capital company that was approved did not have good management, so that had to be one of the accepted facts.

HON. J. COWAN: I can't answer that question, quite honestly, and we did not seize that question when we were reviewing the operation.

MR. CHAIRMAN: I would think, to suggest to the member, that's probably more appropriately under the Venture Capital Fund under Small Business Development. They would have done that kind of thing, a suggestion. Obviously, the Minister says he cannot answer that.

Where'd the Member for Minnedosa go? He was next on the list.

The Member for La Verendrye.

MR. H. PANKRATZ: On a different topic, I'd like to check back with you on some of the co-ops, for instance, the funding on Cattlemen's Co-op, I believe you have one going. How is that making out in that respect, financially?

HON. J. COWAN: Is that the Lakeshore Metis?

MR. H. PANKRATZ: I'm not sure. Wasn't that a fishing co-op?

HON. J. COWAN: No, Lakeshore Metis is a group of cattle ranchers clearing land.

MR. H. PANKRATZ: This Metis Development, wasn't that the land-clearing development?

I'm referring to the Cattlemen's Co-op. Do you not have also a Cattlemen's Co-op?

HON. J. COWAN: No funding that I know of to a Cattlemen's Co-op. There may be a Cattlemen's Co-op, and we can certainly check that out, but we're not funding it at present. I believe there is another co-op dealing with land clearing, but we are not funding it. They haven't requested funding.

MR. H. PANKRATZ: They have not. Well, in case you run across it, then feel free to notify me. If not, I'll go on to something else, Mr. Chairman.

I'd like the Minister to explain exactly how this Winnipeg Arts Club, Inc., how does it get money and from where? How much? Is there interest paid? Is there no interest paid? Is it forgiven? Maybe you could elaborate on that one.

HON. J. COWAN: The Winnipeg Arts Club Co-op is a co-op that has a membership now of approximately 1,700. It does have a loan guarantee of \$100,000, which is secured by a first charge on fixed assets and leasehold improvements on the lease through the Cooperative Loans and Loans Guarantee Board. That's the guarantee itself.

It was incorporated in March of 1984 and I believe that the loan payments at present are current. There was an extension that was approved on February 27 of '86 of the term, by one year, and also a change in the claim on the first 50,000 in the general security agreement to the Credit Union Central. That information had been communicated earlier in the House.

MR. H. PANKRATZ: What is the loan payment annually, their loan payment?

HON. J. COWAN: \$33,333.00.

MR. CHAIRMAN: A nice round number.
The Member for La Verendrye.

MR. H. PANKRATZ: That's right, okay.

My other question is: Have they been receiving any other kind of grants or government funding of any sort in the past year?

HON. J. COWAN: I'm certain that they are, like any other organization, applying for grants as they become available. They may be getting some; they may not. I can't indicate whether or not they are. I have to indicate I'm a member of the co-op but I don't attend the board of directors' meetings and I don't know whether or not they are making those applications. I do not know of any others that have come through our department.

MR. H. PANKRATZ: I'd like to go to this promotional board and, if I recall correctly . . .

HON. J. COWAN: Excuse me, I can answer that. They are receiving funding from both federal and provincial programs, through the normal procedures.

MR. H. PANKRATZ: Can you indicate to us what amount of money they have received?

HON. J. COWAN: I'm not certain that this list is all-inclusive but it's the best I have available to me right now. A \$15,000 grant from the Heritage Fund; a \$50,000 grant under the Manitoba Community Assets Plan; and \$26,400 funding from the Canada Works Section 38 Program.

A MEMBER: That's a good club to be a member of.

MR. H. PANKRATZ: Does it pay dividends?

HON. J. COWAN: The membership fee is \$30 a year.

MR. H. PANKRATZ: In regards to the Cooperative Promotion Board, I believe, if I recall correctly, that money is basically from the Wheat Board years ago, and it was meant to be used for cooperative promotion. I thought it was around 129,000 and when I look on Page 6, and maybe you could explain that to me - pardon me, on Page 8, Schedule 1, the 228,642, would you be able to explain that?

HON. J. COWAN: Originally under the Wheat Board Money Trust Act, it received \$128,000.00. The board itself has increased that amount by reinvesting some of the interest on that amount over the years, to where it's at a total now as outlined in its annual report, I believe, 228,000, as the member indicated. That's a reinvestment of the interest.

MR. H. PANKRATZ: Thank you, Mr. Chairman.

MR. J. DOWNEY: Mr. Chairman, I want to elaborate a little bit in that area because I, being a farmer and a member of the Canadian wheat-producing scene, and the fact that we have Canadian Wheat Board money that has been given to the province to be administered. I'm sure that the majority of farmers in Manitoba don't have one idea of the fact that they've got monies that are put in place from the original Wheat Board Act for the purposes of the promotion of - and I'll read it because I think it's important to be on the record: To promote research into cooperative organizations; support educational programs on cooperatives; make grants to cooperatives or agricultural organizations, to promote the general welfare of rural Manitobans.

Let's just take a look at what's happening. Let's take a look at some of the money. We've just heard about the Red River Art Co-op. I ask the Minister to go to Page 7. Is that the same club? Is the Red River Art and the Winnipeg Co-op, is that basically the same?

HON. J. COWAN: No. One is the Winnipeg Arts Club Co-op; the other is the Red River Arts and Craft Cooperative. They're not the same.

MR. J. DOWNEY: When one looks at the mandate, really, it's spelled right out: Make grants to cooperatives or agricultural organizations to promote the general welfare of rural Manitobans.

When we look at what's happening, here we've got - and some of these are certainly, the majority of them are all probably worthwhile causes. Association of Cooperative Educators; I think we should have an opportunity to understand what the Cooperative

Educators are. Canadian Association of Mentally Retarded; extremely important. The need for money there is always important. Out of this fund? That's the question.

Co-op College of Canada, Manitoba Region Council. Now, it would be interesting to have the curricula and who the educators are at the college.

Then we go to the La Conseil de la Cooperation. Again, I think we would like to have some idea as to what the mandate is.

Proposed Co-op 75, Red River Art and Craft Co-op. I'm not sure whether that's promoting the agricultural, rural scene.

Proposed St. Norbert Co-op; Selkirk Committee on Abuse Against Women, extremely important that kind of work be carried out; Special Service Grant; Southwest Metis; Multi-purpose Co-op; Teulon Co-op; Westman Media Co-op Ltd.

I think we are going to have to take a lot closer look at this. I want to refer to Page 9, Mr. Chairman, because here we have now - it even explains a little bit more in detail what the mandate is. I'll just read this: To assist in the development and encouragement of cooperation amongst consumers, producers of natural products, and persons concerned in marketing natural products and in the organization and development of organizations.

Again, a major emphasis towards the production - producers of natural products - or the marketing of natural products. To investigate laws relating to cooperative organizations in Manitoba, in other provinces of Canada, in other countries, and to study agencies for the methods of cooperative marketing, production and purchasing, and to report to the Lieutenant-Government.

Here's (c) and I think this, as well, should be read into the record: To promote the general welfare of producers of natural products in the province and of cooperative organizations in the province.

Mr. Chairman, I think that, after reading that, and I was a member of a government that didn't have a clear understanding as to even the availability of the funds. I'm sure there are very few people in the farm community, whether it be organizations of agricultural producing commodities, whether it be certainly potato producers or the Vegetable Producers Marketing Board, the Keystone Agriculture Producers. I'm sure that there is an extreme lack of knowledge of the availability of this fund.

I would have to certainly question whether or not the board members, and I make reference to Page 1, or, yes, Mr. Herman Rempel is the chairman from Morden. Vera Default is the vice-chairman of Winnipeg. Eric Harbottle, he's the secretary from Winnipeg. Darlene Crolley, she's from Thompson. And we have Ron Kostaskey from Rossburn.

I think we should actually have the opportunity to discuss with these people. The Minister, I think, should restir in their minds what some of the objectives of this money is for. As I say, all causes where the money has gone, I'm sure, are all worthy.

Right now, for example, we have the Keystone Agriculture Producers farm organization, who are desperately trying to find funds to get a farm organization going and to, in some cooperative way, put together an organization to represent themselves.

I'm sure that if they were informed and knowledgeable of these funds available, they could well use it.

I'm sure the Women's Institute in Manitoba would be able to use some of these funds to promote the cooperative movement.

I'm sure, Mr. Chairman, it's not only criticism of this Minister and this government but I think, as rural people, we've been a little bit lax in stirring this pot of funds to make sure that it's being targeted in the right direction. Again, I'm not aiming this criticism specifically at this Minister; I think that over the past, we have let it drift away from the initial purpose. After all, if it's Wheat Board money, I consider that my money, as a farmer. I consider it my neighbour's money, as a farmer, hard-earned money that was left in the Canadian Wheat Board and for some reason, rather than disperse it back to the farm community when there was a change made, it went into that.

I'm sure the Member for The Pas must have some groups up there that could use some of the funds from this fund. I would hope that he would be more interested in it than he has been during this debate.

Mr. Chairman, the whole purpose of this fund I think should be clearly pointed out. I would ask the Minister to provide us with - I'd like some background because it is money that is the responsibility under his department - what is the Association of Co-operative Educators? I mean what is that? Who makes it up? I'd like the list of all the composition of the boards and the objectives of those individuals who are listed here on Page 7 so that we could go through it and make our own determination.

If the Minister would agree with that, then we could probably get into a little bit further debate on it at some point in the future, unless he has that information now, and I'm sure he hasn't and we don't have time to get into it. But I would ask him to give us the objectives, the backgrounds and the makeups of these organizations.

HON. J. COWAN: That's good advice. As to how this money should be spent, it is a problem that has been dealt with by all governments. I would just remind the Member for Arthur that, when he was in government and this board was operational, that they gave money out - and I'll go through the years, I have all the lists here - but let's just take one year and we can go through the others if we wish.

A \$5,000 grant, 1979-80, given to the Cooperative Development Foundation for the promotion development of Cooperative Enterprise in Canada and abroad. A \$10,000 grant was approved to the Institute of Urban Studies to partially fund the study in the future directions of cooperative housing in Manitoba. A grant of \$1,000 was made to le conseil de la corporation du Manitoba towards the promotion and development of cooperative enterprise within the francophone community of Manitoba. A grant of \$10,165 was approved to Wasagaming Foundation to purchase a van for youth and leadership development. A grant of \$500 was given to Donald Walker for a housing study, and a sum of \$269.06 was allocated towards a gold medal award given to a Department of Agricultural Economics student, and so on.

Now, I make the point because I think the member has a very legitimate point. We should either decide

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as to whether we want to confine it strictly to agriculture or broaden it. I believe in a broader approach, and I think the member shares that belief. But he says, then let us make it more known to the agricultural communities, that it's available. We have tried to do so over the last couple of years, first, with a promotional booklet which the Co-op Promotion Board pamphlet completed a couple of years ago, and it's sent out to every co-op in the province, probably the president and the manager if normal practice was followed.

We also have the school essay contest, which we believe is generating a lot of interest primarily in the rural areas around cooperation, and hopefully will make people more aware of this board because this is the board that sponsors that and gets the credit for that and gets some exposure in the rural communities.

It has been used in The Pas by the Northwest Wild Rice Growers Co-op. They received funding of \$1,000 start-up grant to them, so the Member for The Pas has been representing his constituents well. But I think the more exposure that we can get for this particular activity of the government in rural and urban Manitoba, the better we will be able to serve and it will be able to serve the cooperative movement and cooperatives all over.

I will provide the Member for Arthur with the information he requested after the Estimates. I don't have it available to me.

MR. J. DOWNEY: Mr. Chairman, I will yield to my colleague who has other questions.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, just if the Minister is undertaking that review, I think the comments made by the Member for Arthur are particularly appropriate, because this is a relatively small sum of surplus money set aside, but from where? We find the term that my colleague from Arthur used when he says it's farmers' money. That's not quite correct because it was farmers' money collected through a co-op, Wheat Board money and Wheat Pool's money. It is money that originated out of the co-op principle and, as such, had this special focus for future use.

Indeed prior to the establishment of, for instance, the Freshwater Fish Marketing Board, much of this money was used to fund and develop co-ops in various isolated Indian communities and at one time in the mid-Sixties, when indeed I was briefly responsible for this fund, some 21 individual Native fishing cooperatives received their seed money and their support money and their loan guarantee money from this fund. We had 21 Native fishing cooperatives working with this fund. Now this is in the mid-Sixties.

I'm simply saying that, over the years, partly because of change in various government programs including Federal Government programs such as the Freshwater Fish Marketing Board which came in 1970, that there has been, I think, some lack of focus to the direction of these funds. I think the comments and the questioning that the Member for Arthur raises are particularly valid at this particular point in time. I think it needs a hard look at it. If the Minister chooses a particular course, that's certainly his prerogative. I think there's a

responsibility that those who initially put up the funds be made totally aware of what purpose those funds are being used.

HON. J. COWAN: I appreciate the advice, the suggestion, the encouragement. I believe the member is referencing, in regard to his own activity, monies that were probably provided under the Cooperatives Loans and Loans Guarantee Board, not the Cooperative Promotion Board, but that in no way takes away from the intent and, I think, the sincere motivation which caused that action to be taken. It was good action regardless of where it was funded.

