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of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

42 Elizabeth II

Chairperson
Mr. Bob Rose
Constituency of Turtle Mountain



VOL. XLII No. 1 - 10 a.m., TUESDAY, JUNE 15, 1993

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
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GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Tuesday, June 15, 1993

TIME — 10 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRPERSON — Mr. Bob Rose (Turtle Mountain)

ATTENDANCE - 9 — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Driedger, Ernst

Ms. Friesen, Ms. Gray, Messrs. Laurendeau, Maloway, Mrs. Render, Messrs. Rose, Sveinson

APPEARING:

G. Campbell MacLean, Chairperson, The Forks Renewal Corporation

Nick Diakiw, President, The Forks Renewal Corporation

Marilyn Edmunds, Communications Manager, The Forks Renewal Corporation

Randy Cameron, General Manager, The Forks Market

MATTERS UNDER DISCUSSION:

The 1992 Annual Report of the North Portage Development Corporation

The 1991-1992 Annual Report of The Forks Renewal Corporation

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Mr. Chairperson: Order please. That was a trial run. Will the Standing Committee on Municipal Affairs please come to order. We have before us the following reports to be considered, the 1992 Annual Report of the North Portage Development Corporation and the 1991-1992 Annual Report of The Forks Renewal Corporation. Copies of these reports are available to committee members at the front of the table, if any committee member wishes to pick one up.

I would remind the committee members that we are here today just to consider the reports, and passage of the reports is not necessary.

I would like to invite the honourable minister responsible to make his opening statement and introduce the staff present this morning.

Hon. Jim Ernst (Minister of Urban Affairs): I do not have an opening statement per se. We will be dealing with both corporations. Firstly, The Forks Corporation, present with us today is Mr. Campbell MacLean, who is the chairperson; Mr. Diakiw, who is the chief executive officer.

Subsequently, we will deal with the North Portage Development Corporation. Unfortunately, Dr. Naimark, the chairman, is delayed slightly this morning, so with your indulgence we will deal with The Forks Corporation first.

I do not think we need to go into great protracted explanations of the success of The Forks Corporation. I think everyone in Winnipeg recognizes that, and that the corporation has in fact done a marvellous job in terms of creating a very wonderful people place, but I will ask Mr. MacLean if he has perhaps a little discourse over what we have done over the past year.

Mr. G. Campbell MacLean (Chairperson, The Forks Renewal Corporation): Good morning ladies and gentlemen. I would like to recognize a member of our board appointed by the Province of Manitoba, Ms. Charlette Duguay, who unfortunately could not be present with us today. I do not know whether Mr. Roy Parkhill is here either. He does not appear to be here either, and Mr. Don Leitch, secretary of the cabinet. Those are the members from the province.

I would also like to acknowledge the valuable contribution made by our entire board, including past members. As you can see this morning, one of them was Jean Friesen. She was one of our first directors, and I know she maintains an interest in the board's continuing work. Other past board members include Ms. Dorothy Dobbie, Mr. Peter Diamant, Mr. Allan Artibise, Mr. Del Crewson, Mr. Tony Reynolds and Mr. Ted Murphy.

To begin our presentation, I would like to introduce my colleagues here with me this morning.

First, Mr. Nick Daikiw, the corporation President and CEO. In addition, some senior staff are present, Mr. Al Baronas, Vice-President of Operations; Mr. Randy Cameron, General Manager of The Forks Market; Mrs. Anna Shymansky, corporate accountant; Mr. Sid Kroker, site archeologist; and Ms. Marilyn Edmonds, our communications manager.

Mr. Chairperson: Just excuse me for a moment, Mr. MacLean, we are getting a little off procedure here. Does the critic for the official opposition have an opening statement?

* (1010)

Ms. Jean Friesen (Wolseley): I would be happy to make my comments after Mr. MacLean is finished, whichever you prefer.

Mr. Chairperson: Ms. Gray, for the second official opposition?

Ms. Avis Gray (Crescentwood): I have no problem with Mr. MacLean finishing his statement.

Mr. Chairperson: I understand it is not usual practice for the standing committee to have an audio-visual presentation. Is it the will of the committee to have an audio-visual presentation this morning? [agreed]

Mr. MacLean: We welcome the opportunity to be here for the third time and at this committee to present our annual report and our financial statements. The corporation is fully accountable to you, the Government of Canada and the City of Winnipeg.

Community interest in The Forks continues to grow. In the past year, research has been conducted that shows public appreciation of the heritage of The Forks as flourishing. The site is well used by all segments of the population and Manitobans have made The Forks their own.

The high level of public interest is reflected in the activity of the board, which meets monthly, sometimes more frequently. Board members also serve on various subcommittees and advisory committees, among them the Aboriginal Planning Committee, the Finance and Audit Committee and the Heritage Advisory Committee.

With the growth in interest and acceptance of The Forks, the work of the board has expanded to deal with the community's interest. We welcome this interest and have responded to the best of our abilities.

Today's presentation will be structured as follows: Mr. Daikiw will provide an overview of our continuing activities, with slides to illustrate the highlights. He will also summarize the activities of the Phase II Public Consultation Process and review the 1991-92 financial statements. Following the presentation, we would be pleased to answer any questions.

Would you like Mr. Daikiw to make the slide presentation now?

Mr. Chairperson: Yes, carry on, please.

Floor Question: Is that agreeable?

Ms. Friesen: Well, my opening was really a question for the minister. I notice that the minister has brought North Portage Development Corporation and The Forks together for this presentation. Normally, that is, in my experience in the Legislature, there have been two separate presentations, that is, allotting two-and-a-half-hours time for each corporation.

I received no consultation on this change in the minister's practice, and I wonder if he could give us an explanation of it and why there was no consultation.

Mr. Ernst: Mr. Chairperson, it is my understanding that in fact they have historically been together and that last year, because of an inability to have schedules coincide from the chairs of both boards, it turned into separate presentations, but it was my understanding that in fact they were held together in past years.

Ms. Friesen: Well, I expect we can look at the record, but I was Urban Affairs critic for two years and on both occasions each group came separately.

Mr. Ernst: All I can say is, Mr. Chairperson, there is no clandestine motive behind them coming, other than to try and accommodate a timing arrangement. If you want to spend more time at it, we can reconvene at another time. That is not a problem.

Ms. Friesen: Then perhaps I could suggest that we proceed with The Forks, and when the committee has finished looking at The Forks, then we move to North Portage and that may indeed be another meeting.

Mr. Ernst: Well, let us proceed and see how we make out.

Mr. Chairperson: Is it the will of the committee to proceed with the audio-visual presentation? [agreed] Please continue.

Mr. Nick Diakiw (President, The Forks Renewal Corporation): My name is Nick Diakiw, and I would like to add my good morning to both the ladies and gentlemen of this committee. The presentation I will be making will be illustrated by slides to your right or your left as you sit at the table.

The story we have to tell is, of course, a very exciting story, a very major success story for Manitoba in terms of the development at The Forks.

The renewal of The Forks continues under the mandate of the Phase I concept of the financial planning. As you know, the Phase I plan set out the meeting place theme and a mixed-use approach, incorporating recreational, cultural and historical and residential and institutional and support of commercial uses.

Copies of the two most recent annual reports and the '91-92 financial statements have been circulated previously, and copies are included in your information kits. When I get to talking about the financial statements, I will be referring to this document, the latest one that shows the annual report '91-92. You will, of course, have had the audited financial statements, and if you wish to refer to that, I would be pleased to do that as well.

In the four years since the site first opened to the public in 1989, The Forks has become a nationally recognized attraction and the most popular public space in Winnipeg. Market research has confirmed that 97 percent of Winnipeg and area residents are aware of The Forks and more than 81 percent have visited the site.

Our experience with community groups tells us that the awareness and visitation by those residing outside Winnipeg is also extremely high. Overall, visitation is now estimated to be up to 7 million visits per year, an astonishing figure for a city with a resident population of just over 680,000 and a provincial population of around a million people.

It is clear that the people return to The Forks frequently, and they bring family, friends and visitors with them when they come. The Forks has fostered public pride for our community. This success could only have been achieved through the dynamics of public participation and the involvement of community groups.

Public activity on the site continues to grow. As you can see by the calendar events that you had in your package, hundreds of organizations now bring festivals and special events to the site for the enjoyment of the public. Events such as the International Children's Festival held just this past week will draw upwards of 35,000 people to the site.

Cultural and historical programs providing free entertainment and broad-based public participation are a priority. A Family Christmas at The Forks is now a tradition, offering a celebration of outdoor winter and seasonal festivities, indoor crafts and entertainment. Horse-drawn sleighs and dog sleds are among the most popular activities featured each year.

The Forks Historic Port and the Riverwalk, officially opened in May of '91, are now one of the most popular public features of the city, attracting people to the rivers in all seasons. Services offered at The Forks Historic Port have continued since it opened in 1991. The port provides 24 spaces for free public mooring and areas to accommodate large boats and the water buses.

Winnipeg's largest toboggan slide was constructed on the north end of The Forks site in 1991 with the co-operation of the city of Winnipeg. A wooden structure in the natural slope of the riverbank created a 40-foot-high bobsled-like run onto the Red River, reminiscent of the huge wooden tracks constructed on the rivers in the '20s and '30s. It was immensely popular with the public. It is now a regular winter feature.

Some impressive donations have come forward from various sectors of the community. The ICG hearth in the pavilion, which you see on the screen there, the Carpenters Union toboggan slide, the refurbished CN caboose and, of course, most significant, The Wall Through Time, a gift of the Bricklayers and Allied Craftsmen to commemorate the 100th anniversary of their union. They provided all the materials, the labour and worked on weekends and were a real attraction to the public as they built this incredible Wall Through Time.

The Forks Market continues to see a steady increase in sales which is very encouraging, given the economic climate of the past five years. Overall, the market has achieved most of the projections of the Phase I plan.

The Public Archaeological Program at The Forks is another outstanding success story. Thousands come to the dig site each year to participate, observe and learn. This important program is now managed and operated by The Forks Public Archaeology Association, a volunteer group open to all.

* (1020)

Through this program, significant archeological discoveries have been made each year. Most important among the recoveries in 1991 revealed artifacts and materials related to Fort Gibraltar I, located in the area from 1816 to 1826. Several sets of hoofprints and wheel ruts were found at the bottom of an 1826 flood deposit layer. A human footprint, a particularly unique discovery, was among the prints confirmed to have been made between 1816 and 1826. Footprints have been found on only a handful of occasions and none, I emphasize none, in North America prior to this discovery.

