

THE LEGISLATIVE ASSEMBLY OF MANITOBA
10:00 o'clock, Tuesday, June 17, 1975

Opening Prayer by Mr. Speaker .

MR. SPEAKER: Presenting Petitions; Reading and Receiving Petitions; Presenting Reports by Standing and Special Committees. The Honourable Member for Gimli.

REPORTS BY STANDING AND SPECIAL COMMITTEES

MR. JOHN C. GOTTFRIED (Gimli): Mr. Speaker, I beg to present the Second Report of the Standing Committee of Municipal Affairs.

MR. CLERK: Your Committee met on Monday, June 16, 1975, and heard public representation with respect to the Bills under consideration as follows:

Bill No. 44 - The Planning Act.

Mayor (Mrs.) K. Devine - City of Portage la Prairie

Wayne Woodman - Chairman, Manitoba Division, Community Planning Association of Canada

Ken Galanchuk - Councillor, City of Winnipeg

E. B. Flower - Manitoba Association of Land Surveyors

Mrs. Maureen Hemphill - President, Manitoba Association of School Trustees

J. H. McDonald - Solicitor for Certain Developers

D. E. Perry - President, Manitoba Association of Urban Municipalities

Reeve Gordon Scott - R. M. of East St. Paul

David Walker - Private Brief - University Student

Bill No. 45 - An Act to amend The Convention Centre Corporation Act

D. C. Lennox, Q.C. - Solicitor, City of Winnipeg

Ross Nugent - Solicitor, Winnipeg Convention Centre

Bill No. 50 - An Act to amend The City of Winnipeg Act

D. C. Lennox, Q.C. - Solicitor, City of Winnipeg

Bill No. 51 - An Act respecting The Rural Municipality of Morris, The Rural Municipality of Roland, The School District of Kane No. 2007, and The Morris-McDonald School Division No. 19.

Ross Nugent - Solicitor for John Toews, Ratepayer

Stan Braun - R. M. of Morris

Your Committee has considered Bills:

No. 33 - An Act to repeal An Act respecting The Town of Portage la Prairie.

No. 36 - An Act to vest Title to Certain Land in The City of Portage la Prairie.

No. 49 - An Act to validate By-law Number 3321 of The Town of Dauphin,

And has agreed to report the same without amendment.

Your Committee has also considered Bills:

No. 27 - An Act to amend The Municipal Act,

No. 45 - An Act to amend The Convention Centre Corporation Act,

No. 50 - An Act to amend The City of Winnipeg Act,

And has agreed to report the same with certain amendments.

MR. SPEAKER: The Honourable Member for Gimli.

MR. GOTTFRIED: Mr. Speaker, I move, seconded by the Honourable Member for Emerson, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: Ministerial Statements and Tabling of Reports. The Honourable Minister of Industry and Commerce.

MINISTERIAL STATEMENTS AND TABLING OF REPORTS

HON. LEONARD S. EVANS (Minister of Industry and Commerce) (Brandon East): Mr. Speaker, during my estimates considerable interest was expressed by members of the House with regard to the question of branch line abandonment and the current review of branch lines that is to be undertaken by the Hall Commission. I have with me a map showing the Prairie Provinces Rail Network for both the Canadian National and the Canadian Pacific, which I would like to table at this time.

I'd just like to indicate one small error in the map and that is the section between Clearwater, Manitoba and Crystal City, Manitoba which is marked in green, meaning that it's a phase-out line or a line that could be phased out immediately, should be coloured blue, meaning that it is part of the basic network which would be maintained.

MR. SPEAKER: Any other Ministerial Statements or Tabling of Reports? Notices of Motion; Introduction of Bills; Questions. The Honourable Leader of the Opposition.

ORAL QUESTIONS

MR. SIDNEY SPIVAK, Q.C. (Leader of the Official Opposition) (River Heights): Mr. Speaker, my question is to the First Minister, and again relates to the probabilities or the possibilities of the gas price, at least oil price, in Canada going up. Is there any additional information to be supplied to the House, or is it likely that this matter will wait until the budget is introduced by the Federal Government?

MR. SPEAKER: The Honourable First Minister.

HON. EDWARD SCHREYER (Premier) (Rossmere): Well, Mr. Speaker, the only thing I can tell the Honourable Leader of the Opposition is that the Government of Canada has since last Thursday been in communication by telephone with the Premiers of the provinces and that no consensus or agreement is likely, and that therefore any adjustment in the price will be determined by the Government of Canada on whatever rationale it feels justifiable but it will not be on the basis of agreement.

MR. SPIVAK: Then I wonder if the First Minister can indicate whether the Prime Minister indicated a date upon which the decision would be made. Did he indicate that it would be concurrent with the introduction of the budget in terms of a policy statement?

MR. SCHREYER: Mr. Speaker, I can't give the Honourable Leader of the Opposition a definitive answer to that for the reason that I was unable to secure a definitive indication from the Prime Minister, except that it would be fair to say that the Government of Canada intends to proceed with some indication, definitive indication, of new level of price with respect to oil, and presumably natural gas, before the 23rd of June Budget.

MR. SPIVAK: Well I wonder if the First Minister is in a position to indicate whether the positions of the provinces with respect to the increase in pricing had altered or varied since the Energy Conference, or was it in fact a situation in which the premiers basically indicated the same position? Has there been any alteration at all in the positions?

MR. SCHREYER: Well, Mr. Speaker, I was not privy to the telephone conversations, and I am a little uneasy in that I do not wish to reveal any confidential or semi-confidential information that may have been imparted to me by the Prime Minister, and I am attempting to not reveal anything that was imparted on a confidential basis. But, I believe, sir, it is proper to indicate to the Leader of the Opposition that the Government of Canada at the time of my conversation with the Prime Minister late last week had not yet taken a final definitive stand, or had not yet arrived at a final definitive figure, I should say, with respect to oil price levels or gas price levels. I can also repeat to the Leader of the Opposition that it was clear that no consensus was possible of being reached amongst the provinces that was indicated to me as well.

MR. SPIVAK: I wonder if the First Minister can indicate whether the question of the price of natural gas rising to the equivalent of the price of oil was discussed or considered?

MR. SCHREYER: Well it was, Mr. Speaker, but in a fashion I suppose one could say en passant. It was also discussed by the Federal Minister of Energy some several months ago. I don't think there is any secret in the Federal Government's intention, as I understand it, to see the price of natural gas adjusted upwards so that in the period of - and it's unfortunately an indefinite period - but I suspect that within a matter of a year to two years eventually reaching the price level of oil on an equivalent British thermo unit energy basis. The Leader of the Opposition I'm sure will appreciate that there are no definitive time periods or schedules attached to some of these federal policies.

ORAL QUESTIONS

MR. SPIVAK: Well the final question to the First Minister. I wonder if he can indicate whether the Prime Minister in the conversations, and again it's a question of policy statements and whether this can be released at this time to the Assembly, indicated at the time of his discussion that it would be the intention of the government to consider the raising of the price of oil to the level of the world price?

MR. SCHREYER: Well, Mr. Speaker, unless I have misunderstood federal policy I would say that there has been no statement by the Prime Minister or the Minister of Energy indicating that their desire, or national policy desire, was to see the price of domestic Canadian oil reach the world level in the short run. In comparing notes on this my colleague advises that there was some reference as to the desirability of moving towards, "moving towards" international oil price levels. But, sir, the word "towards" is a very amorphous indeterminate, rather vague term, is it not?

MR. SPEAKER: The Honourable Member for Portage la Prairie.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Speaker, I direct my question to the Honourable the Minister of Agriculture, and it relates to an announcement a few days ago of a joint Federal-Manitoba agreement to supply water and sewer services. Could he tell the House what the program is all about, and also who it applies to, and perhaps could he supply members with some printed information on the matter?

MR. SPEAKER: Briefly, I hope. The Honourable Minister of Agriculture.

HON. SAMUEL USKIW (Minister of Agriculture) (Lac du Bonnet): Mr. Speaker, the agreement entered into with the Government of Canada is a follow-up on the broader agreement, the Trade Centres Agreement, which the province and the Federal Government have entered into some four or five years ago, in which towns and villages, or towns of a certain size would qualify for federal-provincial financial assistance for sewer and water infrastructure. So that Portage la Prairie just happens to be one additional town coming into the program this year. But we have already serviced, oh, seven or eight or ten communities since the agreement was signed. Now that subject matter, Mr. Speaker, was available for discussion during estimates review. However, if the member wants some particular information I could provide it for him.

MR. SPEAKER: Orders of the Day. The Honourable Member for Flin Flon.

MR. THOMAS BARROW (Flin Flon): I'd like to address this question to the Attorney-General, Mr. Speaker. Due to the fact that collusion took place between the local government administrator of The Pas and the builder of the trailer court, what steps will be taken against the administrator?

MR. SPEAKER: The Honourable Attorney-General.

HON. HOWARD PAWLEY (Attorney-General) (Selkirk): Mr. Speaker, I'll have to take that question as notice and look into the background of the facts related to.

MR. SPEAKER: The Honourable Minister of Tourism and Recreation.

HON. RENE TOUPIN (Minister of Tourism, Recreation and Cultural Affairs) (Springfield): Well, Mr. Speaker, during my estimate review I took quite a few questions as notice, and I will not answer them in the House but I'll make copies available to those members that posed the questions.

MR. SPEAKER: Thank you. The Honourable House Leader.

ORDERS OF THE DAY

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): Yes, Mr. Speaker, I'd like to move into the Committee of the Whole House to consider Bill No. 63.

I move, seconded by the Minister of Industry and Commerce, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee of the Whole to consider the following Bill No. 63, an Act to amend the Income Tax Act (Manitoba).

MOTION presented and carried, and the House resolved itself into a Committee of Supply, with the Honourable Member for Logan in the Chair.

COMMITTEE OF THE WHOLE - BILL NO. 63
THE INCOME TAX ACT (MANTOBA)

MR. CHAIRMAN: Bill No. 63, an Act to amend the Income Tax Act. Page by page? Page One - passed; Page 2 - The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I wonder if the First Minister can indicate the reasons for the clause dealing with the principal taxpayer and spouse living in separate residences.

MR. CHAIRMAN: Order please. Order. If people want to have caucus meetings, I wish they'd go to their caucus rooms and have them. The Honourable Leader of the Opposition.

MR. SPIVAK: It would be Section 3, dealing with the question of the principal taxpayer and spouse living in separate residences.

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Mr. Chairman, I don't know that there is all that much explanation here. It has to do with the, I suppose, concept in law, which one either accepts in principle or rejects. The purpose of this particular section is to emphasize the fact that where spouses occupy separate residences but where they are not separated in a legal marital sense only the spouse with the higher taxable income may claim a property tax credit, and then only in respect of one of the residences. This amendment insures that a married couple can not claim more than one property tax credit, for example, one based on their principal residence, and a second based on a different residence such as a summer cottage.

MR. CHAIRMAN: The Honourable Member for Souris-Killarney.

MR. EARL McKELLAR (Souris-Killarney): Mr. Chairman, I'd just like to say a few words on section 4 on Page 2 there, and I was greatly interested in the debate that took place here yesterday and the First Minister's speech on trying to justify his position on Property Tax Credit. He went back over the history books to justify his position at the present time and to tell us in no uncertain terms that this was the answer to all the problems in the financing of education, the financing of municipal, and also we're being told, Mr. Chairman, that we're paying less taxes than we ever did before, and he went through . . . Well, Mr. Chairman, it's just as simple as that. You look at your tax forms this year, and you look at your tax forms even two or three . . . you can relate them back, and nobody has to tell anybody that the taxes are up a lot more and the First Minister will come back and tell me, oh, we're making more money.

MR. SCHREYER: Of course.

MR. McKELLAR: But I tell you, Mr. Chairman, all I'm interested in is the net. All I'm interested in is the net and what I've got left, and once you get up in the higher brackets you're paying a bigger percentage. I don't have to tell anybody I'm paying 40 percent. You figure it out, and then they . . . 42-1/2 on top of the 40 is - you figure that out, 56 cents on every dollar goes to the Provincial and Federal Governments. I'm sweating it out day by day on the farm, day by day in here for 44 cents on the dollar. And out of that 44 cents on the dollar I've got to pay you sales tax on everything, and I've got to pay tax on something else, and I've got to pay municipal taxes, and by gum, Mr. Chairman, nobody needs to tell me that the taxes are less today than they were years ago. There's just no rhyme or reason to it. My municipal taxes on a section of land are going up \$400 this year, partly because the Minister of Education won't accept his responsibility, and I don't know who to blame. Maybe it's you, Mr. First Minister, that won't give him the money. And if it's you, I want to know right now, because I'd like to lecture you. Simple fact of life, the farmers are getting, this year, they're getting hit like you never saw before. I hope all of you people look at the grain prices from day to day in the papers. I hope you all look at that particular page, because I tell you our incomes have dropped 40 percent, and our expenses are going up and lo and behold, when we get another 8 cents on our diesel fuel to operate our tractors when they burn 4 gallons an hour, at the rate of 45 cents a gallon, figure that one out - every time you go up and down the field, there's another couple of dollars for fuel. So we're paying taxes. But I don't know, I guess I'll never win an argument here. I never won very many in my 17 years.

I want to say, Mr. Chairman, that yesterday the First Minister and I came in here, were elected 17 years ago yesterday, the First Minister and I were elected 17 years ago yesterday. He spent a little interval down in Ottawa in between, 1965 to 1969, but 17 years ago yesterday, and taxes were an issue then.

MR. CHAIRMAN: Order please. The Honourable Member for St. Johns state his point of order.

BILL 63

MR. SAUL CHERNIACK, Q.C. (St. Johns): I've become unclear on the section we're debating. Could you . . .

MR. CHAIRMAN: Section 4.

MR. CHERNIACK: Thank you.

MR. McKELLAR: I'm greatly interested. Well this applies to everything, property tax credit's the end of all for everything, so that's why I was talking on everything. Simple as that. Mr. Chairman, the Member for St. Johns tried to divert my attention, but I've always got something else to talk about. Let's look at all these rebates. And I want to tell you what we did as a government. And it was talked about yesterday. It was talked about . . . I want to explain because I was part and parcel of that whole deal in those days. We had a problem back in the 60s. We didn't know how to relate. We decided that we'd eventually come in with \$50.00 per parcel of land. That wasn't \$50.00, I got more money under Roblin's plan than I'm getting under your plan. I got \$225.00 under his plan.

MR. CHERNIACK: Yes, but you're one of the rich guys.

MR. McKELLAR: I'm not rich, not rich at all. I'm getting exactly \$150.00 last year out of your plan and just relate that to all the farmers and look at all the businessmen in the Province of Manitoba. What are they getting out of this? How much are they getting? Nobody at Portage Avenue's getting 5 cents out of this; nobody in my little village of Nesbitt, where I have 35 population, is getting anything out of this - the businessmen, I'm talking about - and right down the line. I want to tell you what the mill rates are, Mr. First Minister, because this is not the way to finance education through property tax credit. There's a way to finance education, but it's not through property tax credit. That's not the answer. We had a problem. We found that in two years it wasn't doing anything for financing education. We dropped it. We brought in the Foundation Program. And it was a good program, financed up to 90 percent of the Foundation Program. Practically absorbed, practically all the cost. But since 1967 or 1968 this has not been updated, and it won't be updated as long as you're in office, because you're just continually thinking you're helping it by pumping more money into the property tax credit.