MR. H. ENNS: Mr. Chairman, I don't dispute the fact that the loans and Cooperative Board expanded and assisted that program, but the records will show that this very fund was called upon to fund, in many instances, seed money and guarantee money for the Native fishing co-ops that I spoke of.

HON. J. COWAN: The member would also, I think, agree with me that, under the legislation, the purpose of the fund is to promote cooperative organizations, and then it goes through a list of specific duties. But in the end, it talks about: "... makes grants to cooperatives or agricultural organizations to promote the general welfare of rural Manitobans." I believe that is its primary purpose and has been its primary purpose and will continue to be its primary purpose, but perhaps not exclusively so. We should have that review. I think the suggestion of that review is very appropriate, and would want to follow up on it.

But I also don't need to remind any member around this table, because we're all familiar with it and I think support the six principles of cooperation which talks about cooperation among cooperatives and doesn't restrict it to one particular co-op, one particular area, one particular type or sector.

But having said that I accept full well the comments of all members opposite who have indicated they want a review, and they would like to see the focus remain on agriculture, if not the exclusivity of application of the program.

MR. J. DOWNEY: Mr. Chairman, I don't want to prolong the debate, but I just want to add one further comment because I want it on the record.

There have been many positive comments come from the advertising that Manitoba Pool Elevators are putting on in regard to the promotion of agriculture.

When I look at (c) and it says, "To promote the general welfare of producers of natural products in the province and of cooperative organizations in the province, it could well be funnelled into that kind of an advertising program, supporting the Manitoba Pool or United Grain Growers in their work in doing that."

I'm just suggesting that as a possible use of some of the funds to help promote agriculture, the cooperative movement, and the producer-consumer relationship in that regard.

Thank you, Mr. Chairman.

HON. J. COWAN: The fund is available to any co-op and certainly if the members have suggestions of

specific co-ops, they might advise them we will endeavour to educate the rural public and the general public more of the existence of the fund.

MR. H. PANKRATZ: I believe a couple of years ago, maybe a year or two ago, a certain Arctic Cooperatives Limited moved from the Northwest Territories to Winnipeg. I'm just wondering, Mr. Minister, could you indicate to us in what financial situation they would be at the present; to what degree possible the province is funding them, if it is at all?

HON. J. COWAN: I almost hesitate to do this for provoking debate but I think the point should be made that this investment and assistance was severely criticized by the Leader of the Opposition at the time it was made.

A MEMBER: Now, now.

A MEMBER: Now don't provoke debate.

HON. J. COWAN: Now, having said that I would like to be more specific as to what has happened since that time.

There are 43 people who are employed in Manitoba; a refinancing agreement was just negotiated between the Territorial and Federal Governments and announced by the Honourable David Crombie on April 17, 1986.

Mr. Crombie and the federal Conservatives provided, in that instance, assistance worth more than \$12 million to assist the Northwest Territories Cooperatives and their federation, the Arctic Cooperatives Limited, to become financially secure.

Under this plan, assistance would be for \$150,000 in the Native Economic Development Program, a start-up funding to establish a Northwest Territories Cooperative Business Development Fund to serve as a financial institution of northern Native co-ops; 5 million from NEDP to finance inventories and modernize facilities in local co-ops; 4.9 million from the Department of Indian Affairs and Northern Development to refinance local co-ops; 2 million from the Government in the Northwest Territories to deal with the balance our cooperatives owes on Inuvik Parka Factory and a \$500,000 contribution to the Northwest Territories Cooperative Development Fund.

As well, DIAND will continue to support the Area Management Program which provides training and management. We believe with that refinancing and our original assistance which through I think good foresight and a willingness to work with this particular co-op brought this operation to Manitoba, brought the jobs to Manitoba and will in the long term assist the cooperative sector generally.

It decided to relocate in the Northwest Territories in order to achieve better efficiency. We believe it's done that. We believe its head office in Winnipeg is an asset to the province as a whole. Assistance in the amount of \$450,000, which I know is pale besides that which is provided by the other level of government, was provided by the Jobs Fund to assist with the relocation costs.

MR. H. PANKRATZ: Well, that was quite a speech there, Mr. Minister.

What I would like to get from you, Arctic Cooperatives Limited had moved to Winnipeg, how many jobs does that create in Winnipeg?

HON. J. COWAN: While 43 employees are employed there, some came from Ottawa and some came from the Northwest Territories. I believe it's probably half . . . in Manitoba and half relocations.

MR. H. PANKRATZ: How much money does the Province of Manitoba invest at that time?

HON. J. COWAN: They're under the Jobs Fund. There was a \$225,000 grant and a \$225,000 interest-free loan.

MR. H. PANKRATZ: So the interest-free loan, are the payments being made on the interest-free loan?

HON. J. COWAN: I have not heard that they're not. It is the Minister by another department, I could find out.

MR. H. PANKRATZ: I'd like to ask a question or two in regard to the CCIL. — (Interjection) — Maybe you can give us a little bit of an update on it as to what the financial status of it is. I read a little bit of information on it in regard to \$2,975,000 which was a loan, I believe, and then there was a forgivable loan of \$2,800,000, I believe. Maybe you could update us as to the status of those loans and also the payments and support.

HON. J. COWAN: Without wishing to provoke debate, I must tell him this was an assistance program that was severely criticized by the Leader of the Opposition at the time — (Interjection) — No, the last one was at the time it was taken. It was not before that, but at the last agreement wasn't that criticized. — (Interjection) —

MR. H. PANKRATZ: Mr. Chairman, may I ask the Minister one question? Are you referring to the previous question of mine in regard to Hardy Co-ops Limited?

HON. J. COWAN: No, this one as well.

MR. H. PANKRATZ: No, but when you're referring to — (Interjection) —

MR. H. ENNS: . . . the Minister's program. He has the same answer for every question.

MR. H. PANKRATZ: Because you haven't convinced me that if you donate 225,000 and you create 20 basically new jobs in the province, and you can give an interest-free loan of 225,000, that still cannot, in my opinion, be a viable operation, but I wasn't going to pursue it. So I wish if you were getting back to that one as being . . .

HON. J. COWAN: I'll be fast.

MR. H. PANKRATZ: . . . so with that, Mr. Chairman, I would gladly see us move onto the next point, but then I wish the Minister would not refer back to this one.

HON. J. COWAN: I was saying both had been criticized, but in order to move us along, I won't dwell upon that.

What I can say basically, and I think all the details, the refinancing package and the write-off of the loan and the interest on the guarantee has been thoroughly discussed. I think what the member is asking is how is that operation doing now; was it a good investment? It's our sense that the investment, in fact, is very sound; that the restructured operation along with the other parties is going to be successful.

The best projection we have, and I think it's accepted generally, and that is something very positive to be able to say in this time when the agricultural implement industry overall is experiencing some difficult times. I know all members here wish them success in their ventures. We believe that indeed they will have that success. Everything to date indicates that will happen, and I think perhaps next year we'll have to talk about whether or not those projections have borne out as was anticipated.

MR. J. DOWNEY: Well, Mr. Chairman, first of all, a comment the Minister made dealing with our leader's criticism.

I would think he would have been able to give us a little more evidence of that. I think any criticism that would have come from our leader was the mismanagement or the way in which this government had carried out the kind of support. As far as the basic support of the CCIL or the cooperative movement, I'm sure is incorrect that our leader is very supportive of it. I want the record to clearly state that. I'm sure the criticism was again about the kind or the way in which this government was handling the taxpayers' money in that regard but not a basic criticism of the fact that the co-ops were supported.

I want to ask the Minister when he's made comments about the turnaround or the improvement, I note in the Estimates Book there's interest forgiveness to the Canadian Cooperative Implements Limited of \$1,211,800.00. It's up considerably from last year; it's up from the 386 as opposed to this year, \$1,211,800; last year it was 386. I ask the Minister, if that is going to continue to grow, what is the reason for the increase? Is that all the money that is owed to Co-op Implements by the taxpayers, or is that the interest on all the money that is owed to taxpayers by Co-op Implements? That's the question. What is the total amount, and if that is all the interest, then that's fine. He's saying that it's turning around, yet he's asking this year for almost \$1 million more to support the Co-op Implement movement. I'm a little bit confused about the numbers and his comments.

HON. J. COWAN: I appreciate how this can appear to be somewhat confusing at first glance, and maybe we can work our way through it and explain it. Remember, we're dealing with two previous agreements; one under the previous administration, the administration of which the Member for Arthur was a Minister; and the one under the last New Democratic Party administration; and the 1985 agreement. So there's really three agreements in place.

The reduction in the forgiveness schedule in 1986-87 is due to a one-quarter write-off of the 1982 loan, as agreed to in the 1985 loan agreement.

MR. J. DOWNEY: Which was much money?

HON. J. COWAN: The 1982 agreement was, the different provinces and Canada: Canada had 8.4 - I'm rounding these off basically - 8.4; Manitoba, 2.975; Saskatchewan, 2.45 million; and Alberta, 1.575 million.

According to the 1985 agreement - and remember we were dealing with a situation where that operation was going to most likely go under, under some intense pressure. We were dealing with the different parties to the different agreements, and at that time felt if the operation went under, that loan would be lost, that money would be lost, so we could write that loan off over a four-year period with no interest payable over the four-year period. All of the three provinces involved and the Federal Government determined to do that.

As well, we agreed to pay the interest payments on the loan guarantees for the year November 1, 1985 to October 31, 1986. We also, at that time, agreed that we would review the situation to see if that had to be continued for another year. In that instance, these are the amounts of the guarantees, not the amounts of the interest: Canada had 5.5; Manitoba 2.8; Saskatchewan 2.625; and Alberta, 1.575 million. That was our part of those discussions. The different parties put in different amounts of their own and made different commitments of their own in order to enable this operation, at that time, just to survive a crisis period.

Since that time, we've been able to save jobs that would have been lost. There are viable depots, although some were shut down. There are 36 remaining - not all in Manitoba - 36 remaining viable depots. I think we've probably experienced fewer shutdowns than the other provinces, on average, 11 in Manitoba of the 36, so one-third, about the same or a little bit less. We also know that the sales are above what was anticipated, above the projections now, and that's what gives cause to the optimism. That's the detail of the agreement of 1985, which builds upon the two previous agreements.

I also want to clarify that the Leader of the Opposition's criticism was of this particular agreement, what we had negotiated, and the suggestion was that we were going to lose C.I. in any event. I don't believe that to be the case. It was not on the general cooperative movement.

MR. J. DOWNEY: Mr. Chairman, I still am not clear as to why the increase in funds of almost \$1 million from this year over last year. The Minister hasn't clearly stated what the reason for the \$1 million increase is, if, in fact, things have turned around.

HON. J. COWAN: Page 31?

MR. J. DOWNEY: Page 40.

HON. J. COWAN: If you turn to Page 31 of the Supplementary . . .

MR. J. DOWNEY: Same thing.

HON. J. COWAN: Okay, you see the interest forgiveness is 276.1; then we're paying the interest payment on the loan guarantee, which was part of the agreement; and then the write-off of one-quarter of the loan is the

743, which gives you the increase over last year. The two increases are really the interest payment and the write-off. The interest forgiveness is a bit of a reduction, but it's taken up by the others.

MR. J. DOWNEY: What is the - and I go back again to just the comments the Minister made about support. He, himself, put on the record that under our administration we, in fact, put a package together with the Federal Government and other provinces to support CCIL, and then he further questions on that, or the support.

I just want to elaborate a little bit and get some elaboration from the Minister dealing with the staff complement. Today, as I understand it, it's been taken over. Who operates it, Vicon Ltd. through our agreement, have they bought the plant? What is the current status with Vicon and the co-op movement and what is the staff complement today, say opposed to three years ago or whatever?

HON. J. COWAN: I'll have to get the staff figures and relay them to the member at a different time. C.I. still has a board of directors. There's seven directors from Co-op Implements. There are four directors from the co-op group, the preference share directors, which are from Credit Union Central; one from Federated Cooperatives; one from Canadian Cooperative Credit Society; and one from the Saskatchewan Wheat Pool; and then there are two directors from government, one federal and one provincial. The provincial one being Mr. Chenier. Did that answer your question?

MR. J. DOWNEY: I asked the question: What involvement does Viconlilly have, dealing with Co-op Implements now? Are they a part of it? Are they contracting work out to Co-op Implements? What kind of an agreement do they have?

HON. J. COWAN: According to the agreement that was negotiated recently, Vicon provides management services to Co-op Implements. That's their relationship to Co-op Implements at this time. That may change over time, one does not know.

MR. J. DOWNEY: Mr. Chairman, the Minister keeps alluding to improved conditions in the marketing of machinery and that type of activity. Are they in a profitable position for the past year with the support package we have, or what was their past year's experience and what are they projecting for this year, in lieu of the fact that you're hearing the comments about the difficulties in Versatile, the amalgamations we've seen take place with Case International, the amalgamations of the Deutz and the Allis-Chalmers. There's been a major shakedown and yet the Minister is indicating that things are getting better for CCIL. I would just like to know what last year's experience is, what the bottom line is, and what are they projecting this year, and where do they see their strength coming from, or where are their strong market indications coming from?

