

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, 15 June, 1987.

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY - GOVERNMENT SERVICES

MR. CHAIRMAN, C. Baker: Committee, come to order.

We will begin Government Services with a statement by the Minister.

Mr. Minister.

HON. H. HARAPIAK: Before introducing Government Services Estimates, I would like to briefly outline the department's role and mission to better acquaint you with our Estimates' components.

Manitoba Government Services provides a wide range of central support services to other government departments as well as some agencies, boards, corporations and commissions. These services include the supply and management of common commodities and services as well as the design, construction and management of government buildings.

This past year was one of self-assessment for my department. We took a close look at how we do business through various reviews of our operations. These included recently completed studies of the Central Provincial Garage and overall government courier use, as well as reviews of office equipment servicing and government parking policy which are still under way.

This past year, the Department of Government Services also canvassed all other government departments to obtain their feedback on accessibility, quality and use of our services. We feel our success as a central service agency depends on our ability to meet our clients' needs.

There was an excellent response to the survey and it has proved to be a helpful tool in determining future directions in service provision. We were extremely pleased that 94 percent of the respondents indicated our services were acceptable to very good. Though there were many positive comments, we are also paying close attention to some of the concerns that were expressed. We are planning to continue soliciting client feedback on a periodic basis through surveys. In addition, our program management will be scheduling regular meetings with their respective clients to discuss any problems and provide information on policy and procedure.

We are also planning two department-wide initiatives designed to improve accessibility to our services. A Government Services orientation has been developed, and training sessions for our clients will be held semi-annually to explain procedures for accessing our department's services. We will also develop a new written bulletin format for periodic distribution to clients. It will contain notices on service procedures and changes, as well as explanations of problem areas that have been identified.

In addition to the initiatives developed as a result of the client survey, my department has also implemented

other changes in order to better serve our clients and provide an element of control in our operations. Perhaps the most notable of these is the formation of a Corporate Accommodation Planning Branch which was provided for in last year's Estimates. The branch is part of our Project Services Division, and its main objective is to provide long-range and strategic planning for government-wide accommodations and capital projects. This planning will be integrated with multiyear program planning for departments.

The branch has just become operational but, once it is working to full capacity, it is expected to produce long-range accommodation and capital budget forecasts; accommodation priorities compatible with government policies; projections of long-range space requirements; and policies, procedures and guidelines for an overall accommodation strategy.

In addition to the implementation of service programs for departmental clients, my department is also working with several new initiatives designed to assist Manitoba businesses and the general public. One of these initiatives is the review of our tendering policies and practices with a view to providing information to Manitoba business and industry on how to do business with Government Services.

In the area of purchasing, I am pleased that I was recently able to meet with my western counterparts, and unanimously request more federal purchasing in the West. To this end, I have also recently signed a Memorandum of Understanding with the Federal Minister of Supply and Services to further promote federal spending in Manitoba.

Another significant undertaking within the department is the new Emergency Measures Act which was recently passed by committee. These revisions were necessary because the existing act was developed in the 1950's, when the priority for emergency preparedness and response was focused on the possibility of a war emergency. As a result, the present act does not adequately allow for preparedness and response to peacetime emergencies.

A major limitation of the act has been that emergency planning is stated as an optional activity, and Orders-in-Council are required before emergency response action is supposed to be taken. These procedures are incompatible with today's emergency requirements, especially at the municipal level, where planning is essential and response must be immediate to be effective. The proposed revisions to the act are designed to correct some of these problems, while providing Manitobans with the best possible emergency preparedness and response capability. I want to mention that the Member for Turtle Mountain and several of my colleagues helped make some very worthwhile suggestions to make the legislation meet the needs of a changing society. There was quite a bit of input on that while that was in the House for Second Reading.

Over the next year, my department will also become more active in the area of management development by providing training for our managers to assist in enhancing their ability to perform their jobs.

Overall, my staff are working towards providing efficient, quality services, while holding the line on budget and spending increases, and I think this year's Estimates are proof of this.

Our total increase from last year is \$8 million or 6 percent. However, a majority of this is related to rising construction and maintenance costs due to major renovations or additional new buildings.

Projects, such as the renovations of the old Law Courts and Land Titles Buildings; construction of the Physical Activity Vocational Training Building at the Manitoba Developmental Centre in Portage la Prairie and the Fire and Safety Upgrading Program in locations across the province are all continuing into this fiscal year. In addition, there are several new capital construction projects which will get under way this year. They include a new Student Residence Building at Keewatin Community College in The Pas and Phase Two of the Egg Lake Camp Facilities.

As a result of many of these capital construction projects, salary expenditures have also increased. Much of this increase can be attributed to the additional staff required to maintain new and renovated buildings. The remainder is largely due to merit increments and negotiated salary increases.

I am pleased with my department's efforts to hold the line on spending, while continuing to provide the services necessary for the efficient operation of our client's programs. In the coming year, we will work towards the enhancement of our services through further consultation with the departments and the public we serve.

In closing, as a new Minister, I would like to thank the staff of Manitoba Government Services for their hard work and dedication over the past year. I am certain that their continued support will provide for even greater efficiency in the year ahead.

MR. CHAIRMAN: Thank you, Mr. Minister.
The Member for Turtle Mountain.

MR. D. ROCAN: Merci, monsieur le président, thank you, Mr. Chairman.

I want to welcome the Minister to his new portfolio and would like to thank him for his opening statement, which has outlined some of the activities of his department over the last year.

As I was preparing for these Estimates, I can honestly say that this department has had only an expenditure increase of a little over \$8 million. The majority of this increase is in Line 7, Expenditures Related to Capital. The figure for this year is \$16.497 million while, last year, it was \$13.4948 million, an increase of approximately \$3 million.

On the surface, this looks all right. However, in the Supplementary Information on page 78, we see that, when this number is broken down, a little over \$9 million is going towards the total construction projects of the department, \$3 million to the North Portage development, and that this department has projects managed from Manitoba Properties Inc. in the range of \$10 million, which gives us a grand total for acquisition, construction of physical assets and government renovation of \$22.3 million.

Now in fairness to the Minister, reference note 2.(a) does state in the Supplementary Information Book:

"Capital projects scheduled for the 1987/88 fiscal year in the amount of \$10,241,000 (to be funded by Manitoba Properties Inc.) are to be managed by Manitoba Government Services." However, 2.(b) states: "To regulate funding and obligations, Manitoba Government Services will enter into formal agreements with M.P.I. and become its agent for design, management and construction of the designated projects."

Now, Mr. Chairman, if the Department of Government Services is going to act as an agent for design, management and construction of the designated projects for these buildings owned by Manitoba Properties Inc., then why did we sell the buildings which were in the hands of the government in the first place? If this department is still doing all the work, why did you sell off the buildings? This is where I and my party have problems with the Manitoba Properties Inc., Mr. Chairman, and the reason for it being in existence.

This Minister was a member of this Legislature when the law was amended to allow this government to sell away the government buildings to anyone who wanted to buy a share. And for what reason? So that this government could take advantage of a tax scam and generate badly needed dollars to finance their mismanagement of the government finances. Over the last fiscal year, we see from the department's annual report that they overspent appropriation - that's 2.(d), No. 8 in the annual report, leased accommodations.

The increase was due to rental payments resulting from the transfer of additional government-owned properties to Manitoba Properties Inc. This amount was partially offset by savings resulting from anticipated new lease acquisitions which did not occur and lease renewals and escalation rate increases which were lower than anticipated.

So, Mr. Chairman, we have serious reservations about MPI and its relationship with the department as it relates to the construction of facilities. However, the concerns go deeper than that. This government sold our heritage because of their mismanagement and incompetence. We have seen what they have done with MTX, MPIC's insurance deals, the Workers Compensation Board for which this Minister also has responsibilities for, the close to \$189 million deficit which was created from a \$36 million surplus when we left government in 1981. Mr. Chairman, we will deal further on that topic a little later.

But I simply state my point, Mr. Chairman, as a result of this government creating MPI, we have sold our heritage. We have sold what all our forefathers built up for us. The question has to be asked: Why did this government sell the already 100 percent Manitoba-owned government buildings? The answer is still uncertain, but it would appear to me that it was for purely political reasons.

Last year in his statement, the former Minister of Government Services stated that departmental staff were involved with the Department of Business Development and Tourism in seeking ways as to how the Gimli properties could be privatized.

We will definitely require a progress report on what progress is being made in this regard because I know how important this is to the Town of Gimli and the surrounding area.

Mr. Chairman, on May 7, the Minister along with the Federal Minister of Supply and Services, the Honourable Monique Vezina signed a federal-provincial Memo of

Understanding which is designed to help improve the relationship of both governments when they are dealing with private enterprise as it relates to government. These are very laudable goals and I know that the Federal Government is doing everything within its power to create the necessary business climate which would help foster a better relationship between the government and its agencies and the business community.

However, I cannot say the same thing for this government. They have a disdain for the business community. They brought in the payroll tax two years ago, and in the most recent Budget increased that tax by 50 percent. They have heaped upon the people of this province and the business community the largest tax grab in the province's history. We have a deficit out of control and now the government wants to take over ICG including its \$81.5 million deficit because they feel that they can run business better than those in the private sector.

Now really, Mr. Chairman, how does the Minister expect to foster a better working relationship with the business community and the Department of Government Services when his colleagues in the government are literally cutting his throat with all the business disincentives which have been created since this government took office. Now they want to consult with this same business community and I find it sort of ironic and I would like to quote from a press release dated May 7, 1987, federal-provincial Purchasing Memorandum. It says it would develop strategies and initiatives which will assist the Manitoba business community in identifying and capitalizing on government procurement opportunities.

Mr. Chairman, the Minister looked good on TV sitting beside the Federal Minister, but what has this Minister and the government done since the signing of that agreement to help foster this better relationship? Has a joint committee been established which is supposed to be of federal-provincial officials? Has the province completed its review of its procurement policies and practices?

Mr. Chairman, while there has been a general increase within the department, we find that EMO has had a decrease, only slightly but still a decrease in the budget.

The Minister will recall the debate on Bill No. 6 which took place in the House on the new legislative authority for this organization and our concerns that the province was moving from a strong central EMO to dumping a majority of its responsibilities onto the rural municipalities and the villages and the cities. The Minister spoke about how important the EMO was to the people of Manitoba and that with this new legislation its role would be enhanced, so I find it strange that we should see a reduction in the Estimates of EMO for this year, when for the last four years we have seen a general increase.

Mr. Chairman, I believe that the Federal Government and the Provincial Government are serious in trying to remove obstacles. As I have indicated the Feds are making progress and I would hope that this Minister will be just as serious. I have some idea why this Memorandum of Understanding was signed - probably because of the CF-18 and at that time we heard the First Minister of this province say how badly Manitoba has been treated. Well, Mr. Chairman, Manitoba is

getting contracts, contracts which this government fails to acknowledge. I'm sure the Minister of Government Services probably has it in his office, the same as we have in our caucus the Bulletin of Business Opportunities, unclassified contracts awarded to Canadian firms. I'd like to quote some of these, Mr. Chairman.

We have a contract here for repair and overhaul, miscellaneous components and accessories for Allison C-250 aircraft. The contractor, Standard Aero; the amount \$800,000.00. There's another one here for the CF116, technical investigations and engineering support, the contractor, Bristol Aerospace; the amount \$600,000.00. There's another one for Bristol, with a CH118 and then the CH135 and the CH139 engineering support; the amount \$583,000.00. Another one for repair and overhaul of the CF-116, which is a CF-5 Freedom Fighter, airframes, contractor, Bristol Aerospace; the amount \$400,000, and the list does go on, Mr. Chairman, and there are more.

Under Printing, for paper, teletypewriter roll, the contractor, Premium Paper Products; \$57,091.00. For rocket payload and space vehicle systems support for the National Research Council's Space Research Program, the contractor, Bristol Aerospace; the amount \$100,000.00. For forms, from the Kromar Printing Limited, \$50,399.00.

Then, in June, we do find more. To repair and overhaul the Allison T56-A14, the contractor, Standard Aero; the amount \$5,272,859; and another one to repair and overhaul the Allison T63-A700B, contractor, Standard Aero; the amount \$5,167,893; spares for the Allison T63-A-700B aero engines, contractor, Standard Aero; the amount \$2,613,408.00. To repair and overhaul - Pratt and Whitney, R1830-90/92 aero engines, contractor, Standard Aero; the amount, \$1,372,049.00. There are more, Mr. Chairman.

To repair and overhaul of the Lycoming T53-L13B, contractor, Standard Aero; value, \$1,204,701.00. To repair and overhaul the CF-116, which is also the CF-5 aircraft components, contractor, Bristol Aerospace; value, \$1 million. Allison 250-C20B, aero engine spares, contractor, Standard Aero; \$198,618.00. To repair and overhaul various aero engines, contractor, Standard Aero; the amount \$139,000.00. For field service representative for the CF-116 airframes, contractor, Bristol Aerospace; the amount, \$80,000.00. To repair and overhaul the Lycoming, O-360-A4K, contractor, Standard Aero; the value, \$61,000.00. For toilet soap, the contractor, Gateway Soap and Chemical Company, value \$11,614.00.

And that's not all, Mr. Chairman. Then we go to the sciences. Invertebrate Research Associates, Winnipeg Man., the file reference O1SF, for sorting, identification and enumeration of benthic and zooplankton samples collected from the Beaufort Sea location, value \$91,753.00. To Dr. S. Bayley, Sanford Manitoba, file reference O1SF FP430-7-9014, to assess the effects of bog acidification on retention and release of heavy metals, for 37,000.00. So, Mr. Chairman, the list does go on.

As I have indicated earlier, Mr. Chairman, we have problems with this Minister because he is in charge of two major policy platforms of the government, namely Manitoba Properties Inc. and the Workers Compensation Board. We have seen how he has dealt

with the Workers Compensation Board and the 189 million deficit. We have seen him and his government sell away our heritage through the creation of MPI. We have seen this Minister and former Ministers of the Workers Compensation Board squander a \$36 million surplus, left to them by a Progressive Conservative Government, Mr. Chairman.

So, with those remarks, Mr. Chairman, I just want to indicate to the Minister, that although he is new to his portfolio, he will have to answer some tough questions because of the failure of former Ministers to act in the best interests of the people of Manitoba.

Thank you, Mr. Chairman.

HON. H. HARAPIAK: Before I call staff up, you raised several points which I could get into defending, but I guess we can deal with them as we go through our Estimates. But I guess one area I would like to mention, you come into a fairly strong defence of the Federal Government, but I guess you should defend them because they need a lot of defending. When the federal Liberals were in power, 3.7 percent of the purchasing was being done in Manitoba and I will remind you that we have 4.2 percent of the population in Canada. The federal Conservatives at that time made a lot of noise that we were not getting our fair share. I would like you to know you read quite an impressive list there, but an impressive list amounts to 2.4 percent, so they've dropped a long way from where they were under the federal Liberals when you were complaining. The rest of them I'll defend them as we go through our Estimates. I'll call my staff forward at this time.

I would like to introduce my staff at this time. My Deputy Minister is Eric Harbottle; Sally Walker is the Executive Director of Administration; George Fejes is the ADM of Project Services; Gerry Berezuk is the ADM of Supply and Services; Stu Ursel is Acting ADM in Property Management; Lorne Gibson is the Director of Management Services; Paul Rochon is the Director of Finance.

MR. CHAIRMAN: Thank you very much.

HON. H. HARAPIAK: I guess it has been customary to deal with the Workers Compensation after we have completed with Government Services under the Minister's Salary, so we will proceed with the Government Services Estimates.

MR. CHAIRMAN: Item 1.(b)(1) Executive Support: Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: Thank you, Mr. Chairman,

Under Executive Support, we see Salaries, \$267,900, which is a reduction. I just wonder if the Minister could tell us who is in Executive Support.

HON. H. HARAPIAK: In the Executive Support is my secretary, Margaret Paul; my executive assistant, Doreen Hrabowich, who is in The Pas; Marla Neufeld is administrative secretary; and Val Leader is the special assistant.

In the Deputy Minister's office, the Deputy Minister is Mr. Harbottle, who I have introduced; Madeline Popowich, who is administrative secretary to the Deputy

Minister; Roseline Zeweniuk, who is the administrative assistant to the Deputy Minister; and Erica Holmes, administrative secretary. It is presently a half-time position at this time.

MR. D. ROCAN: Within the past year, I wonder if the Minister could tell us, what changes in staff did occur in that department?

HON. H. HARAPIAK: Well, for one thing, we had a Minister who was responsible for the Department of Highways. Now we have a full-time Minister, so there are some additional people have come in there. There is also an administrative secretary to the Minister who was transferred to Management Support and released to Administrative Services. There was also a half-time term staff here which was deleted as well.

MR. D. ROCAN: Did the Minister mention - were there any changes in the Deputy Minister's office?

HON. H. HARAPIAK: There was some contingency time which we converted to a half-time secretary.

MR. CHAIRMAN: Item 1.(b)(1)—pass; 1.(b)(2)—pass.
1.(c)(1) Management Support: Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: Could the Minister indicate how the departmental management planning is carried out?

HON. H. HARAPIAK: Our process starts in January, at which time it looks at all the environmental effects that may be happening in the department. They take the initiatives and set the budget in the summer months and then they implement whatever decisions are made during the budgeting to budget process.

MR. D. ROCAN: Could you tell us who is part of the department's Strategic Program Overview? In other words, is there a committee made up of departmental officials who advise the Minister in this regard?

HON. H. HARAPIAK: The Strategic Overview Committee that you speak of is made up of all the executive committee within the Government Services, all the ADM's and directors who have submitted this written document we have before us.

MR. D. ROCAN: Dealing with the publication of brochures which relate to the department's operations, is the printing of these brochures tendered out, and how much does it cost the department each year to have them printed?

HON. H. HARAPIAK: We do our procuring through the Queen's Printer and they print whatever they can from within, and then sometimes they have to tender out. The total budget for that is \$28,000.00.

MR. D. ROCAN: Have new brochures been printed since this Minister assumed office and, if so, what was done with the brochures which had the previous Minister's name on them?

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HON. H. HARAPIAK: The only brochures that have been printed since this Minister has come into office are the EMO brochures, and prior to that there were no brochures printed for Emergency Measures Organization.

MR. D. ROCAN: Pass.

MR. CHAIRMAN: 1.(c)(1)—pass; 1.(c)(2)—pass.
1.(d)(1) Finance and Budgets: Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: Thank you, Mr. Chairman.
What type of financial information does this section of the department provide in the preparation of the Estimates?

HON. H. HARAPIAK: They do all of the financial data for the SPO's, they do all the details of the Estimates and the session books and annual Public Accounts information, the monthly expenditures, they monitor flood control and emergency expenditures, and they establish standards for budgeting and forecasting, and as we continue to automate our process, they are involved in all that.

MR. D. ROCAN: The Salaries - \$672,800 - I wonder if the Minister could indicate how many SY's or PMO's, like what kind of staff do we have here under Finance and Budgets?

HON. H. HARAPIAK: Are you referring to the Emergency Measures Organization or Finance and . . .

MR. D. ROCAN: Finance and Budgets.

HON. H. HARAPIAK: There are 22 people in the financial part of it and they do the financial work for all of the department, including the Emergency Measures Organization, so I couldn't break it out as to how many are dealing with the Emergency Measures. It's all thrown in as one; they deal with it as one department.

MR. CHAIRMAN: I'd just like to inform the members that there's no smoking in this room. I think they're aware of that.

Would you move to the back of the hall, please?
Thank you.

The Member for Turtle Mountain.

MR. D. ROCAN: Okay, 1.(d)(1)—pass.

MR. CHAIRMAN: 1.(d)(1)—pass; 1.(d)(2)—pass.
1.(e)(1) Human Resource Services: Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: Are there guidelines established for those within the department who deal with labour relations - staff relation services?

HON. H. HARAPIAK: We do the human relations . . .

MR. D. ROCAN: I'm sorry, I didn't hear.