I want to say to the Minister of Education, the farmers are damn mad, and they're going to be a lot madder when their tax bills come out in July and August in the rural parts of Manitoba. They're going to be mad, and I tell you, somebody's got to do something about this. But this isn't the answer, this isn't the answer. I operate the smallest farm on an average over a section of land; my taxes last year were \$900, this year they're going to be \$1,300.00. And I'm in an average assessed land. Nothing like the area around Wawanesa where they're half as much again. There on every section of land they're paying \$2,000 in property taxes. What's \$150.00 going to do for those men? Not very much. And I tell you, Mr. First Minister, when the farmers have problems the people in Winnipeg are going to have problems, people everywhere in Manitoba are going to have problems. I tell you, you've got to have to have a healthy agricultural economy or you're dead in this province. A simple fact of life.

I said the other day Winnipeg's only a farm town. When the farmers are in trouble, Winnipeg will be in trouble. You talk to hotel men, they can tell you when the farmers are . . . when the boom is on on the farm income, and I'll tell you, they're going to be in trouble.

Mr. Chairman, I'm not going to impress the First Minister because he doesn't want to listen anyway. He doesn't want to listen, he thinks he's got the answers. I say to him that he's got to come up with something better than this. This is not the answer. He'll come back and he'll say, "Well, everybody in every little town, their taxes are being paid." Sure they're being paid. A lot of them are being paid. But I tell you that's still not the answer. Most of those people are retired. They like to see them live in their own home. But that's not the answer. The people you've got to look after the people between 20 and 40 years of age. They're the ones that are going to pay all these taxes in the future, and I say they're not getting the kind of help they deserve at the present time. They're the people that are raising children; they're the people that are paying all the taxes. I tell you if you got all that \$100 million, give it to the trustees and give it to the municipal men, and they'll spend it a lot wiser. Better and better, I say, that's the way to handle it. We never had that much money. The most, the biggest budget we ever had was \$350 million in 1969; 1958 when we came in, \$80 million. Financed everything in the Province of Manitoba. Sure it wouldn't go far now. \$340 million wouldn't go far enough. No amount of money that you ever raise in taxation will ever go far

BILL 63

(MR. McKELLAR cont'd) enough. You'll always be short. But it's the way you distribute that money. It's the way you distribute that money. And I tell you, help those young people in our province. Help them, they've got a big job to do. They've got to make this province work, and I tell you, more power to them.

MR. CHAIRMAN: The Honourable Member for St. Johns.

MR. CHERNIACK: Mr. Chairman, I always enjoy listening to the Member for Souris-Killarney because he speaks so fluently, and so clearly, and with so much enthusiasm. And I would like to second his concerns for the primary producers in this province, who are probably the biggest speculators in the province. I've had occasion to speak here before about my attitude to gambling. I must admit that it is changing, the more I find that more and more people seem to revel in the gamble, and revel in that option of being able to, well to speculate on the future, and of course I think the primary producers, the farmers of this country, are probably the biggest speculators in that they never know from day to day whether the sun will shine or the rain will come down at the right time. And to many of them this is a way of life which they wouldn't exchange. And one of the reasons that I support the efforts of this government in attempting to give people the opportunity to exercise the stay option is that I feel that the trend has been so much away from the land and into the city, and away from what obviously must be a very high quality of life that is attractive to them. Now we have debated in the past how one exercises the stay option . . . makes available, and clearly, we're not in agreement. But I recognize that the Member for Souris-Killarney and his colleagues have the same objectives that we have in that regard. They don't believe that our proposals are good or right or workable, and we have not accepted theirs, and I think that the people have not accepted theirs because they've been around a long time and after having been in government for a long time, the people rejected whatever efforts they were making. So it does mean that there are different approaches one can take, and they should all be the kind that can be debated without acrimony and with a sense of logic.

Now I was a little surprised to learn that the Member for Souris-Killarney is paying the 40 percent bracket. I'm assuming that he's in that bracket, he's not really paying 40 percent of his income, because if he's paying 40 percent of his income in federal taxes, because he said he pays 40 percent, and when you add on the 42 percent it brings him, I think he said, to 56 percent; if he's paying 56 percent of his total net income before tax, then he is earning a great deal more money than I thought he was. Well, I haven't figured it out. A tax form will tell us that somebody who is paying 56 cents on every dollar earned, net profit earned, must be in a very high bracket. Very, very high bracket. Unless - I don't want to guess because I don't want to make an extravagant statement that I'm not sure of, but it's got to be a lot higher than the members of the Cabinet make. I know that much. Unless of course he is talking about the bracket, the top bracket he's in. Maybe when he gets to the top bracket for the last dollar he earns, he may then be in that position, but when you average it out it's a lot less than that. But all I can say, on the basis of our progressive income tax system, if we take him literally as paying out 56 cents on the dollar, plus sales tax, plus gasoline tax, plus all the other indirect taxes, he is making a fortune, Mr. Chairman. Well, he's got to be. So I challenge him that either he is paying 56 cents on the dollar, in which case it would be interesting that he tell us how much he earns, or he is not paying 56 cents on every dollar earned, and if that is the case, then he ought to tell us that as well so we understand.

Mr. Chairman, another statement he made that kind of surprises me is that when Duff Roblin and his government, of which this Member for Souris-Killarney was a part, when they brought in the \$50.00 tax rebate, I marvel that he got - what did he say? Over \$200.00. --(Interjection)--Ah ha, well that's right, \$50.00 a parcel. Mr. Chairman, I was practising law at the time, and I remember doing just that very thing for other clients. A client would hold a parcel of land and they'd come to me and they'd say, split the title. And I'd say, why? It's going to cost you money to split the title because I don't work for nothing, and I have to pay registration fees, another form of revenue for the Conservative Government at that time, and then they keep--(Interjection)--Well let's not split it in half, split it into five, split it into six, and it paid them to pay my fee and the registration fees because of that tremendous weakness, that tremendous weakness in the system created by Duff Roblin where the number of parcels into which you can split your land determined the amount of money you would get, so the one who owned more land could get more money. And of course it was even better for the owner of

BILL 63

(MR. CHERNIACK cont'd) large tracts of farm land because they could split a section into how many . . . ?

MR. McKELLAR: No, no, I'll tell you after when you sit down. You're only a lawyer.

MR. CHERNIACK: We're going to hear from the Member for Souris-Killarney, but let me tell him that, as only a lawyer, there's some things I learned about that system and that was, that it was foolish to split your land into such small parcels, that the tax on them was less than \$50.00 because you couldn't get a rebate for any amount in excess of \$50.00, but if it went below \$50.00 you're only getting the actual rebate, and then the legal fees might eat it up.

But let me tell you - look, the Member for Swan River is cackling when I am saying that lawyers are people who earn money out of others who try to take tax advantages, who try to enforce rights that give them the legal opportunity to make more and more money, or save more and more money. Of course that's the role that many lawyers play. There are of course lawyers who work for individuals in criminal matters, and others. But, Mr. Chairman, I shouldn't let myself be distracted by the Member for Swan River lest another member point out that I'm out of order. So let me talk about the tax rebate which is Section 4 and I'm not even going to look at the Member for Swan River because he has the delightful style of being able to distract me.

Well let's talk about that system that gave to the Member for Souris-Killarney the opportunity to save some \$200 and - I forget it - \$220, he was able to save because he had several parcels of land, and let's compare that with a person living in the City of Winnipeg, or any other city where his building was being taxed along with his land, and say on a residential building worth \$10,000, \$15,000, he only got 50 bucks. That's all he got because he couldn't split his house in half, the assessment wouldn't permit that. So he got \$50.00, but the Member for Souris-Killarney was so able to have his parcels of land arranged that he was able to take much greater advantage. And yet he may well have been much wealthier than the person I'm talking about who had a home and it was limited to 50 bucks. Well that was one of the tremendous weaknesses.

Another was that, and I know this again from having practised law in the City of Winnipeg at the time, that vacant land, that land that was sitting idle not doing anything but waiting for the price to go up, land that speculators were sitting on expecting, and with justification, knowing that the price would go up and they would make their money, and it would have been a capital gain in those days because the governments in power were all happy not to tax capital gains, those people were getting \$50.00 a parcel. I could refer the Member for Souris-Killarney to cases that I know of where speculative land in acres was split into lots in order to . . . I mean acres of land was split into lots where they could get \$50.00 for each parcel. So there you have land that belonged to speculators, land that was not being used in any way whatsoever, and they were paying \$50.00 a year on that in reduction of taxation.

And that's one of the reasons why they got out of it. It wasn't, as the Member for Lakeside said, that they saw that this was wrong to do because it's political. I believe that they saw that it was wrong to do because it wasn't a justifiable plan, it wasn't worked out, and when honourable members say, "We brought it in", let's agree that they brought in the concept of rebate but they certainly did not bring in a concept of equity in taxation. Certainly not. And when one knows that people rich and poor were all getting 50 bucks, then that becomes a pretty regressive form of inverse taxation. It meant that there was no relationship to ability to pay at all, that there was no attempt to redistribute tax burden at all. And let's remember when I said vacant land, that saving also applied to commercial, industrial, and all parcels, regardless of whether they're not residences.

So let me just remind honourable members that it was a few years ago when some provinces were pleading with the Federal Government to adopt variations to the income tax system to which we were all married as far as the base was concerned, that the Federal Government gave the opportunity to provinces to make variations in the tax scheme so as to create a reduction in taxation. At that time the Federal Government gave a flat percentage reduction, which is the proposal which is accepted and endorsed by the Conservative Party here, and the Federal Government did that. Then they started saying to the provinces, how about your doing something along the same line, and the provinces started talking about what was the best way, the fairest way. And there again, now we're into a debate as to what is fair and what is not fair. The Premier mentioned that there was very little time between the inauguration of our plan

BILL 63

(MR. CHERNIACK cont'd) and that of Ontario. As I understand it, we were each negotiating with the Federal Government about our plans but the Federal Government felt in confidence bound to continue to negotiate but not inform each province of what the other was planning to do, and that was fair game. The Ontario plan went into effect somewhat shortly before ours did, but it turned out that it was very much the same, that it was a percentage difference as between the benefits, and as I recall it at that time ours was a slight improvement in the position of ability to pay. And Ontario brought it in and we brought it in, and I think we've proven something. I'm not too enthused about the debate that took place, apparently generated from some statement made by the Minister of Education, as to the amount of costs that went to education from this; I believe he was right. But I believe that the main purpose in our case was that we wanted to reduce taxation, and let me remind honourable members that the Federal Government did impose one condition in this scheme, and that is that it had to be a tax deduction, and it had to be a provincial tax deduction, and they said to us, "Take your choice. You can take any one of your taxes and attempt to reduce them, those taxes, and use the income tax system to do it." So we and Ontario chose the property tax system as being most related to the impact of municipal taxes which was growing and growing. And both provinces did the same thing and came up with similar formulae, and the real effort and success was in the reduction of taxation.

Now, call it what you like, but you've got to admit that we are paying back - somebody says the people's money, and of course we're paying back the people's money, because government is not something separate from people, government is the people representing the people, and when government imposes taxation on a certain basis the people contribute on the basis, or in the formula that is accepted by the government of the day as being the fairest or the best or the most equitable or the easiest to administer. Well then when there is a reduction, it could be a reduction in that formula, or it could be a variation of the formula. We chose a variation because we could not reduce - we could not philosophically accept the thought that members opposite seem to have that a flat reduction in percentage taxation was fair. We don't think so. We think that those who have the greater ability to pay taxes should pay more. That's really what we're doing. Then when we were making the rebate, we said those who are hit hardest by taxation are the people who are least able to pay it, and therefore we said we will reduce taxes by reducing taxes imposed on those who are least able to pay. Now you know that to me is a fair debate.

Members opposite don't like it that way. We like it that way. As long as the people are prepared to keep this government into power, we will continue in that program, and the Premier made it absolutely clear yesterday that there is nothing that he can see would dissuade our government from continuing in this method of rebating taxes, and that is the big difference between the old Duff Roblin scheme, which had nothing whatsoever to do with the ability to pay, and ours. When we brought in our cost of living tax rebate, that too was designed to reduce taxation because we recognized that with prices going up, so does sales tax produce bigger revenues, simply because prices go up, and this is one way of dealing with those hardest hit. Now I make no - well, it's not that I make no apologies, I am proud of the fact that we are making the distinction of rebating to those who we believe are least able to pay the taxes.

Then there are discussions about whether we're rebating enough. That's a fair debate. Of course we feel that by absorbing the total increase in costs of, let's say, post-secondary education, no increase in fees, when we are absorbing the total increase in cost of hospitals and doctors, that we are in effect undertaking a much larger burden that could be passed on in a different way if the Conservatives were in power. Because the Conservatives, to be consistent, would bring back premium taxes, they would probably have fees payable, disincentive fees, they would probably raise tuition, and we would then debate whether they're right, whether we agree with them or not. But in the end the money would be spent, either by the people or through the government, by the people through the government, because the hospital bills and the medical bills that government is paying today, government did not pay 20 years ago but people paid. But not entirely. Those who couldn't afford to go to the doctor didn't go until it was a desperate situation. Those who could afford to did go, because they could afford to pay it. The same applies in education and in many other fields.

Well I don't believe that any Conservative Government would dare switch back to premium taxes. I wish they would say if they would, because the fact is that they opposed what we

BILL 63

(MR. CHERNIACK cont'd) did, but I don't think they would do it. But in any event, a comparison that doesn't take into account government's increasing costs. I recall members opposite being very concerned when the strike was being threatened by civil servants, when the strike was going on at the university the Member for Fort Garry said, "I'm all with you, I'm all with you," he said to them outside here. Fair game. But those prices, those increases are still brought back to the door of the people through their governments. And therefore we are involved. So when the Leader of the Opposition uses scare words, when he says, "It's a shell game, it's a sham," well, that is as far as he's concerned because he wants to confuse the issue, he doesn't want that the people should recognize the policies and programs that we have, that we're working on. I would much rather that he debated the policies and the difference in philosophy than get into word name calling and into that kind of extravagant language. But nevertheless, that's the way he thinks, and that's his political effort, that is the way he is attempting to bring forward his political future and to his political advantage.

So he talked about rent increases. He did not admit, as he should have done, that when you had the old system, the Roblin rebate system, or the foundation grant system, that that did not go back to people, it went back in reduction of general taxation, which was a benefit to all aspects of taxpayers regardless of whether they're able to pass on their taxation through increased costs, whether they're able to pass on taxation through their income tax deductions as being allowable expenses, regardless of it all the people that he was so concerned about are the last to be able to benefit, and those are the tenants. Because the tenants are the ones who are most remote when it comes to being able to - they're easy, they're readily available if you want them to absorb taxes, increase in taxes, but they are very hard to get at if you want to make sure that you rebate it. And our system, the one we're debating right now, is the one which makes it possible for tenants to be able to get their rebates, based on their ability to pay. And they are doing it on the basis - they're getting 20 percent of their rent recognized as a comparable amount to the tax formula.