HON. J. COWAN: The member is absolutely right. It is a very competitive and very changing world in the

agricultural implement business right now, no doubt about that. What I can tell you is that the sales for C.I. are significantly this year over the projections for this year. I can indicate to you that part of the turnaround is probably due to rationalization.

There were depots that were sold off to new management and sometimes that can breathe a bit of life into an organization. Whether that continues over the longer term is dependent upon a number of other variables and factors. We hope that it will continue over the longer term.

All I can indicate to him now is that the operation is hopefully going to be in a break-even point by the end of their fiscal year and if things continue as they are, that should happen. But in this particular business environment, one should not hazard guesses too freely. Things, conditions can change, but now it's very positive.

MR. J. DOWNEY: The Minister uses the word, break-even. I'm sure they'll be break-even or their target is break-even, but they'll have to add the support to the province as part of their cost of doing business and really will be less that much from breaking even.

HON. J. COWAN: Agreed.

MR. J. DOWNEY: I think it would be important to have the staff complement, prior to the takeover of Vicon over the past two years and what their current manufacturing activities are and how many are employed in Manitoba, because I know the initial negotiations of any agreements that Manitoba - and I note that we have a little bit more input as far as support is concerned than some of the other provinces - was because of the plant in Winnipeg. I would like to know the manufacturing activities that are being carried on here, what type of complement is in the actual process of manufacturing versus the depots. I appreciate the answer of 11 in the province or 11 supply depots or service depots, but it would be interesting to know what the manufacturing complement is today compared to two or three years ago.

HON. J. COWAN: That information will be forwarded to the member and the critic.

MR. H. PANKRATZ: I'd just like a little clarification if I may, Mr. Chairman, and ask the Minister whether Interest Forgiveness, \$276,100, I assume that would be on the \$2.8 million loan. Is that right?

HON. J. COWAN: The Interest Forgiveness is on the loan guarantee. In other words, you pay a certain amount. They would normally pay a certain amount of interest on the loan. I stand corrected.

Okay, the Interest Forgiveness is on the loan. The interest payment is on the loan guarantee, and the write-off is on the loan.

MR. H. PANKRATZ: That's right, a quarter of the 29 . . . yes, okay.

HON. J. COWAN: And we will continue to write it off over a four-year period.

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MR. H. PANKRATZ: If that is the case, then my question to you is: why would you not write off the loan as per se today, immediately, the whole amount? What is the difference?

HON. J. COWAN: It's actually bookkeeping, as you write a certain amount off each year.

MR. CHAIRMAN: The Member for La Verendrye, looking quizzical.

MR. H. PANKRATZ: I didn't get that, because the province basically is subsidizing it obviously. So what's the difference whether it would be written off completely today?

HON. J. COWAN: It's a matter of cash flow from the province. We have to carry that loan on the books. If you write it off in one year, you write off the whole amount in one year. If you write it off in four years, you write off a quarter each year.

MR. H. PANKRATZ: All right. I'd like to ask you, in regard to these teacher co-ops or anything of that nature, is there any money from the province in regard to stabilization in . . .

MR. CHAIRMAN: Order please. Conversation should be in the back of the room. The Member for La Verendrye has the floor. It's difficult to hear with the fans as is.

The Member for La Verendrye.

MR. H. PANKRATZ: Mr. Chairman, my question to the Minister is in regard to . . .

SOME HONOURABLE MEMBERS: Oh, oh!

MR. CHAIRMAN: Order please.

The Member for La Verendrye.

MR. H. PANKRATZ: I have to admire the Chairman for finally getting order into this Chamber.

A MEMBER: And about time.

MR. H. PANKRATZ: Mr. Chairman, I'd like to ask, in respect to these teachers' co-ops, is there any funding or any guarantee or anything of that nature that has been provided by the province in any way, shape or form?

HON. J. COWAN: The teachers' co-op is headquartered in British Columbia. We've had discussions with them, and they of course have discussed their situation with all four governments, Saskatchewan, Alberta, B.C. and Manitoba. Certainly it is up to B.C. to take the lead in any activity there. We have not committed any funding to them or assistance to them.

MR. H. PANKRATZ: One last comment I'd like to make and that is, it's very difficult to actually find out what the province in total is spending on all of these co-ops through the different kinds of fundings plus - I think we could sit here quite a few more hours if we wanted

to know in detail exactly about it - but to a certain degree, I guess, some of these co-ops are doing well and for that, I think they are serving their place. But I also see that there are some of the co-ops, which I believe should be reviewed and should be checked out more thoroughly and should have an opportunity to fold, if nothing else, but at the same time in respect to what was previously already mentioned, I would like to see that the Minister with the Minister of Agriculture also would rethink that Bill No. 4, because I do definitely believe it will create a hardship to some of these lending institutions which are basically heavily subsidized already. It's the people of Manitoba who have been paying, both pockets to the collar of being penalized, I guess, would be the appropriate word to use.

But with that, I have no more questions, and I would be prepared to pass it on.

MR. CHAIRMAN: 2.(a)(1)—pass; 2.(a)(2)—pass.
2.(b)(1)—pass; 2.(b)(2)—pass.

Resolution 38: Resolved that there be granted to Her Majesty a sum not exceeding \$1,365,500 for Cooperative Development, Cooperative and Credit Union Development and Regulation, for the fiscal year ending the 31st day of March, 1987—pass.

3.(a)—pass; 3.(b)—pass.

Resolution 39: Resolved that there be granted to Her Majesty a sum not exceeding \$5,600,000 for Cooperative Development, Interest Forgiveness, for the fiscal year ending the 31st day of March, 1987—pass.

1.(a)—pass.

Resolution 37: Resolved that there be granted to Her Majesty a sum not exceeding \$490,400 for Cooperative Development, Administration and Finance, for the fiscal year ending the 31st day of March, 1987—pass.

Thank you all.

Committee rise.

SUPPLY - URBAN AFFAIRS

MR. CHAIRMAN, C. Santos: Committee, please come to order.

The Honourable Minister of Energy and Mines.

HON. V. SCHROEDER: Thank you, Mr. Chairman.

Earlier on this afternoon, the Member for Charleswood, in debating this particular item, was referring to funding to the City of Winnipeg and the fact that I told the City of Winnipeg back in 1984 the Federal Government was cutting back in funding in terms of transfer payments. He said that in fact they were not cutting back and he also said that what I had done was a sleight of hand.

Now, Mr. Chairman, there are different ways of calculating those payments. One is on the basis of the proportion of increase in the gross national product; and everybody knows we didn't get that increase. Another way of calculating it is on the basis of an increase to the extent of inflation; everybody knows we didn't get that increase. Another way of calculating it might be because the transfer payments are basically established programs financing, Mr. Chairman, and the equalization payment. Another way of calculating it might be to say well, did those payments put us in a

position where the Federal Government was still paying the same proportion of health and education expenditures in Manitoba as they had been in the previous year. Those are all different ways of calculating.

In any way you could argue as to whether or not there was an increase or not, except in one case: if you take the two numbers together, Mr. Chairman, the health and education payments, better known as EPF, and the equalization payment for 1984-85, and you calculate what they were in total and the number is \$477,878,000 for the equalization in 1984-85; \$405,270,000 in EPF in 1984-85.

You take the same numbers for 1985-86, the year which the member was referring to - as I was out there telling the City of Winnipeg that we were having problems. What happened in 1985-86, Mr. Chairman, was that - and I'm referring to the fourth-quarter financial report for the Province of Manitoba. Mr. Chairman, after that year was over, after we had all our money in, we had \$470,253,000 in equalization which was a cut in actual dollars of \$7,625,000.00. We had \$410,134,000 in EPF, for a total gain there of \$4,863,000 or a net decrease. This is not in real dollars; this is in nominal dollars of \$3 million year over year. Of course we'd lost the inflation as well.

Those are the numbers that we had to deal with, Mr. Chairman, at the same time as we had a Federal Government with a Prime Minister who, when he was in opposition, had promised that he would provide more fair funding for health and education, that the problem wasn't with the doctors, the problem wasn't with the Medicare system, the problem was with a Federal Government that wasn't providing fair funding. At the same time, this is the same government which supported the Provincial Government back in 1982, when we said they shouldn't take away portions of the established programs financing which had to do with the revenue guarantee going back ten years, going back ten full years which the Trudeau Government took away from us in 1982. We fought it. The federal Conservatives fought it side by side with us. We can go back. All of us have those statements from Hansard from Mr. Epp and from other people who were Members of Parliament at that time, they said that was wrong. They spoke against the equalization changes which took money out of our pockets, and in the end, they've just passed a bill now to decrease the EPF payments which they said weren't enough in the first place.

This session of the Parliament of Canada, they have reduced the formula from basically a GNP - whatever the GNP was - increase, that's what the provinces would get for health and education. They've decreased that to GNP minus 2, at the same time, Mr. Chairman, as health experts across the Western World are saying health costs are going to be growing by GNP plus 2 roughly over the next number of years who are all looking to stop that - nobody disputing that we wouldn't like to see some savings there - but those are the facts.

So when people say there's somehow a sleight of hand - when I told the City of Winnipeg two years ago that for 1985-86 there was going to be a reduction in transfer payments - it may offend the Member for Charleswood very much that I say this - but it is a fact of life. He may be offended by facts of life, but facts of life are nevertheless true.

This document demonstrates we had a decrease in funding from the Federal Government in terms of

transfer payments, notwithstanding the fact the Member for Charleswood stood in his place and said to this committee this afternoon what I was doing was a sleight of hand; that in fact there wasn't a cut in transfer payments. That's what he said to this Chamber this afternoon.

Now, having said all this and having put those facts on the table, I'm prepared to accept the fact there are traditions of Parliament beyond which one should not go. It is very clear the information provided by the member was wrong. I was wrong in using unparliamentary language toward that member and for that I apologize and I withdraw that statement. Having said that, very clearly the member was wrong.

MR. CHAIRMAN: I thank the Honourable Minister for withdrawing the statement without any condition.

The Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I don't wish to prolong the debate, but the Minister and the member that just spoke entirely missed the point. That is not our objection. That was one of the objections.

We were prepared to acknowledge that perhaps indeed if Hansard would have picked up his unparliamentary comments, that he should then withdraw that remark. It is a far more serious objection the Opposition raises, Mr. Chairman, we raised at the time and we continue to raise, and that is not accepting a Chairman or a Speaker's Ruling. That is the issue we have taken exception to.

You Sir, and Hansard will show and we will examine Hansard on Monday or Tuesday, you, Sir, ruled and a member of this House declined to accept your ruling. That is the point of order we are raising, Sir. But we'll read Hansard tomorrow . . .

MR. CHAIRMAN: I have perused Hansard. I have a copy of Hansard.

I wish to state at this point for clarification when I asked the Honourable Minister why he was standing there, my intention at the time was to inquire and clarify to the committee whether or not the Minister respecting withdrawal of the unparliamentary language, whether or not he was standing there for the purpose of seeking the floor. Those were not instructions to withdraw, but a clarification on my part as to the question of his taking the floor after he uttered those offensive words. I had not started the proceedings by asking him to withdraw at that point in time.

MR. H. ENNS: Mr. Chairman, you have us at a disadvantage. We do not have the transcript of this afternoon's proceedings before us. I am prepared not to pursue the matter further without being able to avail myself of those transcripts. My understanding of it was the Chair had made a ruling, had made a request. It was not abided by and from my point of view and my parliamentary experience, that is a matter of serious concern to the conduct of this House.

Mr. Chairman, it's not my wish to interrupt the Minister of Urban Affairs, the consideration of his Estimates any further.

MR. CHAIRMAN: I appreciate the fact that the Minister had voluntarily on his own withdrew the statements

without any condition, without me first asking him to do so in a formal manner. I consider the matter closed.

We shall proceed with the business of the House - the Member for Charleswood.

MR. J. ERNST: Thank you, Mr. Chairman.

The Minister of Urban Affairs earlier this afternoon provided me with documents, a letter from the City of Winnipeg . . . Review Committee dealing with the question of the percentage of provincial funding of city operating revenues compared to other places in Canada. The letter indicates there was some change only with respect to the comparison between Winnipeg and other centres in Canada, and not necessarily that fully 19 percent of City of Winnipeg revenues came from the Provincial Government, but rather than it's 19 percent related to funding in other centres of some 40 to 46.5, I believe are the numbers, percent of their budgets.

I thank the Minister for this information. The fact of the matter is though that still 19 percent of city funding comes from Provincial Government grants where I think at the time we were discussing the question of how much say the Provincial Department of Urban Affairs and/or the Provincial Government should have if they're funding only a small percentage of the bill. If they want to have half the say, I think as I indicated earlier this afternoon, then they should put up half the money. It's very simple as far as that's concerned.

In any event, Mr. Chairman, the Minister also provided a breakdown of the \$34,544,000 contained in this year's Estimates, being 18.2 million for the unconditional current program grant and 15.9 million for 1986 transit operating grant.

One question I did have though. Part of that money, \$419,600 of that money is the final payment of the provincial share of 1984 transit operating deficit. Can the Minister advise us why it's the 1984 transit operating deficit that is opposed to a 1985? By now 1985 should have been audited and cleared.