HON. H. HARAPIAK: We deal with the human relations but we work under the guidelines of the Civil Service Commission. They establish the guidelines for labour relations.

MR. D. ROCAN: If an employee isn't satisfied with the results after speaking to those involved with dealing with labour relation issues, is there the availability for appeal, and if so, who do they appeal to?

HON. H. HARAPIAK: There are several levels for handling it. The first level is they go to their immediate supervisor, and if they're not satisfied with that, they go to their ADM; the next level is the Deputy Minister, and they could go to arbitration, but they can also go to the Civil Service Commission at any one of those steps.

MR. D. ROCAN: Could the Minister indicate who establishes staffing policies and procedure then?

HON. H. HARAPIAK: Could you repeat that, please?

MR. D. ROCAN: Who established staffing policies and procedure?

HON. H. HARAPIAK: The Civil Service Commission established the guidelines and they also monitor how we carry out our responsibilities.

MR. D. ROCAN: Is the Minister advised of any changes that do occur?

HON. H. HARAPIAK: When changes occur, there are several changes that are happening because of the cutbacks and, yes, I'm advised as the changes occur.

MR. D. ROCAN: I wonder if the Minister could tell us how many information sessions have been held to assist the staff of the department in advancing their technical and supervisory management skills?

HON. H. HARAPIAK: There's an in-house staff training and development program with 30 offerings, involving 330 staff and approximately 34 training days. There are informational sessions to assist staff members to advance their technical and supervisory management skills, and they've also revised the Management Performance Appraisal System. It's integrated with training and development programs.

MR. D. ROCAN: Could the Minister tell us where these were held?

HON. H. HARAPIAK: There are several areas that they're held at. Some are held on site, some are held within the Civil Service Commission and some are held in areas outside of the city, and some of the human relations exercises, I guess, are contracted out to some people.

MR. D. ROCAN: Did you say the attendance was what, between 300 and 340?

HON. H. HARAPIAK: 330.

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MR. D. ROCAN: 330 - okay.
How many are planned for this year?

HON. H. HARAPIAK: Those were the plans for this year that I had referred to. I guess over the past year there were 296, and then the 330 is for the coming year.

MR. D. ROCAN: Is there room for feedback from the employees on how worthwhile these sessions are?

HON. H. HARAPIAK: There is an evaluation sheet or evaluation session held at the end of every session where people give us an indication if they are pleased with the presentations that are held or if they have been helpful in any way, and people are fairly straightforward in their assessments.

MR. D. ROCAN: Has the department done a comprehensive analysis that, since these sessions have started, they have accomplished the desired effect?

HON. H. HARAPIAK: I guess a comprehensive analysis has not been carried out, but they do see an improvement in the labour-relations field and an improvement in the relationship between staff and all the employees in their areas.

MR. D. ROCAN: Who developed the program for these sessions?

HON. H. HARAPIAK: For the Estimates Session or for the Human Relations?

MR. D. ROCAN: Right.

HON. H. HARAPIAK: I wonder if we can get the speaker - we're having difficulty hearing your voice, Mr. Rocan, if we can get you to speak directly into the . . .

MR. D. ROCAN: Happy now?

HON. H. HARAPIAK: No, seriously we are having problems hearing.

MR. D. ROCAN: Harry can hear me, the staff can't.

HON. H. HARAPIAK: There was an in-house training session developed by Catherine Tapp. She developed the courses along with the Civil Service Commission.

MR. D. ROCAN: I notice there's what they call this Affirmative Action Target Group. Who is in this target group?

HON. H. HARAPIAK: The groups involved in Affirmative Action were Natives, women, visible minorities and the physically handicapped. We have met or exceeded our goals in three of the four areas. The only area we have not met our goal was in the area of the physically handicapped employees.

MR. D. ROCAN: How was this target group established?

HON. H. HARAPIAK: The Civil Service Commission, in conjunction with the MGEA, were the groups involved with establishing the Affirmative Action targets and groups.

MR. CHAIRMAN: 1.(e)(1)—pass; 1.(e)(2)—pass.
1.(f) Systems: (1) Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: The salaries, \$252,700, how many SY's and what kind of staff are we looking at here?

HON. H. HARAPIAK: There are seven staff in this area, the Systems area.

MR. D. ROCAN: Are we using an HP-3000 system yet?

HON. H. HARAPIAK: Yes, I am advised that we are using the HP-3000.

MR. D. ROCAN: How long have we been using that HP-3000 or 300, whatever it's called?

HON. H. HARAPIAK: We purchased it approximately three years ago. We have had it operating for two years at this time.

MR. CHAIRMAN: The Member for Roblin-Russell.

MR. L. DERKACH: Mr. Minister, I'm just wondering where we can address the questions regarding the telephone service rate here in this building. Which section does that fall under?

HON. H. HARAPIAK: Under Plant Services. We're quite a ways away from there yet.

HON. L. DERKACH: Okay, what appropriation is that under? What section is that under?

HON. H. HARAPIAK: Telecommunications, 3.(f).

MR. L. DERKACH: Okay, thank you.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. D. ROCAN: They've got under Expected Results here, they've got: "on-going maintenance and enhancements for existing systems." In our caucus room, the computer system that we have, do we have to pay for our own ongoing maintenance there? Or is this picked up by the Government Services also?

HON. H. HARAPIAK: The Conservative caucus would be charged for their maintenance, the same as any other department is. We are a service department, but we also charge the departments for it.

MR. CHAIRMAN: 1.(f)(1)—pass; 1.(f)(2)—pass.
We are now done with Administration, except the Minister's Salary.
We are now in Appropriation No. 2., Property Management, (a)(1) Salaries, Executive Administration - the Member for Turtle Mountain.

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MR. D. ROCAN: Under Executive Administration, what kind of staff are we looking at here now?

MR. CHAIRMAN: Would the Member for Turtle Mountain repeat his question? The Minister didn't get it.

MR. D. ROCAN: I was just wondering, under Executive Administration here, how many staffpeople are we looking at here?

HON. H. HARAPIAK: There are 11.5 staffpeople in Executive Administration.

MR. D. ROCAN: Can the Minister advise what stage we are at with the decentralized budgeting and accounting, which is indicated in the Supplementary Information to be going to the field location?

HON. H. HARAPIAK: I'm sorry, I didn't hear you.

MR. CHAIRMAN: The Member for Turtle Mountain does not seem to be coming through. Maybe if you put it in this direction and your voice will project towards us, rather than away from us. Just face us a bit and maybe you might be . . .

MR. D. ROCAN: I wonder, could the Minister advise what stage we are at with the decentralized budgeting and accounting, which is indicated in the Supplementary Information to be going to the field location?

HON. H. HARAPIAK: I'm advised that the building managers are doing their own budgeting this time, so it's based on their experience. So the building managers are doing their own budgeting, based on guidelines that were established by the Executive Administration.

MR. D. ROCAN: Where are the field locations?

HON. H. HARAPIAK: They are located in 16 locations throughout the province, but the main locations are Winnipeg, Brandon, Portage, Selkirk and The Pas.

MR. D. ROCAN: And the other dozen are where?

HON. H. HARAPIAK: It's within the city: two at Red River Community College, one at Selkirk, one at Dufferin, one is at Fort Osborne, one at Central Power. So they're scattered throughout the city.

MR. D. ROCAN: Does the department notice, since its decentralization, an increase in the fiscal responsibility which, I believe, was the desired result?

HON. H. HARAPIAK: Yes, they're definitely more aware of what is going on. They've had the desired effects.

MR. D. ROCAN: Who develops the guidelines or the directives which deal with property administration?

HON. H. HARAPIAK: It depends on the level that you are wanting to talk about. Some of it is developed by the Treasury Board, some are developed by management and some are developed by staff.

MR. D. ROCAN: The one for staff, the guidelines for staff.

HON. H. HARAPIAK: I'm advised by staff that it depends on the type of the building you're dealing with. An office building would have a different square footage required than the Legislative Building, for instance. It depends on the type of building and type of traffic there is coming through that building.

MR. D. ROCAN: Is the Minister advised when changes are made to these guidelines?

HON. H. HARAPIAK: I guess there are continuous changes going on every day. They're trying to work as cost efficiently as they possibly can and work to maintain a clean building. The Minister is not informed of those decisions but, if it's some major decision, then the Minister is informed of it.

MR. D. ROCAN: How often are they reviewed and by whom?

HON. H. HARAPIAK: The staffing levels are reviewed every year at budget time and there's a total view of all the different staffing requirements at that time. If you're concerned about any specific area, we'll do an in-depth study. If there is some concern about a specific area, there will be an in-depth study to deal with any specific area that is of concern.

MR. D. ROCAN: Is there another review planned, or is that going to wait until this time next year again?

HON. H. HARAPIAK: We are presently starting our process for our next year's budget at this time. As soon as that new budget process starts, then there is a review going on.

MR. D. ROCAN: When was the last comprehensive review done by the department on the level of quality of service, delivery to the public?

HON. H. HARAPIAK: In my opening statement, I made comments about doing a comprehensive review and it was dealing with our clients which has very little to do with the public. It's with the departments that we serve.

MR. D. ROCAN: You talk about you're opening statement, were there any suggestions made for improvement on delivery of service?

HON. H. HARAPIAK: Yes, there were some suggestions made for improvement, but generally there was satisfaction. As I indicated, there was a very high satisfaction rate amongst people who took part in the survey.

MR. D. ROCAN: Were there any major complaints on how the department was handling themselves?

HON. H. HARAPIAK: I'll read from the information we've got. They said there was a favourable impression for Government Services as a whole, with 94 percent

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of the respondents indicating the services were acceptable to very good. Only one person thought the services were very poor. Though there were many other positive comments offered, it is appropriately pointed out that we intend to act on and emphasize with this report.

The majority of the respondents said that the department services are easy to obtain, with 7 percent saying all services are easy to get.

MR. D. ROCAN: Okay, we'll pass (1) and (2).

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

2.(b)(1) Physical Plant: Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: In the Supplementary they have Activity Identification. They have four district offices. Where are these four district offices in the province?

HON. H. HARAPIAK: The Pas, Red River Community College, Brandon and Winnipeg.

MR. D. ROCAN: Sorry, would you repeat that, please?

HON. H. HARAPIAK: Winnipeg, Brandon, Red River Community College and The Pas.

MR. D. ROCAN: Are there any government grounds not taken care of by this department?

HON. H. HARAPIAK: I am advised that there are some government properties that are not looked after by this department. Some of them are in the Department of Natural Resources, some are the Agriculture Department, Highways Department and the commissions, like the Arts Centre and the Health Services Commission. We do not look after their properties.

MR. D. ROCAN: Do we tender these out then, or what do we do with them?

HON. H. HARAPIAK: Yes, I'm advised we do tender out some of the ones we do not look after ourselves.

MR. D. ROCAN: Could you repeat that, please?

HON. H. HARAPIAK: Yes, we do tender out the ones we do not look after ourselves.

MR. D. ROCAN: If we tender these out, at what cost do we tender these out then?

MR. DEPUTY CHAIRMAN, M. Dolin: The Minister.

HON. H. HARAPIAK: The area we do tender out is the janitorial, in some areas, catering, the elevator maintenance, refuse removal, air refrigeration, window cleaning, portable fire extinguishers, fire alarm systems, kitchen extinguishing systems and pest controls. We're looking up the information at just what the costs are. We haven't got that figure right now.

MR. D. ROCAN: Which government buildings receive this service, the janitorial service?

HON. H. HARAPIAK: During the fiscal year of '86-87, there's the Century Plaza, the Westgrove Mall, Department of Agriculture in Teulon, the Taylor Building, the Manitoba Building on Osborne, 1970 Ness, 1360 St. Matthews, the Hangar T4 on Ferry Road, 1981 Portage and the Municipal Building in Swan River. We also have some carpet cleaning which we contracted out. That was in the Manitoba Youth Centre and 114 Garry Street.

I'm advised that we've reduced our outside contracting by better utilization of our in-house staff. We have saved over \$200,000 in the last two years by making full utilization of our in-house staff.

MR. D. ROCAN: All these buildings that you were just listing off there, those are all government-owned buildings, or are some of those buildings that we lease?

HON. H. HARAPIAK: Some are owned and some are leased.

MR. D. ROCAN: Which ones are government-owned?

HON. H. HARAPIAK: The only one of the contracts that I read off that we own is the Memorial Park washroom and the Manitoba Building at 270 Osborne. The rest are all leased.

MR. D. ROCAN: Are there guidelines in place from the department as to how contracts are tendered out? Could you provide us with copies of these if you still have them?

HON. H. HARAPIAK: Yes, there are guidelines. The notices of tender, all services required for the public are advertised twice, with notice of tender being advertised in the local newspaper. In Winnipeg, the Winnipeg Free Press is utilized and the standard night for advertising is Saturday's paper. We can also advertise in Brandon in the Brandon Sun.

The tender period is for a minimum period of two weeks and elevator maintenance and catering tenders have a minimum period of 30 days. All tenders are open publicly, with the exception of catering. The duration of contracts are usually for a two-year period with the exception of catering which is for a three-year period. Refuse removal is for a three-year period; fire alarm systems for a five-year period; elevator maintenance is for a five-year period; and generator maintenance is also for a five-year period.

MR. DEPUTY CHAIRMAN: I'd like to remind the members that smoking is not allowed at the committee meeting.

The Member for Turtle Mountain.

MR. D. ROCAN: Are any of these tenders done over the telephone?

HON. H. HARAPIAK: No, I'm advised that none of the contracts are accepted by telephone.

MR. D. ROCAN: Will the Minister table a copy of the guidelines?

HON. H. HARAPIAK: Yes, we can do that. Maybe we could get you a whole tender package and give you

a copy of our entire tender process. We'll get you a copy of that.

MR. D. ROCAN: Thank you, Mr. Minister.

MR. DEPUTY CHAIRMAN: 2.(a)(1)—pass; 2.(a)(2)—pass. We are now on Physical Plant, 2.(b)(1), (2), (3) and (4)—pass.

The next is 2.(c) Workshop/Renovations - Member for Turtle Mountain.

MR. D. ROCAN: You went scooting by all these, Mr. Deputy Chairman. I had some more questions.

MR. DEPUTY CHAIRMAN: Okay, Well, we can go back.

MR. D. ROCAN: All right, back up then.

MR. DEPUTY CHAIRMAN: Sure, go ahead.

MR. D. ROCAN: What improvements have been made in workplace safety by the department in the physical plant?

HON. H. HARAPIAK: We have carried out the policy dealing with hard-hats, in cooperation with the MGEA. We have carried out a policy with electrical safety and a policy dealing with safety shoes. Also, we've carried out a policy dealing with hearing impairment.

MR. D. ROCAN: Was this done in cooperation with the Department of Workplace Safety and Health?

HON. H. HARAPIAK: Yes, we are always under the guidance of Workplace Safety and Health.

MR. D. ROCAN: I wonder, could the Minister tell us if any of our government buildings - seeing as how old they are - have any of them any asbestos yet? Have we still got some asbestos in some of them?

HON. H. HARAPIAK: Yes, some of our buildings have asbestos covering the pipes, but they are all covered up and coated with the required acceptable material. We are complying with The Workplace Safety and Health Act in all instances.

MR. D. ROCAN: Under Expected Results, you have: "Increased cost effectiveness of janitorial services, improvements with respect to Workplace Safety and Health and environmental concerns . . ."

MR. DEPUTY CHAIRMAN: Excuse me, can the member speak up or face this way maybe.

MR. D. ROCAN: Under Expected Results, you have: "Increased cost effectiveness of janitorial services, improvements with respect to Workplace Safety and Health and environmental concerns . . ." What are some of these environmental concerns?

HON. H. HARAPIAK: I guess one of the areas is indoor air quality, the air movement and sidestream smoke, which I'm sure the Member for Turtle Mountain would be very interested in.

MR. D. ROCAN: In the Annual Report, we see that the department is supplied with gas by the Inter-City Gas Corporation on an interruptible basis in accordance with the Supply Agreement. The gas company interrupted its supply of natural gas at peak periods, requiring the department to use ultimate and more expensive fuel.

In 1985-86, gas supply was interrupted for one day only, rather than the estimated 22 days. This resulted in an underexpenditure. Minor savings were also realized in operating supplies, light and power, water and sewer repairs and maintenance.

Does the department foresee any problems getting out of the Supply Agreement with ICG after the Provincial Government takes it over?

HON. H. HARAPIAK: None whatsoever.

MR. DEPUTY CHAIRMAN: The Member for Turtle Mountain with more wonderful questions.

MR. D. ROCAN: Will the department be negotiating a new agreement with the Manitoba Consumers Gas Corporation, and will this be at a lower cost than the department is paying now?

HON. H. HARAPIAK: We are in preliminary discussions at this time and we don't anticipate any problems.

MR. D. ROCAN: Also, under Expected Results, they have, ". . . security through automated systems." Is there a program in place to improve security now in the government buildings?

HON. H. HARAPIAK: Yes, we are looking at automating security.

MR. D. ROCAN: Under Expected Results, they have all this additional cleaning that they're doing, 8,000 square meters. What are these innovative adjustments or cleaning techniques? They must have got a big one.

HON. H. HARAPIAK: There were savings of approximately of \$36,000 that were realized in the 1986-87 year, by not renewing the contracts with private cleaning firms. These savings were achieved by continued introduction of the following policy - day cleaning, with the introduction of day-cleaning staff are more content, more productive, and have much less absenteeism than previous evening shifts. And the new equipment and materials have been utilized, which reduce labour and improve their appearance.

Coupled with that, there's an increase in efficiency, having improved considerably, and there's been some job sharing. There's more staff to be utilized during the early morning hours when productivity is the highest. There's also been some job training. These improved programs used over the last several years have made a noticeable improvement in supervisory skills of first-line staff.

Also, there's been a reduction in service schedules in some areas, such as individual office areas and boardrooms, which have resulted in fewer complaints. We have also received many compliments on this elective cleaning schedule.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. D. ROCAN: Under Physical Plant here also, can the Minister tell us, is there a certain cut-off time for heat, per se, to this building? We know it was 75-80 above outside not that long ago and the heat was still coming through the building.

HON. H. HARAPIAK: Because of the type of heating system we have with steam lines required, it takes up to three days to allow for the expansion and contraction of the pipe. So during the spring and the fall when there's a quick change in outside temperature, we have difficulties with the heat in the Legislative Building because it can't be shut down very quickly because of the type of system we have.

MR. D. ROCAN: Is this where we talk about air conditioners, under Physical Plant here?

HON. H. HARAPIAK: Sure.

MR. D. ROCAN: Can the Minister tell us - I remember in LAMC when they were talking about moving their caucus office across and they were saying also at that time that room would have air conditioning. Does it have air conditioning or just air movement?

HON. H. HARAPIAK: The Tory caucus office does have air conditioning.

A MEMBER: What?

MR. D. ROCAN: When are you going to turn it on?

HON. H. HARAPIAK: No, that office was air conditioned before they renovated. If there's some difficulties and if it's not working - I was informed today that your caucus members are opening windows, so there's obviously . . .

MRS. G. HAMMOND: We didn't know we had air conditioning.

HON. H. HARAPIAK: You didn't know you had air conditioning? Well, then somebody will be over from staff to make sure that the air conditioning . . . Maybe we could swap offices at this time. We'll have someone over to make sure that the air conditioning is working.

MR. D. ROCAN: When this Minister assumed his new portfolio and he moved into the old caucus office, did he not instruct staff to put in air conditioning in his office?

HON. H. HARAPIAK: Our caucus . . .

MR. D. ROCAN: No, your office.

HON. H. HARAPIAK: Our caucus office is being done, but it is not completely hooked up at this time. My office is not air conditioned. There has been a story going around that I instructed staff to air condition my office. I wish I would have, but I did not. All we have

is air movement in there. We do not have air conditioning in the Minister of Government Services Office.

MR. D. ROCAN: The two compressors then, on the roof of the building directly above the Minister's Office, and the pipes leading down through his office, does that not go into the Minister's Office, and the Minister of Natural Resources?