And that's why, when the Member for Assiniboia spoke the other day, yesterday, about home ownership, and he was talking about how difficult it is to maintain home ownership, he should realize of course that it is even more difficult for tenants who pay rent, because then they don't even have the security of knowing that they have an equity in their home, and then really it isn't a problem of home ownership as such, it's home occupation as such. It's the cost of residence, which we recognize is growing and is a serious problem. And I think all of us recognize that the problem of the cost of services to property, the municipal costs, are great, and we also recognize that they should not be on property taxes only. And that's why, Mr. Chairman, I find it somewhat hypocritical to have opposition, people in opposition to our approach, attack the Government of Manitoba, which it is recognized is the first Government in Canada which is really opening the door to municipalities to become involved in growth taxation.

I read the other day the editorial from Toronto saying it's high time the Conservative Government of Ontario followed our lead, because that's one thing that will be clear as the years go by, it'll be clear that Manitoba once again set the lead, set the example of a method by which municipal taxation can be applied on growth taxes and not only on fixed real property taxes. By giving that opportunity to the municipalities we are again saying to them, "We know that your costs are rising, we know you should have a different way, we know you should have a more progressive way, you figure out the way it ought to be, you come back to us with a proposal, and we will do our best to make it possible for you to be able to get involved in growth taxes."

The big difference between us is that we believe that the moneys that we are receiving in our revenues are being disbursed by us in a manner which is the best redistributive way of seeing to it that the people of Manitoba who need the most are getting the most in their assistance. Now I know the members opposite will bring out statistics of the growth of revenues of the Province of Manitoba; they also know that there is a growth of expenditure, and they'll say, "Ho ho, of course you're doing it wrongly." Fair game. Fair game. Let's discuss it on that basis. But when we're attacked on a different basis then we lose the level of discussion, which I think is more worthwhile, because in the end the people of the province have to decide what leadership they want, based on the program that is offered to them and the manner in which it's carried out. We are now debating a very important aspect of our taxation program. We are

BILL 63

(MR. CHERNIACK cont'd) now debating whether or not our tax reduction is best carried out through this program. We say it is, other members think not. Let's debate it on that level, and I don't think it's really necessary to go beyond a discussion of what is the best way of reducing taxation.

MR. CHAIRMAN: The Honourable Member for Portage la Prairie.

MR. G. JOHNSTON: Mr. Speaker, I'd like to say a few words on this section. Before I begin perhaps I could say something about the charges that the Member for Lakeside made against the Liberals for voting for this particular bill. I might say that when the Member for Lakeside accused us of lack of principle and called us ruffraff, and I think he used a few other terms, that we really didn't take that charge very seriously because when we recall how he spoke for the mining bill and then voted against it, and when we recall that he was fired out of his job as Deputy Leader of his party for giving it to his leader behind his back, I guess is the best way I can put it, then we really don't consider his speech on principle as being that serious. But obviously the government back in Duff Roblin's day recognized the problem that they had to try and help the homeowner and also the tenants and they hit upon the \$50.00 rebate scheme.

The Member for Lakeside said they really abandoned this scheme because there was so much opposition to it. He neglected to say that there were so many inequities in the scheme that it became a great embarrassment to the government of the day and they just had to do something about it. I know my friend, the Member for Souris-Killarney, stated that he was fortunate enough because he had the number of parcels of land that he did that he got \$225 back whereas a normal homeowner would get \$50.00. So that in itself is an admission of inequality. I was both on Portage City Council and also a member of the House at the time and I'll tell you as a member of the Legislature, and I'm sure every one of the members of the House of the day had a great deal of difficulty with angry constituents phoning up saying they hadn't received their \$50.00. Some were angry because the cheque came personally from Mr. Roblin with Roblin's name on it and I don't know whether that helped in the next election or not but I know that I had so many constituents who were angry either (a) they didn't receive the \$50, (b) they didn't fill in the form properly so they couldn't receive the \$50 or, (c) they were so hard up they couldn't afford their taxes. Until they got a tax receipt they couldn't claim the \$50.00. So that may have been a smart political thought in the Cabinet board room but it turned out to be a boomerang out at the people level. So obviously the administration of which the Member for Lakeside was a part decided to dump that plan because it wasn't helpful at all. It wasn't a fair way of distributing money back to people. Fifty dollars didn't mean that much anyway. But when you had a case like I had in Portage la Prairie and it's a small enough community that everybody knows a little bit, or at least they think they do, of someone else's business, and when they found that one man in that town was receiving about \$8,000 back on the \$50 plan, this didn't do the idea of paying taxes any good whatsoever, I can tell you. So obviously it was a very unfair, very iniquitous method of returning money by a premium that was ever conceived.

So I must say that when we supported the idea we supported it in a consistent manner, I believe in '73 and '74 and now this time. --(Interjection)--Yes, I believe the Conservatives in 1973 supported the idea and then they turned on it a year later and now this time they're against it on principle although I can't quite understand the principle. But I find that this method is more fair, it's related to income and doesn't depend on the amount of property that one owns, so I think that it is more fair. But I would suggest that it's only a first step. It's only a first step. I think that when Mayor Juba said, and other municipal governments said that our costs are going up, we have a limited tax base, only a business and real property, homes, that we have to find another place to receive revenue, I don't think the government has done all they can in that field at all. Sure the government has said well you can place taxes on hotel rooms, we'll help you take some income tax, but I think that there is a place for the province to give up some of its growth tax to the municipalities. So in combination with this plan which is working fairly well and we are supporting it, I think the government has a duty to sit down with the municipalities and see if they cannot give up some of the growth tax; I'm talking about the liquor tax and sales tax and gas tax and so on, that it's a well known fact, I think it's admitted in ordinary conversation, that of the three levels of government, federal, provincial and municipal, the municipal governments are the ones that are caught most tightly

BILL 63

(MR. G. JOHNSTON cont'd) in the bind of rising costs, of rising inflation, because they have much limited places to turn to find new revenues. And they've been through this exercise for years and years now, there's just no place to find new revenues and the only major places of course is to raise the mill rates on business, industry, and on the homes. So I think that the government has an obligation to look at this situation and complement the plan of which they're so proud - and I give them some credit for the plan, that it is a pretty good one, as far as it goes - but I think they do have a duty to look at the other part of the tax base that the municipalities are crying for and needing so badly.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Speaker, I listened at least with interest to the remarks of both the Honourable Member for St. Johns and the remaining remarks of, or the few remarks that I heard of the Honourable Member for Portage. I'm not sure that I understand correctly what the Honourable Member for St. Johns is saying with respect to those in agriculture as being gamblers and speculators. My impression is he is one who does not believe that as a way of life that is something to be commended; in other words, he's made reference as well to those who are people who purchase land and hold land for speculation as if in doing that there is something inherently wrong - I'm sorry that he had to step out of the Chamber but I'm assuming what I'm saying is correct. He is upset with those who are gamblers and speculators in our society and is upset at their approach generally. And you know, Mr. Chairman, I have to say that I find this probably the most hypocritical statement that could possibly come from any member on the opposite side and particularly from a Minister of Finance who has brought lotteries into Manitoba.

I mean if there is any proof of what a government's philosophy is, it is this government which introduced a lottery, which is pure speculation, as a means of raising revenue. You know, Mr. Speaker, you know he can say on the other side . . . the agricultural representatives here who sit as members of the Legislature and the farmers are speculators and that you know there is something essentially wrong in that general attitude with respect to gambling. But when I listen to the radio and hear repeated who's gonna win, who's gonna win, who's gonna win, who's gonna win the \$250,000 lottery and to know that the government is sponsoring that ad which is being disseminated throughout Manitoba, enticing people to put their money into a lottery so that the government will be able to raise taxes by that, then Mr. Chairman, I say without question it's a height of hypocrisy on the part of the Member for St. Johns.

MR. CHAIRMAN: The Honourable First Minister on a point of order.

MR. SCHREYER: Mr. Chairman, I did not raise this point of order previously although I felt moved to do so. The Honourable Member for Souris-Killarney having spoken, the Member for St. Johns and the Member for Portage la Prairie, all three having spoken in general principle terms at this stage of consideration of the bill I believe is a circumvention of Citation 400 of Beauschene and of our own Blue Book Standing Order. I know that it is a rather thorny rule for the Chairman to enforce. I am just concerned, however, that we do not by indecision on the matter flout this particular rule with impunity, and that seems to be what's happening. Now one may well say, sir, that some honourable members having spoken, what's to do but to allow all. I'm hoping that because a representative of each of the three parties has spoken in general terms that we now at least try to come back to the rules which provide, sir, that in committee of the whole consideration that we deal with strict relevancy to the item under consideration. And the item, sir, is separate residences of spouses.

MR. CHAIRMAN: Order please. The Honourable Member . . . point of order.

MR. SPIVAK: . . . on Page 2, and as a matter of fact, the last discussion has not been on the question of principal taxpayers and spouses living in separate residences but rather has been on the portion dealing with the education tax rebate amount. And, Mr. Chairman, for the benefit of the First Minister who may not have been listening during that period of time, the question of gambling and speculation was really brought up by the Honourable Member for St. Johns in dealing with the remarks of the Honourable Member for Souris-Killarney who addressed himself to that particular section. And, Mr. Chairman, my point in raising it was to indicate that it ill behooves the Member for St. Johns as a former Minister of Finance to talk to this side about gambling and speculation and about anything inherently wrong with respect to that, you know, because in effect the ones who are attempting to profit most by gambling and speculation are the members opposite through their taxation policy. And the lottery bill

BILL 63

(MR. SPIVAK cont'd) and the lottery program is part of a taxation policy of this present government.

MR. CHAIRMAN: I thank the honourable members for their observations on this. This is the problem that all committees get into when you decide that you want to proceed page by page, everybody seems to think it's an open game, that they can cover everything from soup to nuts, so I will have to say that we'll go back to clause by clause discussion and rule 64(2) of our House rules are quite explicit in that respect, "speeches in the Committee of the Whole must be strictly relevant to the item or clause under discussion." On Page 2, Section 2 - pass --(Interjection)--on 2? Which is . . . ?

MR. SPIVAK: Yes, Mr. Chairman, section 2 would deal with, again with the question of the education tax rebate and I believe it would be appropriate there to deal with the item that was in discussion before.--(Interjection)--Well, the lottery matter I think the point has been made and I think the former Minister of Finance can, you know, digest the remarks and maybe reconsider his position when he then speaks again on the question of gambling on the part of the farmer and rural community of this province and those who are the land speculators in this province.

Mr. Chairman, I guess the problem we have here in dealing with the Education Tax Rebate Program is a two-fold one. We voted against the budget of the government and contained in the budget is this particular proposal.--(Interjection)--Well, we voted against this proposal for a number of reasons. Oh, let's go back so the First Minister was able to rationalize '73. It also, I must say, Mr. Chairman, goes back to the remarks of the Honourable Member for St. Johns when he talked about the elimination of premiums and a variety of other things and then accused us of what we would do if we were government. And of course I would say to him that just as he as a former Minister when asked a question about what would happen in the future would say that's hypothetical, so I would suggest to him that it's quite hypothetical as to what he is suggesting.--(Interjection)--Yes, I know what our program is. But also, Mr. Chairman, I am not in a position nor is he to know how much of a windfall through equalization payments the government's going to receive. When one recognizes that in this year's budget, or in this year's forecast, there is between 115 or 120 million dollars in equalization in addition to the cost-shared programs that the Federal Government supports, one realizes that there is an ability to be able to take that money and provide relief to people in a variety of ways, and the way in which the government has undertaken it has been through the elimination of the hospital premium and through the elimination of the Medicare premium.

And you know, Mr. Chairman, in the '73 budget we were faced with the situation of the first indication of the major windfall that the Provincial Government has received from the Federal Government and we accepted the principle that it had to be applied as best it could to try and provide relief for the people in this province. But the budget in the last period, in this past period is one which we could not support for a number of reasons; one of which, we believe that it did not take into consideration the economic conditions that exist in the province and the future prospects and we believe that the announcements by Statistics Canada of the state of the economy for Canada is a clear indication at this point, and an indicator of what we believe are very ominous signs for the future and would have required a much different kind of budget, a much different kind of budget than the one that had been proposed by the members opposite.

We also, Mr. Speaker, dealing in the specifics, believe that the government had the obligation in addition to providing additional relief to the municipal taxpayer through the elimination of some of its programs, had the obligation to absorb a greater portion of the education costs. And if that had been undertaken the requirements for relief through this mechanism which we refer to as a partial shell game would not have been required. One must understand that the school boards who deal with the budgets are not the boards who have to raise the money. They do not have the obligation to go to the people of the province and to say to them, we require so much money for the running of programs for which we have been elected by you to undertake. In effect, they pass on their requirements to the municipalities and the cities and they must in turn raise the money through the real estate taxation.--(Interjection)--It's a collection agency. Just a collection . . .--(Interjection)--A collection agency. Well the fact is, Mr. Chairman, they are not dealing with the taxpayers directly. They are dealing with them indirectly. Mr. Chairman, they are dealing with them indirectly, and Mr. Chairman, the point at issue here . . . Mr. Chairman . . .

BILL 63

MR. GREEN: I wonder if the honourable member would permit a question.

MR. SPIVAK: At the end. --(Interjection)-- I know we've got all the time in the world, I realize that. Let me make the point that I'd like to make, Mr. Chairman. The fact is that the education tax is high in this province and it is raised through real estate taxation, and in turn what we have asked for was the government to absorb a greater portion of that, and had that been undertaken the necessity for this mechanism to be applied in the way it has been would not have been required. And, Mr. Chairman, our problem and our point is that we have to at least be consistent with what we have said in the past, that in effect the way we are operating is not correct, but in fact the provision which gives a measure of relief does not have the degree of progressiveness that the members opposite would like to suggest for those people who are in the disadvantaged position within our society; that while they keep suggesting that somehow or other there is advantages being given to them, the reality is it is not, and the only way that we can express ourselves is by showing our concern, is by in fact doing what we have done, which is protesting by voting against this bill.