MR. CHAIRMAN: The Honourable Minister.

HON. G. DOER: As I understand it, there was a projection - the deficit for transit was higher than anticipated - some 658,000 higher. They hadn't had all the final numbers in. There was some 240,000 paid last fiscal year and cash-flowed this fiscal year, the remainder of that 419 to take care of our 50 percent of the deficit. We haven't yet got all the final numbers in this year's transit deficit, but for 1985, there is budgeted, as you can see, 15,925. Hopefully, with the riderships and the fuel costs down, it'll be lower for both City Council and ourselves, but we'll have to await all those final numbers. I've heard some preliminary information, but I haven't got all the final data yet.

MR. J. ERNST: Mr. Chairman, these numbers then are based on final audited figures, whereas the budget items are then based on city estimates as to the amount of the transit operating deficit.

HON. G. DOER: Mr. Chairman, the \$419,000 for 1984 transit operating is based on actual numbers to make up the other share of - I think it was \$658,000 deficit

in 1984 - and there was some paid last year and some paid this year. That's actual numbers flowing out of this fiscal year.

The 15,900 is a projection; it's 3 percent above 1984's projections, as I recall. You may recall getting a copy of the letter that went to the mayor and it may be higher; it may be lower. Our first information for the end of 1985 operating year of the transit, it may well indeed be higher than anticipated, but we will discuss that with the City of Winnipeg if in fact that does happen.

MR. J. ERNST: Mr. Chairman, with respect to the 1986 Transit Operating Grant, in the past, transit operating grants have carried certain conditions attached to them. Those conditions were principally the acquisition of Flyer Industries buses at a cost considerably - shall we not considerably, but certainly in excess of perhaps prices that would have been received under an open bid system.

At the same time, there were additional subsidies of course from the Provincial Government with respect to the operations of Flyer through picking up its deficits. So the cost to the City of Winnipeg was more, even though the province was picking up the transit operating deficit.

When an opportunity presented itself a number of years ago - in fact, it's presented itself on two or three occasions - the opportunity existed for the City of Winnipeg to acquire slightly used buses at a significant saving. Those buses came from the City of Calgary, the City of Edmonton, where they had implemented LRT, light rail transit systems and had a redundancy of buses. They were in fact Flyer buses, for the most part; they were in excellent condition with very low mileage, although the model year was somewhat out of date and, as a result, the cost to the City of Winnipeg was significantly reduced, if in fact possession of those buses were made.

The city, as a matter of fact, in an agreement with Flyer Industries, so as to not create a situation where Flyer would default on a contract, agreed to lease buses from the City of Edmonton and the City of Calgary as an interim measure to prevent Flyer Industries from not fulfilling a contract and to prevent the name of Flyer Industries from being blackened any worse than it was at that particular time.

Mr. Chairman, when presented with an opportunity then to buy those leased buses - now, leased by the City of Winnipeg as a favour, if you will, to Flyer Industries and at the request of the Minister responsible for Flyer Industries and the Minister of Urban Affairs at the time saying, look, we've got a problem; can we resolve this by leasing those buses?

When presented with an opportunity at the end of that period of time to purchase those buses, which were already in Winnipeg, which had been outfitted with City of Winnipeg fare boxes, which had - although they hadn't been painted entirely, I don't believe, at the time, certainly were here, present, in hand. We could have purchased them at a significantly reduced price. The Provincial Government refused at that time to go along with the acquisition of those buses. Now clearly it represented a significant cost saving to the city. On the other hand, the city had gone that extra mile, as it were, with the province in dealing with those particular buses.

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Now, under the Transit Operating Grant Proposal for 1986, given that Flyer Industries now has been divested by the Provincial Government, will there be any conditions relating to the acquisition of buses under this transit operating grant?

HON. G. DOER: Mr. Chairman, from a technical perspective, the issue of purchase of buses is down later on in the capital. But in answer to your question on the operating deficit, I think it's safe to say the City of Winnipeg, based on the information I received, with the Department of Urban Affairs has been extremely positive in terms of their relationship with Urban Affairs and with the government's attempt to maintain the spending levels at the government-owned Flyer Industries corporation.

I know there have been some hard feelings that I think the city has handled very well, quite frankly, in terms of that refurbishment issue or the used buses from Calgary. I wasn't involved in that decision. I think, in all fairness to the city, their appreciation of the fact that keeping the workforce in Winnipeg of Flyer Industries with all things being equal and sometimes not being equal, it has been extremely positive.

In terms of the future with Flyer Industries, it's a Winnipeg-based company. It will be owned through - all the details, I know it was gone over by the Member for Fort Garry. I remember his questioning in committee of the Minister responsible for Flyer, and he asked the same question about buses, purchases from Flyer. There won't be the same kind of ownership the province has with the Flyer Industries that we had before, but I certainly would like to have a rational, pragmatic approach to the purchase of buses, looking at the costs of purchasing of buses of Flyer and other industries, given the Manitoba and Winnipeg workforce, but also given the deficit situation at Winnipeg Transit. So I'm hoping we can have a common-sense approach to that.

I think, in all fairness, the province has contributed some money to the deficit of transit in an operating way. Last year, I think the number of buses we helped the city purchase was 35. It's lower this year, I think 30 when we get into the capital. But I personally think the city has been very, very fair in trying to do what the province was trying to do and keep those jobs in Winnipeg, albeit it's been reduced.

So in answer to your question, I want a pragmatic approach to that. I don't have a personal bias. Obviously, I have to go back to my colleagues in Cabinet, but I think the city's been more than fair on the issue of bus purchases. I would like to approach it. Hopefully, we can keep the workforce working in Manitoba, in Winnipeg. I'm hopeful that the company that the Minister of Finance has brought in with its technology and its experience in Europe, hopefully for all of our sakes will make a real good go of it, because I think we need those jobs in Winnipeg.

MR. J. ERNST: I thank the Minister for his answer, but I'm not sure he gave one. He's learning obviously very quickly that the process of that side of the House is that we become, when asked a question, reply with smoke and mirrors, Mr. Chairman.

The fact of the matter is the province had a condition; the condition was we bought Flyer buses. To the best

of your knowledge, will that condition continue into the future?

HON. G. DOER: The member is asking a black and white question to a yes or no. No, I can't because it's not a black and white issue. If, for example, the Flyer quote was 2 percent above G.M. and it meant 600 jobs, or 500 jobs, or whatever it is in Winnipeg, then I think we should consider both the Manitoba content - and I know City Council does - and Winnipeg content versus - and I know they've gotten into huge debates at City Council too with councillors saying, what makes this sham of the bid system. Do you always take the lowest bid at City Council when you're in City Council? You don't always because certainly other factors such as the content of jobs for Winnipeg, taxpayers in Winnipeg, the quality of jobs, very good jobs and highly paid, it's a factor to consider.

I would say, in answer to your question, that we will not be as slavish with the change in ownership on the situation. We will be pragmatic but we will try to balance, in our discussions with the city, the need to get quality buses at a reasonable cost and maintain the jobs in Winnipeg. So I agree with you, I haven't answered your yes or no question with a yes or no, but I think you know, having gone through bidding before, it's just not that simple.

MR. J. ERNST: I thank the Minister for his explanation, Mr. Chairman, and he obviously has, from time to time, followed the debates of City Council with respect to the kinds of make or buy issues, or the kinds of buy a local versus buy out-of-province issues, he knows I think, based certainly on the news reports at least, that that's exactly how the city thinks and that's exactly why they have, in fact, overturned lower bids in favour of local suppliers on that basis, the basis that it does create employment in Manitoba, that these people are taxpayers in the City of Winnipeg, that they do deal with it.

The question though is: Does the government have - perhaps phrasing the question a little bit differently - does the government have an obligation to Flyer Industries by virtue of its sale agreement, to require the City of Winnipeg to buy buses with or without some penalty?

HON. G. DOER: Mr. Chairman, we have no direct obligation to purchase buses from the new company. Members opposite know that there is a financial incentive to the taxpayers of the province to ensure that the company is viable in the long run. We also have an incentive to maintain those jobs in Winnipeg.

So in answer to your question, we see the condition to be less restrictive than in past, but we want to maintain the balance of those quality jobs in Winnipeg and we want to see Flyer, in the long run, stay in Winnipeg under the new ownership with those good jobs, those good jobs that pay taxes to the city and taxes to the province and taxes to the Federal Government and participate in our committee bills. They're high quality jobs, and especially with the new technology coming in - hopefully the new company can really make a go of it, not only in Canada but in North America - that's certainly its intent to do so. So I guess

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the answer to your question is, we hope to have a pragmatic balance on the approach to the purchase of buses.

MR. J. ERNST: Mr. Chairman, I thank the Minister again for his response. The question then of used buses or if that situation should present itself, or if in fact the city chose to go that route because it was in their view, a better financial arrangement for them and/or the fact that they could deliver a number of buses - delivery again was another problem with respect to Flyer that they couldn't deliver on time; we had to have vehicles for the transit fleet - but if that used-bus scenario should present itself again, will there be any condition imposed by the province that would prevent that from occurring, to prevent the sale from taking place, and preventing those units to be absorbed into the Winnipeg Transit fleet?

HON. G. DOER: Mr. Chairman, it's a hypothetical situation. I would like to judge it on its own merits when it comes along.

I am saying we want to have the balance. We have a vested interest, the province with the contribution to the operating deficit, with the money we're spending on a yearly basis. I think was 35 buses last year; we contributed to 30 this year which were significant contributions to the City of Winnipeg in terms of their urban and our urban transit needs. We don't want to blow our brains out in terms of stupid expenditures on purchases of buses, so we would evaluate it again on a pragmatic basis. We are not committed except to have an intelligent balance in our discussions with the City of Winnipeg of how we expend provincial money.

I just want to say that I think the city's been more than fair on that Calgary issue and more than fair on the Flyer issue, as they should be because of the local situation. But we would judge each case on its own merit and on a pragmatic basis.

MR. J. ERNST: Can the Minister then advise if, when the level of support or indeed the indication of any support for transit subsidies is communicated to the City of Winnipeg, does it say conditional upon the City of Winnipeg or conditional upon the Province of Manitoba approving any acquisition of buses?

HON. G. DOER: Mr. Chairman, I understand in past it has; I understand this year it did not. If I'm wrong, the officials should correct me. I better get this checked out. I haven't written the letter yet to the City of Winnipeg for '87-88. It would be my druthers to try to deal with those issues based on the numbers with the city prior to even writing the letter. In this year's letter there was not a condition in it; the year before there was.

MR. J. ERNST: I am pleased to see that there at least isn't a formal condition attached to that situation and I would hope that the Minister, if approached on that matter, would in fact deal with it on a pragmatic basis and not necessarily be held to the fact that the province had and/or has a financial interest in Flyer Industries.

Mr. Chairman, from time to time over the past number of years the question of provincial involvement in the fare structure of Winnipeg Transit has raised its head.

From time to time, also, there were indications given that the Provincial Government would continue to fund 50 percent of the transit deficit provided that condition was applied and that transit fares be at a particular level. Sometimes it contained all fare levels, sometimes only some, but it has happened from time to time.

Has the Minister advised if the current commitment of \$15.9 million contains any fare requirements for either this year or next year.

HON. G. DOER: Mr. Chairman, the funding for the operating deficit as proposed in this year's Estimates does not include any conditions on fares. I think it's a credit to both the city and the Provincial Government that our fares are one of the most modest in the country. We didn't put a condition certainly in this year. Unless there are absolutely intelligent reasons to do so, it would be my druthers not to in the future.

MR. J. ERNST: Has the government considered a scenario where the question of funding of the transit deficit would be, rather than an annual grant subject to being, I suppose, significantly adjusted and/or not paid at all, if that was the choice of the government, but has been an ongoing type of grant over the past number of years? Has the government considered putting in some form of semi-permanency to this type of situation to alleviate some of the concerns perhaps of the city when they are faced with their budget process and are concerned that perhaps there will be conditions either with respect to Flyer, with respect to fares, or in fact the grant will be frozen at a particular level and will not increase, or any number of other things?

The city has given its commitment in terms of the fare box by indicating in Plan Winnipeg that its aim and objective under Plan Winnipeg is that 50 percent of the transit requirement will come from the fare box, and the other 50 percent from the taxpayers, in general terms. Has the province really now considered a longer-term commitment toward that kind of a scenario as opposed to the present operation?

HON. G. DOER: Mr. Chairman, I think this is one of the areas that's been more predictable than others. There's a lot of unpredictable factors in transit operations. One is, of course, the operating costs. This year I think we're going to have a break, hopefully, with the fuel cost going down.

The second factor is ridership and that's why the province is involved in trying to help work with the city in innovative transit, and again that's under capital, to increase the ridership and therefore decrease the deficit for everyone. I believe it has been a practice to pick up the deficit up to 50 percent with the city, which is a very predictable factor and also an incentive for both of us to increase ridership and therefore decrease the cost to the taxpayers.