HON. H. HARAPIAK: I am not really looking after myself and my brother. As the offices are being upgraded, the new air-handling systems are being put in. So when we do find the dollars to bring the chilled water over from the plant, then it will be ready for the air conditioning.

MR. D. ROCAN: Could you tell me then, which offices these two compressors are cooling at the present time?

HON. H. HARAPIAK: I'm advised that the Premier's Office has the air conditioning, the Tory caucus office, the cafeteria, and the Highways Minister has one because they previously had a Minister of Labour, Mr. Paulley, who had health problems and had to have an air conditioner; and also the Hansard Office has air conditioning because of the high heat level because of the machines, so it was required for them to have an air conditioner as well.

MR. D. ROCAN: We'll pass (b)(1), (2) and (3).

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: Before we pass that, the rent on the Advisory Council on the Status of Women, their offices and the Women's Directorate, does that come under leased properties?

HON. H. HARAPIAK: Yes, it does.

MR. CHAIRMAN: 2.(c)(1) Salaries, Workshop and Renovations - the Member for Turtle Mountain.

MR. D. ROCAN: Under Workshops and Renovations, we see the Objectives are: "To provide an in-house construction and renovation program for government-owned and leased accommodations in a cost effective and timely manner." Does this section do any work for MPI?

HON. H. HARAPIAK: Yes, we do.

MR. D. ROCAN: Expected Results. We see: "Provision of service in response to approximately 1,500 annual requests from client departments." How many were fulfilled?

HON. H. HARAPIAK: They are all fulfilled. If we cannot fulfill it with in-house people, then we will go to outside sub-contractors, but they are all fulfilled.

MR. D. ROCAN: Is there any criteria established as to how and who will receive maintenance work?

HON. H. HARAPIAK: I'm advised that anything under \$250 does not have to be tendered; anything between

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\$200 and \$500 is a verbal tender; and if it's anything above \$500, it has to be tendered, written tenders.

MR. D. ROCAN: So you're saying that of the 40 percent of those sub-contract services, those are tendered out?

HON. H. HARAPIAK: That's correct.

MR. D. ROCAN: Workshop; give us some of the work that these fellows do. Are they building walls, desks, cupboards? What is some of the work that is done under Workshop?

HON. H. HARAPIAK: They are involved with the renovations at the Woodsworth Building, the Norquay Building, the Legislature, and they also renovate the furniture as well.

MR. D. ROCAN: We can pass 2.(c)(1), (2), (3).

MR. CHAIRMAN: We're now on Section 2.(d)(1) Leased Properties, Salaries - the Member for Lakeside.

MR. H. ENNS: Mr. Chairman, I know of no particular difference with respect to the salary appropriation in this section of the Estimates. I assume that that work activity is being carried on by the same work force as previously in place.

HON. H. HARAPIAK: That is correct.

MR. H. ENNS: Mr. Chairman, through you to the Minister, one of the traditional questions that has to be asked in this regard is to try and get some global picture of the amount of space the government leases. Mr. Chairman, I need not remind the Minister that from time to time, as it happens with any other large landlord, one doesn't always fulfill the exact requests of a client, a client department in this case. You know, the Archives are full of horror stories about the leasing of thousands of feet of space, sometimes empty, sometimes utilized.

Mostly we hear of these stories as they emanate from Ottawa, but nonetheless, let me ask the Minister with the help of his staff: What is the total amount of square feet or meters currently under lease by the government?

HON. H. HARAPIAK: Vacant?

MR. H. ENNS: Under this appropriation of Other Expenditures, which is the major item in this division.

HON. H. HARAPIAK: As of March 31, 1987, we have 2,059,584 square feet of lease property.

MR. H. ENNS: 2 million?

HON. H. HARAPIAK: 2,059,584 square feet.

MR. H. ENNS: Just as a note of interest, Mr. Chairman, to the Minister, I wonder if the department is still operating in square feet or have they converted to the law of the land and are now operating in metric measurements? I'm not objecting to the Minister's response.

HON. H. HARAPIAK: We are utilizing both systems.

MR. H. ENNS: Mr. Chairman, in terms of a standing significance of that, has there been a change; for instance, has that increased from last year's leasing requirements of the government?

HON. H. HARAPIAK: Yes, there has been an increase of 28,259 square feet.

MR. H. ENNS: Mr. Chairman, the second part of that question, how many of those 2.5-odd million square feet of space are currently being occupied by departments? Really, what I'm asking is, how many are empty?

HON. H. HARAPIAK: There are 23,713 square feet vacant at this time, of leased space. Twenty-two thousand is at 333 Broadway. This space is being prepared for occupancy by the staff of Finance, Treasury Board, and Executive Council, so it will be occupied shortly. Although it's a five-year lease, the premises officially commenced on January 1, 1987, and the space is presently unoccupied. Full occupancy is scheduled to be in place by October 1.

MR. H. ENNS: Mr. Chairman, a question that arises is, how has the introduction of Manitoba Properties Inc., which now in effect is the principal landlord - I suppose you could call it that - of a significant portion of the properties. I note from your notes at the bottom of page 8 of your Estimates, that some \$59 million of the \$75 million that's attributed to the leasing of properties are in fact part of the properties under the jurisdiction of Manitoba Properties Inc. in this government's unique scheme to raise money for various purposes.

My question at this point is, has that materially affected the management or the operation by the department of these properties?

HON. H. HARAPIAK: I'm advised that it has not had any effect on the management of the affected properties.

MR. H. ENNS: Mr. Chairman, subject to correction, but my reading of that \$59 million figure that we are paying to the investors, the shareholders, the rent that we are paying through that means to the shareholders of Manitoba Properties Inc. - my colleague from across the way probably more accurately describes it as dividends - has the department had an opportunity to monitor the situation from a fiscal point of view? In other words, prior to the establishment of Manitoba Properties Inc., the department had sole responsibility for many of these properties.

Does the \$59 million paid in dividends, or rent, or whatever you want to call it, to the shareholders of Manitoba Properties Inc., equal the costs previously incurred by the department in the maintenance and collection of its return on this property, from client departments?

HON. H. HARAPIAK: I guess, to begin with, it is a rent. In general, the lease arrangement with Manitoba

Properties Inc. is an absolute or triple net lease. That is, the landlord, which is MPI, has no responsibility for the cost of the operation and maintenance of the building.

All building expenses remain the responsibility of the building user, that is, Manitoba Government Services and the University of Manitoba, or the Manitoba Health Services Commission, or the Liquor Control Commission. The term of lease is 99 years, with rents payable quarterly.

MR. H. ENNS: Mr. Chairman, I'm just trying to understand this a little better, because it seems to me that we now have a double set of shareholders to be concerned with.

Estimates tell us that those who invest in Manitoba Properties Inc. are getting \$59 million for their investment. But the rest of us - all of us Manitobans - we are still very much interested in these buildings and are, in fact, the users of these buildings, as the Minister just said, and continue to supply the maintenance and renovations and other ongoing charges that are associated with the occupying of commercial office space.

What I'm trying to determine is, which shareholder is getting best served out of this arrangement? We know the Manitoba Properties Inc. people are getting their return. Obviously, it is attractive in terms of the marketplace today, or else they would not have invested as eagerly as they did.

But when the Minister tells me that the department is still totally responsible for the ongoing maintenance, ongoing renovations, or changes to the department, I'm not trying to speak - Mr. Chairman, do you understand this - for the shareholders that you and I represent, mainly the Manitoba taxpayers, I'm trying to figure out whether or not this department - never mind the concerns of the Department of Finance, because the Department of Finance, the Minister of Finance has different problems than this Minister. This Minister has enough problems; I don't even want to burden him with them. We are going to get to the other problems that he has with the Workers Compensation Board and so forth, like that. Right now, he is trying to manage several million feet of space, along with the other millions of feet of space that he has direct control over.

What I'm trying to figure out is how do we, as taxpaying shareholders, come out on this arrangement after we've satisfied the wants of the Minister of Finance, who's gotten his pile of money out of it and whom we're paying \$59 million every year to retain those funds?

This Minister and this capable staff has to continue to come to the Treasury Board and ask for the necessary monies to maintain, operate, renovate, and run these properties because, as the Minister said, for those investors in Manitoba Properties Inc., it's a real clean, sweetheart deal. They have no worry about toilets that leak, faucets that don't run, or a roof that sometimes isn't altogether waterproof. You and I have to do that. More importantly, we have to pick up the tab for it. I'm trying to find out how the department manages this.

HON. H. HARAPIAK: I guess the first question you ask is really who owns Manitoba Properties? I guess the

common shares of Manitoba Properties, Inc. are owned by 50 percent each by Manitoba Properties Management, Inc. and Manitoba Properties Leasing, Inc. The common shares of each of these corporations are in turn owned 100 percent by Her Majesty the Queen in right of the Province of Manitoba. So, how we account for if the taxpayers are getting a good deal for the way we are leasing the properties - the lease that we pay is comparable to any lease we would pay to any outside group that had a building to lease.

MR. H. ENNS: The Minister poses an interesting question. Who does own Manitoba Properties, Inc. Who gets the \$59 million? Are they principally Manitoba investors, Canadian investors, American investors? Mr. Conrad Black? Does the department maintain an up-to-date listing of the investors who are, in fact, getting this \$59 million of Canadian tax money for having invested in the paper transfer of the assets of these buildings, whom we are now paying an annual rental rate of some \$60 million?

HON. H. HARAPIAK: To begin with, the \$59 million that the member refers to is not revenue to the shareholders. That \$59 million is rent that is paid to MPI.

MR. H. ENNS: Well, okay, Mr. Chairman. And what does MPI do with the \$59 million? You would understand this, Mr. Chairman, if you pay \$15,000 rent to somebody for an extra quarter section of land or maybe for the use of a machinery shed from your farming operations, you would know who you were paying it to and what for.

I just want the Chairman to understand that I'm asking these straightforward questions because I would like to be able to know who is the current owner of the Liquor Commission in Beausejour and who are we paying the rent to, which is part of the \$59 million? Or, I'd like to be able to tell my student constituents who exactly owns the Fort Garry campus, the University of Manitoba and who are we paying the rent to every month? Which address in New York, or in Chicago, or in New Orleans, are we sending the money to every month?

HON. H. HARAPIAK: The lease payments made by Government Services to Manitoba Properties become revenue to the corporation. I would assume, as in the private sector, that MPI's receipts from Manitoba Government Services would support and be applied to debt servicing and any other debt of the property that they pertain to. But you ask who are the property owners. We don't have that list of property owners. Those property owners are listed with Royal Trust. So, I guess in order to find that out you would have to become a property owner, buy a share, and then you could get that information. I should say a preferred shareholder, rather than property owner.

MR. H. ENNS: Mr. Chairman, I won't pursue the point much longer, but is the Minister really telling me that the government doesn't know the distribution of the shares that were purchased in Manitoba Properties Inc.? I don't want him to be playing games here. I'm trying

to get a reasonable - I'm not asking for names. I'm asking for some idea of whether it is a Canada-wide subscription to that drive or whether it attracted substantial off-shore or foreign - I would suspect, mainly American - interests, or whether or not it was principally Manitoba interests. Relatively, you know, approximate percentage terms would satisfy my terms, if it was Manitoba investors. That's the only question I'm asking.

HON. H. HARAPIAK: I believe that it was shared during the Minister of Finance's Estimates. He indicated the information is not kept by the government, but by the trust company acting as an agent for Manitoba Properties. So the Minister of Finance may have that information through the trust company, but Manitoba Government Services certainly wouldn't have a list of those investors who are preferred shareholders.

MR. CHAIRMAN: The Member for Kildonan.

MR. M. DOLIN: The Member for Lakeside brings up some interesting questions, and perhaps I'd like to pursue this a little bit more.

My understanding is that the rent is paid by Government Services to MPI. MPI is a corporation controlled by the people of Manitoba, who own the only voting shares. The shares that were sold are listed on the market as non-voting, preferred shares, which have no voting rights and no say whatsoever in the operations of the company or in any of the policies or in the upkeep of the building, maintenance, or disposition of assets. It is only the common shares, which are held by the Provincial Government, have that. That's my understanding. Is that the Minister's understanding?

HON. H. HARAPIAK: That's correct.

MR. M. DOLIN: It is also my understanding that the preferred shares for about \$200 million were issued at "X" percent dividends, as opposed to the government going out and borrowing on the market for needs at "X-plus-2" percent, or "X-plus-3" percent, saving a substantial amount of money.

The \$59 million paid in rent by Government Services for those buildings is less than the amount we would have been paying on interest on equivalent borrowing if we would have gone to the open market. Is my understanding of that correct?

HON. H. HARAPIAK: That's correct.

MR. M. DOLIN: So I think, when the Member for Lakeside says who owns the property, it's still the people of Manitoba from what the Minister's saying, who own MPI totally because the common shares, which are the only voting shares which can dispose of the property or do anything with the property, are held by the Government of Manitoba as representative of the people of Manitoba.

Now, that's my understanding. Preferred shares are non-voting and have absolutely no say in the disposition of any of the assets of MPI. Is that correct?

HON. H. HARAPIAK: That is correct.

MR. M. DOLIN: Thank you.

HON. H. HARAPIAK: You have a tremendous understanding of it, and I wish that you would get together with the Member for Lakeside.

MR. CHAIRMAN: The Member for Lakeside.

MR. H. ENNS: I want to put on the record that I appreciate my colleague from Concordia . . .

HON. H. HARAPIAK: Kildonan.

MR. H. ENNS: . . . from Kildonan's assistance in this matter. I will make it a point of reading that explanation to the next annual meeting of the Rockwood Agricultural Society, and I'm sure they'll have a full appreciation of just how straightforward and simple this government now operates and manages these properties. For those of us who, I suppose, lead a simpler life, Mr. Minister, it does become a little complicated.

Mr. Chairman, a further question to the Honourable Minister. Is there any contemplation on the part of the government - I appreciate that again this question may be more appropriately directed to the Minister of Finance. But insofar as the Minister responsible for the buildings that could be so considered, my question is: Is there any current consideration being given to expanding the list of properties currently leased out or owned by Manitoba Properties Inc.?

HON. H. HARAPIAK: We are, at this time, not contemplating taking over any existing space or purchasing any existing space. We may be moving to purchase more or construct more properties, through the construction process.

MR. H. ENNS: Mr. Chairman, in the same line, I'm interested from a point of view as a member who once was privileged to be Minister of Government Services. I recall the difficulties that, I suppose, any Minister has from time to time of convincing his colleagues on Treasury Board or indeed Cabinet to get the necessary financing to respond to the urgent requests of clients, client departments.

Has the innovation of an introduction of Manitoba Properties Inc. made that task easier? By that, I mean is, if you're contemplating responding to a client department's request for an additional \$5 million office tower, has that option of putting that on the market with Manitoba Properties Inc. changed the procedure in terms of authorization of building public buildings? Has that changed in any way?

HON. H. HARAPIAK: It gives us an additional option, but still the whole capital funding is looked at as a whole. We still have to go through the regular process of justifying any added expenditures that are required.

MR. H. ENNS: I think, Mr. Chairman, what the Minister is really trying to tell me - and because he is too polite to say it forthrightly, I'll do it for him - is that, if any expansion into Manitoba Properties Inc. should take place, he and this department wouldn't be the recipient of it. The Minister of Finance would be, and they'd use

it for other nefarious reasons. In that case, it would not make his job any easier.

HON. H. HARAPIAK: MPI would be used to fund the development projects. For instance, the Remand Centre may be funded through MPI.

MR. H. ENNS: Has MPI been so used for any expansion or major renovation to date?

HON. H. HARAPIAK: These are some of the ones through MPI: the Law Courts Building; the Land Titles renovations; the MDC Physical Activity Plant in Portage; 210 Osborne renovations; and again Portage la Prairie, the Southgrove renovations; in the Parklands region, the Regional Training Centre; and Red River Community College, the machine shop renovations; in Flin Flon, the new provincial building; the W.M. Ward lab, and also some work on the Selkirk psychiatric institution.

MR. H. ENNS: Mr. Chairman, in conclusion, you know that last answer is a worrisome one. I, of course, recognize many of the projects as projects that were initiated years ago for which capital authority had been granted by the Legislature to the departments, principally the Law Courts Building and some of the other buildings that he mentions. I gather what has taken place, Mr. Chairman, is that authority was used for whatever other purposes the government chose, and the cost of the buildings have been proceeded under the funding arrangements with Manitoba Properties, Inc., which in my judgment really distorts the capital outlay of this government in the provision of building space, appreciably alters the debt and deficit position of this government, and it is all being conveniently put under the title of a \$59-million dividend payment or rent payment to Manitoba Properties Inc., which puts us further away from determining what, in fact, this government has obligated itself to in terms of public expenditures.

If monies allocated to specific projects such as the improvements to the Land Titles Building, construction of the new Law Courts Building which, quite frankly, Mr. Minister, I had the privilege of authorizing - and I fought through the Treasury Board the necessary \$12 million authority to build the building. Now you're telling me that a substantial portion of that, half of it or all of it, has found financing elsewhere, my question to you is: What has the government done with the \$12 million authority that was granted the department to build buildings like that and others?

HON. H. HARAPIAK: I guess there are two parts to your question. You were saying that, under your tenure as Minister, you had authorized \$12 million. As any other program, it was for one fiscal year. If that money is not spent, it lapses. On this, you say they're not accountable. We want to tell you that, at the time the Minister tables The Loan Act in the Legislature, he is in a position to clearly outline any loan authority required with respect to the buildings of major renovations or capital . . . - (inaudible) - Related authority may be specified on a project-by-project basis. This information is available in a review of the Legislature on a year-to-year basis. So, it is just as accountable as it is on

the other area. When it comes with The Loan Act Authority, it has to be justified at that time.

MR. H. ENNS: Well, Mr. Chairman, I'm having difficulty understanding this. I can appreciate the Minister of Finance tabling, as he does, different schedules (a) and (b) of Loan Authority for Crown corporations for any other capital borrowing projects, including those requirements of this department. But how do you mix that in with - the earlier question was that Manitoba Properties Inc. are attracting new investors, are financing, renovations, financing buildings currently under construction by the department. How do monies flowing in from unknown, to us at least, investors, excepting that they come under a trust, or whoever's managing the holding and funding corporations. But surely those figures don't show up in any of our table of capital requests in the Legislature.

HON. H. HARAPIAK: For one thing there is no more preferred shares being sold, so whatever shares are there presently has come to the Legislative Building under the Loan Act, and the Legislature has clearly outlined the plans for the dollars that were brought forward at that time.

MR. H. ENNS: But, Mr. Chairman, the Minister just told me a little while ago that Manitoba Properties, Inc. is being used. I don't care . . .

HON. H. HARAPIAK: Under the dollars that were brought forward at that time. MPI takes out a loan from the government.

MR. H. ENNS: The Minister's figures on this are as confusing as his are on the Workers Compensation Board which we will do in a little while.

MR. CHAIRMAN: The hour is ten o'clock. Is it the wish of the committee to adjourn, to rise?

A MEMBER: Do you want to keep going?

A MEMBER: Keep going.

MR. CHAIRMAN: The Member for Kirkfield Park.

MRS. G. HAMMOND: I have a question on the number of square feet and the rental on the Advisory Council on the Status of Women and the Women's Directorate, the office space that they lease.

HON. H. HARAPIAK: We'd like to take that as notice and get back to you on the specific details of that question. We'd like to take that as notice and get back to you on that request for information.

MRS. G. HAMMOND: Yes, I'd like to know what would be the total cost if the government supplies typewriters or any of the equipment, whatever they supply to those particular offices?

HON. H. HARAPIAK: Could we get the name right, again?

MRS. G. HAMMOND: It's the offices of the Advisory Council on the Status of Women and the Women's Directorate. They're on Portage Avenue, I don't know the address.

HON. H. HARAPIAK: We will get that information for you.

MR. CHAIRMAN: The Member for Niakwa.