Summer programs available this year at The Forks include guided historical walking tours, the Splash DASH Water Bus servicing five ports in the downtown, a heritage day camp for youngsters, sailing lessons, canoe and rowboat rentals and, of course, a multitude of festivals and special events.

In all of these programs, I must just add that we do try and recognize the core children in the community. A given part of the programming is dedicated to free programming to children in the core that are selected by the Parks and Recreation department of the City of Winnipeg. More detailed information of all of these activities is provided in your kits.

Yes, we have come a long way since 1987 when we began this voyage. Clearly, our first objective, public discovery of The Forks has been achieved. The Forks is once again an established meeting place. We have completed the first five-year phase of development and are in the midst of preparing a concept and a financial plan that will direct activities of The Forks through the next phase.

This next phase will include the completion of projects in progress. I will briefly review these projects and share with you some of the results of our public consultation.

The developers of the Johnston Terminal, Marwest, have done a magnificent job of restoring the old warehouse. We congratulate them, their

tenants and all their new employees and welcome the vitality they have brought to the site.

Next on the agenda is the Tourism Centre to be located immediately north of the Johnston Terminal. We expect construction to commence within the month, with completion late in the winter. The Tourism Centre will showcase the six regions of Manitoba and provide information on access to activities and events around the province.

What you are seeing there are models that do not project that well the kinds of exhibits and icons that will be inside the tourism facility. The Manitoba Children's Museum will commence reconstruction and restoration of the 105-year-old B & B Building this month. They have gone to tender, they have got their prices in. They are projecting a start within the next two weeks.

The Children's Museum will feature interactive galleries including the engine works, the sun gallery, a preschool tree gallery, a TV studio, an interactive electronic imaging exhibit and a video booth. The museum will open the doors of their new home to the public in the summer of 1994.

Earlier this year, the corporation received some \$900,000 in a funding commitment from the three levels of government for the development of specific public amenities. Two projects are presently under consideration.

First, the board has determined that the area between the Johnston Terminal, the historic rail bridge, and the B & B Building will be landscaped as a plaza this summer. This will complete the riverside public areas and provide access to the new Children's Museum and the east entrance of the Johnston Terminal building.

The board is also actively considering the allocation of some of these funds towards a unique archeological centre in and adjacent to the Johnston Terminal. The centre would provide interpretation of archeological research and recoveries at The Forks, as well as support to the continuing public archeology program, extending opportunities for learning throughout the year by this development.

The Aboriginal Planning Committee continues to examine the possibilities for the future of the South Point, and we look forward to an aboriginal cultural and educational centre of national significance in that area of the site. Drawings and models, some of which you are seeing on the screen, have been

developed and are being shared with the aboriginal communities throughout the province.

Our aboriginal advisory committee is meeting with the various reservations around the province, conveying to them their view of what the native presence at the site should be. Once the aboriginal centre is underway, the historic rail bridge will be refurbished, allowing pedestrian access to the South Point. The schedule for these projects will be determined by the aboriginal community and not by us.

The Letter of Intent with the Mid West Rail Association for a rail refurbishment facility in the steam plant continues to be active. We still have hope that the organization will be able to create interest and raise funds for their project. With the help of our corporation, we have agreed with Mid West Rail to begin interior refurbishment of one of the passenger cars located near the steam plant. They will be starting that refurbishment within the next couple of weeks. We will be providing the cost of the material. They will be providing all the labour at no cost to the corporation.

Manitoba Multicultural Development Incorporation, MMDI, and the board are continuing their dialogue regarding future establishment of a multicultural centre at The Forks. In the 1991-92 year, various concepts were discussed and a feasibility study completed. MMDI is now consulting with the public and multicultural communities throughout the province.

The Heritage Advisory Committee has dedicated considerable effort toward the drafting of a very comprehensive heritage interpretive plan for the site. Preparation of interpretive plaques for The Wall Through Time also commanded this committee's attention during the year.

Again, residential development at The Forks has been deferred for the year that we are reporting on.

Now, just a few words on public consultation, our public consultation was conducted in preparation for Phase II, and it is largely complete. To date, this has included two major public surveys, 10 workshops in which more than 90 community organizations participated, two live call-in radio broadcasts, two flights of newspaper advertising and the distribution of more than 22,000 information brochures regarding the process and inviting public input. We have received 11 briefs and 143 response cards.

A key component of the public consultation process was the citizens advisory group selected at random through one of the research studies mentioned. This was discussed in some detail at our last meeting. All information and opinions received through the public consultation process were reviewed by the citizens group.

A conference of the board and all advisory committees was held in early October, and a range of ideas for the future were discussed at some length. Collective advice to the board flowed from the conference, and that advice, along with other recommendations, is currently under active consideration by our board.

The final steps in this process will be, firstly, for the board to conclude their deliberations and consideration of the options, for a presentation of a proposed Phase II plan to the citizens advisory committee for their final review, for the preparation of a proposed Phase II plan at a public meeting, followed by an open-house event inviting public response and comments once again and, finally, submission of the Phase II plan and collected comments to the three levels of government for review and approval.

The consultation process has provided very specific information about the public's view of The Forks and the future of the site. I will share with you now some of the results.

They will be on the flip chart, and you will see that the public holds overwhelming positive attitudes towards The Forks and are very supportive of the development that is taking place on the site to date.

Winnipeggers have taken ownership of The Forks and are keenly interested in the future development of the site. Public consultation has provided the following findings: 93 percent have a positive view of The Forks; 79 percent feel development to date reflects the public wishes; 74 percent agree that the pace of development has been correct; 83 percent feel the meeting place theme is appropriate; 80 percent support the mixed-use approach; and 77 percent prefer mixed use to an all-green passive development.

This is probed in detail to determine what areas of activity are the public priority. We found that recreational uses are supported by 96 percent; cultural and historical by 94 percent; support of commercial by 80 percent; and institutional by 51 percent; 74 percent feel that a winter garden

connection would be desirable; 58 percent favour a self-sufficiency mandate for The Forks.

Surprisingly, residential development is not supported. Only 20 percent favoured any residential development of the site, although there was some limited tolerance for seniors housing.

* (1030)

Other information which we collected included a concern about safety, with 72 percent noting this is an issue for the future. On-site parking is supported by 77 percent and half feel facilities should be layered and above ground. Almost three-quarters of those surveyed feel The Forks is of national importance. The value of The Forks as a tourist draw is clearly recognized.

One result that was somewhat unexpected is the public recognition of the historical value of the site. It is most gratifying that the public credits developments on the site for raising public awareness for our local heritage. The most important message that we got is that The Forks must remain a uniquely special place open to all. The Forks, its activities, programs and amenities have revived general community interest in the downtown. The Phase II plan will provide a vision for the development over the next 20 years and more and will include specific direction for the next five-year phase of renewal.

As The Forks continues to draw attention and discussion, it will also continue to foster pride in our city, pride in its past, pride in its present, and, I am confident, pride in its future.

That is the presentation of the kinds of operations that are going on at The Forks, that have gone on, the things we are anticipating in doing this summer.

I would also like to draw your attention to the annual report. That covers the activities that I have just reviewed, but on the back side you will also see the financial highlights. Under funding contributions, you will see under the agreements that were in effect and are in effect, we have received up to 1992, \$32,618,000 from the programs listed above.

On the next, if you will just move to your right you will see under the site development how we have spent the money. You will see that we have spent \$2.2 million on clearing and relocation, relocation of railways and warehouse and what have you. On roads and services we spent \$4.8 million. On The Forks Historic Port, which is a subject of many

photos that you have seen, we have spent \$3.2 million; on general landscape and site enhancement, we have spent \$3.6 million; on land carrying costs \$1.3 million; heritage impact and assessment \$453,000; on the building of The Forks Market \$6.9 million; and on development costs \$1.4 million; totalling some \$24 million.

If you just move to the right on that same back sheet, I think you will see the operating results for the year and you will see that in 1992 our revenue from our operations stood at \$1.5 million, which is about \$100,000 more than the last year that we reported. The bulk of our revenues come from The Forks Market, some from parking and some from interest on money that we invested.

If you continue down that same sheet and look at the expenses, our salaries and benefits were about \$483,000, which is about \$70,000 less than the year that we reported before. I will not go through all of that. The directors' fees were down, general and office were down, and that general administration at \$701,000 as compared to \$800,000 was about \$100,000 less than the year before.

On public amenities, that is to a large extent the maintenance of the site, the grass cutting, the cleaning, the security, we spent about \$266,000; on communication and promotional activities about \$208,000, which is, again, down from the previous year. I will not go through each expenditure, but our expenditures in 1992 are about \$3.2 million as against \$3.3 million, which is about \$100,000 less than the year before. So at the end of the year our excess of expenses over revenue are about \$1.7 million.

Just as you continue to your right, I think there is some specific expenditure information. On heritage planning and assessment we spent about \$18,000. On archeological monitoring and public programs we spent about \$66,000. The note with the red dot, I think, tells you a large part of our story. The total property tax on land and buildings for '92 was \$718,000 compared to \$693,000. We continue to pay a very large tax bill on lands that are not anywhere near being fully developed.

We started the year at cash and short-term deposits of \$1.4 million, and our net funds available for future operations are about \$1.2 million.

I think I have gone on quite a lengthy period of time. If there are any questions on the financial

report or anything that I have given, I would be pleased to answer those.

Mr. Chairperson: Thank you, Mr. Diakiw. Is it the will of the committee to continue in complete consideration of the Annual Report on The Forks Renewal Corporation? Are there any questions then or comments or discussion?

Ms. Frlesen: I wanted to ask, first of all, when the last time your meeting was of The Forks?

Mr. Diakiw: The last annual meeting was in the spring of last year, was it? June '91.

Ms. Frlesen: When do you expect the next annual meeting?

Mr. Diakiw: We had hoped to have our annual meeting sooner, but we are trying to combine the meeting dealing with our public consultation process with our annual meeting. Now with the public consultation process, the point we are at, we are looking at a combined meeting probably in early September. We had hoped to do it during the summer, but we feel that it may not be fair to have that kind of a meeting in July or August. The chairman and I have been delegated to choose a date by the board for that presentation.