We're not voting, Mr. Chairman, that relief is being given back to people or that some money is being given back to them. God knows we believe that the taxpayers in this province require substantially more money that has been taken away from them by government, to be given back to them. We do not accept that the way in which this program along with the total budget is being applied is in fact providing for the municipal taxpayer the kind of relief - or for the tenant. Now, Mr. Speaker, I mentioned this before and - you know, it's a curious thing, we have two by-elections which of course we must not mention in this Chamber because --(Interjection)-- well, there's been some admonition that we must not mention it. There are a lot of tenants in those constituencies and I'm surprised, Mr. Speaker, at how many of them are upset at this point as to the rise that is taking place now with respect to their rental costs. They really are upset, the rises appear to be substantial. And I don't doubt, Mr. Chairman, that in some cases the landlords have taken advantage in the rise in the rental structure; but on the other hand, when one looks at the measures of the government, one recognizes that there is no tax relief for any landlord of a rented premise, whether it be an apartment block or a home, and that if you take those costs along with energy costs which have gone up and are forecasted to go up in the next period of time; with hydro costs that have gone up and are still forecasted to go up within a year; by labour costs which have gone up and understandably with respect to the increased costs of living, and you put all of this together, there's no question that there will be a passing on to the tenant of the additional costs. And they're significant. So we have a situation today where the tenants and the people, who are the lessees, now either have received or will be receiving or have some notice that they will be receiving substantial increases in their rents. And they're upset. Yet in the game that is being played, relief is to be provided for them at the end of next year when they complete their income tax, and so therefore they're going to be asked to pay out some money for which they will receive some relief. Now in some cases it may measure out; in most cases it does not. And the landlord has been put in the position of being the villain in the piece, and he's obviously had to raise the rent or absorb it himself - I don't think the members opposite, if they were in the position of the landlord, would expect themselves to absorb that cost, they would pass it on. At the same time we have a situation where the tenant appears to be provided relief, but in reality is both financing the relief that is going to be ultimately provided to him, and in many cases it'll be minimal compared to the actual rise in his rents. --(Interjection)--

Well, the way in which it can be - yes, you can have any increases, I'm not suggesting - yes, without anything. But the fact is, and the First Minister knows, that no landlord with the increased taxation that has had to be paid - and there is increased taxation, with the increased cost of energy, with the increased cost of wages, with the increased cost of hydro - is going to be in a position of either absorbing all of those increases or passing them on. And the sensible thing, and the thing that would happen, is that they're passing on. The point that we are talking about is that what was required was more direct relief with respect to the Education Tax, to in fact lower the municipal tax bill, and to in fact have provided as a result of that, a reason for rentals to have remained more stable than they have at the present time. And that in the game that's being played. The members on the opposite side will suggest, well sure, we have provided relief, you know, we've provided relief. Well I suggest, Mr. Chairman, that the relief that is provided is illusory and is not really sufficient - and it goes back to the question then, who is really affected? In our society as it exists now there is no question that the people who

BILL 63

(MR. SPIVAK cont'd) are in the higher income brackets or the middle income brackets are probably in a better position than those who are in the lower middle class or in the lower brackets to be able to be in a position to absorb all the bumps that occur within our economy. I do not believe one can say that in the program that's here, that the kind of relief that's being provided really takes care of those people who are in the lower middle and the lower income brackets. I do not believe that. --(Interjection)-- I do not believe that. I believe that what has happened is that those people, are the ones who are hit the hardest, and those people are the ones who are put in jeopardy, and those are the ones who in fact are not receiving the kinds of benefits that the members opposite would like to attach to themselves. -

So we are at this point indicating our position; it is consistent with what we did in the budget; it's consistent with a general position with respect to the whole approach of government. And I find it rather strange that the members to my left who are in opposition can find their way clear to vote against the budget and at that same time support the taxation proposals. It doesn't mean, you know, that the fact that we're opposition that we are not happy that some money and some relief is being given. But I think there is a greater deal of consistency at this point in indicating to the members opposite that we think that the time has come for the reassessment of their total program with respect to relief. I know the First Minister believes that no other administration would alter and change this, but I must say to him that the mechanism that is being used is going to get to the ridiculous in years to come if it continues with the nature of the kind of relief that is going to have to be given with the tax revenues of the province you know, escalating to the point that it is now, with income tax up some --(Interjections)-- Well. No. No. I believe that the economy is turning down. But I, at the same time, having said that the economy is turning down, the degree to which this government has profited by the rise in income levels of the people and the additional taxation that has taken place I think is such that it's reflected in the statements that we have here. When people were in a \$6,000 level they were in one income tax bracket. When they're in a \$9,000 level, now, to basically stay in the same position that they were in the 6,000 level a few years ago, they're in an additional tax bracket, and they're not paying less taxes. All one has to do is look at the income tax revenues to realize the substantial --(Interjection)-- You have never had the rise in income tax levels that you've had in this past year. The rise is phenomenal. And I must say, Mr. Chairman, I would guess that that's still been understated. And I understand and know that projections are made on the basis of the Federal Government's information, the last information that's provided, but one has to know when the budget was drafted to know what last information was used in terms of forecast.

. . . . continued on next page

COMMITTEE OF THE WHOLE - BILL 63

MR. CHAIRMAN: The Honourable First Minister.

MR. SCHREYER: Would you permit a question?

MR. SPIVAK: Yes.

MR. SCHREYER: Would the honourable the Leader of the Opposition, if he does not have a copy, be so kind as to accept this document and look at Pages 80 and 81, and confirm or deny that a person at 12,000 level of income today is paying less in net provincial taxes than an \$8,000 per year family five years ago. How then, would he account for that?

MR. SPIVAK: Well Mr. Chairman, I will then look at what the First Minister says, but I have also made my calculations and I'm also quite aware that the number of taxpayers in this province are essentially the same as they were five years ago and that they are now paying in over last year forty more million dollars worth of taxation. So you know, there is something that was adjusted, a bit out of kilter or not correct, in the remarks that the honourable First Minister has indicated. But I say at this point that, you know, our situation is a very simple one. We believe that the Education Tax, a greater portion should have been absorbed by the provincial government. We believe that if that had been undertaken, that that would have provided a measure of relief that would have been far superior than the continuation of the program in its present form. We believe that the way in which it operates, as part of a total package, is not providing the relief for the people - and while there is some benefit that is going to be given to people because some money is going to be given back, that doesn't take away from the fact that overall the total taxation program of the government is not something at this particular time that we concede is a correct one. We do not believe that the government programs should have escalated in cost to the point that it has. We believe that the government has profited by inflation, and that is shown in the taxation levels and the substantial increases at every measure of user's tax and sales tax and income tax - and we do not believe that the kind of restraint has been shown to be able to take part of that money and to reduce taxation, to be able to assist people in dealing with their daily requirements and daily needs. Therefore we, of necessity, must object to this program, not because we're objecting to the money being given back, but what we are objecting to is that as part of the total package it has failed and continues to fail to recognize substantially the kind of initiatives that should have been undertaken. And with respect to this area as one distinct area in which we can focus on, we suggest, without question, the Education Tax should have been relieved, should have been eliminated - or at least the contribution should have increased substantially so as to lower the actual level of real estate taxation that is being paid by the municipal taxpayers. And to those on fixed incomes, they are the ones who are going to be in more difficulty as they try and deal with their tax bills; to those who are the renters - while there's a measure of relief, and it's provided in this program - in many cases they are not going to be in a position, nor are they in a position to be able to balance off the substantial rent increases that have taken place because of the fact that the owners of property which is leased have no relief, and are therefore, you know, in the unenviable position of becoming the villain of the piece and passing it on. And that passing on is taking place now - and those who are the tenants now know, and they are concerned that the relief that is being offered is not sufficient, is not coming in at the right time, and simply means that they must pay out and will be paying out substantially more money than they thought they would be for rental accommodation. Mr. Chairman, that is only one manifestation of a total program which has not been that effective, in our opinion, in meeting what the needs of the people at the present time in the province.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. BOB BANMAN (La Verendrye): Thank you, Mr. Chairman. I'll be very brief. I just want to voice some of the concerns voiced to me by my constituents over the last couple of days after their tax bills came out. I want to just inform the First Minister as to what is happening in my particular constituency with regards to property tax, and I would refer specifically to the Town of Steinbach. Last year in 1974, the residential mill rate was 31 for the school levy; this year it's 50 mills, which means it's an increase of 19 mills. The commercial rate went up from 55 to 79, which means it's up 24 mills. The municipal portion of the property tax is up from 32 mills last year to 39 - and that's the same figure as for the commercial. The problem that we face is one in which, for instance, a house that paid \$600 taxes last year is going to be paying about \$860 right now. The problem as I see it, and the problem expressed to me by many of my constituents is, that if this is a trend that will be continuing, we will in the very near

COMMITTEE OF THE WHOLE - BILL 63

(MR. BANMAN cont'd). . . . future have very few young people that will be able to own their own homes. We're looking at tax bills on an average house of \$800, when you consider the different services that are levied, such as the sewer and water, curbing and pavement levies on a house. And I think it's of concern to all the members in the Chamber here today, that we want to make sure that people will in the future be able to own their own homes and maintain their own homes, and this is of prime importance to the people in my area - that there is a certain amount of relief that should be provided under this particular portion of the property taxes.

Now the other aspect that I would just like to mention on this particular thing, is also mentioned by the Member for Souris-Killarney a while ago, and that is, I haven't got any large multi-national corporations in my constituency, they're mostly home grown businesses and they're small businessmen, but they're facing the brunt of this increased taxation. I just note that the increase this year in commercial rates in Steinbach is 29 mills. Now I hope that the members opposite appreciate that what this does is, that the local commercial enterprises will not be absorbing this increased tax to them, it'll be passed on to the consumer. Now they at least can pass this particular item on - but as mentioned before, the homeowners, the people that want to own their home, whether it be the pensioners or the young people going into, starting a new life, they want to own their own home, and you're looking at \$800 taxes, that's almost \$75 a month just for property tax. And I think that if we want to encourage home ownership and people to take an interest in the community, I think we're going to have to do something more substantial than just adding a small, and I would call tokenism type of approach that we're taking right now as far as the increases that we experience in my constituency this year. Thank you, Mr. Chairman.

MR. CHAIRMAN: (The remainder of Bill 63 was read and passed)

Preamble - passed; Title - passed; Bill be reported. On division. That completes Bill 63. Committee rise and report. Call in the Speaker.

Mr. Speaker, your Committee of Supply has considered certain resolutions, reports progress, and begs leave to sit again.

IN SESSION

MR. SPEAKER: Order please, the Honourable Member for Logan.

MR. WILLIAM JENKINS (Logan): Mr. Speaker, I beg to move, seconded by the Honourable Member for Point Douglas, that the report of the Committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable Minister of Public Works.

THIRD READING - BILL NO. 63 - INCOME TAX ACT

HON. RUSSELL DOERN (Minister of Public Works (Elmwood) presented Bill No. 63, for third reading.

MOTION presented and carried (on Division).

HON. SIDNEY GREEN, Q.C. (Minister of Mines, Resources and Environmental Management) (Inkster): I don't assume that the Member for Birtle-Russell is ready on the Statute Law Amendments Act. Well, that being the case Mr. Speaker, I move, seconded by the Honourable the Minister of Urban Affairs, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

MOTION presented and carried, and the House resolved itself into a Committee of Supply with the Honourable Member for Logan in the Chair.

COMMITTEE OF SUPPLY - NORTHERN AFFAIRS

MR. CHAIRMAN: The Honourable House Leader.

MR. GREEN: Mr. Chairman, there will be a supply meeting running concurrently in Room 254 to consider the estimates of the Department of Public Works, and the Department of Urban Affairs is next on the supply list, after Northern Affairs.

MR. CHAIRMAN: I refer honourable members to Page 40 of their Estimates book. Resolution 95 (b)(1).

MR. GREEN: Mr. Chairman, the Minister is on his way.

SUPPLY - NORTHERN AFFAIRS

MR. CHAIRMAN: Resolution 95 (b)(1) - passed; (b)(2) - the Honourable Leader of the Opposition.

MR. SPIVAK: I'm sorry. This is on Community Services, is that right? It may be that this is passed, but if it's not I'll deal with it now or I'll deal with it on the Minister's salary. I'd like to deal, if I may, with the report on the Southern Indian Lake construction camp which I assume would be undertaken by the Auditor within the department. Now that may be within Administration, Mr. Chairman, I'm not sure, and it would be up to the Minister to indicate. Either way we'll discuss it - and it's a question of whether it's considered part of Community Services or it's part of Administration.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

HON. RONALD McBRYDE (Minister of Northern Affairs) (The Pas): The audit that was carried out was carried out by part of the Administration Branch, Mr. Chairman, and it will be up to you when we consider that. I have no preference, sir.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, Mr. Chairman, what I'd like the Minister to indicate would be then, where would the moneys for the subsidy of the construction camp come from? There's no money under Other Expenditures - would they come under Other Expenditures under Community Services? We have two aspects of this, Mr. Chairman. One is the question of the audit itself, and I wanted to discuss the procedures; the other is the funds that were made available for the subsidy of the construction camp.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, I'll just have to wait a minute to deal with that. Maybe the way to do it is deal with it at the last where it would come up and then I would have that information available. I didn't bring my material on that matter with me, I thought we had finished dealing with that.

MR. CHAIRMAN: Perhaps you want to deal with it at the Minister's Salary.

MR. SPIVAK: No. You see, one of the problems I have at this point is because Community Services, Other Expenditures, Shared Community Projects - I think last year he gave us a list of community projects that were being undertaken. Last year we received from him a program on Shared Community Programs and I wonder if he's in a position, or does have that as well now, available for us.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Does the member want to know what the Community Councils have proposed as their program?

MR. SPIVAK: No.

MR. McBRYDE: Or the cost-sharing formula that was used with the Community Councils?

MR. SPIVAK: But last year he forwarded to the Assembly and provided us with what projects were carried out in communities during the fiscal year, so this was not a forecast, but this was really a report. I wonder if he would have an equivalent for it. This would be the cost-sharing programs, surveying, roads, etc. and everything else. I can forward this to him and he can indicate what we received last time.

MR. McBRYDE: Mr. Chairman, I could give that information verbally or I could get some copies made and forwarded - which would you prefer?

MR. SPIVAK: Either way. No, there's no objection, so long as we have it as a matter of record. There were projections of 816,000 for last year, I wonder if he can indicate whether that projection was realized or whether the amount was higher than that. I know the forecast this year is higher, but was it higher for the fiscal year just completed?

MR. McBRYDE: Mr. Chairman, I think it would be . . . if I could give the honourable member those figures in writing, or later on when my Director of Administration gets here, so that I'm sure I'm quoting the right figures. I have some here but I want to make sure that they're correct.

MR. CHAIRMAN: (The remainder of Resolution 95 was read and passed)

Resolution 95, resolved that there be granted to Her Majesty a sum not exceeding \$4,577,500 for Northern Affairs. Passed.

Resolution 96, Northern Manpower Corps. Resolution 96 (a)(1) - the Honourable Leader of the Opposition.

SUPPLY - NORTHERN AFFAIRS

MR. SPIVAK: Here, Mr. Chairman, I'd like the Minister to give us an explanation if he can, and take us through the chronology of what took place with respect to the Churchill Prefab Housing Plant, the Department of Northern Affairs' involvement; and if he can also indicate where the money was found for the deficit of some \$800,000, and out of what appropriation it was taken, and whether in fact there was Federal Government participation in the money that was paid - whether the Federal Government understood that that money was coming out of a program funded jointly with the province.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the Churchill Prefab Housing Plant was started at a request of the community. The Prefab Housing Plant was established in January, 1972, in response to a request for jobs and training by a local citizens' group known as the Jobs for our People Committee. With the announcement of the Churchill Townsite Redevelopment Plan and the project of increased construction activity, the committee wanted to ensure that local people were trained and given a chance for the job opportunities that would be created. Discussions with the Department of Northern Affairs, the Manitoba Housing and Renewal Corporation, the Federal Department of Public Works, led to the development of a house prefabricating plant and a contract for an initial 39 units, later expanded to 49, between MHRC and the Northern Manpower Corps. The plant was designed and developed around the particular skill levels of the local unemployed to serve two broad objectives: No. 1, the provision of meaningful job training, the employment and participation in the development activity at Churchill; and 2, as a vehicle for the production of the much needed public housing units.