MR. A. KOVNATS: Just a couple of questions concerning parking. I know a little bit about parking and I know the Minister knows a lot more about parking than anybody else in this room. I wonder whether the Minister can advise how many parking spaces come under the control of Manitoba Properties, Inc. and whether they are land-based, surface-level parking spaces; whether they are parking garage spaces. What is the value of those and are we generating any revenue from them?

HON. H. HARAPIAK: We haven't got that information right now, we'll have to dig it out. I'll tell you right now we haven't got enough space. We are doing a study right now to see if we can move toward pay parking and we should have an agreement on that very shortly.

MR. A. KOVNATS: Another study. You know, I've always condemned this government for, you know, we're taking it under advisement, we're having a study, we get the same answers from every department. I thought this Minister would be more aware of parking and parking structures. I guess I'd given him more credit than really was coming.

HON. H. HARAPIAK: I should maybe tell you, we have 1,108 parking spots; 649 are assigned, and 459 are scramble parking.

MR. A. KOVNATS: 1,108, okay. I have asked questions on it before. Can the Minister advise how many are surface level and how many are parkade-type spaces?

HON. H. HARAPIAK: There's a lot underground which is in the new courts building - 87 are underground.

MR. A. KOVNATS: How many above ground do we have?

HON. H. HARAPIAK: The balance would be above ground.

MR. A. KOVNATS: No parking structures?

HON. H. HARAPIAK: In some of our leased facilities there is assigned parking that is part of the lease in underground facilities. We don't have those figures here.

MR. A. KOVNATS: Is the Minister saying we are generating revenue from some of them, or are the spaces given out gratis to employees, to anybody that applies for them? By what consideration does one get a parking space?

HON. H. HARAPIAK: We are not generating any revenue. We are looking at the whole parking difficulty,

especially in the Legislative grounds, because there is a lack of parking facilities, especially for the visitors. We feel that the Legislative building is a very big part of our tourism industry, it is difficult having enough spaces for the people who are coming in to view this central part of the province.

We're looking at ways to alleviate this but, at this time, we don't have an answer. It's going to have to be a parking facility built by Government Services, I guess, and we haven't got the information at this time.

MR. A. KOVNATS: It appears that the government doesn't really have any parking facilities. There is surface level and underground, but a parking facility to handle the tourist trade would be an immense building I would think, and it would kind of take away the aesthetic look of the area. This is a beautiful area. I don't think that you could possibly go underground around this particular location.

Can the Minister advise whether it's his department that are looking at the report, checking into. Is it his department, or have we brought in any outside observers, or any outside people that appear to know more about parking facilities than the ones that we might have that working for the government at this time?

HON. H. HARAPIAK: We should share with you that it's extremely expensive by putting in an underground facility. We've had estimates done; it's \$14,000 a stall. I guess that's completely out of range.

We are looking at some other options, a parkade. We were looking at the options of building a parkade in some of the existing surface lots on Kennedy Street. We also have another site on York Avenue, south of the Convention Centre. Both of these sites are large enough to accommodate a parking structure, but we want to be doing it in conjunction with a building of some sort, and we're not in a position to proceed on a building at this time.

MR. A. KOVNATS: \$14,000 a stall seems to be pretty expensive. I would think that the Minister's figure is a little padded. It's more than what I would pay. I think that I would get the most economical one. It's a lot cheaper if you were to put some sort of a structure over top and you're going to have to build a garage or basement anyway, so then it's very feasible. But if you were just going to build a parking structure, you wouldn't go underground; you would start at surface level and build up and it would be nowhere near \$14,000.00.

Where did the Minister get the \$14,000 figure?

HON. H. HARAPIAK: That is the figure for underground parking. To get an underground facility built, that would cost you \$14,000 a unit.

MR. A. KOVNATS: But you wouldn't build just underground just for the sake of building underground, you would build a structure. I think the recommendations would be to start at surface level and build up, rather than to pay this kind of money, because I wouldn't authorize it and I would condemn anybody else who did.

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Is there any parking spaces that are generating any revenue for the people of the Province of Manitoba?

HON. H. HARAPIAK: No, there is not any revenue being generated by parking spaces.

MR. A. KOVNATS: What's the criteria in allocating parking spaces to people?

HON. H. HARAPIAK: I have some additional information that we are generating revenue at community colleges.

MR. A. KOVNATS: The students have lots of money, and that's the ones you want to charge?

HON. H. HARAPIAK: The parking at the Legislative grounds is assigned to departments. They make the decisions as to who gets the parking.

MR. A. KOVNATS: Is there any preference given to anybody around the Legislative grounds; and what happens to the revenue at the community colleges?

HON. H. HARAPIAK: At the Legislative grounds, they are prioritized by assigned government-owned leased vehicles. Second in the priority is handicapped employees; third is visitors; and next is privately owned vehicles regularly used on government business, and then government employees, on a scramble basis.

MR. A. KOVNATS: What happens to the revenue at community colleges?

HON. H. HARAPIAK: It goes into General Revenue of the government.

MR. A. KOVNATS: Are the revenues that come out of parking at community colleges audited the same way as deficits for Workers Compensation?

HON. H. HARAPIAK: All our revenues are audited, in every instance.

MR. A. KOVNATS: I don't want to prolong the debate on the parking, but we were talking one time about some sort of a facility out here in the back, where boats could land just on the other side of the Louis Riel statue. Has anything more been done about that?

HON. H. HARAPIAK: There is difficulty with the riverbank stabilization, so they have advised against proceeding with a project of that sort.

MR. A. KOVNATS: I remember - it seems about two years ago - that the government of the Province of Manitoba, the New Democratic Party Government, had stated that they were going to spend \$100 million on riverbank stabilization and clean-up and whatever, which breaks down to about \$10 million a year. I think that it doesn't come under Government Services. I remember the Minister of Environment was given the responsibility and I don't think that's his responsibility anymore, but we're two years behind in the development

of this \$10 million a year; I'm not saying to spend the money just for the sake of spending the money.

Can the Minister bring us up-to-date on what's happened for the last two years, where \$20 million should have been established and it appears that no monies have been spent?

HON. H. HARAPIAK: I will get the information from the appropriate Minister and I will advise you as to what's happened on that subject.

MR. A. KOVNATS: We were talking about rest rooms and I'm still trying to find out who looks after the rest room on this Pansy Corner. If we go back a little ways - now I'm getting looks of surprise - I've asked at least five different Ministers.

About seven miles east of Pansy Corner, there are rest rooms at the side of the road and there used to be benches and there were signs saying that you could stop there and have a picnic lunch and there was a water facility. For two years now, I've been asking for the place to be cleaned up. I imagine that this would come under Government Services. It would have to come under Government Services because everybody else denies responsibility.

Well, Saturday when I was coming back from planting tomatoes out at my farm, I was driving back and there were two men working in this location - the first time that anybody has ever come and did anything. Can the Minister take responsibility in having those two men cleaning it up; and will the Minister have something to do with speaking to the Department of Highways, at least putting up signs now that we've upgraded the three-star, four-star location and tourists will be stopping there; will the Minister put up some signs advising that this is a rest room stop and bring it up-to-date?

HON. H. HARAPIAK: I regret to tell you that I can't take the responsibility for having those two men working there, but I will certainly be discussing it with the Minister of Highways and be sure they continue to work and continue to provide the clean rest rooms.

MR. A. KOVNATS: I've got to just bring it down to the record, this is the fifth Minister who has denied responsibility for this location, the fifth or sixth. I'll tell you, if I had thought about it while we were in Cooperatives, I probably would have asked that Minister.

I don't want to prolong the debate. I've spoken on parking structures and I've spoken on toilet facilities, because I guess the toilet facility across the way there - right on the corner - is the responsibility of this Minister under Government Services.

HON. H. HARAPIAK: That's correct.

MR. A. KOVNATS: Has the Minister inspected the toilet facility over there to see that it is in good working condition?

HON. H. HARAPIAK: Yes I have. They're in excellent condition.

MR. A. KOVNATS: Thank you very much.

MR. CHAIRMAN: Do you want to pass? Does committee want to pass (e)(1)?

The Member for Kirkfield Park.

MRS. G. HAMMOND: I wonder, Mr. Chairman, if it would be possible, if there's staff here for telecommunications, to ask a couple of questions on phones this evening before we finish.

HON. H. HARAPIAK: We'll go and get the staff from telecommunications, but I wonder if we could complete this portion here; we were dealing with MPI?

MRS. G. HAMMOND: Mr. Chairman, I just have a very few questions on phones. I don't really want to deal with telecommunications, but I do want to ask about phones, if it's all right, if you have staff here.

HON. H. HARAPIAK: Sure. Yes, we have staff here.

MRS. G. HAMMOND: I want to know, in the first place, who instigated the change of the telephones that we have. In our caucus offices in the caucus rooms, we have I guess two phones which are dial-tone, and when you're in the caucus office if there isn't staff there because of the new system, of course it just rings out in the secretarial office and there's no way of knowing.

At one time, the lights used to pop up, and it may have been the old system, but I tell you it was a lot better for members who are in the caucus room at night, than the system we have presently; because if there's no one in the other office, if a caucus member who may just be working in the office, you have no idea who the phone is for and you would always be running out. That is one of the questions.

The other question is, the other thing I would like to know is, as a Member of the Legislature to come down to this building to phone, if you're going to do any of your constituency work from the office here, it's almost impossible with one line because you're dialing out and you're leaving messages for people calling back, and you're on the phone constantly. Consequently, I have paid \$58 to get a phone put in, and I'm paying \$26 extra to have an extra phone sitting on my desk. What I would like to know is, why the members could not have a touchtone with two lines and a hold, so that when you are working in the building, that at least you can have some service to the members. I don't understand the new system. Obviously the older one, it might be better for the telephones, but it certainly isn't better for the members, not in individual offices.

HON. H. HARAPIAK: I am advised that if the members can make a decision on where they want their telephones to ring, then it can be worked out that way. If they want it to ring in your caucus room, your telephones from your office can also be ringing in the caucus rooms. So it's just a matter of decision of . . .

MRS. G. HAMMOND: But the way the new system is, unless you punch the phone in, you don't know who it's for.

Mr. Chairman, the old system, the lights would light up under, you could see - my name sat on one button, the Member for Roblin-Russell, his name was on another

button; and when people phoned in, that light went on, so you could instantly look and see if that was for you or you weren't answering the phone for every member of your caucus, of which there are 25-26 members. And now, with the new system, you have to actually punch that phone and then you find out it's for someone else and you don't want to spend the whole evening answering the phone for someone else, and we don't have staff there at night.

And then in our own offices, if somebody phones back, that doesn't help; all they'll get is a busy signal, if I'm on the phone. Consequently, I'm paying for an extra phone in my office, but it certainly is a very poor way to service this building and to service the MLA's in our offices.

HON. H. HARAPIAK: I think it would be best if the people from Telecommunications comes down to see if there's any possible way that they can work it out with the equipment we've got presently, because the old system is being phased out.

I know it was much more appropriate the way it was before, when you could keep track of where the calls were coming from. But maybe they can come down and see how they can make some changes to accommodate your wishes with the system we've got at this time.

MRS. G. HAMMOND: Mr. Chairman, I'm not going to belabour the point. The Minister responsible for the Telephone System is here right now. But I just want to say, that new is not necessarily better, and in this case it is the pits, quite frankly, the new system. I don't know who it works well for, but it certainly doesn't work well for the members and for our caucus room phones. When the telephones are paying for advertising in the Sun and in the Press to say how everybody has got Touchtone phones and we're still dialing with our fingers in the caucus room, I would think that there might be a little bit of upgrading there, too. But besides that - I don't mind dialing - but I really do mind not knowing when I have a call coming in at night. That means I'm totally isolated from any outside calls.

HON. H. HARAPIAK: We'll have staff come down and have a look at it and see if there's any way we can accommodate your request with the equipment that we have at this time.

MR. CHAIRMAN: Is it the committee's wish to rise at this time?

MRS. G. HAMMOND: I want to apologize. I want to apologize for something, I was told that they're all Touchtone. I must be imagining myself dialing in the caucus room.

HON. H. HARAPIAK: I'm wondering if we can stick to the agenda, because some of our staff will not be available tomorrow because they've got to go to a court case. So, I'm wondering if we can deal with the Employee Housing and . . .

MR. A. KOVNATS: It isn't a lawsuit for a mistaken telephone directory, is it?

HON. H. HARAPIAK: No.

MR. CHAIRMAN: Leased Properties: (1)(d), Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: Under Leased Properties, I wonder if the Minister could tell us, or give me some examples of some of the rates that are charged on a per square foot basis for buildings that we pay to rent property from private holders and Manitoba Properties Inc. Could I get a few examples, just an average?

HON. H. HARAPIAK: I could table that information for you, but Manitoba Properties Inc., the average per square foot costs are \$5.77.

MR. D. ROCAN: How much money in tax revenue does the province and the Federal Government lose through tax exemptions provided through Manitoba Properties Inc.?

HON. H. HARAPIAK: That's a figure that the Department of Finance would have. We wouldn't have that with Government Services.

MR. D. ROCAN: Okay, (d)(1) and (2)—pass.

MR. CHAIRMAN: 2.(e)(1) Employee Housing, Salaries - the Member for Turtle Mountain.

MR. D. ROCAN: For which departments does the Department of Government Services provide housing for?

HON. H. HARAPIAK: We provide housing for the Departments of Natural Resources, Highways, Government Services, Community Services - and Frontier Schools. We have the Departments of Natural Resources, Highways, Community Services and Health.

MR. D. ROCAN: It's classified as a housing unit and where are they located in the province?

HON. H. HARAPIAK: We have 117 different locations. It's three pages of locations all the way through the province. So I'll forward a copy of the housing units to you.

MR. D. ROCAN: What type of accommodation is supplied to a person in this classification?

HON. H. HARAPIAK: Just a living unit. In some cases, it's two bedrooms, three bedrooms or whatever is required, or a mobile home in some instances.

MR. D. ROCAN: How many people are presently in this particular classification?

HON. H. HARAPIAK: There are 101 units leased to department employees. There are seven units being used for bunkhouse facilities; there are six units leased to the private sector, pending need of Government Services, government departments; and there are three vacant at this time.

MR. D. ROCAN: What would be the cost back to the department here? What does it cost the department?

HON. H. HARAPIAK: There is no cost to the department. It's a net out. We recover totally the cost from all the departments.

MR. D. ROCAN: Are there guidelines issued as to how the unit no longer meets the program requirements, and who establishes this?

HON. H. HARAPIAK: The client departments go to Treasury Board and justify their needs for the housing and when we find that the housing units are no longer required, then they would be sold.

MR. D. ROCAN: Is the Minister aware of any policy changes that are going to occur as a result of a change in the present policy now?

HON. H. HARAPIAK: We are not contemplating any change in policy at this time.

MR. D. ROCAN: I noticed under Activity Identification, you have, where the program provides accommodation where the employee is subject to frequent transfer between geographical areas.

Are any of these units outside the province?

HON. H. HARAPIAK: No, we have no units outside the province.

MR. D. ROCAN: I just noticed that we have "geographical," and I just wondered.

HON. H. HARAPIAK: That could be a location like Highways where there is difficulty getting housing in some particular community, where there is a need for employees to be located, or in an area like Gillam where there's need for Natural Resources to have resource staff located in there and then they would require houses in isolated cases of that sort.

MR. D. ROCAN: Did somebody recently retire? In Employee Housing, we have \$73,000 for Salaries. In the annual report it shows 34.8. Why is it so high? Did somebody retire and, if so, who?

HON. H. HARAPIAK: Last year, there were three employees in the Estimates, but there was one employee who wasn't required and so it was reduced to two. There were two staff years transferred out. One was a secretary and one was a supervisor.

MR. CHAIRMAN: 2.(e)(1)—pass; 1.(e)(2)—pass.
2.(f)(1) Salaries, Security and Parking - the Member for Roblin-Russell.

MR. L. DERKACH: Mr. Chairman, a question on parking with respect to validation stickers for members of the Legislature and also staff.

The parking area around the Legislature is always congested. If one arrives here early enough in the morning, many times one finds that staff from other areas, other government staff, come and park their

cars here and walk over to other buildings to start their day's work. That just adds to the congestion around this building. We find that staff, perhaps, who come here later can't get adequate parking.

Is there any way that Government Services could perhaps devise a sticker that could be placed on the windshield so that areas around the Legislature would be used by those people who work in the Legislature rather than people who work in other buildings?

HON. H. HARAPIAK: That's an extremely difficult area to deal with. We are looking at developing some sort of a process for finding parking space for government employees. Just because people work at the Woodsworth Building, they are government employees just as much as people working in the Legislature, and that's where some of the people do go to, so we have to come up with a facility where government employees can park.

We feel with the negotiations going on now for possible paid parking, that may alleviate some of the problems because there may be more people pooling cars once they have to start paying for parking.

I want to tell you, there's been cooperation from the employees. They are anxious to get the parking problem resolved as well, so there are discussions going on with employees at all levels to try and resolve this problem.

MR. L. DERKACH: Mr. Minister, we're not trying to lay the blame on employees who work in certain areas, other areas in the Legislature, but I think we all recognize that with the number of people that are working in this particular building we hardly have enough parking spaces that surround this building; I think that's a given, without having people from other areas, down Broadway or the Norquay Building, or wherever, parking their vehicles here.

So I think that problem has got to be addressed by your department, Mr. Minister, so that there can be some alleviation of the problem for staff that work here.

I know we have staff who can't get parking spaces here, they keep running around for 15 minutes every morning trying to find out who's not here and try to get a parking space somewhere on the grounds; and I don't think that's very fair for employees to have to come to work, regardless of who they work for, whether it's your side of the House or ours, when they come to work to try to find a parking space when none are available, and then later find out that they've got a ticket stuck on their windshield.

The other question that I had was whether or not, on a day like we had today where it's Senior Citizens' Day and only MLA's were allowed to park in the rear of the building, whether it is only restricted in those instances to MLA's, or whether government employees, or employees of the government are allowed to park there, but employees of the Opposition are not allowed to park there?

HON. L. HARAPIAK: Only the assigned parking people, like the Deputy Ministers, have their parking spots, and outside of that only the MLA's were allowed to park in that area.

MR. DEPUTY CHAIRMAN, S. Ashton: The Honourable Member for Roblin-Russell.

MR. L. DERKACH: Well, Mr. Minister, I don't want to appear to be a squealer, but I think if that is the rule, then that rule should be abided by fairly for both sides of the House, because today, clearly, there were people on the government side, who are not Deputy Ministers, who were allowed into the parking area; whereas our employees, for example, were told to leave their cars at home or find parking elsewhere.

I simply say that we have a parking problem, that's a given. I don't think the system is working the way it is right now. I don't think we should be putting any blame on the employees because they're just trying to do their part in finding a spot so they can leave their car for the day and work, and I think it's long overdue, and I hope that your department will remedy this in the near future.

HON. H. HARAPIAK: I am advised that anybody that had an assigned parking spot in the back was allowed to park in their assigned spots, and any of the scrambled spots were left for the Ministers. It was equally applied to both sides, if it was a member of the Opposition, or a member of the government.

MR. L. DERKACH: No, that wasn't the case, but nevertheless. I don't want to make a point of that, Mr. Minister. I used that as an example to illustrate the fact that I would hope that you use some expediency in alleviating the problem that persists around the Legislature right now, because it's not getting any better, it's getting worse.

HON. H. HARAPIAK: I can tell you that since I've become Minister of Government Services, I've had more complaints about employee parking than any other item dealing with any of the departments of Government Services.

MR. L. DERKACH: Well then I suggest we do something about it, Mr. Minister.

HON. H. HARAPIAK: We are in the process of doing something about it. I think paid parking will probably resolve a lot of the problems.

MR. L. DERKACH: Well, that's your problem, Mr. Minister, and I hope that a year from now we're still not debating this same problem.

HON. H. HARAPIAK: I certainly hope not.

MR. DEPUTY CHAIRMAN: The Member for Turtle Mountain.

MR. D. ROCAN: Under Activity Identification, it says here where the department "operates a Tour Guide Program in the Legislative Building." Is the Minister considering making this a year-round fully-staffed program?