MR. J. ERNST: Mr. Chairman, this afternoon we talked about the question of a five-year funding arrangement with the City of Winnipeg. I think it's a six-year agreement or six-year proposal by the government now, with a \$90 million price tag attached to that, is what's being proposed to the City of Winnipeg with respect to that area. It seems to me this afternoon that I heard

the Minister say it was for projects that were not new. It seems to me that came across and we really didn't pursue that avenue very much this afternoon. I'd like to pursue it a little bit now.

The question of whether or not that funding proposal for the future would encompass only urban renewal type projects or is there some condition that was to be attached to that in order to - that would have prompted the Minister to make that statement?

HON. G. DOER: First of all, that's under - even though we were going all over the map at points this afternoon - that will be under capital; it's not under the \$34 million expenditure. I did say that - well, it was announced to the city in the letter for Urban Capital Projects Agreement. It was primarily, but not exclusively for infrastructure renewal. As I said this afternoon, we are certainly open to negotiations with the city on other projects, given the city's priorities and concerns we have in that area.

MR. J. ERNST: I'm sorry, Mr. Chairman, if I'm out of sync here a little bit. We did discuss it this afternoon and I assume we were continuing on with that. I do have some other questions with regard to some new projects, so I'll just delay those until we get to the capital section of the budget.

I wanted to talk for a minute now about grants for Dutch Elm Disease. Certainly, the City of Winnipeg is proud and in fact I think the Province of Manitoba is proud of the number of elm trees that we have in the city and the beauty that they add to an otherwise relatively uninteresting landscape. When you look at Winnipeg from the air or even from a tall building, certainly the elm trees that we have here are a significant asset, far more significant I think than we really realize until such time as one or two or several are removed.

When that occurs on a beautiful tree-lined street, we instantly can recognize, Mr. Chairman, the kind of natural beauty that those trees provide. Certainly in the summertime when they're in full leaf, they provide a kind of warmth, a kind of softening of the urban landscape, Mr. Chairman, to a point that I certainly and I think most people would be very, very reticent to see leave the Winnipeg scene.

Given that the question of Dutch Elm Disease has never really been able to be stopped, that everywhere it's occurred it has, in fact, ultimately at some point wiped out all of the foliage, the city made an initiative at my insistence as a matter of fact, I'm proud to say, two or three years ago when dealing with its five-year capital program to implement a new reforestation program to say we should start now creating nursery stock that will be of sufficient size when Dutch Elm Disease is rampant and is devastating large numbers of our existing tree stock, so that there will be sufficient numbers of trees for replacement that will be of sufficient size to make it worthwhile and to have some impact almost immediately on the landscape of the City of Winnipeg. That has been implemented, and I gather from questions asked of the Minister earlier that the province is now going to contribute toward that particular program, which I view as very wise.

However, that's going to take some years to happen. These trees don't grow overnight, Mr. Chairman. It takes

10 years, it takes 15 years to create a sufficient nursery stock of sufficient size again to have that kind of impact and to have a survival rate greater than some of the smaller nursery stock that would be available on a relatively emergent basis.

The concern, Mr. Chairman, is that the Provincial Government is not spending sufficient money on maintenance, if you will, on attempting to extend the life of our existing elm tree population as long as possible. Since 1981, Mr. Chairman, the province has been spending, which at that time represented 50 percent of the cost of the Elm Tree Sanitation Program, that the city operated. In 1986, five years later, it represents about one-third, perhaps a little less than one-third, and it's continuing to decline because the province has frozen its level of support at \$350,000, even though again demand, necessitated by the spread of Dutch Elm Disease, has required more extensive work, has required greater sanitation programs, has required expansion of those sanitation programs well beyond the normal urban boundaries, if you will, all the way to Headingley Jail and the western city limit of the City of Winnipeg for one.

So, Mr. Chairman, I want to ask the Minister if he is now prepared to indicate whether the province is prepared to expand their contribution towards the sanitation program, their contribution towards maintaining the life of our existing tree stock as long as possible to allow the other program to come on stream.

HON. G. DOER: Again, the expenditure for Dutch Elm Disease is out of the Department of Natural Resources. The Department of Natural Resources, as I understand it, budgets about \$450,000 in this fiscal year - and I'm sure the Minister will be discussing that in his Estimates - \$350,000 of which is delegated to the City of Winnipeg.

This year under our capital projects, for the first time, there is some \$233,700, I think, allocated for reforestation - I always say that word wrong, reforestation - which, you're absolutely correct, is an absolutely necessary component in the longer run to restore or restock our city with elm trees. We think that's very positive. This is the first time we've done that. We think it's helpful to the city. It's certainly very necessary, we think, in terms of the City of Winnipeg.

I have read studies on the Dutch Elm Disease situation and the fact that, if you do not have a certain amount of care in pruning and work with the diseased trees, it spreads more rapidly. You can maintain your forest population in the City of Winnipeg to a much greater length of time with proper detection and proper work on spreading the disease.

So I think the actions of the city are laudable. The necessity of elms in Winnipeg with such a, you know, asphalt environment are absolutely critical, I think, to our environment. I will be discussing this issue this year with the Minister of Natural Resources. In fact, I think informally we've had discussions already on that issue, but we are pleased that we have put some money into reforestation. Not in these Estimates, but certainly there is a \$350,000 expenditure out of the Department of Natural Resources for the Dutch Elm Disease situation in the city.

The Minister of Natural Resources and I also at our last official delegation meeting discussed other options

with the Environment Committee chairperson of the City of Winnipeg. I understand, in the near future, we'll be meeting with some of those representatives on the situation.

But I agree that the elm population in Winnipeg is very important to the quality of our greenery in the city. I agree that money spent to stop the disease has a disproportionate effect in being able to stop the growth of the disease. I also agree that reforestation is critical for the next generation to maintain the tree population.

So I guess the long and short of it is there's the same amount of money this year as there was last year for the city in terms of the disease issue. For the first time this year, there's \$233,000 in for reforestation.

MR. J. ERNST: I thank the Minister for his answer. I appreciate that the Estimates of the Department of Natural Resources deal with the question of the control of Dutch Elm Disease.

The fact of the matter is though that the majority - I can't say the majority of the trees, because probably that's not true in terms of the overall province - but certainly a significant impact on the greatest number of people is contained within the City of Winnipeg for which the Minister is responsible. I would hope that the Minister either could find aid in his own Estimates, if that's possible in terms of — (Interjection) — now, I've lost my train of thought, Mr. Chairman.

But in any event, getting back into the question of Dutch Elm Disease, I would hope that the Minister could find either in his own Estimates and/or persuade the Minister of Natural Resources that this matter is of sufficient importance to warrant an increase, certainly an increase over what was originally granted five years ago. It's fine and I'm sure the city appreciates the grant on an annual basis of 350,000.00. The problem is they're spending over \$1 million now on that program. In order to prevent the rapid spread of the disease, in order to create an environment where we can wait for some years for nursery stock to proceed - half-a-million dollars, quite frankly, in terms of nursery stock isn't a lot of money, is not going to provide the kind of volume of trees that are going to be ultimately necessary in Winnipeg. Half-a-million dollars, quite frankly, when you're looking at maybe \$800 or \$900 or \$1,000 a tree isn't going to go very far. We've got, I don't know how many, a 100,000 elm trees or something in Winnipeg. That's only in the public right-of-way. I would hope that the Minister could perhaps see his way clear either to provide some additional funding from his own Estimates somewhere along the line, not trying not to rob any other program, but certainly to look at that as a significant priority or alternately convince his fellow Minister of Natural Resources that the priorities should be there as well.

HON. G. DOER: Mr. Chairman, we think that the additional \$233,000 this year is significant - in fact there is no higher increase anywhere in our budget for recognition of a priority such as the Dutch Elm in the City of Winnipeg, albeit it's for the reforestation component. But both components, as you pointed out, are very important.

The \$350,000 for Urban Affairs, out of the Department of Natural Resources is a significant amount of a

\$450,000 budget. I want to assure the member opposite though, when I mentioned discussing this with the Minister of Natural Resources and down the road with other colleagues, there is absolutely - how should I put it - no elastic in the Urban Affairs budget and as the Member for Emerson will tell you, there is absolutely no elastic in the Department of Natural Resources. We are trying to balance those priorities which I agree are legitimate with our overall fiscal situation, we're trying to decrease the deficit, at the same time not raise taxes in the personal sense with citizens in this last budget.

I have absolutely no problem with the priority of Dutch Elm, the need for detection, disease control, and at the same time, the reforestation. I'll continue to discuss it and try to get more studies on the issue to get as current as possible on it but there is no elastic in our budget for this fiscal year; I want to be honest about that. There's none and I'm not so sure there is in the Department of Natural Resources, either, but you can certainly ask the Minister. I'm sure there is just not a lot of latitude in some of these areas once they are set. But I think it's a very important program. There's no question about it.

MR. J. ERNST: We did talk this afternoon about a couple of areas where we might find a little elastic in the budget which could — (Interjection) — well, there are, what - 50 trees and there's about — (Interjection) — well, on occasion, Mr. Minister, they make good recommendations. It goes to show that nobody is all bad.

One further question with respect to Dutch Elm Disease, I believe, and I stand to be corrected in this area, is the question of legislation that would allow the city to go onto private property in order to take down or provide sanitation of diseased trees. Can the Minister advise if in fact it was requested, indeed if it was granted, or if there will be legislation? The Minister was kind enough to give me a bill this afternoon. I haven't had a chance to go through it yet but there was a concern that the city isn't presently allowed to go onto private property to remove a diseased tree.

If you go into an area such as the west end, for instance Wolseley, where there are large elm trees on the public right-of-way, the city is allowed to go in and perform sanitation treatments and/or remove diseased trees. But in the question of private property, right adjacent to the public right-of-way, there is no, as I understand it, no ability for the city to go in and do that because of legislative impingement. Can the Minister then advise if something could be done in that area?

HON. G. DOER: I'm advised and I'm not directly familiar with it, that some seven or eight years ago, there was a provision, well, an actual proposed amendment to The City of Winnipeg Act to have access of city officials onto private property. It was fought at the committee stage or wherever and it was withdrawn. I will endeavour to find out the research on that, whether it was Dutch Elm Disease specific or broader than that. I'm sure it was a broader provision in terms of issues like Dutch Elm and other public issues and it got into the issue of private property versus the public right to deal with these things. I'd be prepared to pull out the research.

I'm not aware of any specific proposal on Dutch Elm itself as a legislative amendment. I may be wrong, I'll check my research but I went through all the proposed amendments from way, way back and I don't recall that one.

But I am informed that there was a generic proposal that was withdrawn because of the public reaction to the rights of private property which you could probably understand, notwithstanding the greater good of the Dutch Elm Disease becomes a touchy emotional issue with people.

MR. J. ERNST: Mr. Chairman, I believe that question dealt with entry of private property to demolish unsanitary placarded homes and things of that nature. I don't believe it related to Dutch Elm Disease at all. I can certainly appreciate private property rights, particularly when an asset, in this case a financial asset, is being proposed to be destroyed. That is the case where in fact the city would placard a house. Someone would come from the city and order the building demolished or repaired. If the owner didn't do it, then the city will be able to come in and demolish it. I think that was the one that was at issue a number of years ago.

But certainly with respect to Dutch Elm Disease, and unfortunately my memory is failing me in this particular instance, but it seemed to me that there was a very great concern on the part of the city that - if you happen to have a cancer in your arm, you want to deal with that cancer immediately and not let it fester while you're treating the rest of the body. That's really the case of what happens with Dutch Elm Disease. You have tree-lined streets on the public right-of-way where the city can deal with those trees, yet the trees on private property are allowed to deteriorate. If the owner refuses or doesn't want to, or in fact even if he does want to allow the city to do it, the city has some problem legislatively in terms of getting onto the property to deal with that particular problem. So I would hope that the Minister would look into that. Perhaps he could advise at the next meeting of the committee if possible where that may be.

Mr. Chairman, I want to talk for a bit now about grants in lieu of taxes. Now, we talked about this during the Estimates of the Minister of Municipal Affairs. The indication at that particular time was that - and Mr. Chairman, at the same time I appreciate that grants in lieu of taxes come from the Minister of Municipal Affairs' Department and not this department, but I think I'd like to hear the comments of the Minister at least with respect to the kind of situation that's occurring.

The Minister of Municipal Affairs at the time indicated that by and large, not holding himself 100 percent but by and large, that the grants the province made to municipalities in lieu of taxes on their provincial properties represented pretty much 100 percent of its taxable value. In other words, if the property had been assessed and the mill rate applied, that the amount of money the province gave in grants in lieu of taxes would in fact represent pretty much the same number as if that process had been gone through.

As an example, I had raised with the Minister of Municipal Affairs the question of the Legislative Building and Government House. Now, I believe \$360,000 is set

aside in the Estimates of the Municipal Affairs Department for this building and the residence of the Lieutenant-Governor. Only \$260,000 of that has been paid, as I understand up to this point, perusing the last Order-in-Council, which is the subject of another question which he could respond to perhaps at some later point. The problem is that the value, if you applied the assessment taxation process on those two buildings and the land, would have generated a tax bill of about \$1,356,000.00. That's a significant difference from \$360,000; and it's been \$360,000 for some time and that was arbitrarily changed, I believe, some time in the last five years or so from some smaller amount. So if the province could deal with the question of grants in lieu of taxes alone, I think significant changes could be made in terms of the grants required to be given to the city and, in fact, may go some distance toward going to what we talked about this afternoon in terms of the question of providing some ongoing basis, not necessarily related to grants, not necessarily related to the generosity of one government over another, one Minister over another or anything else, but is simply a formula, structured, put in place that would provide X dollars of revenue on an ongoing basis that would be related to some factual relationship and not to an arbitrary number picked out of the air.