Ms. Frlesen: So from June '91 to September '93, does that bring you into any difficulties with any of your funding partners? That is rather a long period between annual meetings.

Mr. Diakiw: No, I do not think there is any difficulty. I think the shareholders have been aware of what we are up to. We briefed them on the public consultation process, so they were aware of what our intentions were. I think everybody recognized that was the appropriate way to go.

Ms. Frlesen: I wanted to start out with some general questions and then move to some specific buildings and topics.

The first one I think, obviously, is the steps The Forks has taken to become self-supporting. That was the original mandate. You have mentioned in your opening statements the increasing size of the tax bill which is levied on The Forks on as yet unused and undeveloped lands. I wonder if you could give us a sense of the steps that are being taken to meet self-sufficiency, and if you still feel that it is possible. For example, was that a part of the public consultations, and did you get any sense of feedback from any of the public consultations that you had on that context?

Mr. Diakiw: Let me deal with the last part of the question first. Yes, surprisingly the feedback we got was that 58 percent of the public did support a self-sufficiency mandate.

What we found though was a great support for the recognition that if our plans do not permit as much development as was originally planned, then there should be some consideration given in terms of tax relief. If you are not going to allow us to develop the lands in a way to generate revenues, then obviously we should be giving consideration for particularly a lot of the public spaces that we have, the green area, the port. We pay taxes on all of that development that is being used freely by the public.

Just going back to your earlier part of the question, yes, in terms of dealing with self-sufficiency, we have leased out the Johnston Terminal Building. We will be getting annual rents from the developer of that building. In addition, they will be picking up their share of the cam, the operating costs, including the taxes. The Children's Museum will be coming on board. They will also, under the lease agreement, be paying an annual rental and picking up their share of the tax. So those are moves that we have made in the direction of trying to generate more revenue.

* (1040)

In terms of our parking revenues, we have had very good results early this year. So those are all areas that we would see increasing revenues.

In terms of the overall question, do I see a possibility, I do. In terms of additional development in Phase II, I think that we will be able to generate additional revenues. There is no question that tax relief will have to be a consideration in the self-sufficiency mandate, because some of the criticism has been that we were moving too fast. On the other hand, some people have criticized that we are moving too slow. I think every indication we get is we are moving at about the right speed.

I think that the three levels of the shareholders have to recognize that if the speed is at a reduced rate of development that we should not be paying full taxes of over \$700,000 this year.

Mr. Jim Maloway (Elmwood): Mr. Chairperson, as a person who spends time at The Forks, I am very impressed with some of what I see down there. Overall, though, I am a bit concerned about the level of commercialization that I see,

particularly in the new building that is up. It seems like it is just a bunch of shops down there. I thought we would like overall to maybe stay away a little bit from too much commercialization.

I have a couple of specific questions about the financial statement that was referred to earlier. I notice on the parking side of things here, your revenue on the parking is \$136,000, but your expenses on parking is \$131,000. I was just wondering who is paying for the parking down there. What are these parking expenses that amount to \$131,000?

Mr. Diaklw: A fair amount of those operating expenses are taxes. The taxes are shown levied against that area, snow clearing, maintenance. Who is paying for them? We have arrangements with VIA, with CNR, with The North West Company that rent in those spaces. They are paying, and we also have casual parking.

Now, that casual parking takes place during the week. On weekends in those parking lots, you will notice that we free them open to free use of the areas that are not—certain rows are designated as free on weekends when the people who are renting all week are not there.

Mr. Maloway: Mr. Chairperson, also in the presentation that we saw, there was some reference to polls that you have taken. I just wondered how much money has been spent on these polls and who does them and why are they needed? It seems that the results that we are showing here are—I mean, I am happy with what I see the polls showing, but I probably could have told you what the results would be anyway by and large.

Mr. Diaklw: I think the problem is that if we tell people what we think, then we are suspect. You have to get independent people to look at the questions that should be answered. I will ask for support from behind me. We did two polls. I think they ran about \$10,000 or \$15,000 apiece, somewhere in that order.

They explored many things. The poll was not only to find out how people thought about the site. There were things that we asked about the market, things that we asked about the site. So there is a lot of information that we garner from those polls that is invaluable in terms of how we operate the site.

Mr. Maloway: Mr. Chairperson, directors' fees, I see \$60,000 spent last year on them and \$50,000 this year. Who gets them and how are they—

Mr. Diaklw: We have nine board members plus a chairman, three appointed by each of the shareholders, levels of government, one administrative person from each level of government who does not get paid director's fees. The two private citizens get paid as well as the chairman.

Mr. Maloway: That is \$50,000. Are you saying that it is \$50,000 split among nine people?

Mr. Diaklw: No, the chairman has an annual stipend of \$25,000.

Mr. Maloway: Another question concerns the salaries and benefits. I believe the salaries and benefits of the corporation are about \$480,000. Has anyone determined whether that is an excessive or inappropriate amount of money to be spent on administration?

Mr. Diaklw: Our board has looked at it and feels that that is the appropriate amount to be spent on administration.

Mr. Maloway: But have the three partners in the corporation taken a look at that amount of money?

Mr. Ernst: The three partners have an annual shareholders' meeting and approve the financial statements and operations of the corporation.

Mr. Maloway: So as the provincial partner then, the minister—what are your thoughts on that figure as being appropriate or not appropriate?

Mr. Ernst: Mr. Chairperson, firstly, we have good faith in the board of directors of both corporations, The Forks and North Portage. We think that the people that have been appointed to those boards are knowledgeable and dedicated people interested in the proper and efficient operation of those corporations. I think all three partners, the federal government, ourselves and the City of Winnipeg are not particularly interested in interfering in the internal operations of the corporations. I have every faith that chairpersons and boards of directors of those two corporations do an excellent job.

Mr. Maloway: Mr. Chairperson, my final question has to do with the depreciation and amortization. It is \$477,000. What does that figure represent?

Mr. Diaklw: That is a depreciation on all of our capital assets. I do not have the breakdown with me. Did you want a breakdown of that?

Mr. Maloway: Not particularly. I assumed they were buildings and stuff.

Mr. Diaklw: I do not have a breakdown, but in the financial statements that you have before you, there are schedules of depreciation that deal with—not in that document, sir, in the audited financial statements—the terms in which each of these is depreciated over.

Ms. Gray: Mr. Chairperson, just a couple of questions. There were some comments made about the survey that was taken. I may have missed this in the presentation, but what was the sample size of the survey that was done that gave us these statistics presented on the flip chart?

Mr. Diaklw: I will just get Marilyn Edmunds to help me on that.

Ms. Marilyn Edmunds (Communications Manager, The Forks Renewal Corporation): The sample size would be—

Mr. Chairperson: Would you mind taking your microphone, please.

Ms. Edmunds: The first survey, the sample size was 1,125, which was fairly large for Winnipeg's population. The second survey was a sample size of 500, which is still considered a good sample size for Winnipeg's population. Four hundred is a normal sample size.

Ms. Gray: Thank you for that information.

In one of the comments, one of the statistics on the residential development, I noted an indication of surprise that there was a high number of people who did not support residential development. I am just wondering why there is that note of surprise. Were there any indications that there might be some different responses from Winnipeggers?

Mr. Diaklw: No. I guess the surprise came from the fact that in the Phase I concept and financial plan, in the plan for self-sufficiency, there was a plan to provide about 1,100 units of residential development, which would have moved very quickly toward self-sufficiency. When we did the survey, and again the question about surveys earlier, this survey definitely showed that the people that we surveyed had a very strong negative reaction to residential development. So the survey did prove that.

* (1050)

Ms. Gray: As well, there were some comments made about the businesses at The Forks and that there had been mentioned, I think, an increase in sales. I am wondering, with the businesses that have been at The Forks over the last number of years, what has the turnover rate been of businesses there in terms of businesses staying or being able to maintain themselves?

Mr. Diaklw: Very small. I would suggest that probably, of the 50, there may have been about four or five turnovers, four turnovers in the first four years, which is much better than what Granville Island did in a similar type of development.

Ms. Gray: With the new Johnston Terminal and the businesses there—I have not been there yet, I have not had an opportunity to be there—are all of the spaces or is it entirely developed or are there still opportunities for more businesses? What is the plan in terms of occupancy rate?

Mr. Diaklw: I think they pretty well leased the total building. There may be some office space available. The commercial space is all rented. I should mention too about the Johnston Terminal, since you have not been there, there are two things that are happening now. The archeological development is going to take place in the basement of the Johnston Terminal and spill out into the site where public archeology will take place. As well, the Rail Heritage people have space that has been given to them at a very nominal cost for their space down in the basement, so it is not only commercial space. There is that kind of allocation of space, and I see a growing involvement of the archeological people in that building.

Mr. MacLean: I just wanted to add, too, on the top floor of that building, it is all Immigration, and I think it is very fitting because that is where the people came first to Canada, all came through the junction of the Red and Assiniboine. So it is very fitting that all the new immigrants will also be going through there. I thought that was very well done. Of course, we are going to be moving into that building ourselves too, so we will have our offices right there.

One thing about self-sufficiency I wanted to bring up again is, remembering it is close to a half a million dollars that we pay on open space in public amenities a year, that is going to be very difficult, unless we get some relief on that half a million, to

ever become self-sufficient. I think we can if tax burden is relieved from us, but for open spaces, when you are looking at parks and things like that, because a lot of it is used as park space, we do not mind maintaining it and looking after it, but to pay on top of it a half a million dollars is substantial, very difficult to handle.

Mr. Diakiw: Mr. Chairman, could I just add to that because there may be some confusion. I have used the amount \$700,000 in taxes; the chairman has used a half million. Both of them are right. The \$700,000 is the total taxes we pay on the site. What the chairman is referring to is the taxes we pay on undeveloped and unleased lands, which amount to half a million. We do not argue with the fact that as we develop commercial establishments, as we develop these places, we should pay taxes. The concern we have is that we are paying taxes on undeveloped and unleased lands, so that is the difference between the half million and \$700,000.

Floor Question: \$700,000 plus the half million?

Mr. Chairperson: Mr. Diakiw, for clarification.

Mr. Diakiw: \$500,000 of the \$700,000 is on unleased, undeveloped land.