Despite a relatively inexperienced labour force, the uncertainties of Churchill weather, and a start from scratch position, the plant did manage to train and employ a number of local residents, complete with the initial contract, and in the process establish itself as a productive entity. Subsequently the plant negotiated contracts for additional construction work involving three motel units to the Northwest Territories government; one housing unit for Manitoba Hydro; 26 housing units for the Northwest Territories' government; 23 apartment blocks to MHRC; 50 town house units for the Government of Canada; 28 town house units for MHRC; and 64 town house units for the Government of Canada. In the three short years the plant has been in operation, jobs have indeed been created, men trained and houses constructed. In addition, a number of social and economic benefits have accrued both to the individuals connected with the plant and the Town of Churchill generally. The plant currently employs 153 persons, 121 or 79 percent of which are northern residents and 73, or 41 percent . . . excuse me, that's an incorrect figure - yes, 73 or 41 are of Indian ancestry. To date over 250 individuals have received some measure of training and work experience, many moving to positions of skilled and semi-skilled and of a supervisory nature. Currently there are 15 apprentices working at the plant, where close to one half of the qualified tradesmen are northerners. The current monthly payroll of \$165,000 provides an average hourly wage of \$5.00 or close to \$12,000 per year. An annual payroll of close to \$2 million per year is being spent locally on such basic items as food, shelter, clothing and major goods and services. There is evidence to suggest a direct reduction of \$47,000 of social assistance occurred in the first year of operation at the plant. Income tax paid on a \$2 million payroll can be seen as a substantial offset to the training and development costs.

Initially the plant operated on contracts with MHRC. Those contracts for public housing units would initially be cost-shared, that is, they're under a federal program in which the Federal Government puts in a certain amount of funds and the provincial government puts in funds through MHRC. So in that way both levels of governments were involved in the cost of building public housing units in Churchill.

Because the plant got into operation on a minimal budget, the MHRC at that time advanced moneys to the plant, as well as materials to the plant so that production could take place. This is the matter that was of concern to the Provincial Auditor, that in fact advances were being made to the company instead of the company receiving funding or loan support through the Department of Finance, which is presently the case.

The Federal Government . . . some of the input into this plant was in the form of Manpower Training development costs, and those costs would be shared by the federal and provincial governments under the Manitoba Northlands Agreement and Northern Manpower Corps.

SUPPLY - NORTHERN AFFAIRS

(MR. McBRYDE cont'd) The amount of funds that were lost or have not been recovered because of underbidding of contract prices is still under negotiation with the Federal CMHC and with the Federal Department of Public Works with whom we had contracts, and with the Northwest Territories' government with whom the Churchill Prefab Plant had contracts.

MR. SPIVAK: I want to ask the Minister of Northern Affairs who was responsible for the following - and I would like to quote to him the Provincial Auditor's report: "Our audit of the Churchill Prefab Housing Plant operation indicated that it had been commenced without adequate organizational planning, and as indicated in the preceding paragraph had been carried out without an effective cost accounting and control system. The direction and supervision of the plant had also not been adequate in relation to the scale of its operation."

Now again I ask him - this is the report of the Provincial Auditor - who was responsible for the plant and to see to it that it commenced with proper organizational planning and administration, that it had a proper effective cost control and accounting and that the direction and supervision of the plant was adequate in relation to the scale of its operation?

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the opposition members have quoted from the Provincial Auditor's report in the past - and they always quote the first part and they never bother to quote the second part. The concluding paragraph of the Provincial Auditor's report is: "The Department of Northern Affairs has taken steps to correct the aforementioned problem. It has engaged a firm of chartered accountants to review and reconcile its accounts with the Manitoba Housing Renewal Corporation. This work has been completed and has resulted in the aforementioned payments being made. The department has retained the services of a firm of engineering and management consultants to undertake the day-to-day management of the plant, review its operation, and make recommendations for improvement. Accounting consultants and quantity surveyors have also been engaged and have been recently working towards the establishment of a cost allocation for the contracts and progress and implementation of an appropriate cost accounting and control system."

The departments will have taken steps to ensure that the plant receives the required continuous administration direction and supervision when management by the management consultants is withdrawn. The plant has hired a new manager after the consultants' reports were completed. The plant operates now on a very strict week-by-week cost accounting basis, and breaks out the production, the attendance, the amount that is being made or lost in every week of production at the plant. The plant is, and has been, the responsibility of the Northern Manpower Corps in the Department of Northern Affairs, and certainly there were initial problems because of the nature of the operation. Those plants have been corrected, as pointed out by the Provincial Auditor, and further work has been done in terms of the costing and production of that plant since the time the Provincial Auditor made his report. The system that's in place now is a very effective one, and we know on a weekly basis exactly what the situation of that operation is.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: The NDP have a certain way of accounting for their actions. The way in which they account is they say: "Whatever has happened in the past it really doesn't make any difference, because now we've corrected it now that the Provincial Auditor has indicated that this is a problem and has identified this publicly." So that in answer to this, in answer to the question of the co-ops, in answer to every other issue, there's only one thing that they can say: "You know, we've corrected it. Having corrected it, that's all we should be discussing."

The fact is that someone was responsible for the organization and supervision of this, and the fact is that there is an amount of \$800,000 that had to be paid in, that was not accounted for in the actual costs in which the public are involved, and you know, the fact is that someone has to take the responsibility for seeing to it or for not seeing that this particular project was organized in a proper way. Now, accountability means accounting for your actions, and your actions are not discharged because the Provincial Auditor, having investigated, has made recommendations which you now have had to implement because it's now exposed publicly and it's not just an accusation made by the members opposite but by the auditor who in effect has publicly indicated the need for correction.

I want to know, and I think we have a right to know because I think this is basic to almost

SUPPLY - NORTHERN AFFAIRS

(MR. SPIVAK cont'd) everything that's happened with the members opposite in almost every department, why was it that it could not be commenced with adequate organizational planning? It certainly wasn't the people who were working there that were responsible for this. It certainly wasn't the native people who you were trying to train. You know, they can't be blamed for this. This was again a departmental function. Someone has to bear that responsibility and someone has to bear the responsibility for not putting it in a proper way.

Now I'm not suggesting, Mr. Chairman, that there are not difficulties that will occur in any activity. There are always going to be managerial problems and there are going to be adjustments that have to be made. But, you know, we have, with the Provincial Auditor's report on this and so many other matters, really a direct condemnation at the management ability of the members opposite, and their answer seems to be, "Well, we've corrected it now that the Provincial Auditor has exposed it, and that correction is simply our answer." Well, it is a partial answer in the sense that at least now something is being done, but it doesn't account, Mr. Chairman, for what happened in the past and why it happened and why it should happen, because in all of these areas it's public money that's involved and it's the taxpayer who's going to be dunned again and is going to have to pay and absorb the additional costs for the mismanagement. And if the Minister is saying, "Well, we've corrected it. It was the responsibility of my department", then that's fine. He takes that responsibility. But I don't want the members opposite to simply believe that their answer of saying now, "We've done what the Provincial Auditor has told us to do," is their method of properly accounting for their actions, because it doesn't account for the loss of money that's occurred and for the additional costs that have to be borne by the taxpayer.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the Department of Northern Affairs requested and asked specifically for the assistance of the Provincial Auditor in this matter, and the Provincial Auditor didn't uncover something because members of the Opposition asked questions about it. The Department of Northern Affairs realized that the operation had expanded rapidly beyond its initial intention and called for assistance from the Provincial Auditor to deal with the management and accounting problems arising therefrom. No one has said there were not problems. I think the problems are understandable and the full appropriate action has been taken to solve those problems.

Now the member would like to now argue, of course, that somehow this reflects the poor management ability of the . . . and I wouldn't like to go back and trace the very few development projects they were involved in in the North. The one or two that they were involved in, though, that I'm aware of, certainly did have some difficulties and I don't think it was because of the mismanagement of the Member for Swan River or the mismanagement of the Leader of the Opposition. Because of the nature of the situation, the public servants involved in the matter did run into difficulties with the financial management administration. I suppose we could have proceeded with the Churchill re-development in a different way. We could have called for tenders from foreign international firms, had a secret agreement with them to make loans to them so they would come in and do the development at Churchill, and then we could have them maybe suck off 30 percent or so of the profits and take it back to Switzerland with them. This is one method of proceeding that the members opposite have used to demonstrate their great management ability and their business acumen as a Conservative government of Manitoba.

Fortunately for the people of Manitoba, this is not our inclination and our method of operation. We are going into a risky area and an area that is going to encounter problems with its development, and I can't stand before the House today, Mr. Chairman, and say that as community councils take over their own budgets and as more economic development projects take place up North, that we're not going to again encounter problems. We will take all steps that we know how to avoid those problems, but there is a risk involved and we have to take that risk. I think probably the Member for Swan River understands and I think the Member for Roblin might understand, that as we give more and more responsibilities to councils, for example, some people are going to misuse the money; somebody's even going to steal some. We don't know which ones yet, so it's built in to catch it when it happens, but that is going to take place. We know it's a risk but the alternative of doing nothing is to keep

SUPPLY - NORTHERN AFFAIRS

(MR. McBRYDE cont'd) people in Northern Manitoba in a dependent colonial state for the rest of our existence, and that's not what I wish to see happen and I'm sure that's not what some of the members opposite wish to see happen. So the development is going to go on; the development is going to involve risks and the development is going to involve the Leader of the Opposition saying, "This is an example of mismanagement." We will do our best to manage as effectively and as efficiently as possible, and hopefully we won't get ourselves into a situation where we have a secret agreement that cost the taxpayers of Manitoba millions of dollars.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Well, it's interesting. The Minister is suggesting that the Department of Northern Affairs requested the Provincial Auditor to review this matter.

A MEMBER: He said that.

MR. SPIVAK: He said that. That's what the Minister said. Do you believe that?

MR. McBRYDE: I understand that there are some rules in this House that if a Minister of the Crown, and if a member of this House makes a statement, it is assumed that he is making an honest statement. Now if the honourable member is going to stand up there and say I'm lying to this House, then let him say it and let him be called to order by the Chair. Let's look at that situation.

MR. CHAIRMAN: The point is well taken. If a member, any member, including a member of the Treasury Bench, stands in this House and makes a statement, then it has to be accepted. The Honourable Leader of the Opposition.

MR. SPIVAK: Mr. Chairman, I would like to read from the Auditor's report, if I may, on Page 24. "During the course of our audit of the Manitoba Housing and Renewal Corporation for its fiscal year ending March 31, 1973, we observed that an effective cost accounting and control system was not being maintained with regard of the Churchill Pre-Fab Housing Plant operation, resulting in a lack of proper allocation of expenditures . . . in specific contracts."

Mr. Chairman, it would appear from the Provincial Auditor's report that the question of the Churchill Pre-Fab Housing Plant came during the course of audit of the Manitoba Housing Renewal Corporation for its fiscal year ending March 31, 1973. One may recall, Mr. Chairman, that last year we asked whether there was \$800,000 missing in the Manitoba Housing Renewal Corporation, or a substantial amount - I'm not sure that it was necessarily \$800,000, I think it was over \$500,000. At the time, with limited information, we did not know what had taken place, but it was very obvious that there had been an understatement of cost and some \$800,000 had to be found, and was found, to be able to cover part of the problem area from the Department of Northern Affairs and from the Northern Manpower program, and that in turn this money was paid over. And all I can suggest, Mr. Chairman, in answer to the Minister of Northern Affairs, is that there is no indication here by the Provincial Auditor that the request had come from the department. It doesn't say otherwise and it doesn't say that it was.

MR. CHAIRMAN: 96(a)(1).

MR. SPIVAK: Well, Mr. Chairman, I'd like to know then from the Minister exactly how much money was paid in from the Northern Manpower program as a result of the shortfall of moneys that the Provincial Auditor found when he audited the account and realized that the procedures were not correct. I wonder if he can give me that. I believe it's something like \$800,000 but I think that should be confirmed.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the sequence of events, as I understand it from my Deputy Minister, was that the initial auditor's involvement was through the MHRC audit and there were some problems uncovered there, at which point the Provincial Auditor did not go directly into the Churchill operation but was asked to do an audit of the Churchill operation by the department.

MR. CHAIRMAN: Resolution 96 (a)(1). The Leader of the Opposition.

MR. SPIVAK: I wonder if the Minister would indicate the amount of money in the shortfall that had to be found to cover the operation.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: The amount of the most recent figure that I can find before me was \$828,492.

SUPPLY - NORTHERN AFFAIRS

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: I'm sorry. As a matter of fact, I didn't realize it was contained in the . . . I have one Order-in-Council here - it was contained . . . and I think this is the interesting thing, Mr. Chairman. The amount reimbursed was some \$826,000 made up of \$739,000 from the province's appropriation, I guess, to Northern Manpower, and \$89,000 the Commissioner of Northern Affairs funds - that's the \$82,000 . . . This, Mr. Chairman, is \$820,000 more or less of a contract that was originally supposed to cost \$828,000. So, in effect, we have a contract which really cost about \$1,640,000 rather than \$828,000. Now, you know, I think, Mr. Chairman, that's a substantial error, and one has to wonder how that kind of error could occur. One has to realize as well, Mr. Chairman, that the taxpayers are paying for that. That's coming from right out of their pockets. And it's all good and well to now say procedures have been corrected and things are well, but that doesn't account for the fact that this loss did occur and that this loss is one of the many losses that the taxpayers are absorbing for a whole range of programs. Nor I think can it be argued that, you know, errors are bound to occur administratively in programs undertaken in the North. This is a substantial misjudgment of a tendering process which should never have occurred under any reasonable arrangements of checks and balances in the administrative procedures that would have been undertaken. This is quite a phenomenal situation and quite a phenomenal cost in one project area.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Mr. Chairman, the nature of the miscalculation of the people preparing the estimates for the Churchill Pre-Fab Plant, there was serious underbidding. That is, the plant produced houses at cost that subsequent investigation and comparable tenders from private firms showed that the amount was in fact quite considerably under-bid, and accounts for the kind of loss that the member is talking about. However, the cost to the taxpayer really hasn't changed, because the houses are being paid for by MHRC in conjunction with CMHC, so the dollar cost to the taxpayer, what they would have had to pay for a private firm to do it and what they paid for us isn't a net loss to the taxpayer. That is, basically the Churchill plant subsidized the Housing Corporations of both governments to the extent that they underbid on the contract, so that dollar amount - yes, it's a loss to the Churchill Pre-Fab Plant and it's a loss that we are attempting to re-negotiate and still have a chance of re-negotiating from those two agencies at this time. More than one agency - MHRC, CMHC, the Federal Department of Public Works, and the Government of the Northwest Territories. All the initial contracts were underbid and that was the real nature of the problem that we got ourselves into, and that is the problem that has now been corrected, and now MHRC gets upset when they see our bids because our bids are pretty much exactly in line with private companies bidding on the same projects in Churchill. The problem is certainly Churchill Pre-Fab Plant has underbid and those funds had to be made up. The net cost to the taxpayer of Manitoba is the same as it would have been had they not underbid. It's just which agency is picking up that difference in cost.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: Let's find out if we can find out who the sugar daddy is who's really sort of paying for all of this, because the Minister seems to indicate that it's not the taxpayer who's paying for it, it's going to be Manitoba Housing and Renewal Corporation and it's going to be CMHC, and of course, you know, I don't know about CMHC but I know that MHRC does not manufacture money. It spends money but it doesn't manufacture it. CMHC I think is in the same position, although they are close to the Federal Government who issue money and have been issuing substantial amounts in the last period of time. The fact is that there is no sugar daddy for the North and there's no sugar daddy for mismanagement, and the fact is ultimately the taxpayer's going to be paying one way or the other. In the case of MHRC, you might be able to borrow the money but it's going to have to be paid back by somebody, somewhere. In the case of CMHC it's going to be . . . you know, it's the taxpayer, and it may be that we're successful in having part of the taxpayers of the country pay part of our loss. The fact is that someone is paying, and the fact is any suggestion at this point that somehow or other there is someone out there as a sugar daddy for a lot of programs that have been mis-managed, I think is false, and I think the Minister might as well recognize it.