HON. H. HARAPIAK: There was some consideration being given to having tour guides on a year-round basis.

MR. D. ROCAN: These tour guides right now, they're only there for what, a three or four-month period?

HON. H. HARAPIAK: They are presently on from May to September.

MR. D. ROCAN: And the rest of the time, the rest of the year then, we expect the security guards to be tour guides, right?

HON. H. HARAPIAK: Yes, the security guards do act as tour guides on occasion.

MR. D. ROCAN: Therefore you're saying that in order to free up the security guards, we're looking right now at making these tour guides year-round.

HON. H. HARAPIAK: Well, we feel that we are looking at the possibility of treating this as sort of a part of our tourism industry and having one staff on during the off season time, but we would staff up during the busy period of May to September. We're looking at having one during the wintertime.

MR. D. ROCAN: Is the Minister intending on increasing staff for security?

HON. H. HARAPIAK: We are not intending to staff up, but we are intending to utilize the staff years that we have been given to a better degree.

MR. CHAIRMAN: The Member for Turtle Mountain.

MR. D. ROCAN: How many security staff do we have presently in the Legislature?

HON. H. HARAPIAK: Currently we have one program manager, a secretary, one senior security services officer, two security officers on day shift, two commissioners, and two security officers on night shift.

MR. D. ROCAN: On the evening shifts, say now, when one security has to make his rounds, that only leaves one in the building, right?

HON. H. HARAPIAK: The only time that they leave the building is when they go out to close the gates and then they're in radio contact with their partner at all times.

MR. D. ROCAN: So they don't have to make any rounds in the evening at all. They don't patrol the grounds at all.

HON. H. HARAPIAK: They have a mobile patrol. In addition to these two guards that are on, they have a mobile patrol that's available to them as well.

MR. D. ROCAN: How often would he be coming around the building?

HON. H. HARAPIAK: The mobile patrol is on for 16 hours a day, seven days a week, and this service responds to all emergency calls as well as carrying out all regular patrol checks during the silent hours in a majority of locations.

MR. D. ROCAN: So he wouldn't have to log in here at all then, would he?

HON. H. HARAPIAK: They are supposed to be coming through on a periodical basis.

MR. D. ROCAN: By closing the gates at six, is that just to cut some of the traffic? Any special reason why we're closing gates at six o'clock now?

HON. H. HARAPIAK: It was moved to six o'clock in error. It has now been changed to eight o'clock, and yes, they are closed to restricted traffic.

MR. D. ROCAN: I also note here, where it says, "provide surveillance", is this what we're talking about, surveillance right now - your roving security guard?

HON. H. HARAPIAK: That is referring to intrusion alarms that we have in some of our buildings.

MR. D. ROCAN: The alarm in the Lieutenant-Governor's building - is it working now?

HON. H. HARAPIAK: Yes.

MR. D. ROCAN: Is there any special training given to our security staff?

HON. H. HARAPIAK: The staff is given a training program that is an internal program that has been developed internally. Everyone is given that when they are coming on staff.

MR. D. ROCAN: I noticed that we contract security for Keewatin and Ward Laboratories and the Agriculture Service Lab. Who has these contracts and were they tendered out, and at what cost?

HON. H. HARAPIAK: We're just looking for information as to who has them, and maybe we can get them to you at a later time.

MR. D. ROCAN: Has the department given any consideration at all to automating, or some kind of electronic cards, or something, to get in four doors of this building. You know, after that last episode in Ottawa, there was an awful lot of people that were scared that somebody would try and get into this building. We've only got two security guards and they're always at the front of the building, and there's four other doors that a person would get access into this building. Have you given any consideration at all that some kind of a card or something . . .

HON. H. HARAPIAK: Yes, we have that under consideration. I would like to discuss that with you further.

MR. D. ROCAN: Okay. I think we could pass this one.

MR. CHAIRMAN: Pass?

MR. D. ROCAN: Okay, the parking is all looked after so we can pass.

MR. CHAIRMAN: Gimli Properties: Salaries (1).
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MR. D. ROCAN: Thank you.

I would like a status report on what steps have been taken to privatize Gimli Properties. The Minister last year was considering such a move. Can he tell us how far we're along?

HON. H. HARAPIAK: Okay, we can break, or rise if you like, if you didn't want the answer to that one.

We have transferred all the housing units and they have been sold, and there's an agreement on the Recreational Centre, and the rest of the project is in the process of being transferred.

MR. D. ROCAN: Last year the former Minister indicated that the houses at Gimli were going to be sold as condominiums. Have any of them been sold, to date?

HON. H. HARAPIAK: It is our understanding that all the units have been sold, have been renovated and sold.

MR. CHAIRMAN: Gimli Properties: Salaries (1)—pass; Other Expenditures—pass.

Can we pass the resolution on that tomorrow then? Is that fine with the Committee? (Agreed)
Committee rise.

SUPPLY - COOPERATIVE DEVELOPMENT

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

We have been considering the Estimates of the Department of Cooperative Development. We are on Item No. 2.(a)(1) Cooperative Credit Unit Development, Salaries; 2.(a)(2) Other Expenditures.

When we left off before the interruption for the Private Business Hour, there was a question from the Member for La Verendrye and the Minister was about to answer. The Member for La Verendrye.

MR. H. PANKRATZ: Mr. Chairman, it appears that the Minister who is supposed to answer, and the person who asked the question, both don't remember. So, in that respect, I will ask a new question. I don't know whether it's new; I think it's partly the same question that I had at six o'clock when we adjourned.

Would the Minister like to elaborate as to what his long-range plan is in respect to credit unions and also with the stabilization and whether the rates would be increased and, if so, how much, or whether he could set a ceiling on it?

This is basically, I believe, what was my question, whether there would be a possibility of capping it, sort of, so that credit unions that are doing well, so to call, wouldn't have to, forever and a day, be subsidizing those which possibly aren't doing so well or maybe should even be closing.

MR. CHAIRMAN: The Honourable Minister.

HON. J. COWAN: It's actually the legislation itself that sets the ceiling, the maximum amount, by which a levy can be collected, and that is the one-quarter of 1 percent plus the one-eighth of 1 percent; so that, in effect, is a legislated ceiling and cannot be exceeded.

As I indicated earlier, there are other ways that the system and the movements can work together internally in order to provide for self-help, but in respect to levies, there is that legislative requirement.

I think there's another part of the member's question though, and that's time - how long will that levy be imposed. It's really a matter for the systems themselves to determine, for the most part. However, if the systems are approaching the government for assistance and were talking seriously about assistance with them through an agreement or a continuation of an agreement, as we are now, then I feel the government has a responsibility to say to them that as long as certain requirements are there or as long as certain circumstances exist and you require our assistance, we are going to ask you or require of you, if it's by way of an agreement, some self-help.

So if you're asking a question in context of the discussions that are presently ongoing, I think the best answer would be is we expect that the movements will be providing some form of self-help which may be through form of a levy, it may be through other forms, maybe both, or through many different forms, as long as they're in an agreement with us and expecting some assistance of any sort from the Provincial Government. Once there's no longer any agreement, then, of course, it's up to the systems unto themselves to make that determination.

MR. H. PANKRATZ: Mr. Chairman, I think it's quite obvious, though, that there are some credit unions that have never required or have asked for any assistance, and I believe when the Minister indicates that these that are requiring assistance, then there's an obligation, I respect him for that comment.

At the same time, I can't quite go along with his line of thinking that for almost into an endless amount of time or regardless what these credit unions are doing, they are receiving funding from the stabilization. I believe there must be a way, in an orderly fashion, to either shut them down, close them down or something. That should also be in the legislation. Whatever you're claiming as a government that you're contributing, it's everybody's money in the Province of Manitoba who are contributing. At the same time, then the same area, it's like a double taxation. They're also then, through their credit unions, funding for this.

I would like the Minister to elaborate a little more, because he did indicate that basically - I'm sensing from him - he's not prepared to renew the interest from the \$29.5 million, he's not willing to renew that in July when that expires. At least I'm sensing that from him. So I wish, once more, that he would elaborate a little more so I'd have a better idea as to what the future of these credit unions and also those credit unions that for many years have been running a deficit, and how he intends to proceed with those credit unions.

At the same time, my next question, which I wish he could right away answer at that time, would be: How many credit unions have required assistance in the past year out of the Stabilization Fund?

HON. J. COWAN: Well, I can agree with the Member for La Verendrye's statement that there are some credit unions and caisses populaires that have not required assistance, have never required assistance in the past.

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I'd like to carry it one step further, and ask him if he agrees that at any given time, every credit union or every caisse populaire may in fact require assistance. So one can say that there are some that have never required it, but one cannot, on the other hand, say there are some that will, without doubt, never require assistance. I think even the strong credit unions today will accept that notion.

They will say we're fine, for whatever circumstances - maybe it's good location, maybe it's good management, maybe it's good fortune. We're in a good position today. But it may be that those circumstances change or that good fortune turns sour, and we may be in a situation where we require assistance in the future.

So while there is truth to the fact that they have not required assistance, I think there is an equally compelling truth to the fact that they may require assistance. For that reason, we have to structure our programs not only to take into account the strong, but also to take into account the potential for the weak to become strong and for the strong to weaken over time. The programs we build have to acknowledge that circumstances change.

One of the ways of dealing with the specific concern that the member expresses in regard to the weak credit unions dragging down the strong credit unions or the weak caisses populaires dragging down the strong caisses populaires is for them, when they develop their cooperative mechanisms internally, to develop a mechanism where, perhaps, as the weak becomes strong - and that's the goal - they're able to repay some of that assistance. Maybe they repay it to a strong credit union and help them, maybe they repay it to a weaker credit union that needs the help so that everybody continues to help each other.

If, in fact, in spite of our best intentions and their best efforts, the circumstances so mitigate against them that they cannot gain that strength and that vitality so that they are not viable institutions, then they would have to be closed down.

When we say "closed down," it's not a matter of closing the door and the membership or the depositors losing their money; it's a matter of merging them with the stronger credit unions so that those members can go to a different credit union. So what you're doing is you're allowing them the opportunity to participate and continue to participate in the credit union or caisse populaire movement. It's just the location has changed.

The member, I think, is suggesting that perhaps we have to do more of that. I don't think that we have to do all that much more at the present time, because as I indicated earlier, we've gone from, I believe, 128 to 95 - some of those mergers, some of those disillusiones over the last decade - so there has been quite a bit of rationalization.

But if further rationalization is required, then I think that is an option that has to be looked at by the Stabilization Board, by la Fonds de sécurité, by la Fédération, by the Central, and by the individual credit unions, and I think they can take those difficult decisions when they're required. Their overall goal is the same as the Member for La Verendrye, myself and the other 340,000 members' share, and that's a strong, viable, financial movement based on cooperative principles in which we can invest our savings - that which they may

be - and we can also benefit by the health of that movement as a province.

In respect to the specific question, there were 19 credit unions that received financial assistance during 1986. There are 25 presently under supervision, and that's a reduction of 2, I believe, over the past year. Actually it's a reduction of 4, with 2 coming in and going out, but a net reduction of 2. There are 2 caisses populaires that received assistance during 1986 out of 4 deficit caisses populaires.

MR. H. PANKRATZ: I think maybe the Minister misunderstood me, but I suspect it's maybe even intentional, because when I indicate that he's taking the provincial funding to basically subsidize credit unions, it's like, for instance, when 17 million in five years, the interest has been taken from the Province of Manitoba, that needn't necessarily be credit union members. It's the ratepayers' money. It's the Manitoba people that have paid that money and they're concerned where their tax dollar is going.

If the credit union, as such, wants to have this type of a program whereby they will equalize for each other and pay into the fund and then subsidize, I can accept it to some point, but when you have all the ratepayers in this Province of Manitoba forever and a day subsidizing some credit union which possibly shouldn't be in existence, then I sort of have to differ with the Minister.

My next question to him would be in that respect: How many of those 19 consistently have demanded funding from the Stabilization Fund?

HON. J. COWAN: Without having exact figures in front of me, I think it's safe to say that most likely all 19. If not all 19, certainly the majority of the 19 have received assistance on an ongoing basis for the last number of years.

It's also important to point out that out of the 24 credit unions under supervision, 12 of them showed operating profits for the last year. So they may be under supervision because of debts from previous years and they just haven't been able to work their way out of that. But if you take them on a year-by-year basis, they are showing progress.

It's very important to keep indicating so that there be no misunderstanding about the overall health of the system, that the system is generally healthy. It went through a difficult time and it required some assistance. That assistance was designed, developed and implemented with the purpose in mind of making the system healthier, and it seems to have done that.

It was also developed with the question in mind as to whether or not that type of assistance or another type of assistance would be required after five years, because the loan agreement had a five-year reopener in essence. Those negotiations, those discussions, are being undertaken at present, and there should be an announcement forthcoming relatively soon as to the results of those deliberations.

In respect to the Manitobans generally, the taxpayers helping to provide assistance to the credit unions and caisses populaires, the member is absolutely correct, because the interest, in essence, comes out of provincial funding, although it's a provincial bond and there's

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interest on that. It's still a significant amount of money that comes out of the province's overall ability to raise money and to pay out money for other programmings.

I would only ask the Member for La Verendrye, what would he have done under similar circumstances? When you're faced with a system that needs that assistance to make it through a window, a very difficult window, a very difficult time and you know, if you provide that assistance, it's going to make it through that window and the gamble, based on the best available information and forecasting that one can do, is that, when it makes it through that window, it will grow, it will increase in viability, its health will become better and eventually it will be able to stand on its own. That is the one option available to you, as opposed to the other option of doing nothing, and perhaps it won't make it through that window.

I guess we'll never know, but there was a concern that assistance was required at that particular time, and the assistance has, in fact, had the intended purpose. We have gone through that difficult time. The system is healthier, more viable, still some work to be done, granted, but we're prepared to do that work.

We have been able, through a whole variety of different means and measures, been able to build for the future. There's new legislation in place. The financial assistance has helped individual credit unions and caisses populaires. The Performance Improvement Program - we're now doing some work in respect to loans and how we identify a healthy mechanism for providing loans through the credit unions and the caisses populaires.

All that work needed time to be done. It has been done. The system is healthier. I think the figures I gave earlier were 12 percent and 14 percent growth in assets respectively for the credit unions and the caisses populaires in the past year. That's a very healthy growth ratio for those financial institutions, and it seems to have worked.

What would you have done in place of that sort of assistance? I don't think there was any other option available to us. I think the option available to us now is to reflect upon the experiences and the lessons we've learned and try to develop a transitional package of assistance which takes us to the next level where those institutions should be in very, very, extremely healthy conditions. That took some assistance from Manitobans generally.

By the way, it also took some assistance from Manitobans generally, and Canadians, to help the banks out of difficult circumstances. It's not just the credit unions and the caisses populaires that required government assistance. The banks required that sort of assistance previously, as well. That assistance was provided in much the same way.

I think that, while we would have preferred not to have to spend that money, in hindsight, that money was well spent.

MR. H. PANKRATZ: Well, I'm not going to belabour that issue much longer, but when you're indicating how healthy the credit union movement is today and I believe you indicated that seven new credit unions went into a deficit position whereby they needed funding from the caisse populaire which made it now 19 and there

were 12, I believe, before, if I quote you correctly. Some pulled out of it and some went down, so I believe that the number is very much the same. So, I don't think that the movement has increased that much.

But unless the Minister wants to respond to that, I'm willing to move on to the next item in the Estimates.

HON. J. COWAN: I thank the Member for La Verendrye for the opportunity to clarify my earlier statement. I don't want to be misunderstood.

As of December 31, 1986, there were 24 credit unions under the Fund's supervision. At the start of the year, there were 26, as of December 31, 1985. There were three additions and there were five releases - no mergers. That leaves us with the net gain of two credit unions being released from supervision during the past year even although three new ones were placed under supervision. Five were released. I think that generally indicates that the system, while there are still problems, and still problems evolving and emerging, generally the system is in much better health than it was the year previous.

MR. CHAIRMAN: 2.(a)(1) to 2.(b)(2), inclusive, were each read and passed.

3.(a) Interest Forgiveness, Canadian Co-operative Implements Ltd; 3.(b) Credit Unions and Caisses Populaires Assistance - the Member for La Verendrye.

MR. H. PANKRATZ: I would like to ask the Minister in regard to this Canadian Co-operative Implements Ltd.- how much money has this operation since, say, 1982 cost the Province of Manitoba?

HON. J. COWAN: I think we really have to go back to 1978 when the first agreement was reached. The agreement in '78 - and I have to look to staff because I sometimes get the years mixed up as to which was the loan and which was the guarantee - was the guarantee. Then in '82 was the loan and in '85 was the write-off of the loan and also a payment of the interest of the guarantee for the one year. Then just most recently was the write-off of 50 percent of the guarantee with the proviso that if the operation is successful that we would get a certain percentage of the profits back each year and the projections are such that we should recover our 50 percent write-off of the rest of the loan guarantee over a six-year period. But that's only a forecast in the projection.

As for the exact total, that would amount to approximately \$3.8 million since 1978.

MR. CHAIRMAN: Before we proceed any further, I missed reading a resolution that we have already approved - 39.

Resolution No. 39: Resolved that there be granted to Her Majesty a sum not exceeding \$1,540,100 for Cooperative Development for the fiscal year ending the 31st day of March, 1988—pass.

We can resume now our consideration of Item No. 3 - the Member for La Verendrye.

MR. H. PANKRATZ: Well, I don't have very many questions in that respect on it, because I realize that I have before me as well the 1978 original loans, but

I guess possibly my questions, which I couldn't get clarification on, was, in 1978 it was \$23 million; and then, in 1982, it became \$35 million; and then, in 1984, it had a \$17.9 million deficit; and naturally some of these figures were shared by Alberta and Saskatchewan as well. At the same time when you made this last agreement and forgave \$1.4 million, I believe in two installments, then Alberta did not forgive it. They just borrowed the money to Saskatchewan and Alberta, to Canadian Co-op Implements.

I was just wondering, why did the Province of Manitoba forgive the loan and Saskatchewan and Alberta just borrowed it?

HON. J. COWAN: I guess that situation arose because we're a bit more hard-nosed in our approach to bargaining with Vicon and Co-op Implements than were the other governments.

What we said in the previous agreement was that we would not write off the loan guarantee, even although that had been requested of us. We said that we would pay the interest on the loan guarantee for one year because we felt that was necessary for the cash flow of the Vicon Corporation and Co-op Implements.

At that time, Alberta and Saskatchewan, I believe, wrote off the loan guarantee in essence 100 percent. So when they came back to us, Vicon and Co-op Implements - and by the way they came back to us with a somewhat different proposal than we finally ended up with - they asked us to write off 50 percent of the loan guarantee, the existing loan guarantee, and they were prepared to write off 50 percent of the loan guarantee.

Well, we said, you know that's not a particularly bad deal but, when we looked at their projections and their forecasts, that it allowed for them a certain level profitability over the next number of years based on our writing off which cost the taxpayers some money, 50 percent of the loan guarantee.

So we said to them, we're prepared to, in essence, gamble with you. We'll write off the 50 percent of the loan guarantee but, based on your projections, if we get back a certain percentage of your profits each year, then we will have recovered, with interest to a certain extent, our 50 percent write-off of this year over a six-year period.

And there were some other matters which Manitoba negotiated which the other jurisdictions didn't, such as Pay Equity and Affirmative Action. So those were, I guess, as a result of our harder approach to the negotiations, and they were based on the premise that we were prepared to help, but we weren't prepared to use taxpayers' money to provide profits to C.I. or patronage dividends to C.I., or profits to Vicon. If in fact there were going to be those profitable levels, we wanted some of it back.

The way in which Alberta and Saskatchewan approached it resulted in the situation which the Member for La Verendrye just outlined and that is, they were prepared to write off the full amount. When we entered into the negotiations, we tried to package the agreement so that we'd all be relatively the same in our approach to the negotiations. They had already, in fact, paid off some of the loan guarantee and they had money flowing back to them as a result of that. That's why it shows up in the way it which it does.