Ms. Frlesen: I wanted to come back to the issue of housing since it is the one area that was in the original plan and is the one where public opinion certainly seems to have shifted. The original purpose of the housing, as I remember it, was that The Forks was dealing with a very barren industrial site which nobody knew and were very unsure in the beginning whether there would be security issues, safety issues, the sense of a site where nobody would go. The original concept of housing, in part, was to address the issue of a people presence at The Forks.

It seems to me that that issue is not there anymore, and I wonder if you wanted to comment on that and how that might affect your planning for the second phase.

Mr. Diakiw: There is no question at all that our board has recognized the kind of input we have had on residential, and in Phase II, you will see a very dramatically reduced residential component for the very reasons that you have indicated, that the site has taken on a life of its own. It has people there most days, day and evening, and it has become a very popular place. It does take away a fair source of revenue for The Forks because, as you will

recall, the financial plan did rely to a large extent on the residential component.

Ms. Frlesen: So what I understand Mr. Diakiw to be saying is that it is a reduced commitment to housing, but it has not absolutely left the plans at the moment, or is that too early to say?

Mr. Diakiw: I think that is a fair assumption, drastically reduced.

Ms. Frlesen: Could I address the other side of that? I was using security and safety as an issue, and it did come up in the presentation that you made that it is another area the public identifies as a concern. There are two aspects to this. I think one is personal safety, and the other is the security of buildings which are not yet, for example, the roundhouse, the B & B Building and the steam plant and other elements of site protection.

Could you give us a sense of how The Forks is addressing both of those issues?

Mr. Diakiw: We do have security in our markets. We do have security out on the site. In terms of the buildings themselves, we had security checks being done in the Johnston Terminal as well as the B & B Building. But the Johnston Terminal is now developed; they will provide their own security. The Children's Museum will be starting within a matter of weeks, and they will be providing their own security. The only building that will be remaining that we will have to check on, of course, is the steam plant.

We are a bit disappointed in terms of the rail interpretation section of our mandate in that we have not been able to get them off the ground in the steam plant to date. I have very much encouraged them to come onto the site. By the renovation of that one car that we talked about, by them being on the site, much as the masons were when they built The Wall Through Time, they will develop a community interest and a community support for their plans. I am hopeful that once they get out there and they are working, particularly on weekends, that that will develop, and they will get some momentum to their plan for the site.

Ms. Frlesen: Were you surprised then at the public raising the issue in such high proportions? I think it was 70-odd percent of the issue of security. What specifically has been done to address that? There was security before. Has there been more security, or was that a false perception on the part of the public?

Mr. Diaklw: No, and here I am assuming. I am not that familiar with the specifics of the concern, but I think it probably related mostly to the Riverwalk.

On the Riverwalk the police department has introduced a service that goes up and down the walk in one of these little golf carts. I think that will provide some relief in that area. We may have to do other things, but at this point in time it is not at the point where we should have to. We have had some concern about cyclists and skateboard people, but those are things that will be common to the site and we will have to learn to live with and control.

Ms. Friesen: I must admit that the Johnston Terminal building surprised me. The overwhelming impression when you walk in is of a commercial establishment, not of supportive commercial activities such as were identified in the original plan.

Now I am prepared to look at this in the sense of the pace of development, is it an uneven pace, but looking at that building as a whole, the public does not particularly see the Immigration people, although obviously they do lend an addition to the site. What they do see at the moment is that overwhelming sense of commercial presence in addition to the commercial presence they have just left in The Forks Market. It seems to me to be giving not the whole impression of The Forks. The two or three public interest areas—the sports hall of fame, the archeological and the rail people in the basement—they do not seem to have much prominence. You do not get a sense that there is a public presence in that building yet. How is that going to change?

* (1100)

Mr. Diaklw: The answer to that question is it will change with time. As with any redevelopment of a building, the commercial aspect gets going quick because the people get in there, they have the money, and they get that first and second floor going very quickly.

In terms of the archeological lab, that is coming and I think that will change the perception. I think the Rail Heritage people going into the basement and becoming involved in the site, I think all those things will add, but it takes a little time to bring the building into play.

I think that the restaurant on the first floor is an outstanding restaurant in terms of rail heritage. It depicts a very important era. I think that restaurant on its own is a very attractive facility.

But I think in terms of those other things, you mentioned it yourself that those will come with time, and as they develop, the interests will go into the building and those things will come to the forefront.

Ms. Friesen: What is the proportion of commercial to public space. By public I am essentially saying the sports hall of fame, the areas that are noncommercial.

Mr. Diaklw: There are four floors. Let me start at the top. The top floor is taken by the Immigration Department, as the chairman has indicated, which is I think very historically correct for the site.

The third floor, there is office space, no commercial establishments on the third floor.

On the second floor, I would say probably better than half would be commercial. The sports hall of fame is not yet in there. They have a boutique that is working, but they do not have the hall of fame in there.

And then the first floor, of course, is commercial. The basement area, we have the archeological lab and the Rail Heritage people. So that is—I could not give you an exact percentage.

Ms. Friesen: Would it be fair to say that 20 percent is in the area of public trust?

Mr. Diaklw: I would say a little higher than that probably.

Ms. Friesen: It would be useful to know those kinds of percentages, I think, and I wonder if perhaps at a later date that square footage could be provided?

Mr. Diaklw: I am sure you understand that the building is under lease to Marwest, so the figures I am giving are not ours. I am giving you what I think is going on.

We retain the right to approve anything on the first floor because it is a public area, and our board has approved every establishment on that first floor. Then, of course, we were very instrumental in getting the space for the archeological people and the Rail Heritage people at or very near no rent in those areas.

Ms. Friesen: Under the conditions of the lease then, Marwest could change those proportions?

Mr. Diaklw: With respect to floors other than the first floor? Yes, they could. But on the first floor the board retains the right of approval on each lease that goes in.

Ms. Friesen: By the first floor you mean the restaurant, the cappuccino bar, the Christmas store, the—

Mr. Diaklw: One of the things that the board was very restrictive of is additional food establishments. So there is a caveat against them putting in any other food establishments regardless of what floor they would go on.

Ms. Friesen: So under the terms of the lease, what are the guarantees for those public interest areas since the sports hall of fame is on the second floor and the others are in the basement?

Mr. Diaklw: I am not sure, guarantees in what sense? They have entered into leases with Marwest, and depending on their success, we would anticipate that whatever leases they entered into they would be guaranteed for those periods of time.

Ms. Friesen: Thank you, but what I am looking for is the nature of that contract. At the moment we might say, if we use perhaps your estimate, we have about 30 percent which is public space. That is leased to another corporation which could in fact alter that when those leases were up or if they found people who could perhaps pay a higher percent per square foot. I mean, it is essentially then out of your control, is it? That is what I am asking. I do not know the terms of your lease with Marwest, and I am concerned about the guarantees of public space.

Mr. Diaklw: My understanding of the leases with regard to the Public Archaeology and the Rail Heritage, they are fairly long-term leases. I do not have before me the information on their length.

Ms. Friesen: Is it possible for this committee to see the terms of that lease with Marwest?

Mr. Diaklw: I would defer that question to the chairman. We have not normally divulged the commercial leases that we have entered into with any of our market tenants or any people. How the board would view that I am not aware.

Mr. MacLean: I think we could circulate the lease that we have on hand with the archeology people in the basement and our own lease. We have a lease with them up on the third floor and with the Rail

Heritage people. There is no problem with that. I would have to take it under consideration whether we give you the total lease with the three levels.

Mr. Maloway: Mr. Chairperson, I would like to follow up a little bit on the member for Wolseley's (Ms. Friesen) questions about the leasing arrangements here. Am I to understand then that the ownership of the building though rests with whom? The Forks has a lease with Marwest, sort of an overall lease for the building?

Mr. Diaklw: Correct.

Mr. Maloway: Marwest has leases with each of these tenants?

Mr. Diaklw: Correct.

Mr. Maloway: Mr. Chairperson, why was this arrangement entered into in this fashion? Why did The Forks not simply lease directly?

Mr. Diaklw: Well, because the private sector put up \$8 million to renovate the building. Had we leased directly we would have had to expend that money.

Mr. Maloway: So given that situation, presumably Marwest then saw an opportunity here to make some money in this or they would not have got into this arrangement. They put up \$8 million. They renovated the building. They have a lease with you for—how many years is that lease?

Mr. Diaklw: Seventy years. [interjection] I am sorry, I have been corrected, 75.

Mr. Maloway: How long are their leases with their tenants, or are you privy to that?

Mr. Diaklw: We are not privy to that, but our experience in our own buildings is that they vary with the different businesses. There probably would not be many leases that were the same. They would vary from use to use.

Mr. Maloway: Mr. Chairperson, perhaps at this point I should ask the Corporation then if it would be possible for us to get a copy of the leasing arrangements with Marwest so we could better ascertain as to what the potential is here for Marwest to make a profit over the long haul.

I mean, surely we would not want to be in a situation where Marwest was unsuccessful. Then what would happen if that were to happen over the next five to ten years? We are taking a real leap of faith here to give Marwest a 75-year lease, assuming that all things are going to work out for them.

Mr. Ernst: I will defer to Mr. Diakiw, just for the moment.

Mr. Diakiw: Mr. Chairperson, I maybe should have indicated at the start that we did go to a public proposal call on the buildings that were on the site, including the Children's Museum, the steam plant and the Johnston Terminal Building.

As a result of that proposal call, we entered into a Letter of Intent with the various developers. That is the road that we went down. I would suggest to you that a private developer getting into that business would have looked at it with respect to making a profit. I would expect that would be his motivation in doing it.

Marwest has had a good background in terms of renovation of existing historical buildings in Winnipeg; the Chamber of Commerce is one that they have done a fair amount of work on. So that is how we got into the arrangement.

* (1110)

Mr. Maloway: Mr. Chairperson, I am going from memory here now, but it seems to me that roughly 10 years ago Marwest or the people that operated Marwest certainly had financial difficulties with previous projects they were involved in. So, once again, you are taking a great leap of faith here to give Marwest, or anybody for that matter, a 75-year lease on a building such as this. Do you not agree with that?

Mr. Diakiw: I am not familiar with whatever problems they may have had. I can tell you that when we were entering into the arrangement, we did do a financial check in terms of their capability to carry out the project, and it was positive.

I think in this day and age it is pretty difficult to predict who will be successful and who will not. We have to go based on the best information we had, and it was positive at the time.