I think that this is really a very serious condemnation of his department. I think that when one says that there has been a bid and a tender that is, you know, 50 percent of what

SUPPLY - NORTHERN AFFAIRS

(MR. SPIVAK cont'd) the actual cost was, you know, there's something very serious about that. Now mistakes can be made and it's not as if major contractors haven't made substantial mistakes of a substantial nature in which hundreds of thousands of dollars have been involved. But they haven't been, I don't think, in the case of 50 percent of the contract. And having said that, I think it indicates a problem area that we've recognized right from the very beginning with respect to the whole range of programs in the North.

In the case of the North there are bound to be programs in which there will be of necessity, because of its remoteness and its isolation, problems which will cause additional costs, and there will be problems within the area and within the community and by those people who are not sophisticated in handling properly the accounts that are undertaken and the moneys that are funneled through. But, Mr. Chairman, in the main, the problem area has not been with the people. The problem has been with the government people who have been appointed. They're the ones who created the great problems. They're the ones who have mismanaged; they're the ones who have not been properly trained or properly authorized to carry out their programs. And they're the ones who, in effect, you know, are the ones who have to be identified as causing the difficulty, and it would be very improper to suggest that it is the people in the remote areas themselves, inexperienced, unsophisticated, who are at fault. It realistically has been and continues to be many of the bureaucrats and the appointees of the government who have undertaken the programs, and to a large extent it is because of the quality of some of the people who have been appointed, and in turn it's because of the lack of discipline that's been exercised on the part of the government generally to the whole range of programs and its failure to organize properly. And this is just one of many programs which I think bears testimony to the problem.

It's sheer lack of organization, which is not the fault of those people who have been the recipients of programs and who have tried to carry out, but of those people who have been carrying out the programs and have been essentially trying to give direction. And whether it be this program or whether it be the whole program of the co-ops. of the co-op development officers, who caused a great deal of the problems by the way in which they acted and not the people who were involved, and we can go through even many of the CEDF programs, in which many of those programs undertaken and financed by the CEDF were improperly guided by some of the civil servants who were working for the CEDF, who gave the advice to the unsophisticated person who was ill-prepared for many of the responsibilities he had to assume. And this is one other testimony to that problem area.

MR. CHAIRMAN: The Honourable Minister of Northern Affairs.

MR. McBRYDE: Well, Mr. Chairman, I guess at least the people of the North can be reassured that if the Conservative government comes to office again that they'll continue this type of program up North, only they'll manage it better. So the people up North at least have that reassurance that they're not going to cut off this kind of developmental program in remote communities, I would take from the remarks of the Leader of the Opposition.

The Leader of the Opposition, I think, ignores one fact, and that is the problem that the Churchill Housing Plant, the loss of the Churchill Housing Plant was because of under-bidding and the loss was not so much because of inefficiency or other kinds of management problems. And that's why I'm saying that because it was an underbidding problem, the loss of the Churchill Prefab Plant was the gain of MHRC, CMHC, the Department of Public Works of Canada, and the cost that the Churchill Prefab Plant was able to produce these units at in the end, or the real cost, was right on the real cost by private companies doing the same work in the same area. So it's not a loss, in effect, that the people of Manitoba are out "X" dollars because material was ruined or people didn't show up for work who got paid, or things of that nature. It was the simple matter of underbidding the contract prices.

MR. CHAIRMAN: Resolution 96(a)(1) - passed; (2) - pass?

MR. SPIVAK: I wonder if the Minister is in a position to give us a breakdown of Other Expenditures with respect to the \$3 million.

MR. McBRYDE: The Other Expenditures that are listed under Item 96, Other Expenditures, under Northern Manpower Corps, the total of that item being 3.1 million; professional fees \$80,000; other fees \$101,000; real estate rentals \$5,700; office furniture and furnishings \$17,400; printing and stationery \$32,000; postage, telephone and telegraph \$63,000; furniture and furnishings, other, \$2,000; building maintenance supplies \$4,000;

SUPPLY - NORTHERN AFFAIRS

(MR. McBRYDE cont'd) utilities \$7,000; fuel \$13,000; equipment \$41,000; Manitoba Government Air Service and charter flights \$5,000; automobiles \$86,000; advertising exhibits \$4,000; publications \$4,000; freight and express \$5,000; travelling \$254,000; miscellaneous, other, \$42,000; clothing \$300; other \$1,000. The further breakdown in terms of subtotals is the Employment Service Program . . . Of that total, \$773,000, the sub-totals - Operating and Maintenance \$773,000; Employment Service Program \$462,000; Projects Program \$1.9 million - for a total expenditure of \$3,136,000.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: In those two programs, there's one program 1.9? Was that program . . . Project Program ?

MR. McBRYDE: I'm sorry, would you repeat that?

MR. SPIVAK: You have two programs here . . . one of \$700,000, one of 1.9.

MR. McBRYDE: The first figure I gave in the subtotals of those would be general operating costs, and that was \$773,000. The Employment Service Program, other costs \$462,000; and the Projects Program 1.9 million.

MR. SPIVAK: I wonder if he can give us a breakdown of Projects Program.

MR. McBRYDE: A further breakdown of those figures, Mr. Chairman, is the Forestry Section, one aspect of which is the Cranberry Portage logging operation, plus the assistance in development for a number of communities that are wishing to get into the logging operation, such as the Easterville Pulpwood Harvesting Company Limited. The amount requested there for the upcoming year in the Forestry Section is \$450,000. The Family Services section which, as I explained in my opening remarks, is the Home Visitor Program, which is dealing with persons that have been relocated for employment, that is dealing with persons involved in full employment for the first time, such as people working at the Churchill Prefab Plant, and also that service is provided to persons moving into the new houses under the Remote Housing Program.

MR. CHAIRMAN: The Honourable . . .

MR. McBRYDE: Excuse me. I'm sorry, I haven't finished. The Building Construction section of the program is \$400,000 anticipated. The Building Construction is a ready-to-move housing plant. There is presently one located in the community at The Pas, or just outside of The Pas, which builds programs on a contract basis again for MHRC under their Remote Housing Program, and it's a combination employment and training project. There are other instances where the Corps has been involved in, for example, the reconstruction of the poor quality houses built by the Conservative government under the Grand Rapids-Moose Lake Forebay Agreement. A number of those buildings had to be reconstructed because they were poorly built in the first instance by private contractors. And also some of the construction work, I believe, was done as training programs on some airport terminals, specifically South Indian Lake.

The Special Projects section is an amount of \$600,000, and I'm not sure I can quickly identify the various programs that are anticipated. One of the items under the Special Projects section is the Youth Corps Program, and this is a program which takes students, high school students, and provides employment to them in Northern Manitoba. It was initially started under The Pas Special Area Agreement and the Manpower Corps was initially in existence under The Pas Special Area Agreement. At that time they took students that they felt for sure were going to drop out of school or not return to school for another year of schooling, and gave them a taste of what it's like to have to work for a living, and it was some very difficult bush clearing jobs near The Pas plus some counselling as to what sort of a future of those individuals would be. That program has now been expanded to a great number of communities within Northern Manitoba, and I believe that it would have operated in the constituencies of both members that have some of their areas that lie under Northern Affairs jurisdiction. There were some funds anticipated or proposed for several small courses in life skills training planned in various communities and with groups throughout the North. Included in this would be the General Driver Training Program which, as I mentioned in my introduction, one of the problems of people getting a job up North is they don't have a driver's licence. So we've had to train a number of people from remote communities to get their driver's licence so they would be qualified for a job.

The Basic Job Readiness Training Program and some special modified work environment

SUPPLY - NORTHERN AFFAIRS

(MR. McBRYDE cont'd)counselling. There is also within there some contingency amount for new proposals that might come forward from the communities that would appear to us to be a valuable training instrument in the upcoming year.

The final section is the Heavy Construction section. The amount requested for 1975-76 is \$150,000. During the past year there were a couple of small programs undertaken under this where a community had an amount within their budget, through Indian Affairs or other sources, to do road work, and we assisted in terms of using that as a training instrument, and also I believe some of the airport construction work was used as a training instrument under that part of that appropriation.

MR. SPIVAK: Mr. Chairman, the Minister - I thank him for the information. He indicated the question of sort of the completion of some conservative homes - I guess in connection with Grand Rapids. And that sort of brings another question. I wonder if he can indicate whether it's within the appropriation that the government was able to provide or find the money for the completion of the homes involved in The Pas Metis Development Corporation in The Pas, and whether any portion of the \$70,000 or \$75,000 that these homes cost each was found in the Northern Manpower Program, or whether it was all funneled through MHRC. --(Interjection)--Yes, \$75,000 each.

MR. McBRYDE: Mr. Chairman, the Department of Northern Affairs has no relationship to that project.

MR. SPIVAK: I take it, Mr. Chairman, that that will be a question that the Minister of Urban Affairs will be able to answer on the Manitoba Housing Renewal Corporation, as to how they absorbed or found the money to complete those homes and as to the actual cost that was involved. But that's another issue.

I wonder if the Minister can indicate, with respect to the programs, whether the former IC program of information communications is involved in any of the other expenditures or whether it's found in another area now, and if it is, I would like to know what area it is and I won't discuss it on this particular item but I will discuss it under the Minister's salary - if we've passed it, or if it's still to come.

MR. McBRYDE: The Member for Birtle-Russell asked that question yesterday and I pointed out that that is one of the programs within the Extension Services and it appears under the Community Operations Extension Services. We've passed that section so it would have to wait until my salary.

MR. SPIVAK: Then I'm prepared to deal with that under the Minister's Salary. I wonder if he can account for the increase in the rise of the automobile cost with respect to Northern Manpower. Two years ago it was \$32,000. It's now \$86,000, which is a substantial rise when one relates and looks at the other figures. Rental and furniture and fixtures and building maintenance, utilities, essentially are either constant or very close, and I just wonder whether he can account for it.

The other figure, Mr. Chairman, is he mentions Government Air Service, something like \$5,000 I believe. That was the figure I think he mentioned. Yes, I think it was \$5,000 he mentioned as far as the cost. In the other expenditures of Northern Manpower, they showed two years ago \$95,000 for travelling, and I wonder if there's a new method of accounting or there's a different way in which the adjustment has been made on that.

MR. McBRYDE: I suppose there's a couple of aspects to that change, Mr. Chairman. One is, in the initial stages, the corps operated fairly close to home and it initially started at The Pas under The Pas Special Area Agreement; and now, of course, the whole program is included in the Northlands Agreement and is all cost-shareable under that agreement on a 60-40 basis with the Federal Government. There has been an increase in staff in that particular operation which would account for part of the travelling, and the other part would be the effort to get into the more and more remote communities.

MR. SPIVAK: Well I wonder if I can get an explanation with respect to travelling. I may have been mistaken as to what he said. In his breakdown, he indicated something like \$5,000 for Government Air Service, and I indicated that two years ago, the travelling was \$95,000 - whether the figure was - I may have misinterpreted the figure, I may have misinterpreted the figure, I may not have taken it correctly - but I wonder what the travelling figure would be involved in Other Expenditures in this specific.

MR. McBRYDE: The expenses as they relate to travelling, Mr. Chairman, the Government Air Services and charter flights, the figure I gave was \$5,000; automobiles - and that's

SUPPLY - NORTHERN AFFAIRS

(MR. McBRYDE cont'd) I think what the member's initial question was - \$86, 000; and the travelling - and I would assume that the travelling then is beyond the initial cost, the travelling would be the staying over, meals, etc. of staff in the program was \$254, 000. So there is a considerable part of that budget goes towards the travelling of the staff who work out of and in various communities, and I listed earlier what communities they operate from - I could expand to go into which communities they travel to if the member would wish that.

MR. SPIVAK: If I'm correct, the \$254, 000 would include travelling by chartered, but not by the commercial airlines. All he's done is he's indicated the Government Air Service being \$5, 000, then travelling by commercial airlines would be \$254, 000 plus all incidental expenses with respect to travelling. My point being, that what I'm trying to realize here is, you know, with respect to the program, is the amount that would be normally charged under a category of travelling as such; or expense accounts related to servicing the programs that are required, and which would be out of the ordinary in the sense that it would be beyond the normal range where the person would be working - and you'd have your automobile expenses in the main in this respect, you'd have your air service, and you'd have your travelling. So what we're really talking about at this point is probably about \$350, 000 as opposed to a program two years ago which is not the same - and I'm not denying it, because both in terms of amount, of approximately \$125, 000 - so that the program itself in terms of this area is about three times, well, it's almost three times as high as far as costs are concerned.

MR. McBRYDE: Mr. Chairman, certainly the travel costs around the North are quite substantial, and I don't know how I can further answer the member on that item of travel costs. I think that there's probably some reduction in there in terms of the use of chartered aircraft as the small companies put on more scheduled operations, but there might not be any decrease, that is except in percentage terms, of the amount of charter that is used. There will certainly be a large amount for automobile expenses as you have a number of road networks that are used by staff in servicing the communities that they relate to. So the staff in this department and the range of activities engaged in by the Northern Manpower Corps staff, maybe just sort of very briefly, could outline why the travel is high. One part of the program is a placement program, so our people would travel into remote communities probably once or twice or three times before a family would actually move from a remote community into Leaf Rapids or Thompson or other stations in the North. The other home visitor type of program has some people located in remote communities and others, but they need quite a bit of support and staff would have to travel to work with them. Each program or each project demands a considerable amount of travel as well. The other problem that we have I think in Northern Affairs is the fact that there are still a lot of decisions made in the City of Winnipeg and staff does have to come into the city quite frequently to attend meetings that relate to their particular function, and hopefully as more and more government services decentralize to the North the necessity for staff to travel that regularly into Winnipeg will be somewhat reduced.

MR. CHAIRMAN: The Honourable Leader of the Opposition.

MR. SPIVAK: It's almost 12:30. I wonder if the Minister could indicate with respect to this program - and I think it applies probably to others as well - the unit or the measure of how they assess a program and its cost. What kind of cost benefit relationship have they determined? How have they looked at the staff man years for the projects that are undertaken and all the attendant expenses? And how do they measure productivity in relation - I'm talking productivity of his own staff - in relation to their undertakings with respect to these ventures? Do they go through a process? Can he indicate, you know, the criteria which the department has set for the measurement of these activities?