The benefits, in respect to the loan guarantee, per se, are essentially the same for all provinces in the Federal Government. On top of that, we received the benefit of pay equity and affirmative action through the development agreement and some commitment to job levels in the province.

MR. H. PANKRATZ: Could the Minister indicate what difference there is in tax structure versus a private company, let's say, on a co-op, whether it's this type of a business or whatever, but the difference in tax structure as it pertains to provincial and maybe federal taxes?

HON. J. COWAN: There's a running battle that takes on different shapes in respect to who is putting forward a position at any given time.

The co-op movement always says it's hard done by the tax system and businesses are better off under the existing tax regime. Businesses say that they are hard done by the tax system and co-ops are better off under the existing regime. Credit unions and caisses populaires say that they're hard done by and banks are better off. Banks they that they're hard done by and credit unions and caisses populaires better off, which tells me one of two things: either everybody's hard done by, or everybody's better off.

If it's federal taxes we're talking about, it's everybody's hard done by; and if it's provincial taxes we're talking about, it's everybody's better off.

A MEMBER: It makes sense to me.

HON. J. COWAN: So, in respect to Vicon and C.I., there is essentially no difference. Remember that C.I. is a federally incorporated cooperative as well. There is essentially no difference in the tax regime in the way they fit within the different programs.

There are some differences in other areas; for example, employment cooperatives are treated differently, or the individuals who are the owners of the business in co-op employments are treated differently than are the owners of business in limited partnerships, or in other forms of more traditional incorporation.

I would suggest, and we've done studies to that effect, that they are probably harder done by in those instances, just because the system didn't recognize the particular value of employment cooperatives at the time the system was set up, because there weren't that many employment cooperatives around. Now, hopefully, with the new tax reform package coming, that might be an item. A quick phone call to your colleague in Ottawa and we may be able to get him to include something in there for employment cooperatives. Seriously, there are differences in some areas, but in this particular area they are treated pretty much the same.

MR. H. PANKRATZ: I understand then that the provincial legislation in respect to taxes would treat Vicon the same as a private company would be treated in the Province of Manitoba. Am I correct?

HON. J. COWAN: Vicon is a private company, so, yes, it would be treated as other private companies are. It is not a co-op unto itself; it's part of a larger

organization, and it would be treated the same as any other organization of its type in respect to the taxes it pays, in Canada generally, in Manitoba specifically.

MR. H. PANKRATZ: Well, I'm not sure exactly where the tax breaks come in and I intend to pursue it a little farther. There is some special status that co-ops do get over private companies. Vicon is a subsidiary, actually which owns 49 percent of CCIL. I'd still like to ask the Minister the question: How can a Dutch company own 49 percent of a co-op in Manitoba and be considered a co-op?

HON. J. COWAN: They can do it because the law provides for it to be done. That's not a flippancy answer, nor is it intended to not address the issue.

I want to address the issue on a somewhat different perspective. They can do it, however, because C.I. is a federally incorporated cooperative and the legislation and the regulations under which it operates allows for this particular joint venture to take place. We did, in fact, check that. The Federal Government was involved in negotiations. As a matter of fact, a man for whom I have a great deal of respect, Charlie Mayer, was involved in those negotiations from time to time and, in fact, they clearly identified this was a legal mechanism for a joint venture.

I think the member addresses it not from a purely technical or legal perspective, it really is a philosophical question. How can a private multinational corporation be involved to this extent with a local or federally incorporated cooperative? To rephrase the question, I guess one should ask, "Why not?" and that would lead one to the question, "Why?". Why? Because C.I. probably could not exist on its own. Because Vicon needed C.I. Because C.I. needed Vicon. Vicon needed C.I. for the distribution network. C.I. needed Vicon for the manufacturing process and for parts. And together there was a synergy that allowed them to form a symbiotic relationship through a joint venture that provided for growth in both of those organizational entities. So, that's the "Why?". They needed each other, basically.

It carries us to the question of, "Why not?". Well, one would only reject that proposal from a philosophical perspective. Mechanically it made sense. Practically it made sense. Legally it was certainly allowable. So, if you were to reject it, you would have to say there was something wrong with a multinational and a cooperative working together when they needed each other. That was a decision that I wasn't prepared to make.

I, quite frankly, don't know what the outcome of that relationship will be. I can assure you that it will evolve and grow over years and it may be that Vicon takes over C.I. or it may be that C.I. takes over Vicon. Or it may be that they have a different relationship based on different percentages of ownership over a period of time. Or it may be in the end, and I doubt this will be the case, but it may be that it's exactly the same relationship as it is now when all is done and finished.

But I believe that where there is that need, the need for an agricultural implement industry in the province, need for cooperatives, need for a network for those who are doing the manufacturing, we should do everything possible to make certain that those parties that wish to cooperate together can do so.

Now, another one of the six basic principles of cooperation is cooperation among cooperators. That does not mean that there can't be cooperation among cooperators and the private sector where that cooperation works to the benefit of both parties. In this particular instance, it appears as if it does work to the benefit of both parties.

It's interesting what the management, senior level management from Vicon, said at one point during our negotiations when we broached the same sorts of questions and somewhat at a different level and for a different reason. He said, "Look, as a corporation we have to be constantly looking for ways to better serve our clientele and our customers." If that means working with a cooperative - and this is done in other areas, as well, Europe has a very strong tradition of cooperation as well, where this company is originally from - then they would be prepared to do that and they felt that would be a healthy relationship that would benefit both parties. I believe the same to be the case. So that's why, in my mind at least, when one boils the argument down to its essence, there is no reason why they should not be able to do so, and that should answer the member's questions.

MR. H. PANKRATZ: Well, Mr. Chairman, I don't have basically any more questions, except I would like to make some remarks in respect to our Estimates, if I may, and I don't know whether, Mr. Minister, you would allow me to make them now or whether you want to close debate on these first.

HON. J. COWAN: No, no, it's all right.

MR. H. PANKRATZ: Well, I would like to thank the Minister for giving me all the information that I've been asking for. Naturally our views were not in total agreement with all of our views in respect to credit unions and so forth.

I found it also rather interesting when it came to Lakeshore Co-ops that he made the comment: it does not matter what type of land is broken in respect to. So I found that rather interesting. When a Minister makes a comment of that nature and then we see that federal funding, I guess that was so lucrative you just couldn't resist, so it didn't matter. I guess that brought on comments of that nature.

I also would like to have him look at page 57 in the Auditor's Report which also states, and I would like to read that if I may, and I'll quote: "The Cooperative Loans and Loans Guarantee Board rerecommend that the Board seek legal counsel before loan or loan guarantee applications are approved, and once approved before amendments are made."

So I think that's also a caution. I think when an Auditor puts something of that nature in his report, at least my experience from auditor's reports are that they are very vague in their recommendations. You've got to almost read between the lines, because basically that's what they're doing. Naturally, they are also appointed and they want to retain their position as well. So when an auditing firm puts that in writing, I think it's really warning us in quite an extensive way.

So I also found it interesting that basically he's been Minister for quite a number of years and he didn't quite

know how some of his boards had been appointed or what terms they were serving. So I didn't want to pursue it much longer because I have a limited amount of time on hand.

I also found it interesting that our views varied that much in respect to the credit unions, in respect to some of them that were financially in trouble, and that the Minister feels that regardless - actually basically - of how many years they are in trouble and they have to be bailed out by stabilization that it's a provincial duty to keep them alive.

I think that is a point that, as much as I agree with the credit union movement as such, I believe there must be a choice or a way out for those that financially are not in a position that cannot hang on to the market, or for whatever reasons, poor mismanagement, or whatever you want to call it. Like everything else, a certain amount of survival of the fittest must be built into the system; otherwise, basically, I think it will come to a point where credit union movements will not be that well accepted in the Province of Manitoba.

I do appreciate the openness that the Minister has displayed to me through the past year and a half, and for that I give him credit, and I hope to work with him in the future again.

Thank you.

MR. CHAIRMAN: 3.(a)—pass? - the Honourable Minister.

HON. J. COWAN: Whoa. Yes, I just wanted to thank the Opposition critic for his estimates, as always, and for his cooperation over the past couple of years in reviewing issues of importance. I just wish a number of his colleagues would take note of his style, where I believe that a cooperative, working relationship between the Opposition critic and the Minister has resulted in a full sharing of information, where that information was in fact required.

It clearly shows that there is room for honest and committed people to differ on approaches to cooperation and the cooperative movement in Manitoba.

The areas which he outlined are areas where we do share differences of opinion. There are other areas he didn't outline where we share the same opinion. I think what is important, however, is that we have this opportunity, in this venue, in this environment, to speak to those differences of opinion and to try to convince, each the other, of the legitimacy of our own position, and to listen carefully to what the other person has to say, because I have found over the past number of years some good suggestions in what he has to say to me. Some I've not been able to act upon, some I've rejected, because I did not believe them to be good suggestions. But there were other points he made which were helpful in government trying to build a better cooperative system.

Just one quick point on some of the things he said. I'd like to speak to all of them, but I know we want to get on with the next Estimates.

I did not say that I did not know how the boards were appointed. What I said is, those individuals were appointed before my tenure as Minister and I could not speak as to why those specific individuals were

appointed. But, if the member will recall, I then went on to outline four or five points, which are not necessary to repeat, in respect to what I consider to be important for board appointments in those particular areas. So that would be the process I would follow, just so there's no misunderstanding in that area.

Again, I'd like to thank him. There are some things which we took as notice, which we'll be able to discuss in the future.

MR. CHAIRMAN: 3.(a) Interest Forgiveness, Canadian Co-operative Implements Ltd.—pass; 3.(b) Credit Unions and Caisses Populaires Assistance—pass.

Resolution No. 40: Resolved that there be granted to Her Majesty a sum not exceeding \$1,178,200 for Cooperative Development, Interest Forgiveness, for the fiscal year ending the 31st day of March, 1988—pass.

Back to the Minister's Salary.

1.(a)—pass.

Resolution No. 38: Resolved that there be granted to Her Majesty a sum not exceeding \$542,300 for Cooperative Development, Administration and Finance, for the fiscal year ending the 31st day of March, 1988—pass.

SUPPLY - HOUSING

MR. CHAIRMAN, C. Baker: . . . consideration of the Budget Estimates for the Department of Housing.

We shall first hear the opening statement from the Honourable Minister responsible for the department. The Honourable Minister.

HON. M. HEMPHILL: Thank you, Mr. Chairman.

I am very pleased to be able to put on the record a few comments about a housing industry that continues to boom and to be one of the top housing industries in our country, and continues to increase year over year now to the point that it's reaching near record mid-'70 levels.

Mr. Chairman, early in the '80's I think we went through a period where the interest rates were extremely high, recession was a problem, and we brought in, as a major stimulation, programs such as Affordable New Homes and RentalStart programs. In a period, oh, from about 1982 onward, we have put something like \$300 million into the housing industry.

I think it goes to show that we're a government that really assesses what the role of government is at different times, because when interest rates are high, when construction was at an all-time low, and in very serious difficulty as an industry, that was when our government acted as a general stimulus by bringing in provincial programs that would stimulate the construction industry and provide badly needed housing for seniors, public housing, and now have recognized that the times are changing, that the market is indeed very hot and that, at all levels, construction is at a very, very high level. To that end we no longer feel that we should be, or need be, providing general stimulus to the housing industry, that the private sector is able to do quite an adequate job of that, and we intend to use our money by targeting it to geographical areas and target groups where the housing needs still remain high, even at a time when the overall construction industry is at an all-time high.

One of the things that pleases me to note is that a great majority of the new housing units that are being built right now are currently being built that are totally unsubsidised by government, which shows, I think, a very healthy situation.

For the first time in a number of years our apartment rental vacancy rates are approaching what seems to be a healthier rate, with supply and demand in better balance in Manitoba. This will also allow us to focus on the primary role of government, which is the provision of housing for low income people unable to afford adequate housing. Although we are acknowledging that we still have waiting lists that are a little too high, that we are beginning to reduce them and have, indeed, probably constructed, out of all the other provinces, one of the largest number of public housing units in the order of between 15,000-16,000 public housing units, which has gone a long way to meet a lot of the housing needs.

We are, under the cost-sharing agreements with the Federal Government that came into effect in '86, committing \$50 million annually in low income housing projects, both in direct delivery and under agreements with non-profit and cooperative groups.

A major thrust of our department's activity is going to be in the area of shelter for the homeless. This is the Year of the Homeless; 1987 has been declared Year of the Homeless and we are working very closely with social service agencies, and community organizations and groups that are all trying to deal with this very serious and increasing issue - a problem that continues and is increasing in spite of an overall healthy housing market. The reality is that we have a growing number of people who are on the streets without any adequate shelter. I suppose the alarming thing for many of us, Mr. Chairman, is that these people are indeed becoming much younger. They are young males who are having trouble finding employment, many of them children, and this is something that we must get a handle on or otherwise we probably will have a generation of children for whom stability, in terms of education and equality of life, will be seriously affected if we don't deal with the social issues that are resulting from this.

We also are pursuing our own provincial initiatives, one of which is Special Needs Housing. We will be supporting New Women's Crisis Shelters in Selkirk, Thompson, Winnipeg and Winkler, which is in addition to facilities we have previously established in major centres, such as Brandon, Portage la Prairie, The Pas and, of course, Winnipeg. We will continue to support innovative projects for the physically and mentally disabled.

Our Co-op HomeStart Program, we will support the acquisition and renovation, and conversion of existing buildings. This is particularly important in the core. In fact, the Co-op Program is one of our top priority programs in the coming year.

We have some major examples of success, one of which is the Warwick which was recently announced and opened. We also have our Senior RentalStart Program and we're going to continue to make funding available to non-profit groups who are prepared to create proper support of housing environments for our aging population.

This will be an economical way to free up larger existing homes for younger families, that modest income

empty-nester seniors would otherwise be reluctant to abandon for conventional rental apartments, and at the same time reducing future requirements for ultra-expensive personal care facilities.

We've got a growing number of seniors who are not ready for nursing homes, who are having trouble continuing to provide for themselves in their own homes and to have some capital, but for whom there has not been existing housing options for them and we hope to provide some of those through our Senior RentalStart Program.

The Infill Housing Program, which is one of the most successful programs instituted I think by our government, bringing very needed stability and upgrading to our inner city neighbourhoods through the provision of attractive, affordable housing ownership. If there is one thing that we have to address in the inner city other than renovation and upgrading of deteriorating housing stock, we have one of the oldest housing stocks in the country and that's a great challenge for us, is to try and turn around the high rental rate in the inner city. I think it's somewhere around 85 percent, I might be remembering the wrong figure, but the rental market is very high and ownership is very low. We want to turn that around because we know that ownership is a great key to maintenance of the neighbourhood.

It's interesting to note that when we first started the Infill Housing Program there was not only little, but actually no interest of the private sector in building in the inner city. Since we have demonstrated the success of the program, which is something governments have to do I think occasionally in high risk seemingly poor market areas, having demonstrated that the private sector is now prepared to come in and indicating an interest in buying up inner-city lots and putting infill houses on themselves, so that pleases us a great deal.

The rural RentalStart Program will play an important role in trying to provide private rental projects in rural and northern centres, so that we have a better balance between government and private housing and that we're not totally relying on low income rental housing or, indeed, on government public housing; and our continuing commitment to the preservation and renovation of our existing housing stock through Critical Home Repair Programs and through our participation with the federal-provincial cost-shared RRAP Program.

Also, in the course of 1987, we will be continuing to improve the administration of the regulatory areas of our department under the Landlord and Tenant Affairs jurisdiction. We are reviewing the reports and recommendations of the committee and expect to bring in major legislative changes in the coming year. However, we've moved to make some improvements in a number of areas already. The number of appeals is down considerably and the number of complaints to the Ombudsman has significantly decreased. Our turnaround time and the backlog - I think we have finally worked our way through, and that's improving a great deal.

One final point is that new private unsubsidized investment continues to increase, even with rent controls. So, it's clear that our rent controls have not had an effect on the participation or involvement of the private sector in rental accommodation development.

Just in terms of a short summary, Mr. Chairman, all of the sectors of our housing market are booming. It doesn't matter whether it's seniors, whether it's family, for special needs, condominiums, co-op, in-fill - all of them are going very well, but we continue to have a very competitive market in that even with all of this activity one might think, as in other jurisdictions, that the cost would be exorbitant or become out of reach for most young families and young people.

But in our case, we continue to have some of the most affordable housing in the country and have one of the largest numbers of young people buying homes, of any province in the country. I think this is good news for us, too, because you want the decent, affordable housing that we're providing to be available to our young families and not to be out of reach for them, as they are in many other cities and jurisdictions. So that is a short summary of the market and some of our policies and programs, Mr. Chairman.

MR. CHAIRMAN: We shall now hear from the acting Housing critic, the Honourable Member for Charleswood.

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

Firstly, let me thank the Minister for her statement and an overview of the activities of the department, both of your past and anticipated current year.

Mr. Chairman, I want to put on the record that I'm acting in the capacity as acting Housing critic at this time because of the illness of the Member for Assiniboia, who is our Housing critic. And unfortunately, our Deputy Housing critic is unavailable this evening as well. So myself and the Member for Riel will attempt to carry the load here and try to put on the record at least, concerns that we have on this side of the House with respect to the government's housing program.

Certainly the housing program in the Province of Manitoba is massive. It has been that way, I guess, since the early 1970's and has continued on through the Lyon administration and, latterly, the members opposite as well.

Mr. Chairman, many of those programs that are presently in place and are being continued were, in fact, put into place by the Lyon administration, through my leader, during his tenure as Minister Responsible for the Housing Program and the Member for Sturgeon Creek, during his time as the Minister for the housing program.

I'm pleased also to hear that the government is now attempting to focus and target its program, rather than attempt to deal a broad-brush approach to housing, in general. Certainly the private sector, a great many people, both private non-profits and private-for-profit housing companies are able to pick up and have, in fact, created most of the housing starts that we've experienced over the last couple of years - banner years, I might say, Mr. Chairman, in the Province of Manitoba.

So I'm pleased to see that, rather than a general stimulus or a broad-brush approach to dealing with housing, in general, that we're now going to be looking at focusing on target groups, on special groups that have specific needs and have need of government support, as opposed to the general population which, in my view, at least at the present time, is being well served by other markets.

Mr. Chairman, the Minister also indicated that there was an interim kind of arrangement required for seniors, those who are not quite ready for full-care senior citizens' homes, yet aren't really able to survive on their own without some form of minor assistance from time to time. It brings to mind the Bluebird Lodge on Keewatin Street in Brooklands where, in fact, that kind of project was built a number of years ago, in an attempt to meet that kind of need. They had a nursing station in the building; they had it staffed on a part-time basis during the day with nursing staff, and on a 24-hour basis, Mr. Chairman, with one other person who was not necessarily an R.N., but who was available to assist these people if they had a problem.

We have, I think, 90 units in that building, Mr. Chairman, and now, for whatever reason, there has been a cutback and those people now have no one in that building to meet those needs, except between 9:00 and 5:00, five days a week. That is a concern because the Minister just indicated that she's aiming to try to target these particular groups, yet her department seems to be taking away an existing situation which, I thought at least met that target.

Mr. Chairman, as well, the Minister commented about revitalization, particularly of Inner City neighbourhoods. The RAP Program, by and large, has been the most successful housing program that was ever created or ever thought up, I think, by anybody, in terms of neighbourhood support, in terms of meeting the needs of just about everybody, and it ranged from outright grants all the way through to loans, Mr. Chairman, that had to be repaid in full. But the RAP Program, I think, has been the most successful housing program that was ever implemented, and it has had the most impact of any city in Canada, in Winnipeg. Winnipeg is the front runner of cities in this country that have benefited from the RAP program, and have had a marked improvement in their housing stock as a result of that program.

Mr. Chairman, unfortunately the Minister, while she indicated that they have neighbourhood revitalization and improvement of the existing housing stock as a priority, in the 1986 election they made a promise that they would introduce a program that would deal with that particular situation. They promised to the public of Manitoba that they would have a housing repair program on stream, to complement and to supplement the restructured RAP Program that was changed by the Federal Government. So far, Mr. Chairman, we haven't seen that.