Mr. Ernst: Mr. Chairperson, what we have here is an arm's-length corporation owned by three shareholders who have entered a commercial agreement with a private entrepreneur. That private entrepreneur may or may not be successful. It is the vagaries of the marketplace.

If it is not viable, then I am certain, and I do not know for sure as a shareholder, but I have sufficient faith in the expertise of both members of the board and their legal counsel that they have built in

adequate protections for the board, for the corporation in the event of a failure.

What happens ultimately, I would assume, is that failure under the head lease would have the operations and right to deal with the building revert to the corporation. In which case then they are willing to enter into direct leases with their tenants or take over existing leases, as the case may be, in accordance with whatever the agreement is.

But the fact of the matter is that you have an arm's-length corporation entering into a commercial lease with a private entrepreneur. In terms of a commercial confidentiality, that is an arrangement between them. That is the way the corporation was set up. We have an existing lease with the B & B Building. We will have, ultimately, one with the steam plant. There will be terms of commercial confidentiality taking place in the existing market between the tenants there and The Forks Corporation on a direct basis. Just to provide an overall perspective, Mr. Chairperson.

Mr. Maloway: Mr. Chairperson, I am not saying that is not going to work and not going to come up roses for Marwest. I am just concerned about the potential public involvement here, and I think the minister is fully aware that we had a recent case where a certain person in town had mortgages, and at the end of the day, when it came time for the foreclosure on the mortgages, the person who owned the buildings was keeping the rents for nearly two years. Now—

Point of Order

Mr. Ernst: Mr. Chairperson, on a point of order, this is entirely irrelevant to the subject matter at hand. We are dealing with The Forks Corporation here and the consideration of their annual report. If the member wants to play politics, let him play it at another time.

Mr. Chairperson: The minister does not have a point of order, but I would remind all honourable members that we are considering The Forks Corporation and confine their questioning to that, please.

* * *

Mr. Maloway: Mr. Chairperson, without making further reference to the other case, I would just like to be assured that, if the developer was not in the picture, The Forks Corporation would be able to attorn the rents immediately, and we would not see

a possible defaulting head leaseholder, or whatever they are called, taking the rents until the leases ran out. Now can you assure me of that?

Mr. MacLean: I can assure you that we took all the legal requirements necessary to protect ourselves and the general public. We did not go in and give anything away, I can assure you.

The other thing I would like to bring out is that it was very necessary for us to do something with that building. That is why we let the tenders out. It was beginning to fall down and was not safe for anyone and we were having difficulty. So we feel we did the best we could, but we can assure you that we are protected, and we had a good law firm looking after it. It was not mine, but I checked the documents anyway. Thank you very much.

Ms. Frlesen: In the lease with Marwest, the public interest, in the sense of percentage of public space in that building, how is that protected?

Mr. Diaklw: It is protected in this sense, as I indicated earlier. The basement areas are under lease to the two organizations that I indicated to you.

In terms of the public use of the first floor, the corporation has retained the right of approval on each establishment that goes into that first floor, which we consider the public floor.

On the rest of the building, we have indicated a concern with regard to any additional food establishments, and we have a right of refusal on that. That is the extent that we have at the present time.

Ms. Frlesen: I think we may be using the term public use at cross purposes. The Forks' definition of public use obviously is a broad one which includes public, which simply means public access and includes commercial establishments, because on the first floor, the one which you retain control over, there is nothing of what I would call public-use facilities in the sense of public trust or of noncommercial institutions, nonprofit institutions. So really, that was the purpose of my question.

In what way is the public trust, public historical, cultural, multicultural, et cetera, use of The Forks protected in the proportions of that building?

What I am hearing is that you have a direct lease in the basement with the archeologists.

Mr. Diaklw: Yes.

Ms. Frlesen: And anything else?

Mr. Diaklw: In terms of the building itself, of course, it is a Class III building. It was protected by the City of Winnipeg. The developer did go for all the necessary approvals to the City of Winnipeg, obtained all the necessary approvals, so that historical interest was protected through the process of the City of Winnipeg, who are the designating authority for buildings in Winnipeg.

In terms of the inside of the building, as I have indicated to you, the cautions that we took and the concerns we had were protected in the way that I outlined to you.

Ms. Frlesen: I recognize your concerns for the architectural parts of the building, and I know there have been controversies about that in the heritage community, particularly the treatment of windows in the modernization or in the renovations.

What I am really concerned about again is not so much, at this stage, that architectural sense, but the nonprofit public use, the multicultural, the historical, the cultural, the public trust sense of the role of The Forks in Winnipeg.

It seems to me that five years from now, 10 years from now, there could be no sports hall of fame; there may not be an Immigration Office upstairs; there may be a completely different, totally commercial application of that building. That is what concerns me. That is possible then, under the conditions which you have with Marwest.

Mr. Diaklw: I am sure you will recall that when we went to public tender on that building, it was always seen to be developed commercially, in your definition. It was seen as either a hotel, seen as either a commercial establishment, office space. Those were the permitted uses that we went to a tender call on.

There are critics, as indicated earlier, who said the building should come down. We took the position that we thought it was a Class III building; it should be protected, and it had a place.

Within the concept plan that we had, which permitted us to develop that, we then went a step further and said, we want the archeological people accommodated. We want the Rail Heritage people accommodated. We want the sports hall of fame accommodated. We want to control everything on the first floor.

I think we went beyond our original mandate in trying to control the use of the building, and we

were able to get those considerations that I have outlined to you.

Ms. Friesen: What would be the connection between the archeological part of this building and the new archeological potential that you expressed in your early statement?

Mr. Diaklw: The development will be twofold. It will be inside the building and outside the building back in that back-of-the-restaurant area where the public archeological area is.

We are looking at concepts that develop a feature, an icon, that will identify and highlight archeological interpretation outside of the building and connections into the inside, where there will be labs and additional interpretation. So there will be that linkage that will take place.

* (1120)

We are just in the early formative stages of design. We have a local consultant who is working with the archeological community and the heritage community in developing this project.

Mr. Maloway: Mr. Chairperson, could I ask the chairman how much public money went into the development of the Johnston Terminal? Do you have those figures?

(Mrs. Shirley Render, Acting Chairperson, in the Chair)

Mr. Diaklw: No.

Mr. Maloway: No money at all.

Mr. Diaklw: No money other than the proposal calls, the cost of our legal bills in entering into that kind of commercial arrangement, but other than that, plus the fact that we have rented some office space on the third floor, there were no public funds that went into that.

Ms. Friesen: Could we look at a couple of other areas. I wanted to ask about the boundaries of the site at the CN land to the north? Do you call it north? The long, narrow strip.

Mr. Diaklw: The long, narrow strip adjacent—

Ms. Friesen: The CN lands adjacent to the site.

Mr. Diaklw: Those are not CN lands. Those are our lands. In the parking lots, those are our lands.

Ms. Friesen: The Forks then has taken over the CN lands, the former CN lands.

Mr. Diaklw: I am sorry. I am used to the City of Winnipeg system, so forgive me if I keep jumping in.

Let us get our picture here correct. The CN lands that existed to the north of the site were the lands, 14 or 16 acres, that the city acquired. They have ownership of those lands. Are those the lands that you are talking about?

Ms. Friesen: What I am trying to get is a sense of the future of the boundaries of the site. So, yes, the CN—now city lands. Can the board tell us something about what they know of the future of those lands?

Mr. Diaklw: We do not own the lands, so we do not know what plans the city may have. In our public consultation process, it became evident that in arriving at a demonstration plan it would be necessary to include those lands, even though we do not own those lands. So in the plans that we have developed, we have prepared demonstration plans for the redevelopment of that site, but those are not our lands.

Ms. Friesen: You have representatives of the city on the board, and so I am looking for a process by which an orderly development of those two contiguous areas can take place. I wonder if we could address the issue of process.

How is The Forks Renewal Corporation dealing with the issue of its adjacent lands, particularly those which belong to the city, and which there are, I think, a number of questions raised over the past few years about the future of those lands?

Mr. Diaklw: In terms of the development of our Phase II plan, we have met with the city administration, all their department heads, and outlined some ideas that we have for those lands.

When we go public with our Phase II plan, those will be shown on the demonstration plan. I would think at that point in time, the city would probably play a very major role in whether they agree or disagree.

(Mr. Chairperson in the Chair)

One of the interesting dilemmas we find ourselves in is the question of York-St. Mary. You will recall that in the first financing concept plan, part of the arrangement among the three levels of government was that the city and the province would construct York-St. Mary as part of the total

arrangement of land exchange and monies and everything.

Subsequent to that, the city acquired the lands to the north, and the York-St. Mary which were to have been complete by the fall of last year, of course, have not been started. They are looking at that themselves. I do not know where they are at in terms of York-St. Mary, other than I have been told that their priorities lie with the Main Street, Norwood Bridges, and that is where they will be spending their monies over the next five years.

So we have suggested to the city that they, as part of the original arrangement, at least should look at improving some of the access points to The Forks. I am talking specifically about the York Avenue underpass which is within their purview. So that is very generally where we are at, and once we surface with our plan, I think then the city will play a role. The city has representatives on our board.

Ms. Frlesen: What have been the implications of the absence of that York-St. Mary project on the finances of The Forks? What arrangements have been made to cover that?

Mr. Diaklw: None at all. We have brought this up with the shareholders, indicated that the arrangement that was entered into is not complete because the York-St. Mary has not been constructed. There is an outstanding commitment, and we have left it with the shareholders.

Ms. Frlesen: Where does that commitment remain on the books? If there is money which has not yet been transferred to The Forks, it is money still in the hands of the shareholders?

Mr. Ernst: Mr. Chairperson, there is a requirement for the City of Winnipeg and the Province of Manitoba to fund and construct the York-St. Mary extension. Really, there was no money to be transferred to The Forks. The question was the city was to build it, and the province was to fund half of it. We have allocated in the Urban Projects Capital Allocation, the first agreement, I believe, \$8 million toward that end as the province's share of the cost.

When the city acquired the CN lands to the north, the ones referred to earlier, the options changed somewhat in terms of what they could do to provide access to that area. One of the things that the city is looking at, I believe, is the question of the extension of Portage Avenue. They purchased the Codville Building on the corner of Westbrook and

Portage Avenue East which is now under demolition and ultimately can provide access by the extension of Portage Avenue through to that site. So ultimately the city's transportation plan will have to be considered in how best access to the site can be provided.