* * * * *

COMMITTEE OF SUPPLY - PUBLIC WORKS

MR. CHAIRMAN (Mr. Walding): Order please. I would direct that attention of honourable members to Page 42 in their Estimates books. We're on Resolution 98(c)(1). The Honourable Member for Fort Rouge had the floor when we adjourned yesterday, and the Honourable Member for Rock Lake and St. James on the list. The Honourable Member for Fort Rouge.

MR. LLOYD AXWORTHY (Fort Rouge): Thank you, Mr. Chairman. I just had asked the Minister about the kind of plans that were being developed in relation to the area immediately within the orbit or adjacent to the Legislative Buildings. The point I'd like to raise is that this particular area which I would define really as running between Osborne Street and Main Street upwards to say the river and St. Mary's, which I think is an area that is directly impacted by the influence of the Provincial Government. Certainly from the numbers of people that are now in the employment of the Provincial Government, the kind of traffic it generates, the kind of parking spaces it demands, and the kind of office space that it requires, it has a major influence on this area. I want to raise with the Minister I think a very critical problem, and that is, to what degree does the Provincial Government itself become involved with the City of Winnipeg in the planning of the area? There have been some public notices given to certain ventures of planning which haven't worked out too well, which we don't have to repeat, but the fact is that this particular area which includes now a residential population of upwards of 3,000 to 4,000 people is subjected to some very major problems in terms of the inroads of commercial development into it, the increasing flow of traffic down Assiniboine, Broadway, and the streets like Edmonton, Carlton, Donald. There is a major change I think, even in the question of safety and order that goes on in these streets, that the sense of protection that many people feel is certainly becoming lessened, and there are some major difficulties I think in terms of the kind of planning that will ensue.

The Minister mentioned the East Yards project, and it would strike me as a very important priority of the Provincial Government to try to ensure that a program like that went ahead. Rather than being somewhat passive about it and waiting for this sort of . . . to chance kind of process to work out, where you're waiting for Great West and CNR to work out with the City of Winnipeg, to work out with Trizec, to work out with all their other little kind of combinations of deals that have to be made, it would seem to me that we, as a Provincial Government, should be making some fairly clear statement about the issue of the development within the area in the sense that it's the provincial capitol, because I think we have a real stake in preserving its residential quality and ensuring that within that residential arena there is good safe facilities and good recreation areas - and that the planning and development takes place in a pretty controlled and orderly fashion, with proper and due respect for the concerns of the people who live in the area who, I think, have taken some pride in the fact that this is a somewhat special area of the city - and none of this is happening, Mr. Chairman, frankly. I think in part the Provincial Government has been derelict in its responsibilities in the sense that it has simply gone ahead and acquired new office space, added to the traffic problems, acquired property for new parking areas, used the streets and by-ways again as places to park civil servants without really much consideration of the interests of the residents.

I don't think that there has been a great deal of direct input into trying to preserve certain open spaces in the area or even to advance the development. I think particularly of the opportunity that's available in the St. Stephens Broadway site, which has been offered for some form of development for the past two or three years, has never been taken up. It's been basically a vacant piece of land. It would seem there would have been an interesting opportunity to have moved into there and provided a more useful recreation, park, open space for residents and for civil servants alike, some place where there would be, in this area which is so dense, some relief from the density. I would mention in parentheses that even the Minister of Tourism and Recreation has offered, at least during the debate of his last estimates, to take any specific proposal that might be used to redress some of the inequities that the residents in this area feel. So I think in part the Provincial Government has been derelict in terms of its own planning. It's just really been planning according to its own space needs as far as the government is concerned, but hasn't gone ahead and planned in relation to how it can enhance the quality and upgrade the area within which the provincial capital resides. And beyond that, I would suggest that there hasn't been, to my mind, a very clear-cut statement of intent or concern about the overall development of the downtown of which we are a part

SUPPLY - PUBLIC WORKS

(MR. AXWORTHY cont'd) - and that particularly relates to the development of the East Yards and the developments that are occurring around the Convention Centre. Again, we're taking steps on a piecemeal basis, providing some support for the Convention Centre, offering to buy up Great West if they move to the East Yards - but no one has from our side of the fence, I think, has made a very clear statement to the city about what we would like to see happen as a Provincial Government, which has a real, as I say, a real vested stake in the preservation and upgrading and maintenance of this area.

And so, Mr. Chairman, I simply want to raise with the Minister then a series of questions, both going right from the specific in terms of the particular imposition, if you like, on the residents of the area because of the fact that they must live adjacent to a large provincial office complex where space and parking and automobiles move into their area; and in a more general area, the question of what kind of direction - or should there not be a very clear statement, both in negotiations with the City of Winnipeg as well as perhaps publicly, in trying to promote the development of better planning in this area and the development of better facilities so that it would be jointly shared both by the residents and by the civil servants who work in the area?

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Mr. Chairman, the member is raising some very fundamental questions. I just have to look to my right to see two members of the Conservative Party who have municipal experience and I'm sure that they would not agree with the general statement put. We find ourselves, I think, in a somewhat sensitive position, namely, the City of Winnipeg is responsible for most matters within the perimeter, and the Provincial Government I think has to be rather delicate in its treatment of the main municipal government in the province. I don't think it would be fair or reasonable for the province to simply do the planning for the city politicians because then you get into a classic confrontation. They presumably have the right to plan the long-term development of their city, especially within the perimeter, and obviously they are very vitally interested in their role in the outer zone, and if the Provincial Government then starts to plan the downtown of Winnipeg and makes too many policy statements, then I think you're going to be in a confrontation. I don't think that any of us fear a confrontation, it's simply on what basis, or are we justified in a fundamental difference of opinion, or are we usurping our role, or are we down-playing or diminishing the role of the elected representatives of the City of Winnipeg. So I think the general posture of the Province, which will be made plain by the Minister of Urban Affairs, who is, I think, next and last on the list of estimates, is that we have not tried to second-guess or out-guess or order the City around in terms of duplicating their planning function, of setting up a big planning secretariat in the Department of Urban Affairs. Urban Affairs has a pretty modest number of employees and I think a fairly modest role to play, mainly one of liaison. When we get to the point - which we don't intend to - if you established another 50 or 100 SMY's in there and started duplicating what the City was doing, or even running ahead of them, then, you know, what happens to their particular role? So it's our intention to co-operate with the City, and naturally there's going to be disagreement and naturally there's going to be some conflict on two political levels operating within the same particular territory. I'm not going to paraphrase Lord Durham, but, you know, that's the same basic idea of two nations in the single bosom of a state, etc. etc. (I left out the word "warring". I was thinking of more friendly competition).

Now in terms of this particular area, which I know is of special interest to the member, we of course are vitally interested in what we call "the legislative core area" because of the fact that the Legislative Building and its grounds are of some significance in terms of the political role in the province and the fact that we have Memorial Park adjacent to it, which is a very heavily used and popular park in downtown Winnipeg, and then all around here we have a considerable investment in terms of the Norquay Building, the new Woodsworth Building, the Law Courts, and other office space that we lease in the vicinity. So this is really a complex which we call the legislative core area.

I think one of the best examples I can give you of co-operation between the City and the Province is the new proposed height by-law, which the City, I think, is enacting very shortly. We've had close consultation with the City. We're both in agreement on the need to limit the height of buildings in the area, and what basically has been done is that a line has been drawn from the center of this building to the top of the Woodsworth Building, the front part of it, and

SUPPLY - PUBLIC WORKS

(MR. DOERN cont'd) then concentric circles drawn around, then a formula developed whereby construction in the area will be limited to certain heights for a radius of several blocks - and that will include what is now the Great West site, it'll include our site extending to the Norquay Building and several blocks down in terms of Kennedy, Edmonton, and Carlton, and also the other side of the river bank, so that suddenly we don't wake up one morning and find a 50-storey office tower or a 50-storey apartment block across the street which would then overshadow the Legislative Building, and I think would consequently damage the sort of central position of this building. And I think all of us would probably be in agreement there, that it would not be a good idea to have unlimited building in the area, especially in regard to height. We wouldn't want to, for future generations, jeopardize the position of this building in its relation to the surrounding environment.

Also in regard to the Osborne Street bridge, we had some fundamental disagreements on some points in relation to the bridge but that appears now to have been resolved and the bridge is now in the process of being built. But I recall one particular discussion which everyone concurred in from our side, namely that we didn't especially want this particular area to become a high-traffic area. For example, there was consideration given to an underpass that would go from Assiniboine under the bridge to Mostyn Place, which is the other side of Assiniboine, and the problem there that was pointed out by one of our members was that if we allowed that, there would tend to be more high-speed traffic in the area; namely, people would come down Assiniboine, under the bridge, and out Mostyn and out that way, and it would sort of encourage not necessarily speeding, but simply more traffic, and we want to preserve the legislative area, the legislative core area, as a sort of a park-like environment. You know, we don't especially want to have a tremendous amount of traffic in this area.

Now I might also point out that it's a policy of the government to encourage transit and the use of transit. We've put money up for grants for innovative programs, and also of course supported public transit fairly heavily, and that ultimately became a reason for a deferral of an earlier decision to plan a parking structure. As to what will happen with that structure, I don't know, but the general attitude of the government is that by building parking structures, etc. in the area, you get yourself into a particular bind, namely that if you build large structures then you allow or encourage the use of cars. By not building them, of course, the shoe gets very tight on the foot, so that people who are working in the Woodsworth Building are going to find it very difficult to park in this area because there really won't be adequate provision based on past standards and past provision, so that presumably what will happen is that people will either drive their cars and park farther away, or they will pool, or they will take the bus, because there will be a problem for them in terms of finding adequate space in the area. So if the member's concerned about more cars in the area, at least in the foreseeable future there won't be any noticeable difference, or at least not much of a noticeable difference.

The other question which the member raised is about sort of the influence of the Provincial Government in the downtown area and so on, and I don't want to enumerate the effect of the Provincial Government in relation to the Convention Centre, the fact that we put up some \$7 million and that that triggered certain other developments in the area - the Lakeview complex and other complexes that I think would never have been built without that particular development. He talked about long-term plans - particularly last night - of the government in the area, and I think all of us who've been in government a few years have seen some interesting and imaginative schemes that were brought forward, and some of my planners are with me; they've all participated in and seen lovely diagrams and pretty charts and projections and attempts to plan in certain directions, and many of them go astray. I mean many of these plans simply fall stillborn, and we have long-term plans but we ourselves in Public Works don't determine their outcome. We can only recommend certain developments to our colleagues and, if they concur with them then we proceed along those lines, and if not, then we go another route. So we have seen proposals to develop this area around Memorial Park, to remove the Vaughan Street Detention Home and make that into an extension of Memorial Park and to close the Memorial Boulevard between here and St. Mary's, and so on and so on. But what will happen to those plans no one really knows.

There are also long term plans, and again, when I say plans, I use the word only in the sense of indicating possible direction, that there could be other office towers built beside the

SUPPLY - PUBLIC WORKS

(MR. DOERN cont'd) Woodsworth Building. I myself don't visualize that for another two to ten years and maybe it will never be built. Maybe additional office towers won't be built there. There is also our proposal to build a parking structure south of the Convention Centre for our requirements and for Convention Centre requirements, and that, of course, has been deferred. It is possible, as well, to build there an office building or a parking structure with an office building on it.

Also the Great West site of course. A situation could arise where, assuming the City is in agreement that the CN yards would be developed by CN and Great West, in which case it's possible, depending on price and terms, that we would acquire the Great West site. It strikes me personally as extraordinary that a development that is being proposed there - I use the conservative figure of \$150 million but I have read and heard that the development could be \$500 million - that a development which requires no input from the city, in the sense of financially, and it would be of that magnitude - I don't know whether we would live to see one as extensive as that again - and it would incorporate a large park, which many people want, and a commercial development that would provide millions of dollars in revenue and I think a very attractive development at that, I find it extraordinary that the City Council has been blocking and delaying and obstructing that kind of a development. I just find it inconceivable that that would be the reaction of a city council to a proposal of that kind. If you were to offer that to any city, I would assume they would immediately do everything possible to acquire it, especially in this day of concessions. And no concessions appear to be required. But whether the Province should seize the City by its neck and tell them what to do, I don't know whether that would be either politically desirable or effective. I think it's simply a decision for the City. I think the Province has indicated in one form or another that it either looks favourably on the project or it does not look unfavourably on the project, whereas the word from City Hall seems to be negative and foot-dragging. So I think, Mr. Chairman, that answers most of the questions of the member.

MR. AXWORTHY: Mr. Chairman, just to follow up some of the statements made by the Minister. I think that perhaps in his answer he reveals some of the areas of concern that I have. To begin with, I don't think anyone was suggesting that the Provincial Government usurp the planning function of the City of Winnipeg. I think the mechanisms are there. But what I am concerned about is the seeming lack of clear initiative in trying to articulate the kind of plans that we would like to see developed. And what is particularly important is the fact that the Province of Manitoba, in terms of its leverage on the City of Winnipeg, is the largest user of real estate at this point. It uses probably more office space than any one other user in the whole City of Winnipeg.

Now, if we can use the analogy, if the T. Eaton Company or James Richardson Company or any of the large users of space were to indicate their plans or their outlooks or their ambitions to the City of Winnipeg, they'd probably get a pretty fair hearing, because the city just doesn't ignore the heavyweights when it comes to the use of space. They have to, in part, listen to and in part even cater to their interests. It would seem to me, Mr. Chairman, that when the province is itself the biggest user of space and the largest developer, and particularly in terms of the impact it would have on this what the Minister called the Legislative core area, it would seem that if some very clearly defined goals were set forward as to what should be achieved in this area, that they would have to be listened to. And it doesn't mean usurping the planning function; it does mean, though, of entering into the planning function, of getting into the process. To my knowledge, as far as I know, I don't know if the province has ever appeared, for example, at either of the community committee meetings of Midland or Centennial to promote certain proposals on their behalf, which is the beginning of it. I don't know if they've ever appeared at Public Works Committee or Environment Committee to say this is what we would like to see happen in the downtown. I don't know if the province has ever articulated, for example - at least I've never heard it say - that they either have a centralist or decentralist philosophy about where they're going to place provincial facilities; are we going to concentrate offices in the downtown core or are we going to spread them into suburban locations - which has a very big bearing on the development of transportation systems and the development of the downtown core.

Now to my knowledge, I don't know if those statements have ever been made; certainly they have never been discussed in terms of the community committees of the downtown area

SUPPLY - PUBLIC WORKS

(MR. AXWORTHY cont'd) . . . where that planning function should be initiated at least. So it strikes me that again what we're talking about is not usurpation of the planning function, but an entering into it with a very clear voice and a clear set of goals and using the planning machinery that the city itself has, in terms of the different steps in the municipal structure, that could be utilized all the way down to the Residents Advisory group, to find out what their concerns are. Because again, I would suggest, Mr. Chairman, I know that the Residents Association in these areas have expressed very strong concerns about the problem of provincial parking, and I don't know if they've ever been able to get sort of any resolution of that because there isn't really the kind of connection with the Provincial Government into the Residents Advisory Community Committee system to get some compromise or accommodation to that major concern.