I'm hoping that during the course of the Estimates, perhaps it's hidden somewhere in these numbers, that the program is, in fact, there. The Minister has not yet announced it. She did indicate, however, in her opening statement that there was some concern and they were going to focus in that area, but I would hope they would, Mr. Chairman.

The Minister has indicated, and she's quite correct in doing so, that the housing stock in the City of Winnipeg is amongst the oldest in the country. All of it just about is wood frame, Mr. Chairman, and deteriorates more rapidly than the brick and stone construction of Eastern Canada. Mr. Chairman, we have to deal with that situation, but I don't think it needs to be done on a scattergun approach. That has not proven to be the best way to do it. The experience of

the existing RRAP Program, where it's focused on particular areas of need and moved about, over time as is required, seems to have produced the most value, because for every RRAP unit that is rehabilitated, you have at least one - and if not more - private sector people in the same neighbourhood stimulated by that, and to say that their own pride of ownership then becomes of interest and they want to see their own neighbourhood improved and they're prepared to invest their own dollars; those who have the dollars and who don't want to participate in government subsidized operations, or a nominal kind of loan or grant or whatever is all that's necessary to stimulate a much larger input of private capital to see that housing unit upgraded and modernized.

So, Mr. Chairman, I would hope that the government will live up to their promise, that they will in fact implement that kind of housing repair program so that we can continue with the kind of good work that's been done through the Core Area Initiative, been through the RRAP Program, and been done through the City of Winnipeg Housing Department, in terms of its input into that housing stock.

So with that, Mr. Chairman, I would hope that we can now proceed into the Estimates of the Housing Department and that we will have further questions and comments as time goes on. Thank you.

MR. CHAIRMAN: At this point in time, the committee invites the administrative staff of the Department of Housing to kindly take their respective places.

Deferring budget item No. 1 relating to the Minister's Salary, 1.(a) as the last item for consideration by this committee, we shall begin with the consideration of item No. 1.(b)(1) General Administration, Executive Support: Salaries; 1.(b)(2) Other Expenditures - the Honourable Member for Charleswood.

MR. J. ERNST: Mr. Chairman, one further thing I neglected to put on the record at the time was that because the Member for Riel and myself are rather new at this business, as of last Friday, that we may from time to time be a little off target in terms of the exact category that we'll deal with; and I would hope we could impose upon your indulgence to allow us a little latitude in that area, because we aren't sure exactly which subject matters fit into which category, we aren't necessarily able to identify that in advance. And the Minister has kindly indicated that she's prepared to accept that, and if you would, Mr. Chairman, as the director of this committee meeting, then I think we'll all get along much easier.

MR. CHAIRMAN: There being agreement among the members of the committee, usually in this matter, General Administration, there is a lot of flexibility.

The Honourable Minister.

HON. M. HEMPHILL: Mr. Chairman, I was just going to say, I quite agree. We will be quite accepting on this side if they're jumping all over the book, providing their accepting that we're not sure where they are and it may take us a little bit of time to find out just exactly -(Interjection)- I'm just indicating that we're quite prepared to not follow line-by-line, but to have your

questions come up, whichever way you wish to present them, providing that you understand that it may take us a little bit more time to get some of the information when we're jumping around that much.

I'd also like, Mr. Chairman, just to take a moment before we start, to say on behalf of my colleagues on this side of the House, that we wish the member for Assiniboia well. I'm sorry that he's not here and not able to . . .

MR. CHAIRMAN: No reference to the absence of members.

HON. M. HEMPHILL: No reference to the fact that he's not here. Just say that we wish him well; I would like that to be on the record.

I'd also like to make one other point, and that is that this week is the 20th anniversary of the department of MHRC, and I think it's appropriate to just take a moment to recognize the tremendous contribution and role that they have played over this 20-year period, in providing some of the best, some of the most affordable, some of the most accessible housing to the people of Manitoba; and I'd like to commend all of the staff for their contribution to the people of Manitoba, to something that is a basic need and a basic right, and that is housing.

MR. CHAIRMAN: The Member for Charleswood.

MR. J. ERNST: Again, Mr. Chairman, because some of us are new, perhaps the Minister can introduce her staff. I know Mr. Schubert, but the others I'm not familiar with.

HON. M. HEMPHILL: Bill Kennedy, Gary Julius and Don Ilich.

MR. J. ERNST: I'm sorry.

HON. M. HEMPHILL: Bill Kennedy, Gary Julius, Don Ilich, and Saul Schubert, the Deputy.

MR. J. ERNST: Mr. Chairman, if we can, maybe proceeding now to the general administration aspects of the matter that, throughout the Estimates, it appears that there were a number of staff increases in the department, ostensibly as a result of federal-provincial agreements. That appears throughout maybe half-a-dozen different places. Can the Minister advise what those federal-provincial agreements are and what would necessitate an additional staffperson as a result of those agreements?

HON. M. HEMPHILL: Mr. Chairman, we actually have a very small increase in staff, considering the overall size of the department and the number of programs that have been initiated and are ongoing.

We have an increase of four staff years, and they're spread across in each of our areas: one in Planning, one in Property Management, one in Program Delivery and one in Support Services. They're all related to the increased responsibility that we have taken over from the Federal Government in administration of our programs, of all the non-profit programs.

So what has happened is that we have agreed to handle all the administration for the non-profit programs. We require additional staffing for that, but they are 75-25 cost-sharing, and all of the program cost, the administrative costs are claimable. So although we have to put the staff and the money in initially in our budgets, we are allowed to claim those administrative costs back from the Federal Government.

MR. J. ERNST: Mr. Chairman, just in dealing with the question of staffing the administrative end of things, it concerns me somewhat that it would appear that there's a major increase in staff costs over the last three years in any event. I just had some statistical data put together. It indicates, for instance, in Executive Support within the Minister's office, there's been over the last three years a 34.5 percent increase; in Research and Planning, Salaries, a 47 percent increase over the last three years; in Other Expenses related to Research and Planning, an 84 percent increase; and a total increase in Research and Planning of 52.9 percent over the last three years.

Similarly, in Communications - and I appreciate that perhaps the Communications positions are new - but we have for instance, in Salaries over that three-year period, a 96 percent increase, a 66.8 percent increase in Other Expenditures, for a total of 77.8 percent increase in the Department of Apple Polishing and Image Making, Mr. Chairman.

You didn't know about that, Mr. Chairman, is that right? You're smiling. But those are a concern, Mr. Chairman, that there are those kinds of increases.

Similarly in the Property Management area, we've had a 48.5 percent - now that may well again be related to increased stock and increased workload - but a 48 percent increase in Salaries over a three-year period, and a 35 percent increase overall over those three years.

So perhaps the Minister can comment on why these kinds of increased administrative costs are present in the department, and why there seems to be that kind of inflation or inflated administration end of the department, rather than in the program end.

HON. M. HEMPHILL: Mr. Chairman, I'm just a little hard-pressed to figure out exactly where the member is getting his figures from or his concerns, since this department is one of the departments that, I would say, has taken on the greatest percentage of increased programs, increased revenue and increased responsibilities with one of the smallest amounts of increase in staff and administrative costs of any one in the government. In fact, I think that has been confirmed by the Department of Finance, in reviewing this department's function and role, have indicated agreement that the tremendous revenue increases - if you look at the Supplementary Information in the back couple of pages, pages 43 and 44, you'll see that from 1984 to 1988 the numbers of staff went from 237 to 261. If you look over the page at the expenditure increases, you'll see an increased expenditure of 30 percent at the same time as the staffing increase is about 7 percent.

So I think the point we're making is that there has been an incredible increase in programs and in revenues, capital expenditures and major projects that

are being handled by this department with a relatively low corresponding staff and administrative increase.

And in fact, as the Minister, I would even go to the point that I would say, if I was concerned about anything right now, it would be the department's ability, because I believe they are stretched to the limit in terms of the volume and the complexity of the projects and the number of projects that they are dealing with now, stretched to the limit to be able to keep on top of major projects. The negotiations are complex and difficult. The financial effect and requirements are very complicated, and there are dozens and dozens of these projects that are being balanced at any one time.

So I feel absolutely no need in this case to either agree or say that I think that the increases in staff are high. If anything, I feel that we've just got the bare increases in staff that we need to be able to manage projects. Certainly the importance of these projects and the large amount of money that is involved, we have to be able to manage these properly and keep in control of the dollars that are going out.

MR. J. ERNST: Mr. Chairman, it's not the overall number of staff people involved; I think it's where they're structured in the department. If it was in the program delivery area, if it was in the property management area, or the program area, I don't think anybody would get too excited; but it appears to be in Planning and Research and it appears to be in Communications that that's where the major increases have taken place.

Mr. Chairman, we've got, on the one hand, people trying to think up new ways for the government to spend their money; and, on the other hand, we've got people trying to convey that message to the people about how they're going to spend their money. If we're dealing with programs or if we're dealing with services to people or if we're dealing with rental housing stock, Mr. Chairman, those kinds of things that no one takes issue with. I think what we do take issue with, though, is the kind of administrative costs related to image polishing in the public.

Mr. Chairman, if there are no questions of my colleagues on this particular section . . .

MR. CHAIRMAN: The Honourable Member for River Heights.

MRS. S. CARSTAIRS: Thank you, Mr. Chairman. I have several questions.

We have four managerial, professional/technical people and three administrative support people. The salary increase for the managerial was 11.8; for the professional was 5.7; and for administrative support, which I assume are primarily women, .88 percent. That carries all the way through. It's minus-23 percent in the next category; it's a little bit up in No. 1.(e), but then down again.

What is going on in this department that if you're a manager and you're professional, you seem to be able to get a decent salary raise, but if you're in administrative support, and primarily women, you don't?

HON. M. HEMPHILL: Mr. Chairman, we're just trying to confirm what the points are that the Member for River Heights is making.

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Our department is committed to affirmative action programs and, in fact, makes every effort to identify people that are in positions and have skills and experience that they can, and are able to, take over jobs that come up that will give them a step up and, in fact, usually encourage them to take those steps.

So we have what I believe is an active affirmative action policy in this department where the department staff are trying to sort out the differences in increase and suggest that it might be related to the merit increases and the difference is the base upon which it is based.

MRS. S. CARSTAIRS: I find that a little inadequate. I mean let's take a look at just 1.(b), 1.(c) and 1.(d).

1.(b) - the administrative support goes up by .88 percent; in 1.(c) it goes down by 23 percent; in 1.(d) it goes down by 19.9 percent. Where the managerial and the professional/technical staff always seem to get increases at least at a cost-of-living wage rate - managerial, under 1.(b) - 11.8 percent for one staff year, under professional/technical 5.7 percent; in 1.(c) - 9.67 for the one managerial person, 10.2 for the professional/technical, but down 23 percent for administrative support - what's happening?

HON. M. HEMPHILL: Mr. Chairman, I want to make sure that we are providing the proper answer to the Member for River Height's question, which I think and I take is a very serious question.

I'm going to ask that we go and review the figures and make sure the reasons for that disparity, that we're coming up with the accurate reasons, and I would hope that she would agree to have us give that to her tomorrow so that we can check it out to be sure.

MR. CHAIRMAN: The Member for Charleswood.

MR. J. ERNST: If there are no further questions under the administrative section, Mr. Chairman, I think we're ready to pass that section.

MR. CHAIRMAN: 1.(b)(1) to 1.(e)(2), inclusive, were each read and passed.

There will be no resolution on Item No. 1 until we pass the Minister's Salary.

Proceeding, Item No. 2., Property Management and Landlord and Tenant Affairs; 2.(a)(1) Landlord and Tenant Affairs: Salaries; 2.(a)(2) Other Expenditures - the Member for Riel.

MR. G. DUCHARME: Thank you, Mr. Chairman.

I just have a few comments before I ask my question on the Aspen development in Gimli.

I was quite taken by the statements made by the Minister, and also by the Finance Minister, when he brought in his Budget, when he brought up the question in regard to availability of high quality and affordable housing. I would stress the importance of that and what has happened in the City of Winnipeg, especially in the City of Winnipeg where I've become quite familiar.

But I guess because some of us in our previous roles on school boards and at City Council were very concerned - I, myself, was very, very concerned, along with my colleague from Charleswood and my colleague

from Fort Garry when we were on City Council, that the question and the lobbying that was going on in regard to allowing this type of development to take place in South St. Vital and throughout the city, there were many negotiations went on.

I know myself, I lobbied with my colleagues, along with the mayor, to the Urban Affairs Minister at the time. Especially in my particular area that I represented, the Warde Avenue, we were very, very concerned because we could see that the level of growth - not so much of growth - but the level of the age change that was coming forward through your population was probably going to bring back the levels to what they were back in '74, after the drastic drop that had occurred because of those levels in '82, along with the stats that were coming forward suggesting that we were going to have these problems in those areas; not only in South St. Vital, but there were many areas that were developed, many areas were argued by the planners of the City of Winnipeg to the province at the time.

At that time, I know probably the colleague from Elice is probably very, very pleased with the results. He wasn't too pleased in his former role when things came up at council in dealing with these particular developments of what we call the urban limit line. Fortunately, through negotiations and with the latter Urban Affairs Minister, Larry Desjardins, some proposal was accepted and after these many years of lobbying, these boundaries were changed and the development was proposed and planned and, as a result, we are benefiting by that today.

I know that development was much needed, and I know the Minister today talked about competition, or why did the level of housing even throughout Winnipeg, even with the large growth that we have in Winnipeg at the present time, this is a result of, if you look around the city, the lands that are being held are being held by a various number of developers. There are a couple of very, very large developers, but the land is available and there is a competition out there that probably keeps these developers very honest in the competition. Anyone who knows anything about housing knows that particularly affects the used market. The used market will always gear their values to new houses being built on the market. When you're not building houses, new ones, that's basically when you're affected, is when you're not building new houses, the old market will not fluctuate up and down as much. The old market is usually tied into the new market. It's one way of guiding that.

As everybody says, when housing is moving, so is the economy. And we're showing it in the province, and I must say that this is probably caused by the housing that is available at the right time and at the right interest rate. I'm glad that the government has recognized that it's a combination of that.

I have a question on the particular Aspen because we're dealing with that particular part of the Estimates right now. On the Gimli condominiums, I was wondering, have all renovations in that particular condominium been completed?

HON. M. HEMPHILL: Mr. Chairman, approximately 95 percent of them have been completed.

MR. G. DUCHARME: Will the Minister tell me, at what price per unit? What is the final price per unit at the present time?

HON. M. HEMPHILL: Mr. Chairman, approximately \$25,000.00.

MR. G. DUCHARME: The amount of estimate was \$25,000.00. What added cost, because of the faulty underpinning and the faulty doors and windows, what was the added cost to the original estimate, along with the faulty plumbing that occurred?

HON. M. HEMPHILL: Mr. Chairman, approximately \$600 per unit, or about \$12,000 altogether.

MR. G. DUCHARME: To tie into the housing boom again and to tie into a further question. As we know, and the stats have shown that housing starts - and I'll mention it again - are probably going to drop, and that's according to the Conference Board of Canada comparisons, that in Manitoba they'll probably drop somewhere around 10 percent in late '87 and probably a further almost 3 percent in '88. Can the Minister tell me whether this housing boom which we know has caused, and she's mentioned the vacancy rate has increased and it's probably the largest since 1982, have we noticed any vacancy rate or have we noticed any increase in the vacancy rate amongst the government housing?

I know at the private level it's around - we hope it's at 3 percent - around those figures. But has there been any increase in the vacancy rate in the government housing in regard to all the house building that's going on?

HON. M. HEMPHILL: Mr. Chairman, the vacancy rate in public housing has been stable the last few years. It's about 1 percent for families and between 3 percent and 4 percent for seniors.

MR. G. DUCHARME: . . . (inaudible)- . . . is in the 1 percent. Has there been quite a turnover in the people that are coming into that level of housing because of the affordable housing that's come on the market? As well, you can probably appreciate the housing boom and maybe these people now having second incomes, etc. Has there been any large turnover in this particular housing?

HON. M. HEMPHILL: The turnover actually has been very low and very stable.

MR. CHAIRMAN: The Member for River Heights.

MRS. S. CARSTAIRS: Yes, Mr. Chairman, to stay on that Aspen project for just a minute - why did it take the ministry so long to remove the project manager when it was obvious, for some time, that the job was just not being done properly?

HON. M. HEMPHILL: Mr. Chairman, I think that the answer to that would have to be a breakdown in communication, that there was a residents' committee that was established, that my department was in very close contact with that residents' committee, that none of the information about the problems were coming through that committee, and that was the major contact. I think as soon as it was brought to our attention formally

with specific information being given about specific units and dissatisfaction or concerns about them, we looked into it immediately and moved very quickly upon receipt of that information.

So I would say that we were getting information not just from our staff, but actually from the community residents and representatives themselves that didn't give us any indication that there was a problem for some time.

MRS. S. CARSTAIRS: Mr. Chairman, I'd like to move now from the Aspen project to the Churchill Housing Authority. I'm delighted to have received the letter from the Minister today, which means that the teachers presently occupying that housing will not be evicted.

But I have to ask the Minister why it took from December, when I first began to raise my concerns, and long before that, when the residents began to raise their concerns, until she acted today?

HON. M. HEMPHILL: Mr. Chairman, I think it has taken us some time to make sure which units were going to be needed for the people that were on the waiting list, and which units for which we would have no need. We were careful to evict only those people or suggested only those people that we needed the housing stock would be evicted, so that nobody in three and four bedrooms were evicted.

At the time, we had 31 people on the waiting list and we had a smaller number of vacant units at the time that the decision was made, and it has taken us some period of time to do two things. One, we placed 15 of the residents to date, and we know that we have the additional accommodation to place the remaining 11; and then we also, with some of the vacancies that were there previously, and increased vacancies that have come up since the eviction notices were given, have allowed us to determine that, at this time, we can handle all of the people in the units which we have available. However, we've made it very clear to the agencies to whom we are renting that should those units become needy for people who qualify, then we will have to take them for that purpose again. However, the people that are in existence there are grandfathered for the period of time that they want to stay, providing we do not need them for people on the waiting list.

MRS. S. CARSTAIRS: Just for clarification, the Minister said that no one received an eviction notice in three- or four-bedroom apartment units?

HON. M. HEMPHILL: To my knowledge.

MRS. S. CARSTAIRS: Mr. Chairman, that's not the information that I was given; but, obviously, I'll have to take the Minister's word on that.

That seemed to be the grave concern that the housing needs were primarily for single bedroom or one bedroom or even single-room accommodation because it was mostly single men, with some single women who, in fact, required the accommodations, and that the units primarily occupied by the teachers were not of that type of housing stock.

HON. M. HEMPHILL: Mr. Chairman, we'll both confirm, because the information that I have had all along - in

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fact, our instructions were that we would not evict people from three- and four-bedroom units if we did not need them. To my knowledge, there weren't any eviction notices given to people in three- and four-bedroom units.

MRS. S. CARSTAIRS: As the Minister is well aware, the teaching year goes essentially from up to now, August 29, 30, until June 30.

Will there be some protection for teachers in the Churchill housing that eviction notices from henceforth, when the housing stock is required, will correspond to the teaching year?

HON. M. HEMPHILL: Mr. Chairman, I think that what we will do is what we've demonstrated in this case, is that we have tried to be as reasonable as we could, recognizing the policy that we have and the program that was put in place to provide housing to people for whom there was no alternative housing and who had no other option. So what I would say is that we would be as cautious and as reasonable as we could under the circumstances.

If there were people on the waiting list and there had to be some evictions, if it was towards the end of the school year, we would do everything that we could to try and accommodate. However, if it happened that there were very high needs and no alternative housing for the low-income people, and there was alternative housing still in Churchill for the people who would be evicted, the professionals, and they were just at the beginning of the school year, then I think that would be an unreasonable expectation at that time.

So it would depend on the circumstances, but we would try our best not to, for instance, arbitrarily and unnecessarily put people out just prior to the end of the school year.