Ms. Frlesen: So what you are saying is essentially, now Manitobans are, through their various representatives, looking at either/or York-St. Mary or an extension of Portage. What is the process for arriving at that decision? Is it going to be entirely a City of Winnipeg decision?

Mr. Ernst: It will be a decision of the three shareholders. What is acceptable to the three shareholders of the corporation will ultimately be what happens. At the same time we want to consider the city's overall transportation plan and how it fits in with its regular transportation routes and ultimately what is the best overall for the city, not just what is best for The Forks, but overall what is best. At the same time the interests of The Forks must obviously be addressed and our investment there must be protected as much as possible.

Ms. Frlesen: So then as I understand it, The Forks board, the three shareholders are the ones who are presenting to the city the ideas that they anticipate for the city lands, the former CN lands. The Forks board is essentially going to drive the decision of either Portage Avenue or York-St. Mary? Is that fair to say?

Mr. Ernst: Please do not confuse the board with the shareholders. The shareholders are myself on behalf of the provincial government, the mayor on behalf of the city, and Charlie Mayer on behalf the federal government presently. Those are the shareholders, if you will. The board kind of runs the day-to-day stuff. It has been doing the planning, but ultimately the decision rests with the shareholder.

Mr. MacLean: I just want to confirm that we do not have any power to tell the three levels of government what to do. They have to make up their own minds and they tell us. We can make suggestions, which we do, but the final decision is in the hands of the three levels of government.

Ms. Frlesen: So where we are at the moment is that the shareholders are deciding on the Portage, York-St. Mary issue, and the board, as opposed to the shareholders, has developed some ideas in its plans for the former CN, now city, lands?

Mr. Ernst: I believe that is a fair comment. I should say though that it is not just York-St. Mary versus Portage Avenue. There may be some other option, but nobody is rushing into that at the present time considering Phase II planning of The Forks and other transportation requirements of the city of Winnipeg. A decision will be arrived at in due course.

Ms. Friesen: I was going to ask for the timing on that. I assume the answer is, in due course.

* (1130)

Mr. Ernst: Yes.

Ms. Friesen: In due course but within the context of the next planning phase, the next five-year plan of The Forks?

Mr. Ernst: I would think so. I cannot commit specifically, but I would expect that that is the case.

Ms. Friesen: I am still going round the boundaries of the sites, because these have always been significant to the way in which the site is developed. In the area of the York-St. Mary, one of the issues has been, I think, in the past the possibility of a recreation centre on private land in that area. Is that still an issue? Across from the Sports Federation I believe was one site, and it was a private recreation facility that was being proposed.

Point of Order

Mr. Ernst: Point of order, Mr. Chairperson. Pardon me for interrupting, but the hour is presently 11:30. We have committee scheduled to meet for a further hour. Questioning appears to have gone on to some length with respect to The Forks. Is it the committee's wish to retain the representatives of the North Portage Development Corporation in expectation that they will be heard within the next hour?

Mr. Chairperson: Order, please. The minister does not have a point of order, but what is the wish of the committee? Do we intend to consider the North Portage Corporation this morning?

Mr. Maloway: I think we will probably spend the rest of the committee hearing on this particular topic.

Mr. Chairperson: Is it the wish of the committee then to postpone consideration of the North Portage Development Corporation until some future time?

Mr. Ernst: It would appear that if the committee wishes to continue on with the question of The Forks, then I would suggest that we will release the people from North Portage.

Chairperson Naimark and staff of North Portage Development Corporation, I extend my apologies for having brought you here under false pretences. The expectation was that we would be able to deal with both corporations this morning. That has not proven to be the case, so I apologize and thank you for your attendance.

Mr. Chairperson: Thank you. The committee then will continue to discuss The Forks Renewal Corporation.

* * *

Mr. Chairperson: Order, please.

Ms. Friesen: I do not know if the member for St. Norbert's (Mr. Laurendeau) comments are being entered onto the record or not, but I think they were dealt with at the beginning of the meeting.

I think Mr. MacLean wanted to respond to the issue I raised on the area opposite the Sports Federation and the recreation centre.

Mr. MacLean: We have been looking at that area. Again, I would like to point out that the three members do not really deal with the City Council themselves. We will be meeting towards the end of this month with the City Planning Department. We will be going over all our discussions with them.

Again, they have strict control and they own the land, and whatever they decide they want to do—we can make suggestions, and we have under our mandate questioned that we have a right to look at what is going on there, but the final decision is with the City of Winnipeg.

Ms. Friesen: That was specifically on the issue of that land opposite the Sports Federation and the recreation centre. So that is still then a possibility?

Mr. Diaklw: Could I get the definition of what you mean by recreational centre, because I wonder if we are talking about two different things. Are we talking about the arena, because that is what was proposed at one time? That is not what we are talking about.

Ms. Friesen: No, the most recent proposal I had heard, yes, the arena for a variety of areas around downtown and around The Forks, et cetera. That is a concern still. I think that I would like to hear The Forks Corporation on record on it.

But what I was specifically mentioning was the proposal, I think within the past year, for a water park, a sea and recreation park of some type on the land opposite the Sports Federation that is adjacent to The Forks, but that is not The Forks' land.

Mr. MacLean: Yes, I can answer that one. We are certainly under consideration of having a water park, something like the area of we would look at at Grand Beach. If you want to go swimming, you go to the Y or one of the pools. There are a number in Europe that are very successful.

But we were not looking at a privately owned one. We were hoping some way that we could maybe get in combination with someone. Because there are a lot of handicapped people and a lot of seniors in the wintertime, we would like to make the area accessible all year round for those people who cannot go south and can enjoy it here in Winnipeg.

But, of course, at the present time that is on hold, because it is quite a considerable amount of money, and we would have to go out and raise that money. But it is still under consideration.

Ms. Frlesen: That is the Dutch centre park type of idea, and that would be on The Forks' land that is still under consideration for the next five years.

Mr. MacLean: We are looking at the next 20 years.

Ms. Frlesen: The particular question I was asking was again, to get back to it, the adjacent land opposite the Sports Federation. Are there plans for that that The Forks Corporation is aware of?

Mr. Diaklw: I am certainly not aware of any lands, unless you are talking about the Main Street frontage, and I have not seen any plans of any kind of recreational centre. There may be some around that I have not seen, but there are plenty of plans around both for our lands and for other lands that we have no input into. So I am sorry, I just do not know. I have not heard of any kind of development for that area.

Ms. Frlesen: Moving then onto the Via Rail station which I think from the beginning has always been considered an entrance point to The Forks. Over the last couple of years, when I have asked questions on that, that idea of a gateway, of an entrance, seems to have been dropped, not necessarily by The Forks, but certainly there did not seem to be an interest, as I understand from last year, on the part of Via Rail.

Now what we have opening very shortly is yet a further addition of commercial space. I wonder if The Forks Corporation could give us some background or context on your discussions with Via Rail. What has been the process of co-operation in the development of that commercial space? How much commercial space is it? What is the impact going to be on the viability of the commercial space at The Forks?

Mr. Diaklw: I do not know enough about their development. They did come to see us early in the process, and we indicated that we would give them any kind of advice or help. We did not see competition as being necessarily bad. We saw that the right kind of retail might be appropriate.

But we have not been involved in any direct way in their project. We have still retained the interest, and in the Phase II Plan, you will see a connection to that facility. We have always recognized, as you have just indicated, that is an access point to The Forks and one that we should pursue with them. They seem to be quite amenable to that kind of approach. So we are hoping that in Phase II there will be that kind of connection.

Ms. Frlesen: Are there plans for any kind of formal connection? You do have a formal connection with the city, and you do meet with city planners and you eventually will present your proposals to the city.

Via Rail is developing something, I think, that could be quite significant in its impact on The Forks. Again, I am not necessarily saying either good or bad, but it seems to me that there should be some kind of more formalized relationship, not necessarily members of the board, but some annual meeting, some kind of formal connection for something which is so close and which has such potential for both good and bad.

Mr. Diaklw: I would not want you to leave with the impression that we have not had discussions; we have. Our site consultant, Ken Gabray did a lot of work for the Via station itself. So in the development of our demonstration plan in that connection, there is that knowledge.

We have not discussed it in any detail with them yet, because we did not think it was appropriate until the board approved a demonstration plan and we went public with it. My feeling would be they would be very agreeable to that kind of a connection, but we have not gotten into any kind of

formal arrangement with them at this time. The timing is not right at this point in time.

Ms. Frlesen: And then moving on to the Parks Canada. Parks Canada has informal relations with you through the Heritage Committee. It also has some planning connections I believe for site activities. Could you give us an account of how that has proceeded in the past year and what kind of plans for the future there are?

* (1140)

Mr. Diaklw: Quite well. In terms of the programming, we have our programming people meet regularly with the Parks Canada people. As you are aware, we did give them about two and a half acres of our land at the north end of the National Historic Park which they have developed.

In terms of parking, in terms of programming, in terms of joint events like the Children's Festival which takes place part on National Historic property and part on our site, we have very good relations. I think the success is in this, that people coming to the site do not recognize that there are three or four different authorities that have control. They come to it and see it as a site, they like it, and I think the fact that we co-operate in the way that we do, it does not appear that there are different entities controlling the site. I think that is very important, and I think we have been successful in that regard. We have had very good relations with them.

Ms. Frlesen: I think that is significant, and that is why my concern for these other lands which are as yet undeveloped and which do not seem to have regular relations with The Forks at this stage. Now, that is looking from the outside. It may appear from the inside quite different. But, yes, I think we share the same concern on that.

I wanted to ask about public transport at The Forks. Again, that was one of the issues of the VIA Rail station originally, that there might be some kind of interconnection there of public transport. Can you give us an account of what has happened in terms of public transport to The Forks over the past year and what the plans are for the future?

Mr. Diaklw: We were extremely disappointed at the city's actions in doing away with the downtown DASH. We felt very strongly, and I appeared at committees and council arguing that with a downtown the size of Winnipeg's, the DASH was the kind of public system that was necessary to tie a large downtown together.

The city for their own financial reason decided not to go ahead, and they have introduced one or two regular lines that penetrate the site but we have lost the DASH, and the DASH is a loss not only to us, it is a loss to the downtown area.