Perhaps the Minister could comment on that.

HON. G. DOER: I would like to advise the member opposite that I believe the additional \$100,000 has been approved, if I'm not mistaken, in the process of being forwarded to the city to make up the \$360,000.00.

I know there are some close to \$20 million in terms of grants in lieu of taxes to the City of Winnipeg for taxation, notwithstanding issues, such as MPIC, that the Minister of Municipal Affairs talked about. This is an area of course that comes under the Department of Municipal Affairs. The criteria - I don't know whether we're using 1950 values or not on the Legislative Building - is not something I specifically discussed, although I am aware of the global numbers that have been released by the Minister responsible for Municipal Affairs.

At our last official delegation meeting, we did discuss this briefly, the whole area of exemptions and taxation and grants in lieu of taxations and certainly the official delegation did not want all the areas that had exemptions, notwithstanding the areas that had grants, there wasn't any unanimity of proceeding with churches in other areas obviously on the whole area of taxes. I guess we're somewhere in between God and private enterprise in terms of our taxation levels. Our churches pay nothing, as I understand it, and we make some grants in lieu of taxes for legitimate public enterprises on behalf of the public.

MR. J. ERNST: Make sure you go to heaven, Gary.

The city had advanced, I believe, a proposal just before I left there that indicated there were a number of concerns, a number of areas that were receiving grants or had applied for grants or had applied for exemption under one act or another - notably, I think the question of the Royal Winnipeg Ballet and the Ukrainian Cultural Centre on Pacific Avenue and two or three others.

The proposal that was advanced by the City Council was that all of these acts that created those exemptions for those properties and others, The Centennial Corporation Act and whatnot else, would be eliminated, and then those organizations would apply to whatever level of government it was appropriate to have a grant provided to them to pay the cost of their taxation, one way or the other.

The way it's going at the present time is that more and more of these organizations are coming along wanting exemptions under those acts and creating all kinds of problems in terms of comparing one city, similar type property, that isn't under the act with one that is. One pays taxes and one doesn't. The concern was that rather than keep lumping more and more of these organizations or properties under those acts, and forever broadening their horizon and in fact the stretching horizon far beyond anything that was ever anticipated, that it should be now dealt with in a different manner; that is to say, remove them all, tax them all.

Principally, I think these non-profits and a number of others, as opposed to the longstanding question of churches and so on - I don't think anybody wants to touch that with a 10-foot pole - but certainly the question of these non-profits and a number of other types of organizations, we didn't even talk about that under the Department of Sport dealing with the question of golf courses and curling clubs where recreational facilities are provided virtually at no cost to any level of government. In fact, they also pay for the privilege. Curling clubs and golf courses, to some considerable extent, pay taxes on their properties, provide recreational opportunities. Notwithstanding whether they're private clubs or not, they're all non-profit pretty well in terms of their operations certainly, and would find I'm sure no problem in creating a situation where they became officially non-profit.

But the question is, can you sit down and deal with these on an independent basis, on a direct grant basis or should you be dealing with it under a variety of acts that exempt some and not others? The concern was that we should get back to the question of dealing with them all on one basis or another and the basis that was chosen by the city was in fact the basis of grants, as opposed to the exempt status under those acts.

So perhaps the Minister can comment whether he's had any opportunity to discuss area and, if so, what might be forthcoming.

HON. G. DOER: Perhaps the impetus for those proposals has changed, I've guess, since you've left the august halls of City Council. At their last official delegation meeting, we were dealing with the exemptions and the matters of exemptions with the Minister of Municipal Affairs. Those issues of the acts, their confusion of acts and application and fairness of those applications was not raised. The area that was raised, I think, was grants in lieu of taxes in churches. We agreed to a review on churches, and then from that official delegation agreed to another meeting to discuss a number of issues related to tax and tax assessment with the Minister of Municipal Affairs, myself and the Mayor and the chairperson of the Finance Committee and that issue never came up as well.

I'd certainly again be willing to study it. I've read tons of briefing books since I've become Minister and

that is one bit of correspondence that I haven't seen, but I certainly will inquire about it. But I would say that our last official delegation meeting, where we were dealing with the whole area, that particular specific issue I don't recall being raised at that meeting.

MR. J. ERNST: Mr. Chairman, there was a communication; I have a copy of it. Unfortunately, I don't have it with me. It's contained in my assessment file, which the Member for Riel happens to have at the moment, and he's elsewhere occupied this evening, outdoors. But in any event, I do have a copy of that and I'd be prepared to provide the Minister with it if he doesn't have it. I believe it's addressed to the Premier, if I'm not mistaken, but again I'll have to check and see.

But it did deal with that particular issue and the question of grants and how to deal with it. Because it wasn't on the agenda or wasn't raised at a meeting, I don't know that that would have taken it off the table particularly, so perhaps I'll provide the Minister with a copy of that and perhaps he can respond next time the committee meets.

One other item, Mr. Chairman, that I'm not 100 percent clear on, and I'm somewhat hesitant in even raising it, although the question of gun control legislation imposes a requirement on the City of Winnipeg to comply, it's actually a federal statute I believe that's transferred to the province and the province passed the buck to the city - in terms of the Police Department - in dealing with that particular issue.

The cost of that over the years that it's been in place, as a matter of fact, has been significant, far beyond the revenue that it generates. The expectation was, I think at the time by the Federal Government when they introduced that legislation, that the revenues generated from the sale of FAC certificates would in fact cover the cost of operation for the department. That has not been the case and I know over the past number of years that there's been a significant concern by the city that in fact it's being imposed upon them through no fault of their own, yet they're having to pick up the bill for it and actually it's a federal statute. Now, because the municipalities have no "status" in terms of the Federal Government, the lines of communication, I gather, have to go through the Provincial Government. Has the Minister considered that? Are they going to consider it? Are they going to do anything about it? Perhaps it's already been done. Perhaps we could get a comment.

HON. G. DOER: I understand the Attorney-General was dealing with that issue. I'll inquire to the Attorney-General what the status of that is.

Without knowing what his response was and without knowing what our provincial position is, I would think that something like gun control should be a break-even proposition. At best, the city shouldn't lose money out of it. The gun control legislation, I understand, is being administered by all police forces under the federal statute and the registration of guns and their appropriate classification of guns has a licence fee, but if that hasn't kept pace with the costs, I think it should, personally. I'm prepared to look at that with the Attorney-General.

MR. J. ERNST: Mr. Chairman, the question of gun control is not necessarily the one that was originally established many, many years ago dealing with handguns. This was the one that was passed maybe about eight or nine years ago, that in my own view it was a silly arrangement to start with because it didn't deal with all guns, it dealt only with those purchased after a certain date so the situation is that there can be thousands of firearms in private hands out there that have no firearm acquisition certificate required. Only new purchases, whether they be the purchase of a previously owned firearm or a new one from a reputable dealer, but those who had one prior to that time need not have one of these firearm acquisition certificates.

So many people did not go out and buy them, obviously, because they didn't require them. Yet it's unfair in my view, that they should load the FAC price necessarily on those who are buying new firearms. Whether you agree or whether you don't, it is an industry certainly in this country and there are an awful lot of people involved in the sport of hunting that would acquire firearms from time to time.

So in addition to that, in case you're not aware, Mr. Chairman, you need only have one firearm acquisition certificate for any number of firearms. You don't need one for every firearm that you purchase, but you need only one for all of them. So it again becomes kind of a ludicrous situation.

But I can see that certainly the costs of that ought not to be levied on the property taxpayer of the City of Winnipeg; that cost ought to be either picked up as it is throughout the balance of the province by the provincial police department or, alternately, by the Federal Government through some form of negotiation. I would hope the Minister could either look at either one of those areas to see if it's possible.

HON. G. DOER: Mr. Chairman, as I understand the federal law, it's somewhere in between Massachusetts which was retroactive for ever, and Texas that didn't have anything. Our Canadian law was the great Canadian compromise that grand person took the old guns and the new guns thereafter took control.

I also know from personal experience that gun collectors can put a number of guns, I think, on the same registration - I don't know exactly how it works - but the basic point I'll discuss it with the A-G. I don't know where the Federal Government is going to go in terms of the existing Canadian law, but I'll discuss it with the A-G and certainly get back to the honourable member opposite.

MR. CHAIRMAN: The Member for Charleswood, are we ready to go on to the next item?

MR. J. ERNST: No, not yet. Hang on. I'm just checking over my notes.

Mr. Chairman, the question of infrastructure replacement that was dealt with I think under the \$90 million proposal. I guess maybe that's the capital end as well. We should probably deal with that under Capital. Okay.

Mr. Chairman, I guess we are ready to deal with that unless some of my colleagues have any questions.

Perhaps, Mr. Chairman, we can proceed.

MR. CHAIRMAN: Item No. 2. Financial Assistance to the City of Winnipeg—pass.

Resolution 138: Resolved that there be granted to Her Majesty a sum not exceeding \$34,544,600 for Urban Affairs, Financial Assistance to the City of Winnipeg, for the fiscal year ending the 31st day of March, 1987—pass.

Item No. 3.(a) Urban Policy Co-ordination, Salaries - the Member for Charleswood.

MR. J. ERNST: Thank you, Mr. Chairman.

Here in Co-ordination, we did deal with part of that this afternoon when we dealt with the question of the organizational chart and what the staff people did in fact carry out within that department. I think maybe the first item that we can deal with under that is the Core Area Initiative. That will probably take us till close to 10, so we can go through the proposal for the Core Area Initiative Renewal Agreement.

Does the Minister, Mr. Chairman, want to go through the program and highlight it, or does he want to strictly respond to questions? It might serve some purpose if he went through and highlighted it a bit.

HON. G. DOER: As the member opposite knows, the Core Area Agreement has tentatively been negotiated between the three parties again and I believe it's before City Council. I believe it's had some agreement in principle by the Federal Cabinet. It certainly has been to our Cabinet for purposes of information and ratification, in principle, or getting some of the details of the draft agreements.

The agreement provides as outlined a breakdown of \$100 million. The categories are somewhat similar, but somewhat different than the last Core Area Agreement.

Going down the Industrial and Entrepreneurial Support is \$4 million; Neighbourhood Main Street and Small Business Support Services is \$5 million; Heritage Area is \$9 million in the proposed agreement; the CN East Yard Development Program is \$20 million; the Riverbank Enhancement Program is \$5 million; and the Major Capital Projects are \$13 million, for a total of \$56 million.

That compares with the last agreement, with the Logan Program that was proposed at \$25.4 million; the North Portage Development Corporation is \$13 million; the Preliminary Property Program was \$7.2 million for the East Yards; Historic Winnipeg was 4.6; and Neighbourhood Main Street 3.7, for a comparable number of 54 million under the old agreement, and 56 million for the new agreement.

I guess in essence that means the proportion of physical development is somewhat the same. The component that's somewhat different is the North Portage, which obviously isn't in this agreement. If you took the old North Portage and the old CN, of 7 and 13, you get 20; and this new CN proposal has \$20 million.

In terms of the Neighbourhood Development, Social Services, Education, Training and Employment Program, the old agreement had some \$37 million total. This new agreement has 39.5. It's broken down in terms of Neighbourhood and Community Developments, 16

million; Inner-City Foundation, \$1 million, and I think you heard the intent - I think the Mayor described that at the opening or the initial announcement that the member opposite attended at the Fort Garry some three weeks ago. Housing component is 10.5 million compared to 11.5 in the last program; and Training and Employment is \$12 million compared to, I think, 9.5 in the last agreement, for a total of 39.5 million.

The administration component is at 2.8 million compared to 2.5 last time, proposed. Public Information and Programming has been decreased from 1.8 million in the first Core to 1.3; and the Evaluation Component in the former agreement was at 700,000; it is now at 400,000. The tally, as proposed, is \$100 million.

Many of the specifics of those programs, Mr. Chairman, still have to be hammered out. The mix was a product of negotiations between all the parties and, as such, reflects the priorities of all parties in terms of the three-level government agreement and, as I say, it's still awaiting ratification.

In terms of the Budget Estimates, the projections in the Budget Estimates that are contained therein are less than last time. I should explain it's based on a cash flow situation rather than a commitment to the future contract. There have been some programs that have been able to continue in the last Core. The cash flow situation does not mean that we had the flow, the same amount of money as in the last fiscal year; it's down to \$2,492,900 rather than \$4.328 million. Basically, there's a decrease of \$960,000 from last year due to completion of some projects by City of Winnipeg. The Department of Education's payments are decreased due to a number of programs that the Department of Education has completed. I believe that those questions were asked in the Education Estimates the other day in committee as well.

MR. J. ERNST: If we can just run through the individual programs then for a minute. Under Program 1, Industrial and Entrepreneurial Support, industrial development will focus on industries and sites and areas targeted for revitalization. Can the Minister advise what those areas are in general terms? I don't care about legal descriptions or anything, but in general terms.