MR. CHAIRMAN: The Honourable Member for Charleswood.

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

I want to address a few matters with respect to the Property Management area.

Can the Minister advise what the present arrears situation is with respect to the rental housing stock? You know, things like total number of units in arrears and total number of months in arrears, etc., that kind of information.

MR. CHAIRMAN: I haven't called that item yet.

2.(b)(1) Property Management: Salaries; 2.(b)(2) Other Expenditures.

HON. M. HEMPHILL: Mr. Chairman, I understand that he wants some information on arrears, but he mentioned a couple of specific pieces of information at the end of his question and I didn't quite pick them up.

MR. J. ERNST: Mr. Chairman, I wanted information on the arrears situation with respect to the rental housing stock; information like total number of units in arrears, in case you wanted something more specific; but if that's the kind of information you're going to be able to provide, then fine.

HON. M. HEMPHILL: The question of arrears is an issue that we have been concerned about for some time. I'll give the general figures and then give an indication of some policy changes and directives that have taken place in order to deal with this issue.

The largest amount of arrears are coming from the R and N Program, the Rural and Northern Program. There are some small numbers that might be arising throughout the rest of the province or other programs, but the large amount of them will be from the R and N Program. There are about 500 units in arrears for a total dollar figure of approximately \$1 million. These arrears - a number of them have existed for some time. In fact, previously to this policy change, which we instituted, I think, six or seven months ago, the arrears were steadily increasing each year. They now have stopped increasing and we are beginning, albeit slowly, to reduce them.

One of the things that we hope is going to have an effect, other than the tightened-up policy, is the change in getting agreement from CMHC to have a provision of a heating subsidy allowance put into the R and N Programs, because there is a lot of indication that people felt a lot of their problems were coming through the extremely high heating costs that they were facing every year. So this will help reduce the heating costs which we think will help reduce the arrears by reducing overhead costs.

In terms of the policy change, we want a policy that is both fair and reasonable for the people and gives them both adequate notice and adequate supports, both financial and counselling, to help them with any financial difficulties and management of their finances that we are able to give, at the same time recognizing that there is a limit to the term of the policy and that at some point we must have some indication of not only intention but action in terms of payment.

So we have a procedure in place where we first have sent out the letter to all tenants explaining the new policy on the arrears. When a specific tenant is in an arrears situation, they get a personal visit with a housing officer who will review their arrears and their financial situation, and during that visit they actually work out a schedule of repayment. We try to do it so that we are recognizing their other financial needs but also beginning the process of paying off the arrears.

If, for instance, monthly payments aren't feasible because they are fishermen who are paid twice a year, then they work it out accordingly. So the procedure is flexible to support the people's situation.

If they miss a payment on the 1st of the month, we send a friendly reminder. On the 15th, if we haven't received payment, we send out another letter with a more direct message; and then on the 25th of the month, if there is no payment, we send out a final notice.

We have situations where people have paid significant back arrears and paid up the whole thing at one time. So it shows that while there are cases where people are struggling to pay for maybe very good reason, there are others where they simply aren't paying and our tightened-up policy is forcing them to do that.

MR. J. ERNST: Mr. Chairman, then, if I understand what the Minister indicated correctly, there are 500

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units of housing in arrears at the present time, or only 500 in the Rural and Northern Program?

HON. M. HEMPHILL: Of the 500 in arrears, the largest portion of them are in the R and N Program with a very small number of them being scattered throughout the rest of the province.

I would just mention that previously to the policy change, they were increasing at about 100,000 a year. So there was a very significant increase in the arrears and we had to stop that increase.

MR. J. ERNST: Can you tell us how many rental units are presently contained within their housing stock - both MHRC, Winnipeg Regional Housing and all the other agency-managed properties?

HON. M. HEMPHILL: Mr. Chairman, 18,300 in total.

MR. J. ERNST: Can the Minister advise how many evictions have taken place with respect to non-payment of rent over the past year?

HON. M. HEMPHILL: We have presently, ourselves, evicted about five people. We have about 16 cases that are presently in the courts and there are a number of other cases, as the one I mentioned, where they have paid up themselves the total arrears.

MR. J. ERNST: Can the Minister advise what the current maintenance and repair costs - you likely have it established on a unit basis, perhaps - are for, say, last year, and how that compares to the year previous?

HON. M. HEMPHILL: Mr. Chairman, we believe that the maintenance costs have not changed this year over last year, but the specific answer we'll have to provide for him tomorrow on what they actually are. There hasn't been a significant change in maintenance costs but we don't have the details of the exact numbers.

MR. J. ERNST: Can the Minister advise what her vacancy rate is for these rental units?

HON. M. HEMPHILL: Mr. Chairman, the reason I said our units is I thought that was the question I was answering before - 1 percent and about 3 percent to 4 percent, 3.5 percent in seniors.

MR. J. ERNST: Just so that I think we're all on the right track here, Mr. Chairman. The Minister said our units. There are a number of public housing, provincially related housing, organizations. There's only the Department of Housing. I don't know whether they have any direct rental stock or housing stock. There's the Manitoba Housing and Renewal Corporation. There's the Winnipeg Regional Housing authority and heaven only knows how many others I suppose outside of Winnipeg related to, again to housing.

Now, when we're talking about this housing stock, are we talking collectively about the whole works or do we have to zero in on something here?

HON. M. HEMPHILL: Mr. Chairman, we're talking about all our housing stock.

MR. J. ERNST: The Minister indicated 1 percent vacancy rate overall in family housing and 3.5 percent, I believe, in seniors housing. In terms of the breakdown of that housing, for instance, in Winnipeg, are broken down between inner city and suburban projects. Can the Minister advise what the vacancy rates in those broadened categories would be?

HON. M. HEMPHILL: Mr. Chairman, it tends overall to be lower in the inner city and higher in the suburbs, but there could be some changes in that depending on different communities. So, that general answer, if you want, we do have the specific breakdown but we would provide that for you tomorrow.

MR. J. ERNST: I thank the Minister, Mr. Chairman, for her answer and I'd be happy to receive that information tomorrow if we could, or even subsequent, if it's not readily obtainable.

Can the Minister advise what the average rent subsidy is for housing in Winnipeg, generally in rural Manitoba, in Northern Manitoba, if it's broken down on that basis and, if it isn't, I wouldn't mind receiving that information as well tomorrow?

HON. M. HEMPHILL: Mr. Chairman, the overall subsidy per unit would be about 180; it would be about 250 for families; and about 125 for elderly, which is about \$2,000 per unit per year.

MR. J. ERNST: Mr. Chairman, my question also related to differentials between Winnipeg, rural Manitoba and Northern Manitoba. I'm quite prepared to wait for that information as it's appreciated that they may not have that information at the moment.

Mr. Chairman, I also want to talk a little for a few minutes about the residential apartment upgrading in the City of Winnipeg. The City of Winnipeg passed a by-law dealing with the upgrading of apartment buildings of a variety of types on the basis of fire safety.

Mr. Chairman, there were a number of deadlines imposed by the city wherein certain activity had to take place by October 1, I believe it was, in 1986 was the first and subsequent years relating. I have that information here somewhere if they want those exact dates.

Can the Minister advise firstly, Mr. Chairman, how many units in the city would fall under this by-law? How many have been upgraded to the standard required by the terms of the by-law to date? How many units are scheduled for upgrading this year?

HON. M. HEMPHILL: Mr. Chairman, I think first of all I would like to say that we expect to meet - there are three deadlines, I think, placed by the city for the fire upgrading and we were ahead of schedule on the first one. In other words, all of our units met the requirements of the first deadline by the city.

We have upgrading to take place in about 20 to 25 of our buildings. We were originally estimating that it would take about \$5 or \$6 million to do the fire upgrading, but we now find that it is not as expensive as we expected it was going to be, and we're anticipating that will be much lower, perhaps as low as \$3 million of the original estimate.

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We are having some discussions, I believe, with the city that might allow us under some circumstances where the changes that will be made for both the second and the third stage will require structural changes, that we be allowed to make them at the same time, that would make us not have to go in twice and do structural changes, to do them in two different stages. I think there is some consideration being given of that, so that it's possible in the second and third stage. But in some units, we might be ahead of the deadline for the second and third stages and in some we might be a little bit later, but they will all be completed within the deadline for the final stage, all of the units will be completed.

MR. J. ERNST: Mr. Chairman, it's interesting the Minister has indicated that all their buildings met the first criteria, which as I understand it the first criteria is early warning, basically speaking smoke detectors and fire alarms, by and large.

It's my understanding that 185 Smith Street, that had been maintained underwent a fire within the last couple of months, Mr. Chairman, did not have smoke detectors and did not have the alarm system in the area that the fire occurred, which would have warned the people there. We in fact could have had serious loss of life potentially. Fortunately it did not occur and for that we are all thankful.

But that's not the point, Mr. Chairman. The point is that early warning was the principle upon which the deadlines were set for the upgrading of life safety in apartment blocks, Mr. Chairman. Life safety was the key to that situation, the lives of the tenants of all residential buildings in excess of four suites, I believe, were in fact the primary reason for the upgrading by-law in the first place. Because of some fire deaths in apartment buildings, it was determined by the city that should occur.

We have a situation, Mr. Chairman, wherein the by-law was put into place in order to deal with early warning to the tenants and, in the case of 185 Smith Street, early warning was not installed, as I understand it, within the area where the fire occurred. That's not to say it's not throughout the rest of the buildings, Mr. Chairman, because I believe it is. But in the area that the fire occurred, it was not installed and hence did not give the early warning that was anticipated by the by-law.

I would like to hear the Minister's comments with respect to that particular area.

HON. M. HEMPHILL: Mr. Chairman, I think it's important to put on record information about the fire at Smith Street.

First of all, all of our units have always conformed to the fire by-law regulations of the time. In other words, there are changes that have to be made in many of our buildings, but they were conforming to the existing fire by-law regulations at the time and always have.

In terms of Smith Street, there were smoke detectors there and they did go off. They were in fact tested out three weeks prior to the fire, because we have a requirement that they be tested every six months and it just happened that these were tested three weeks prior to the fire, and they were all found to be in operating order.

MR. J. ERNST: Well, Mr. Chairman, I understand that every building when it's constructed must meet the

building code of the time, which will include whatever fire regulations are in place.

Mr. Chairman, that is the view of the city and I have played some role in developing that by-law - it isn't good enough. The fact the life safety of the tenants in those buildings is paramount and that we ought not to for the sake of administrative ease or the sake of budgetary allocations over time play with the lives of the tenants in those buildings. That was the purpose behind the by-law and the purpose for early warning and the reason for the deadline that was put into place.

It doesn't matter if they comply with the building code of whatever date they were built. If the building code was 15 years old, Mr. Chairman, it's not good enough.

Private sector landlords are being forced to comply with the by-law, Mr. Chairman, at some considerable expense, not always allowed to be passed through by the Rent Regulation Board either, and it ought to be no different. As a matter of fact, the public housing sector ought to be leading the way in this matter. It shouldn't be lagging behind. It should be leading the way in terms of having those life safety measures put into place so that they meet the date of the deadline and provide maximum safety to the tenants in those buildings.

Mr. Chairman, the number of buildings, that public housing stock are of frame construction and very easily caught on fire, as we saw with the Fairlane Meadows fire of a few years ago, ostensibly not in the public housing project but one constructed in a similar vein.

So, Mr. Chairman, I would hope that the Minister would take note of the fact that we need to lead the way in this matter in terms of that upgrading. Instead of lagging behind or trying to work deals or trying to work any kind of an administrative arrangement, that we ought to say, look, the lives of the tenants are paramount in these buildings and we are going to meet the criteria for fire alarms and early warning immediately, so that there can be no question that the tenant has every chance to get out in the event of a fire.

HON. M. HEMPHILL: Mr. Chairman, I think we have met that last standard that the member refers to, the early detection and the smoke detection. We have met that standard and had met it, as he suggested that we should, prior to the deadline. We had done that in advance of the deadline, which said the completion had to be done, we'd completed before then.

To the general point, I quite agree that the safety of people in those units is paramount and that we should be proceeding as quickly as we can to make the changes, and I believe that we are.

We had, in fact, gone to the tender stage I believe for five of those units out of the 20, were already in the design and the planning stage and were being tendered just prior to the Smith Street fire where we were well in advance.-(Interjection)- Oh, just the design was tendered. They weren't tendered themselves but the design was tendered. So five of the units were at that stage prior to the Smith Street fire.

I have instructed that we are to move as quickly as possible. We have allocated the required amount of money. There is no question of finding the money that will be required for us to meet our responsibilities for

our housing units, and we're proceeding to do it as quickly as we can.

It isn't only - and I'm sure the member will understand this - a matter of having the money available, but with the large amount of units, both private and public, that have to be completed within a given period of time, the industry I know is concerned themselves that the capacity and the people who have the skills and the ability and the techniques, that we're hoping that they can keep pace with the volume and the amount of work that has to be given in a given period of time. So it's a matter of both having the plans, the design, which we are working on all of those, the money and the people available to do the job, but we are proceeding and intend to proceed with the last two phases as quickly as we can.

MR. J. ERNST: Mr. Chairman, we had an understanding I think between the Minister and myself that we would call the committee to rise at around 10 o'clock.

My colleague from Riel has a couple of questions, if the Minister wouldn't mind continuing on for another 10 or 15 minutes, to deal with those questions which will relate to Program Delivery as opposed to this area. Then following that, we would have the committee rise and return tomorrow to deal with the balance of the department of Management, if that's acceptable?

MR. CHAIRMAN: The Honourable Member for Riel.

MR. G. DUCHARME: Thank you very much.

I have a previous appointment that I made a couple of weeks ago, a class that I have to go to, so thank you very much.

My question is, the Minister said that they were, I think, during the Estimates that you were very involved and active in land development and creating building sites for small builders. I have a couple of questions that, for instance, in Meadows West it had been suggested I think in previous Estimates that there were about 572 sites developed between January '83 and the fall of '86. There was to be I think in '86-87 a further 56 lots. Could the Minister tell me how many of these lots have been sold of the 56 to develop? How many?

HON. H. HEMPHILL: Mr. Chairman, we believe that almost all of them have been sold, either all 56 or there are only very few left.

MR. G. DUCHARME: What would be the average selling price of the 56 lots?

HON. M. HEMPHILL: \$20,000 to \$25,000 approximately, depending on location.

MR. G. DUCHARME: Could the Minister tell me what would be the development cost of these particular lots, the average development cost if you're selling them \$20,000 to . . . ?

HON. M. HEMPHILL: I just want to clarify. When I said the costs were \$20,000 to \$25,000, that was the average cost. They did go up as high as \$30,000 to \$32,000; the average would be around \$25,000.00. The development costs would be about \$18,000.00.

MR. G. DUCHARME: Could the Minister tell me whether this includes all engineering costs, etc., right - when you're doing your cost, so much per footage, front footage?

HON. M. HEMPHILL: Yes, Mr. Chairman.

MR. G. DUCHARME: Also, in the same development it is proposed that between 1987 and 1991 there will be an additional 500 lots in Meadows West. Could she tell me whether this does comply with Plan Winnipeg?

HON. M. HEMPHILL: Mr. Chairman, it's my understanding that the second phase is within the urban limit line and within Plan Winnipeg.

MR. G. DUCHARME: Is there some consulting going on with the City of Winnipeg right now in regard to this particular phase? Has the proper zoning and everything been taking place?

HON. M. HEMPHILL: Mr. Chairman, no, not at this time. We have not yet applied for a subdivision.

MR. G. DUCHARME: To the same Minister, to go on with the second question. I'm amazed that zoning hasn't been applied for, because probably knowing the procedures it will probably take two years to get your zoning through, through this particular to the Planning.

I would like to go on to what was known as - I don't know if it's known in your particular books as the John Drew subdivision - which is in the heart of probably the largest growing area in the City of Winnipeg, and building is going on all around that particular site with the Island Lakes Development. With probably all the cost features and all the developments approaching there and all the services in that particular area getting very, very close, could you fill us in on where your department is in and where they're at in regard to the stage of development of that particular piece of property?

HON. M. HEMPHILL: Yes, Mr. Chairman. This project was one of two projects that we were examining under a joint venture program. We asked for proposals, and received a number of proposals for this and some land in St. Boniface - no, in Meadows West.

The proposals that came in for joint venture projects between the private sector and our department were not acceptable to us. They weren't acceptable, because they seemed to have us taking all the risk and them getting all of the money, and we wanted a little sharing of the risk and the profit.

As a result of that, we went back to the people, the principals, who had submitted the proposals, indicated to them that the existing proposals were not acceptable to us, that the proportion of sharing and risk, profit and risk, was not adequate from our point of view, and asked them if they wanted to make some changes.

They did make some changes at the time but they were not satisfactory to us. We are now at the point where we are going to have to review how we are going to handle the development of that land, and we'll have to give some reconsideration to that with my Cabinet colleagues.

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We can continue to try to find joint venture proponents. We can sell the land outright, or we can develop it ourselves. I think that all three of those are options that are under consideration.

MR. G. DUCHARME: Why I've asked that question, I find it difficult that your department would now call for proposals when your existing zoning agreement has expired, and it would probably take you up to three years to have another zoning agreement take place in that particular area.

Your previous zoning agreement has expired and, right now, you're sitting on land that's agricultural and, probably to sell this type of property right now, would be not in your favour. As everyone knows, you should sell property after you've got the zoning accomplished. So I'm just wondering how you could call for proposals when this particular zoning agreement has expired.

HON. M. HEMPHILL: Mr. Chairman, I guess it's our hope, since there are limited parcels of property like this within the urban limit line, that we think it's quite possible that it will not take the period of time that he suggests to get zoning approval, but it probably can be done, hopefully, within a year.

MR. G. DUCHARME: Is the Minister and her staff aware of the agreement between the former Urban Affairs Minister and the Mayor and the Chairman of EPC and the Deputy Mayor or the City Council that this land not be developed until at least 75 percent of the Island Lakes is developed?

HON. M. HEMPHILL: Mr. Chairman, I think there may be some confusion between properties. We are wondering if the property you're referring to is the Ladco property, because our property is within the urban limit lines. We have two properties. One is within the quarter and one is without.

MR. G. DUCHARME: I'm referring to the property that's facing the Bishop Grandin and also the railway track, which in the discussions that took place, is that there is an agreement that this will not be developed until the Island Lakes property comes into play. Then at that time, the Borger property will also come into play.

HON. M. HEMPHILL: Mr. Chairman, we are not aware of any such agreement.

MR. CHAIRMAN: The Member for Charleswood.

MR. J. ERNST: Mr. Chairman, on that same subject, the Minister of Urban Affairs made a commitment to the City of Winnipeg in exchange for moving the temporary urban limit line arrangement down John Bruce Road that public lands in that area would not be developed in advance of private lands. In other words, until such time as Island Lakes subdivision was 75 percent completed, he would not then exclude Ladco from development, and yet proceed with public-sector lands in advance of Ladco. That was the trade-off, that was the commitment made by the Minister of Urban Affairs.

Is the Minister aware of that? And if she is aware or if her department officials were aware, why in heaven's name is she out calling for proposals on that particular property?

HON. M. HEMPHILL: Mr. Chairman, our understanding is that the agreement applies to the Ladco property and not to our property, but I think that we'll have to leave this and confirm that tomorrow.

MR. CHAIRMAN: The Member for Riel.

MR. G. DUCHARME: Just to the Minister, if she would confirm that. We were in the room, and what I'm saying is that this is what probably confused the issue.

I have some other questions that I would like to ask, but I know that you've given us your time now, and extended past the ten o'clock. I'll pass them over to Jim and he can ask them, and he can go on with them.

Thank you very much.

MR. DEPUTY CHAIRMAN, S. Ashton: Committee rise.
Call in the Speaker.

IN SESSION

MR. DEPUTY SPEAKER, C. Santos: The hour being after 10:00 p.m., this House is now adjourned and stands adjourned until tomorrow at 1:30 p.m. (Tuesday)