But going beyond that, when the Minister talks about . . . he finds it extraordinary that the City of Winnipeg would not be more interested or sensitive to the proposal for the CNR east yards, I share his amazement that there is such a foot-dragging. But it would appear to me that without engaging in confrontation, I don't know if you have to go from total passivity to confrontation all in one step. It seems to me there's a number of steps in between that one can take in terms of indicating support, encouragement, providing incentive, and particularly if the Provincial Government is indicating that we have "X" number of needs over the next five years for the use of space in the downtown area. We have these kinds of concerns about the preservation and the development of open space and the enhancement of the historical and cultural and aesthetic qualities of this area, to maintain it as a capitol area. Then I think it begins to put some pressure, and I think legitimate pressure, because if it was the T. Eaton Company or Simpson Sears or James Richardson, they would be doing that. They protect their interests and they protect their concerns and the City listens to them. It just seems to me that same kind of thing hasn't occurred from the Provincial Government forward. There's been certainly enough areas of confrontation in other respects and here's an area where there could be some very genuine direction being given if in fact we had it clear-cut, sort of, where we want to go.

I was somewhat surprised at the Minister's statement that he and his planners have developed a number of schemes about what might happen in this area but they haven't been accepted by Cabinet, and it would seem to me that this should be a fairly serious priority of the government, to develop some basic scheme as to what they would like to see happen so that they can then go about trying to achieve it through their work with the city. And I would hope, in the development of that scheme, that they would be much concerned about the interests of the residents in the area, who I think are becoming increasingly nervous about what's going on, and perhaps part of that nervousness is generated by the fact that no one really tells them what's happening and all of a sudden they see a new building being planned, or they read in the newspaper that someone is going to build a new parking garage or something, and they all of a sudden see more of their area being taken over. So I think that there is certainly a requirement for a much more direct communication on that level. But even at that, that communication should be leading to some more well-defined plans for the area.

I would simply close by saying I don't think this is an unusual request, since most governments that occupy capitol areas have made very very strong efforts within the city that they reside to try and set forward the ultimate ambitions and objectives of the governments, and I suppose we only have to point to the kind of thing that's been going on in the Ottawa-Hull area where the Federal Government has engaged in a fairly . . . not just setting out its plans, but engaged in a pretty heavy financial contribution in terms of ensuring that the Ottawa-Hull area takes on some enhancement as a capitol area, and are prepared to put some money into it. So I'm saying that even in a much smaller scale, within the orbit of Broadway and Assiniboine and Main Street where there are opportunities to acquire spaces, not just to use them for parking spaces but to use them for open spaces and park areas, I don't think the initiative has been taken up.

MR. CHAIRMAN: Before calling on the Honourable Minister, I would like to ask the co-operation of honourable members to attempt to restrict the debate to the Public Works Department, not to allow the debate to widen into an area that might be better covered under Urban Affairs. I realize the line is a shady one. That's why I'm . . .

MR. AXWORTHY: Well, Mr. Chairman, I assume, though, that from the statement

SUPPLY - PUBLIC WORKS

(MR. AXWORTHY cont'd)made by the Minister in his opening, that the Planning Department has really the basic responsibility for the location and placement of Provincial Government facilities and services, which is what we're talking about. It's the use of those services and facilities and where they go and what impact they have upon the surrounding area which is really the very core of the problem that we're talking about.

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Mr. Chairman, I guess there's a number of approaches in relation to the general public or to the other levels of government, and I guess one approach is to sort of tip one's hand and develop all sorts of beautiful plans and charts etc., and, as I said, the best laid plans of mice and men go astray. And I have seen plans when I first came into office, and others that have been developed since, and so on. I think a lot of us are skeptical about the implementation of certain long-range plans. I think, as I say, they're useful in terms of general guidelines, but as to whether you ever live to see these complexes develop, that is another question. So to go to advisory committees and to go to the city and to lay out 20, 30, 40, 50-year schemes and to say, "This is what we intend to do," I don't know whether that's fruitful. It might be useful to expound on that and say when a particular piece of that development is about to go forward, so that if a new office tower is to be built it might be explained against the background of where this would fit into a general jigsaw puzzle, but I think with the full understanding that it might not be possible, or it might not work out, or there might be new factors arising that would lead to adjustments in long-term plans.

We have attempted, rather than sort of go and make our general statements about what we intend to do in a long-term point of view, I think we have explained our position in the shorter run. And perhaps rather than go and educate some of the people in the area, which has a certain merit and I must agree with the member on that, we have probably responded to requests. I know that my deputy not too long ago was in attendance at a meeting in the area to answer questions from residents about certain plans of the Provincial Government. Now the member mentioned before that he thought that the province had a significant impact on development in the City of Winnipeg as well as throughout the province, and of course that is true. But the Provincial Government is sort of not the only government that has a significant role to play, and I think the Federal Government, in terms of their space requirements and so on, is roughly equal, that the number of federal employees in the Province of Manitoba I think is in a comparable way to the number of provincial employees. And although the city is back of both of them, they too have significant numbers of employees and requirements, and I think the city one of these days very soon is going to have to start undertaking a building program for some new office buildings and so on to meet their requirements, which I think are being pressed to the limit.

We attempt not only to develop property and to lease space in the Legislative core area, but we also of course have leases of property throughout the city, and we have as well a complex at Fort Osborne, the old Fort Osborne Barracks which we call the Fort Osborne Complex, which we have a considerable investment in and there is an interest on the part of the government to further develop that complex. Now immediately you run into a rezoning problem, and immediately you run into meetings with members of council and citizens and so on to explain long-term development plans and also short-run implications there. So we don't have any hang-ups in regard to spreading the number of employees and therefore the impact in terms of traffic and everything else.

Another example of that would be the recent program, which we've debated throughout this session, of the province's plans to locate certain buildings in the older core of the city. For instance, one would have expected for many years that the new Law Courts building would have been built across the street, and that was the plan of the Provincial Government for many years. I know that I can recall many times listening to then-Attorney-General Al Mackling demanding a new Law Courts addition, and this has been talked about from the days of Attorney-General Sterling Lyon and others for at least ten years or more, that there was a requirement, and it was always assumed that it would be built there. But the Province has decided that the best location would be in the general vicinity of the older urban core, and other buildings, such as the Environmental Lab, will be built in that end of the city, the Autopac and Motor Vehicle Branch building as well, and so on. So that we could have taken a position that all our buildings and all our employees should be within a three or four or five or six block radius of this building. That is logical, to centralize, but I think that our tendency has been to decentralize in the

SUPPLY - PUBLIC WORKS

(MR. DOERN cont'd) sense of within the City of Winnipeg.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Chairman, I don't want to prolong this particular line of discussion, but I would like to perhaps promote one proposal to the Minister, because I know that the subject that we discussed in part last year, we discussed it this year, and it keeps ending up being unresolved. That is that I'm still not satisfied that there is as yet any basic understanding or formation of guidelines for the development and planning and building in this area, which I think is a special area, it's a critical area, and I would wonder if the Minister would be interested in considering a proposal such as perhaps setting up a special commission or task force that would be composed of city representatives, both political and planning, as well as his own staff and himself, as well perhaps some representation from the residents of the area and some of the other business interests along Broadway Avenue, to determine not a 20 or 30-year plan but even a 5 or 10-year one, so that we know exactly where we're going and the kinds of opportunities that are now available but will be lost if action isn't taken fairly shortly, as well as to put down more clearly what the requirements of the Provincial Government will be and perhaps even promote some of the kinds of directions they would like to see this area pursue. It may be that out of such a kind of gathering where the different factors could be discussed and resolved and exchanged, we would then be able to arrive at at least a consensus as to what should be happening in this area to the point where we are working actively at developing an attractive, interesting core, legislative core area, in which both the Provincial Government can reside with some dignity and safety as well as residents can also have the same kind of achievement. Because I'm afraid, Mr. Chairman, if we don't do that, the areas surrounding the Legislative Buildings are going to continue to deteriorate, because they're doing it right now, and unless some action is taken this area will become one of the more difficult core areas, there will be an increasing amount of social problems and physical problems of deterioration, and then we'll be rushing into a big rescue operation five years from now. I think that unless we take some steps to arrest that decline and to provide for a joint action between provincial, city and even federal, if they become involved, then we won't be losing the time that we now have to initiate the sorts of proposals and the corrective action that should be initiated. Does the Minister care to respond to that?

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Well, Mr. Chairman, just generally, there are regular meetings between the City of Winnipeg and the Provincial Government, one such taking place a week Thursday, and I believe that the Minister of Urban Affairs is in continual contact with his counterparts on Council. You know, I think that in these consultations, when it comes to building plans, etc. and particular proposals, concrete proposals and so on, I believe that there is clearing and clarification and consultation. I assume that when I talk to the Chairman of the Works and Operations Committee that he isn't just some person who represents himself, I assume that the Chairman of Works and Operations represents the people of Winnipeg, and that when he makes a decision it's on behalf of and in the best interests of people in this area and people throughout the city, and I also think that this area must also be looked upon in the broad context of the entire City of Winnipeg. It happens that we reside in the Member for Fort Rouge's area, and it happens that this is a particular community committee, but I think the impact of provincial buildings and staff on this area is felt throughout the entire City of Winnipeg and therefore can't be just looked in isolation. But I say that, in general, we do consult on a regular basis with the members of City Council, and I believe that they truly represent the people who live in this area, as do we, and that when the two of us make a decision, it's a decision made on behalf of the people in the area.

MR. CHAIRMAN: The Honourable Member for St. James.

MR. GEORGE MINAKER (St. James): I forgot I'd asked. Mr. Chairman, I'll try and be brief and I hope I won't provoke a long reply. I was happy to hear the Minister say that he has been working, or his department has been working with the City with regard to height restrictions. I hope that the Minister and his department will give consideration to staying with the architectural type of building that we have been used to in the past in the immediate vicinity, with the limestone-type exterior or some kind of stone exterior, because I have had several complaints from people with regard to the new Woodsworth Building, which might look very nice if it was, say, in Cape Kennedy, but seems to stick out like a plastic and aluminum

SUPPLY - PUBLIC WORKS

(MR. MINAKER cont'd) building in the middle of an area where I think the business community has stuck with the general architecture that existed here, particularly the nucleus, the Legislative Buildings, and tried to more or less blend in with the area, and I hope that his department on future buildings that the province might select to build in this immediate vicinity would reconsider and not take the approach that they did on the Woodsworth Building.

MR. CHAIRMAN: The Honourable Minister.

MR. DOERN: Well, Mr. Chairman, I know that the building will grow on the honourable member as he grows and develops and gets used to it and looks at it. I think our instructions in regard to that building were very simple. We hired what we considered to be one of the leading architectural firms in Winnipeg and gave them the direction to produce a building of approximately such a size for so many people and for certain functions, and I had, I think, a couple of negative comments to make to them: namely, I did not want it to look like some of the newer buildings in the City of Winnipeg. I don't want to name them, but if you think of some of the last four or five downtown buildings, I find them in dull gray concrete and don't find them attractive. They were asked to produce a building, bearing in mind that some of the newer buildings in downtown Winnipeg looked dull, drab and dreary, and that they were building in the legislative core area and had to, in some way, relate to the complex - and that's what they came up with.

Now whether they should have gone with the Tyndall stone building and a classical style, etc., I don't know. I think that, as time goes by, people's opinion will change. The building also is not finished. I assume that no building can be judged until it's finished and, you know, there's a difference between a building that is open without lights on even during the day, and a building that is under construction that is dark, etc. I think there's a different effect aesthetically, and also a building has to be judged in the evening and has to be judged blah blah blah. So, in short, I would say that I am pleased with the building. I don't say that it's perfect. I say that it was a good design, and those people who think it should have been more classical have to simply bear in mind that there are new techniques and new designs, and that often people at first don't find something attractive but in time may, and I think only time will tell whether the Woodsworth Building design blended in well or broke new ground or was acceptable to the public. I don't think that it's fair to make that judgment yet, and you also have to judge a building by its interior. Just to cite an example, I have never liked the City of Winnipeg's main building but I like the interior. I find the interior far more attractive than the exterior, and so I think you'll have to wait till it's open to give it your final judgment.

MR. CHAIRMAN: The Honourable Member for Souris-Killarney.

MR. McKELLAR: Mr. Chairman, there's only one question about the building I wanted to bring up and I don't really care whether it's gold or silver or what it is, but the thing that bothers me the most is I think there was a big mistake made that you didn't build it on the square. That for the life of me, I can't see. I think it did a lot more harm to Broadway, and if you'd only get the jack under it and twist it around and put it on the square, I'd be quite satisfied. I don't know. I hope I never have to go into Law Courts; I hope I'm honourable. But I drive down, it's about six times a day, all during the session, and the only two things that concerns me on Broadway is the massage house, the Kitten Club, and that crazy building built on the angle, and I can't get used to either one. I can't get used to either one. --(Interjection)--Well, I watch the Kitten Club up there when I go by. But it's crazy. I don't know who designed - now I don't blame the architects for putting it on the angle, but somebody in the department must have decided they were going to put in on an angle. It really doesn't do anything for Broadway. There's all kinds of architects around Broadway right from the CNR station right through to here to the corner of Osborne, and I think each one has their own particular style, but if you only could twist that damn thing around there. You know, you didn't do anything for Broadway. You put a toilet on the corner over here and you put this building on the oblong, and I don't know - I'm just a country boy from a small town. I just can't understand it, that's all. I can't understand it.

MR. CHAIRMAN: Order please. I think that's a significant note for us to join our colleagues in the Legislature. I have one other member on the list as a speaker next time we gather.

* * * * *

MR. CHAIRMAN: Order. The hour being 12:30, Committee rise and report. Call in the Speaker. Mr. Speaker, the Committees of Supply have considered certain resolutions, directed me to report the same, and asks leave to sit again.

IN SESSION

MR. SPEAKER: Order please. The Honourable Member for Logan.

MR. JENKINS: Mr. Speaker, I beg to move, seconded by the Honourable Member for St. Matthews, that the report of the committee be received.

MOTION presented and carried.

MR. SPEAKER: The Honourable House Leader.

MR. GREEN: Mr. Speaker, I want to indicate to honourable members that although Law Amendments Committee is scheduled for this afternoon, we do want to meet in the House at 2:30 so that we can come back to the House should we be able to do so. So Law Amendments Committee is meeting at 2:30. I also would hope that it's possible to have Municipal Affairs Committee meeting. The difficulty there is, there's only one room that is assigned, and if Municipal Affairs Committee meets it may be that we would want to use the Chamber for Municipal Affairs Committee and the Committee Room for Law Amendments Committee because there will be public representations. But I would ask the honourable members of the Opposition to just think about that and indicate what their wishes are this afternoon.

MR. SPEAKER: The hour of adjournment . . . The Honourable Member for Radisson has some changes?

COMMITTEE SUBSTITUTIONS

MR. HARRY SHAFRANSKY (Radisson): Yes, Mr. Speaker. For Law Amendments Committee this afternoon, the following changes: Toupin for Gottfried; Desjardins for Pawley (Selkirk); Barrow for Derewianchuk; Cherniack for Miller; Uskiw for Turnbull.

MR. SPEAKER: Agreed? The Honourable Member for Birtle-Russell have some changes? Thank you. The hour of adjournment having arrived, the House is now adjourned and stands adjourned until 2:30. (Tuesday)