HON. G. DOER: I've got a draft format of that program. The objective of the program is to increase employment opportunities through support to industrial enterprises and new entrepreneurial ventures which are compatible with inner-city environment. I didn't write that.

MR. J. ERNST: It's probably one of those guys in that Urban Coordination Branch.

HON. G. DOER: Oh no, your guys over at the city. You've got all those dreamers over at the city there. That's city rhetoric definitely; provincial rhetoric is much straighter and to the point.

The industrial development component will give particular attention to industries and sites located in areas which have been targeted for revitalization.

MR. J. ERNST: I'll just ask where it was.

HON. G. DOER: Within the Core, the boundaries as before, and we're still working on which projects will get money, to be quite honest.

This program will work closely with and draw on complementary resources of existing organizations such as the Winnipeg Business Development Corporation, the Federal Business Development Bank, Counselling Services and the Manitoba Department of Business Development and Tourism; business assistance services of various kinds available from existing agencies and financial services, the banks, credit unions, the Native Economic Development Fund and other financial institutions.

As I understand it, in answer to your question, that's the broad parameters of that program. There hasn't been, as I understand it, any specific proposal approved within those broad parameters.

As I also understand it, Mr. Chairman, many of the areas in the past Core and I think one of the successes of the past Core is we had a number of community advisory groups that were providing input to the Management Board of Core. I know with the business component there were business people involved; with the education component there were people involved; people outside of the province, the city, and the Federal Government that were providing some local feedback of the projects. It's also intended in all these projects, as I understand it, to continue with that community component of advice to the management board of the Core.

MR. J. ERNST: The boundaries of the original Core Area Initiative Agreement were primarily within the inner city of the old City of Winnipeg plus, I believe, an extension into St. Boniface, in the area of the business district along Provencher Boulevard and south into the Osborne area of the old city as well.

My concern is that there are core areas per se in other areas of the city. There are core areas in West Kildonan; there are core areas in St. Vital; there are core areas in St. James; there are core areas in Transcona. Those areas, many of them arose about the same time as many of the areas in the inner city of the City of Winnipeg. Are any of those areas being considered as potential sites for industrial or entrepreneurial development under this program?

HON. G. DOER: Mr. Chairman, there is some change. There was no agreement on the boundaries so everybody had to live with the same boundaries. There was some disagreement about whether they should be extended or whether they should move into other areas or what areas should be excluded, etc. Certainly the three parties did agree, though, that if neighbourhoods that were consistent with the objectives of the core area were identified for any of these projects and agreed to by the parties, there could be funds used outside of the boundaries consistent with the general objectives of renewal of the City of Winnipeg and its components.

In addition, this Core Area Agreement did not have an automatic reopener for another core area agreement five years from now. Hopefully, the social and physical objectives of the Core will meet its objectives and some of these areas that are facing a similar situation that faced the Core in '81 will be involved in a trilevel program in the future. I think the model of development is very positive.

In addition to that, outside of the core area, we have projects on Spence and Memorial. We have projects

in other areas of the city, Weston for example, under the Revitalization Program, that we will be dealing jointly with the city. We'd like to have the feds involved. They got out of NIP, I think, a few years ago and some of the other programs they were involved in. But certainly I'd like to see the model used for other areas beyond the boundaries that are now prescribed in the Core.

At this time, there is a provision. I believe the wording is - I can't remember the exact wording - but it does allow us to go in areas consistent with the objectives of the Core.

MR. J. ERNST: At the time the Core Area Initiative was announced, Mr. Chairman, I asked him a question about tabling the agreement or something along that line, and he tabled this document which I appreciate, although those who attended the press conference got one anyway.

I had anticipated not something quite so glossy, but something a little more meaty, shall we say, in terms of the overall agreement and perhaps the Minister could respond. Would he be willing to table the Core Area Initiative Agreement such as it is at the present time?

HON. G. DOER: I'd certainly be prepared to check the legalities of that. I don't know whether I can table it until after it's signed or not, but I've certainly got no objections. I know some of the members opposite have already got the whole thing and told me all about it before I even saw it, but I'd certainly want to check that out. I don't know all the niceties of the Legislature yet, about what you can table and what you can't. I certainly know once it hits City Council, it's a pretty public document. There's no reason why a member opposite, in dealing with this amount of money, shouldn't have it.

So I certainly have no objections to it, but I'd like to check. It's the draft agreement, and I'd like to check just the legalities of that but I have no problem.

MR. J. ERNST: Could the Minister advise then - it's a little out of sequence - but while it occurs to me, could the Minister advise what kind of target date they have for the signing of this proposed agreement, I guess it is at the present time, if it's not agreed to by other levels of government?

HON. G. DOER: I was hoping we'd get it signed before the end of August. I understood that it was going to City Council a couple of weeks ago, but that may have been changed with the civic workers' issue that I know preoccupied the EPC and the council. I believe it will go to the next council meeting.

They've already been briefed, as I understand it, in camera the day prior to the public announcement at the Fort Garry Hotel. Apparently, the Mayor had a session with the councillors, I believe, the Monday before the Tuesday when it was announced. So I'm hopeful that the council will ratify the agreement and it will be signed shortly thereafter.

MR. J. ERNST: Has the province signed the agreement yet?

HON. G. DOER: No, Mr. Chairman.

MR. J. ERNST: Does the Minister have the authority to sign the agreement if and when the appropriate time comes? Does the Minister have the authority from Cabinet to sign the agreement? Has it been approved by Cabinet?

HON. G. DOER: Mr. Chairman, subject to legal counsel's perusal of all the final wordings, etc., we certainly have agreement in principle to the document that you saw. Sometimes changes take place after it gets to one body or another so, if there are changes from City Council if I think they're of significant in nature, I'm taking them back to the second floor.

MR. J. ERNST: Mr. Chairman, perhaps we can get back to Program One. We got a little out of sequence here.

The entrepreneurial component of Program One, is that tied at all to the Entrepreneurial Immigration Program of the Federal Government - and the province, I believe, supports that program as well through the Department of Industry, Trade and Technology - whereby off-shore entrepreneurs with investment capital are encouraged to emigrate to Canada and then, with some assistance in a couple of areas by the Federal and Provincial Governments are then encouraged to invest their capital into new business opportunities in Manitoba.

HON. G. DOER: Mr. Chairman, I don't believe that does cover that program at all. I certainly haven't been made aware of that in my tenure dealing with that subject, and I got some nods here as well, so to my knowledge, no.

MR. J. ERNST: Can the Minister then explain what the Entrepreneurial Support Component does do and with whom does it do it? What is the anticipated end result then?

HON. G. DOER: As I mentioned previously, the amount of money and the breakdown of the money in broad, general terms has been designated for the new Core Agreement. The specifics in most areas, I think the only specifics that are carry-over items and some items related to the CN East Yards, which is a specific site proposal that continues on from the last Core. So in answer to your question, there's that amount of money that's been placed in that particular area to lever: (a) private money; (b) in conjunction with the business community, revitalize the core area in an entrepreneurial sense that goes along with other objectives in the program on the social sense.

But I don't know and I can't recall whether there's been any specific designations for specific projects, because we haven't got it signed yet. God knows, we don't want to have a whole list of projects on the way, and City Council, or whoever, not pass the program. In fact, we've been getting a lot of push from people now to come back and lobby for various programs, and I think all of us, all three levels of government have been saying the same thing. Let's get it signed first before we start designating the money and the flow of the money and the projects that the money will go to.

MR. J. ERNST: Mr. Chairman, in the previous Core Area Initiative Agreement, each program was delivered

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by a separate level of government. One program, the city delivered; the next program, the province delivered; the next one, the Federal Government, and so on. Who is going to be the implementing authority under Program One?

HON. G. DOER: I used to have all these memorized when we were in negotiations, but Canada will be the implementing jurisdiction in that area for purposes of the agreement.

MR. J. ERNST: Can we then proceed to Program Two, Mr. Chairman? The Exchange District Redevelopment Program, certainly under the original Core Area Initiative Agreement, was highly successful in its implementation. There were a great number of buildings revitalized under that particular program, and certainly I'm pleased to see that the renewal agreement would contain this section.

The conversion of the Ashdown Warehouse, first of all, does the bill that you provided me with this afternoon contain legislation that will allow the necessary changes to take place to allow the Ashdown Warehouse to go ahead?

HON. G. DOER: . . . goes at some length to deal not with the issue of Ashdowns but historic buildings. It proposes to treat historic buildings that have been designated as new buildings for purposes of legitimate and significant redevelopment for two years though, rather than five and two proposal.

Secondly, in answer to the Ashdown's warehouse, the previous Core Agreement had, I think, designated \$900,000 for the Ashdown warehouse. We have been working with the Department of Housing on the Ashdown's proposal before the situation developed with Imperial and after - the son of Imperial I guess we'd call it - or after the company got taken into receivership, part of it, an audit by the bank; we have been negotiating with the Department of Housing and other departments in government for the viability of the Ashdown's warehouse.

Quite frankly, I personally was opposed and discussed this with the Minister of Municipal Affairs. I was personally opposed to grants in lieu of taxation for the period of time that was suggested. In fact we said that to the Imperial Group, rather than packing their bags, they can continue to negotiate with us. I told the chairperson of the Environment Committee from the City of Winnipeg and the Mayor that.

On the other hand, we knew that the interest rates had been dropping since the original proposal was put together with the Department of Housing. We're totally in favour of the Ashdown's warehouse going forward, not only in terms of the historic building but the potential to have housing in that area of the Exchange District; we would concur with the community which says that is very positive.

We're working with the equity arrangement of Imperial. I don't want to go into all the details but I can tell you there's more money on the table from Imperial. The proposed legislation will help. We're working on a package with Canada Mortgage and Housing, the whole area of insurance is still up. We're working with the Department of Housing on it. There's

not a deal completed, but we're working on it with the Department of Housing.

MR. J. ERNST: So then, Mr. Chairman, the original agreement is off, I presume, if negotiations are continuing; is that correct?

HON. G. DOER: I don't believe there was a final, final agreement. There were all kinds of announcements, but there was no agreement. Then we had another problem - the whole area of Canada Mortgage and Housing Corporation - its insurance for the mortgage was in question when the company that we were very close to having a deal with - with our Housing Corporation and our Core Area and the other components - it was questionable and, quite frankly, for a period of time, the rug came out from under the whole project.

We're trying to put the rug back under it again because it's a very positive program, but there are some loose bricks still in this deal since the receivership situation. Obviously the equity must be there, the insurance must be there; if the insurance isn't there, the equity must be there for the province in terms of our other departments that are dealing with them.

MR. J. ERNST: If that's the case then, as the Minister put it, the rug came out from underneath the project; first of all, what happens to the money under the old Core program? Is it still available?

HON. G. DOER: Yes, it is. By saying the rug came out from under it, the project wasn't abandoned, but we had a significant situation - and I can't get into all the details of the corporation, but you're probably aware of the financial losses of that corporation in Alberta and British Columbia and what did that mean for its other developments in Manitoba and Ontario and what was the financial viability of the organization, because we only had Imperial that was producing it, unlike the North Portage situation where we had Imperial dealing with the housing component but was one of four bids, I believe, the minimum of four bids. Shelter I think was involved in it and some other companies in the North Portage first stage, but we're committed to putting it back together again, working with the company, working with the Core Area, the money is still there, the project is still desirable, but we've got to make sure that the taxpayers' money and the taxpayers' equity in this project (a) meet the objective, i.e., get people - be the loss leader to get development in the Exchange area for housing and (b) is financially viable and insurable.

MR. J. ERNST: I'm pleased, Mr. Chairman, that the Minister has indicated that they are trying to put the wheels back on this project. This project, I happened to participate in the announcement of initially along with the Minister from the province dealing with this issue and I wholly support the program. The Exchange District certainly needs this kind of a proposal and needs the impetus that this can provide, and if at all possible, given that the things that have to be done are done, I would hope that this project would go ahead.

Perhaps just one further question, can the Minister advise if, in fact, there will be some additional funding

under the new or renewed Core Area Initiative for this particular project, or whether the commitment that's already been given is it?

HON. G. DOER: Mr. Chairman, we certainly don't see any reason to provide more than the \$960,000 for this project. I think it's \$960,000, it's in that range at least, but we have tried to use the decrease in the cost of borrowing money for Manitoba Housing and Renewal Corporation, and the projected costs, profit-loss margin for Imperial, to make a better arrangement in the finances that the province provides through MHRC. We think we can be most creative in that area. The city felt it could be more creative in terms of the project in the area of the grants in lieu of taxes.

When we talk about grants in lieu of taxes, that's a whole different issue again. I worry about those kinds of things in lieu of all the other problems other taxpayers are going to have. I haven't thought it all through, but I didn't like it. I felt we should be positive in developing that enterprise, but I had real problems with just agreeing to grant some of the taxation for that kind of resident population which will be in that warehouse; albeit, it's totally desirable to get the housing in there. You get to a point of how many chips of public money are you going to put on the table before (a) it's viable; and (b) the corporation goes ahead.