In terms of other public transportation we introduced last year, and this year in a larger way, the Splash DASH. We have gone to public tender, called a private entrepreneur, we will be running a water bus between the various Downtown BIZ. We have negotiated with Osborne Village, the Downtown BIZ, St. Boniface, Norwood, for drop-off points. So we are introducing a water equivalent of a DASH system except that you have to pay. It is not a large amount but the proponent does have to cover his costs and hopefully make a small profit.

In terms of right on the site we do have horse-drawn carriages that are on during the summer and in winter. They are a very popular part of the site. In terms of the long range the city's plan had always been to bring along an LRT system, a light rail transit system from the University of Manitoba alongside the main railway track here with a main station at The Forks and terminating in the Graham Avenue mall. That, I am not sure where it is in the city planning process. That covers the bulk of what we are about in terms of public transportation.

I think that as the parking lots start filling up, we will be looking at a more intensive type of public transportation. I am a great supporter of horse-drawn carriages. I think that they are very important to the site. I have been out there on the weekends and have seen how the young people hoot. I grew up with horses and when I see young people that have never seen horses, never petted horses and they come out there, so as the parking lots fill up, I think we will have to become more structured in our provision of horse-drawn carriages and horse-drawn sleds summer and winter. The problem we will have, of course, is finding a place to properly house these horses, stable these horses, so I am hoping the city will be helpful in that regard.

Ms. Frlesen: Do you have plans to evaluate the economic impact of the loss of the DASH on The Forks?

Mr. Diaklw: I would think so. The loss of the DASH is just very current. I think it was just this last weekend or so that it has happened. We will

probably do something of that order, although our surveys did indicate that the bulk of the people—I forget the high percentage—did come by car or walk or bike, that the use of public transportation was not as high as we would have liked. Particularly we found, the downtown DASH, when you introduce a fee, right away the ridership drops off tremendously.

I have always felt, wearing a different hat, that Winnipeg was ideal for a downtown DASH system because of the size of the community. When we talk about our downtown, we forget that it is a large downtown and it has to be tied together. The DASH, I think, was the appropriate way to do it. Hopefully, our Splash DASH will take over, and we will be able to do it privately, but only time will tell.

Ms. Frlesen: One of the original problems The Forks faced was in fact getting people to the site, and I think there is no doubt that that issue has been overcome and surpassed. In fact, I wanted to pass on to you the comments that I heard at a senior citizens home that I held a meeting in recently.

We were talking about the increased bus costs and those kinds of things, and I was asking them if they ever went to The Forks, ever used the walkway. Their concerns about the walkway were the ones that you would anticipate. They are the issues of security and, no, they would not go on their own, but they would feel safe enough to go with another person or two other people.

As far as The Forks goes, this particular group of people, who are a downtown group, said, no, they did not go there, it was too crowded. I wondered if you had heard that; certainly you hear it about the parking. These were people who did not have cars, but certainly felt that The Forks—even in the mornings, I said—was too crowded for them, and these are people who are elderly but not fragile. So I wondered if that was a concern.

Mr. Diaklw: It is a concern that I am happy to have after five years because, as you will recall, there were people who said that this would never get off the ground.

I guess, yes, there are times, I must admit, on Saturdays or Sundays, particularly when we have a large event like the Children's Festival on the site where you are bringing thousands and thousands of children to the site, that the site does become crowded, but we have always said that that kind of

community involvement in the site—we have had complaints from some of our tenants that it is not necessarily good for business just because there are a lot of people, but we have always indicated to our tenants that this is a public site and it is available to the public and you have to live with that kind of inconvenience, if it is an inconvenience.

It does occur when there are large public events on the site and if it should rain and then everybody is looking to get inside, but not to the point where we would become concerned at this point in time yet, but it is growing, there is no question at all.

Mr. MacLean: I would just like to add to that. You know, when I go there on a Saturday morning, I really feel that this is Canada. You see all the different people with different backgrounds and nationalities who are now Canadians, different colours, and the kids are running around and having a real ball, laughing and playing together, and that is what it is all about.

I do not know what you can do when it gets too crowded. The biggest complaint I have too is that we could not move, but still this is what it is all about. It is to be a meeting place for everybody. I do not know what we can do about the seniors, but it is one of those things that makes you feel good about The Forks, because this is where the people are meeting. You will notice that most people have a big smile. The biggest complaint too is that they cannot find some place to sit down, but what are you going to do about it? We do not want to expand any larger than we are.

Ms. Frlesen: Well, I think it is in part a design issue. That is why I am drawing it to your attention, the issue of having a place to sit down. Originally the design issues were in effect to contain the spaces, to develop spaces in a large wasteland which, in fact, had that sense of intimacy so that the sense of security which was not there could be created. So now I think you maybe have additional design issues which perhaps could be looked at over the next four or five years.

Mr. Diaklw: I am sure they will be looked at, yes.

Ms. Gray: Mr. Chairperson, looking back at the annual report, March 31, 1992, it indicates revenues from operations at about 1.5. I am wondering if the board has any updates, since we are now past March 1993, in terms of any increases in revenues over the past year?

Mr. Diaklw: I think that the market revenues will definitely be up, there is no question. The gross sales at the end of the year were up 10 to 15 percent, so our rents will be up. Our parking revenues are increasing. We will also be getting additional rents from the Johnston Terminal and the Children's Museum that will be coming on. They will be paying rent, so there will be additional rental revenues. [interjection] Somebody whispered the Tourism Centre will also be paying their fair share and paying rents on the site as well.

* (1150)

Ms. Gray: Mr. Chairperson, one of the concerns certainly that has been mentioned this morning by the board and would certainly be a concern to us as well as legislators is, how or when does The Forks become self-sustaining? That is why I asked the question about the increase in revenues.

I know there was some discussion about taxes that have been paid, but I am wondering, has the board developed some type of plan, either one, two or five-year plan, in terms of looking at their revenues? There was some general mention made of, yes, the board needs to look at becoming self-sustaining, and I think then we got off into other directions. I am wondering if I could hear from the board what are the specific plans that the board has to become self-sustaining, and do they have a time frame as to when they think that may occur?

Mr. Diaklw: In the original plan, it was contemplated that self-sufficiency would be reached after 10 or 11 years, somewhere in that order. The board is always concerned about self-sufficiency and generating additional revenues. The development of the Phase II demonstration models—they are financial models that have been developed with a view towards achieving self-sufficiency, so they are included in the plans that we are developing and will require some additional development on the site in order to generate additional revenues.

If, for whatever reason, the powers that be decide they want less development, then they are going to have to look at giving us tax relief. Because if you are going to ask us not to develop the lands, I feel it is fair that you also recognize that there is a fact of giving tax relief on the lands.

Ms. Gray: Mr. Chairperson, even if there was tax relief though, would that be enough difference in expenses to ensure that, even with some of the

increases in gross sales, et cetera, The Forks might become self-sustaining?

Mr. Diaklw: There would have to be some additional development as well. There is no question that there would have to be additional development.

The change from the Phase I plan to the Phase II plan will redistribute that development in a different way, but there will still have to be some revenues generated from parking and from commercial development, institutional development, in order to achieve self-sufficiency.

Mr. MacLean: I would add to that. I think the development though could be kept basically off the area of the site that everybody is worrying about. We are looking at, say, the west side of Pioneer. We could put in parking lots and maybe some commercial on top of that area, but the area within the park that everybody considers The Forks I do not think we would have to, if we could get the tax relief that we are looking for.

Ms. Gray: Mr. Chairperson, the funding contributions from the various levels of government, what commitment is there for how many years in regard to this funding? Over what period of time is this funding?

Mr. Diaklw: We call that Equivalency Funding, and the federal government has delivered on their \$4 million of Equivalency Funding. The city and the province are contributing their fair share of the Equivalency. The city is contributing, over a 10-year time frame, \$4 million, and the province is contributing, over a five-year time frame, \$4 million.

Floor Comment: Five.

Mr. Diaklw: Did I say four? I meant five. I am sorry. Yes.

Mr. Maloway: Mr. Chairperson, I have a few questions here concerning the—back to the Marwest questions that I asked earlier. I would like to ask about, I believe it is called, The Market building, or the building that has Branigan's in it. The other building, yes. I would like to know, in that particular building, who owns that and how the leasing arrangements are with that building?

Mr. Diaklw: We own the building, and we have entered into leases with each of the tenants in those buildings, the two barn buildings, yes.

Mr. Maloway: Could you tell me how many leases there are that you have entered into?

Mr. Diaklw: I could say around 50. If you wanted something more accurate than that, I would get it for you, but there would be, at any point in time, about 50 permanent tenants. So there would be about 50 different leases.

Mr. Maloway: Can you tell me how or who negotiates the leases as to whether or not it is somebody in house or whether it is contracted out to someone?

Mr. Diaklw: It is negotiated by our market manager in house.

Mr. Maloway: So what we have is one building where we have approximately 50 leases all negotiated in house by The Forks board, and we have a second building that was developed with a private partner in which there is only one lease involved, where the private partner has to lease and then in turn sublet or lease things out. Now on the proposal call, when it was first made—and I have to admit to you now that I have just become the critic for the area, so I did not follow it that closely in the past, but presumably, when the proposal calls were made two and three years ago, there were a number of people interested in the thing. Now, could you tell me how many there were and how the proposals varied one from the other?

Mr. Diaklw: There was a proposal to redevelop the building as a hotel, and then there was this proposal that we got from Marwest. I would like to get back to the two different buildings. I reiterate, we own the buildings. We spent \$8 million developing The Market buildings. We entered into 50 leases. On the other building, we own the building, but we never spent money on the building. The developer spent the \$8 million. That is why he has entered into the lease arrangements.

Mr. Maloway: Am I to assume then that there were only the two proposals that were forwarded to you at the time of the call then, the one for the hotel and the successful one, being Marwest?

Mr. Diaklw: I am sorry. There was a very controversial one, the German-Canadian community came forward with a proposal on a German cultural centre as well.

Mr. Maloway: Mr. Chairperson, on what basis was the Marwest proposal considered successful given that we have three very different ideas being proposed here?

Mr. Diaklw: It was a simple case of the others disappearing. When I say disappearing, in a

sense, we entered into a Letter of Intent with one, and the Letter of Intent lapsed. We then entered into a Letter of Intent with the next one. The Letter of Intent lapsed, and we entered into a Letter of Intent with the Marwest group.

* (1200)

Mr. Maloway: I guess I would have to ask then, why did the corporation not do this deal by themselves? Why did they need Marwest? Presumably because they did not have the money, but I would like that confirmed.