I think our problems aren't in terms of the potential financial arrangement at this point; our problems are the equity ratio and the insurance factor with Canada Mortgage and Housing Corporation and the protection of the province if Canada Mortgage and Housing Corporation doesn't come through.

MR. J. ERNST: Mr. Chairman, under this particular program, are there any new requirements, conditions, things of that nature, that would apply to buildings qualifying under this particular section, apart from the previous Core Area Initiative Agreement?

HON. G. DOER: Mr. Chairman, I don't believe there's any additional conditions beyond the first ones, except to build on the experience and the progress from the first agreement. We're obviously further advanced in that area in terms of heritage than the last one. There is more money in the agreement. Historic Winnipeg had 4.6 last time; it has 9 million this time. Again it's not nailed down to any specific project because we don't know whether we're going to have a Core Area Agreement till the parties ratify it.

MR. J. ERNST: I appreciate we're not dealing with any specifics under this matter. I'm also pleased to see the kind of financial commitment that was made toward it. There's obviously been recognition by all levels of government that this was a successful program and ought to be continued and ought to be expanded.

Mr. Chairman, I have one final question in that regard. Could the Minister advise who the implementing authority will be under that program?

HON. G. DOER: The City of Winnipeg.

MR. J. ERNST: We can go then to the East Yards Redevelopment Program, Mr. Chairman.

There was an announcement last fall, I guess it was, by the Minister of Health for Canada dealing with the East Yards and a proposal for, I think, it was a festival atmosphere or something along that line, dealing with a marina; dealing with the rejuvenation of buildings in that area; a farmers' market I believe; a railway museum and a number of other anticipated programs as well as a park, and I believe some housing and some commercial uses related to CNR's own requirements.

Can the Minister advise if that is the general outline for the East Yard redevelopment; if those broad terms are the terms all members of the policy committee have agreed upon with respect to the East Yard redevelopment?

HON. G. DOER: Mr. Chairman, the announcement of the Minister of Health last year was a unilateral announcement. This is a three-level agreement. We all agreed and certainly the province agreed to getting the CN East Yards and public ownership and public development is a very positive thing. There are some people that argue that the East Yards should not be a priority for the new Core; we should wait 20 years because there's all the other development going on. I guess our thinking is it may be correct, it may not be correct, but when you get a chance to get a rail yard like that in public ownership, it's a positive, futuristic component for all three levels, and Winnipeggers certainly and Manitobans, that we should move on it.

Saying that it is a three-level program, that all parties will have, I hope, some legitimate say in, but beyond all parties having a legitimate say in, the public should have some say in it. If you recall in the briefs that were presented to the Core area renewal committee of the three Ministers, there was very little input on the East Yards - there was some out of the 260 briefs - but there was very little input about whether the East Yards should continue as a component of the new Core and what should happen there.

I personally believe and our government believes, that we should have not only government officials and government politicians planning a facility they liked or a development like this East Yards, but we should also have the City of Winnipeg as having some input into what will happen in the East Yards. We should have not only our vision or some scheme or dreamer's idea of what should go on in the East Yards, we should have some public input on what's going on in the East Yards.

So I think the first key in the East Yard is, (a) getting it in public ownership and (b) what are going to do with it? There's a number of very technical site committees and technical committees going on now arising out of the last Core that were created last February to look at some of the technical realities of the Core. I mean there's no sense putting housing beside the railway track if the decibel rate's too high. Some people think the decibel rate may be a lot higher than originally thought.

Some people I've heard, the City of Winnipeg want a park. Certainly, I know the Federal Minister doesn't want a park there. He already produced a number of other proposals to go there. There is a fight in the private sector about where the market proposal will go. I know private businessmen are assembling

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proposals to have the market in the exchange district, not in the East Yards which is inconsistent with the proposals that the Federal Minister produced at the public meeting that he had.

We're pleased the East Yards are in public ownership. We do not want to have the East Yards compete against the other developments in the city which we think are unique. The more glass and brick structures of the North Portage and the different projects in the exchange district, we think can be a third distinctive district. But I think we're a long way from knowing what is the best use of that land and there's a lot more work to be done both technically, but from our perspective both in terms of some public input into that facility.

MR. J. ERNST: Mr. Chairman, I want to put it on the record certainly that I support putting the East Yards into public ownership. There's no question that the opportunity of a lifetime exists at this particular time on that particular piece of property. Certainly, any member of government at any level who lets that slip through the collective fingers of the public purse at this point, I think is derelict in their duty, that we must proceed and I think grab that opportunity that presents itself all too infrequently, so I'm pleased that that it's a major component of the core area renewal.

I'm also pleased the Minister of Health for Canada is in a position to be able to understand, at least, deliver on the question of public ownership with the CNR, that he's had some considerable discussion with them and we're pleased that the opportunity is going to be available to both the province and the city, as well as the Federal Government, to put that piece of property into public ownership.

Having said that, can the Minister advise then - maybe I should back up one step - and say that generally speaking when public solicitations are requested on any project, generally speaking, a proposal is advanced to the public and they were asked to comment on that and to make suggestions or whatever. Traditionally it has been if you've gone to the public and said I haven't got anything planned, what do you think? There doesn't appear to be much of a response because people have a difficult time dealing with that issue as opposed to responding to some position. Can the Minister advise what the province's position is with respect to redevelopment of the East Yards and whether it differs significantly from the federal proposal?

HON. G. DOER: Mr. Chairman, the task force which consists of city, provincial and federal representatives has got a consulting company working on design and site planning with a number of options that are going to be identified, that is Gaboury and Associates. They will be getting the engineering study - well your people agreed to it though — (Interjection) —

A MEMBER: They're not my people. I don't have any people.

HON. G. DOER: Beg your pardon?

A MEMBER: I don't have any people.

HON. G. DOER: Your former colleague in February, you were still deputy mayor — (Interjection) —

A MEMBER: It was a secret in February.

HON. G. DOER: I beg your pardon.

A MEMBER: It was a secret in February.

HON. G. DOER: They didn't tell you? I can't help that.

Well anyway, your people when you were still deputy mayor agreed to that. I notice the member opposite's quite visible facial expression in that regard. I'm sure you have a lot of regard for his talent. They will be providing options for the site location for public consultation and review.

As I say, there is still an unknown factor about housing, for example. I've heard different engineering feedback on the decibel rate from the high line on the tracks. I've heard it's a lot higher than what people thought it would be and that obviously adds implications for housing or implications for other projects. — (Interjection) —

A MEMBER: Higher than Logan Woods?

HON. G. DOER: Absolutely, twice as high as that.

So it's a key factor in the site design. I think you're right. We shouldn't just say, what do you want to do with it? Here are some of the options, what would like to see happen there? I think we certainly don't see it.

My personal opinion is that it should be obviously much different than North Portage; much different than the exchange district, becomes a sort of a third key area in the downtown City of Winnipeg - I guess four when you really count the Broadway area as well - but I'd be interested to hear what the public opinion is on that. I think it will range, quite frankly, from the Stanley Park model to the Minneapolis model where you build a stadium and everything in between. Hopefully we'll be very intelligent about the way we plan that facility and the way we use the opportunity of public ownership on the East Yard. But I certainly believe there should be an opportunity for the public to provide input when the options are intelligently developed for that key area.

MR. J. ERNST: In terms of the options, Mr. Chairman, that are going to be dealt with, is there again 100 percent unanimous agreement for those options to proceed to any public forum? In other words, do all three levels of government have to agree to all of the options that are perceived?

You know, my own personal preference from what I've seen is the opportunity for a False Creek type development. Obviously, you can't have all of the things that False Creek is blessed with, but certainly we can go some considerable distance toward that with a mixed-use type of development.

I'm hopeful that option will at least be presented to the public; but, again, can you advise, do you require 100 percent unanimous agreement to have all of those options put forward to the public?

HON. G. DOER: Mr. Chairman, not prejudging our discussions at the policy committee level, it would certainly be my hope that as many viable options as can be made available to the public, will be made available to the public. I don't think the problem is

going to be at the option stage. I think there is going to be probably a little more disagreement when we get down to the recommendation stage, post public hearings. So I don't see a problem in the options, personally. There are lots of good ideas out there and lots of potential for the East Yards. As I say, the engineering is going to be a factor.

I've heard other options which I would be very much against. I've heard one proposal informally that some traffic engineers think it would be great to put a freeway down there so you can just zip along from St. Boniface, St. Mary's and come right up through the back end of the core. I don't know how you feel about that. I don't know much about it, but I don't like the sound of that one as well. We would prefer a much different utility for that area than a six-lane highway going through the middle of downtown Winnipeg.

MR. J. ERNST: What the Minister has indicated, I think, deals with the question of transportation in the East Yards which has been a subject matter of agreements going back to 1968, I believe, with the CN and the former Metro Corporation of Greater Winnipeg. I appreciate that there are some transportation requirements. There is also the question of the southwest rapid transit corridor. I understand now there is a proposal also for a intermodal facility at that location between highway bus, transit bus and Via Rail. I would hope that the Minister wouldn't reject out of hand those kind of transportation requirements that also must be met and I think can be accommodated within the overall site development.

HON. G. DOER: Certainly the potential, notwithstanding the costs for the northeast and southwest potential corridors is something that our department is looking at. They are very costly, but there are very challenging for the future. We certainly don't, in fact, depending on the mix of that development in the East Yards; transportation may be a key to get the population in there. I wouldn't reject anything out of hand.

Certainly there is a proposal to get the York-St. Mary's development through to the Provencher Bridge in a more intelligent way than going around in the circuitous way that it does now. But I don't see a six-lane highway going along the Red River just beside the ARC Park so it could get through the Exchange and up to the Disraeli. I haven't rejected it out of hand, but it sure didn't sound like the most intriguing way to use the East Yards to begin with. I heard the six-lane highway going from the St. Mary's Bridge, coming up through the Exchange District - we'll probably blast every building that we redeveloped and then coming up through the Disraeli. I'm not an urban genius, but I don't think that makes very much sense for our East Yard, our Exchange District or anything else.

MR. J. ERNST: Mr. Chairman, that will remain to be seen, I suppose, as matters develop into the future, the question of the transportation aspect of it. There was \$3.5 million, I believe, of ARC funding associated with the East Yards under the now expired ARC Agreement. While it's, I appreciate it, in another section of the budget, it is germane to this topic. That money was outside of any core agreement. It had dealt

specifically with the ARC Program and it had initially contemplated a marina and some parkland development along the riverbank adjacent to the Provencher Bridge. Is that funding secure in terms of its availability even though it's now somewhat delayed from the original ARC Agreement?

HON. G. DOER: Yes, the ARC Park and the funding for it is secure. It's not into the Core Agreement. I don't believe it included the marina, but certainly the development of the park and the interpretive centre and the 10 acres that would hook up with the Steve Juba Park in the ARC Park will be completed, I believe, by July 1, 1988. But there has been the public hearings, as I say, just recently, I think about two months ago and public input on it and I can't remember the exact numbers, but it's not a lot of money actually. It's not going to be a Cadillac park. It's unfortunate. Maybe with the new Core and the redevelopment, if there is any topping up to do for that site in the future considering its historical significance, perhaps we can get the money. But at least we're going to get started on that park and it should be completed by, I think the target date is July 1, 1988.

MR. J. ERNST: I'm pleased, Mr. Chairman, to see that those funds are not going to be lost, because certainly I have a reasonable indication of the kind of costs that can be associated with that development. The fact that I think there are 10 or 12 feet of cinders that have to be excavated in order to get anything to grow on that site is certainly a major problem that I think nobody really anticipated at the time. But notwithstanding that, I'm pleased to see that that funding is available, as well I understand that there were funds available under the Canada-Manitoba Tourism Agreement which were allocated towards the East Yards as well. Can the Minister confirm that there is funding available from that source and, if so, how much?

HON. G. DOER: Mr. Chairman, the Canada-Manitoba Tourism Agreement, I think, is still in negotiations. There is no specific reference under the complementary funding section of the Core Area Agreement for a Canada-Manitoba spending of money in the East Yards. I'm sure the member opposite can ask the Minister responsible for Tourism, although I think her Estimates are completed. But there is no specific amount of money in the complementary funding for tourism there. I understand the Federal Minister in consultation with his Federal Minister is pretty strong - the Federal Minister of Health is obviously very strong on tourism dollars in the new Tourism Agreement going to that project. But there is no specific designation at this point beyond the \$20 million that's designated for the East yards as indicated in the proposed or tentative Core Area Agreement.

MR. J. ERNST: Could the Minister advise who the implementing authority is under this program?

HON. G. DOER: Canada.

MR. J. ERNST: Mr. Chairman, I believe the hour is past ten o'clock.

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MR. CHAIRMAN: Are we ready to pass any item?

MR. J. ERNST: No.

MR. CHAIRMAN: What is the wish of the committee?

MR. J. ERNST: Committee rise.

MR. CHAIRMAN: Committee rise.
Call in the Speaker.

IN SESSION

MR. DEPUTY SPEAKER, C. Santos: Is there a motion to adjourn the House?

MR. J. ERNST: I move, seconded by the Minister of Urban Affairs, that the House now adjourn.

MOTION presented and carried and the House adjourned and stands adjourned until 10:00 a.m. tomorrow (Friday).