Mr. Diaklw: That is correct. We did not have the money, and it was always contemplated in the Phase I plan that that building would be privately developed. It was always viewed that way from Day One.

Mr. Maloway: Mr. Chairperson, why was that contemplated in such a way?

Mr. Diaklw: Because of money.

Mr. Maloway: Presumably, though, The Forks Corporation would have been in a position to borrow the money in the same way that I presume Marwest did.

Mr. MacLean: We are not in a position to borrow money. They said we could borrow up to \$10 million, but we cannot encumber the lands whatsoever. Unless we had guarantees from the three levels of government, no one is going to lend us any money, I can assure you.

Mr. Maloway: So what we had in this case, as I understand it, Mr. Chairperson, is a situation whereby Marwest would have known that the corporation (a) did not have the money, (b) could not get the money.

I am just curious as to why the \$8-million figure came about as to whether Marwest proposed that, whether you proposed that, how did you determine that this is, in fact, what it was going to cost?

Mr. Diaklw: We, in fact, did not determine what it was going to cost. That was determined by the developer. We set the specifics of the development in terms of the City of Winnipeg heritage designation and the controls that I indicated to Ms. Friesen earlier on the site. They dictated how much money they were going to spend on the site based on those specific requirements that were outlined.

Mr. Maloway: Mr. Chairperson, out of all of this now, I gather that Marwest has a building that, once

again, they did not own, but they did not really have to pay for other than putting up the \$8 million. As part of the cash flow that they have captured in this process, you are one of their tenants, I gather. The Forks Corporation, in fact, has a lease with Marwest, and is going to be a tenant in this Marwest building. Is that not correct?

Mr. Diaklw: That is correct.

Mr. Maloway: Perhaps then I would ask whether you could tell me what the terms are of your lease with Marwest as a tenant?

Mr. Diaklw: I do not recall the specific numbers, but we did agree to rent a certain area of around 6,000 square feet in the building and at a competitive office rent.

Mr. Maloway: Mr. Chairperson, then I guess it would help for us to know then what the leasing arrangement is between Marwest and The Forks Corporation. I have no way of knowing whether it is—you talk about market rents and so on. Is Marwest paying any rental payments to The Forks Corporation for the lease of the building?

In other words, they put up the \$8 million. They built the building. Are they paying you any more money?

Mr. Diaklw: Absolutely. They are paying us rent on the completion of the building. They will be paying us rent in accordance with the agreement.

I should just indicate that our lease is 10 years at \$13.50 a square foot.

Mr. Maloway: I guess what I am interested in knowing is what is Marwest paying you for the lease that they have with you?

Mr. Diaklw: I thought the chairman of the board had indicated he was going to take that question under advisement.

Mr. MacLean: We will let you know. I will take that up with the board.

It is quite substantial, so you do not need to worry, but I will take that up. It is just the matter of this privacy business, what we are doing and whether we should let it out or not. We will certainly take it under advisement. We probably will be able to give it to you.

Mr. Maloway: Mr. Chairperson, you know, the chairman made reference to the lease that The Forks Corporation has signed for the 6,000 square feet as being at market prices. I assume that makes sense to me and that a market can be

determined because there are other tenancies on that site.

When you entered into your lease with Marwest there was really no way to tell what the market was because there really was not a market, in my opinion. On that basis, I would think that Marwest probably got a very good deal from you. That would be my guess, because (a) there was not a market, and (b) they knew you could not develop the site on your own. They were the only people involved, and the market is not good to begin with. So my assumption is that they got a very good rental arrangement with you at the time.

Mr. Diaklw: Mr. Chairperson, I should just indicate to you, the rents that we charge our commercial developers are quite different than what we charge our community groups. In other words, the Children's Museum rate is not the same rate that we charged Marwest nor will the Rail Heritage rate be anywhere near. The commercial rate is substantially higher than that. So there will be different rates on the site. Our board has consciously taken the decision that we will charge the noncommercial at roughly half of what we charge the commercial developers.

Mr. Maloway: Mr. Chairperson, well, once again, if we had a copy of that lease you have with Marwest, that would tell us the whole story I suppose, because we would have a much better idea of what the reality is here.

I can also, I suppose, make the assumption that before Marwest got into this and took a risk on this \$8-million investment, they no doubt had this space leased up in advance. Would I be correct in assuming that they would have gotten leases from their tenants before they started construction? Surely they did not go in and spend \$8 million to develop a building that had no tenants.

Mr. Diaklw: That is quite common. A developer will develop a building not necessarily having rented or leased out the building.

Mr. Maloway: Mr. Chairperson, well, you know, that may well be, but for every developer that would do something like that or a lender that would lend money on that basis, I am sure there are as many other commercial situations out there on the market whereby—and I know members will realize that this is so, that in fact buildings are leased up before they are built. Surely you dig that. Buildings are fully leased before they dig the first shovel of dirt.

Mr. Diaklw: That did happen in a different kind of economy. I do not think that is happening at the present time.

Let me tell you this, when we redid the two stable buildings into a market, I can assure you that we started construction with nowhere near 100 percent leasing. We probably were somewhere around 20 to 30 percent at that point in time. So we did take the risk and the risk paid off. Sometimes it does. Sometimes it does not.

I know for a fact that Marwest did not have the building fully leased before they went to construction. They have been under construction for about a year now. They had some base leases but certainly not the full amount.

Mr. Maloway: Mr. Chairperson, as you know, without the benefit of knowing what the lease is I am simply nibbling around the edges at this point. Perhaps we can wait until the next time this committee meets to obtain a copy of a lease or whatever information the chairman can provide regarding the lease, and then we can decide whether or not at that point we have enough information to proceed further.

Ms. Friesen: I wanted to ask about the market and the commercial activity at the market. You spoke in your presentation of continued improvements in the commercial viability of the market. I wonder if you could give us some comparison, and I do not know what you use as a basis for comparison. Granville Island is one, obviously, but the conditions are so different there. If you could give us perhaps a sense of a profit or revenue per square foot or however you are measuring it and what your sense of comparison is. Is it a Winnipeg comparison? Is it a national market-type comparison?

Mr. Diaklw: I am not sure that I could give you a comparison with Granville Island. I know we had more tenancies when we started out than they had at the time. Now, Granville Island has been around for 22 years; we have been around for four years.

I can indicate to you that our gross sales are going up at about 10 to 15 percent a year, which in this environment is very good. Now, it is very difficult to get any kind of comparison with the private sector. They just will not make that kind of information available to us. I do not know how we can compare with Cadillac Fairview. That information just normally is not available to us.

* (1210)

There are national associations that give out statistics on fast-food restaurants, on restaurants. Any comparisons that I have seen in the last two years, our people are doing better than the average that those statistics show.

Like any other market, particularly a market of this type, there are some that are doing very, very well. Some are doing average, and some are not doing so well. We have been very selective on how the mix in the market stays, because we do not want to have all fast-food establishments. Our marketing manager back here will tell me, if you want to make money we can rent out every stall as a fast-food one. Well, we are not going to do that. We designed, he and I agree, a mix that is proper.

Somebody asked about the turnover. There have been some turnovers that we have initiated, not initiated because of financial problems but because the kind of onsite commitment, the kind of onsite production of the food was not there. We have quietly moved them out and moved in other people. We have also been very conscious of the ethnic flavour of Winnipeg. If you go into that market, nowhere will you in Manitoba find such a diversity of foods reflecting our community.

One of the interesting things that we did was, we had crafters in on the second floor. What we found was the crafters were having a difficult time being there seven days a week, and the market requires a presence seven days a week. So what we did was we got a group to come in and build the Craft Cupboard, which is a consignment shop where crafters from all over Manitoba can bring their wares to these particular people. They put a percentage on top and they sell their wares. So the crafters themselves can come on weekends and demonstrate, but they cannot be there seven days a week. We try and keep this unique aspect around, and we have been fairly successful in that regard.

Mr. MacLean: I just want to add that as you know we were dealing with mamas and papas as well. No big commercial units were allowed to go in, so we had some difficulty at the beginning. Of course, a lot of them had to be trained as well. We wanted to keep it to the people from Manitoba and mamas and papas.

Ms. Friesen: You spoke of a gross sales increase of 10-15 percent over last year and that also includes the previous year's increase.

Mr. Diaklw: No, the increase has been about 10 percent.

One of the things that I would share with you, and we do not know whether it is an anomaly or what, but our April to April figures are up 40 percent this year to last year, for the month of April. Clearly, I think we expected a tremendous growth last year, and we got growth. We got solid growth of 10-15 percent, but the weather was bad all summer. I think if we get any kind of a break in the weather, the statistics will be very, very good.

Ms. Friesen: I understand from what you are saying that it is the fast foods that drive that profit or at least drive that success. Is that fair to say that those are the areas that are giving you that 10-15 percent growth?

Mr. Diaklw: No, there is more to it. The restaurants are contributing a fair amount. In the last year, we have had a very substantial growth in the fresh food sales, which is what we have been trying to promote, because the market lives or dies by the fresh food component. They have been growing pretty dramatically over the last year. They had a long way to go, but they are coming very, very well now.

No, I would not attribute it to any one group of tenants. We make a fair amount of money on the temporary tenants who come in and rent tables. Those are good producers for us.

Ms. Friesen: When you say fresh foods, is it a particular aspect of fresh foods? For example, has the market garden aspect ever taken off, or is it the fish and the meat that are pushing?

Mr. Diaklw: When I said fresh food, I was mainly referring to vegetables and the like. We do have market gardeners in the market now in the main atrium area, and they seem to be doing fairly well.

Ms. Friesen: The mix that you have tried to conserve, could you give us an idea of what that mix is, proportion of restaurants, fast food, green grocers?

Mr. Diaklw: We have said no more than three restaurants, which is what we have maintained. We have said no more than 11 fast-food outlets, which we have maintained. We have said two permanent vegetable people, a couple of bakeries,

where we have actually three. I cannot think of any others. There is the ice-cream component. There is the Fro-gurt's component. There are those kinds—the meat shop.

The meat shop, as Granville Island had, took some nurturing and it is coming around very well for us now. The particular butcher that we have had over the last couple of years has done very well in building a clientele, and it is doing fairly well now.

Ms. Friesen: There are still differential rates which are charged. Could you perhaps give us an idea of what has happened over the past year in that, since it is often something which an MLA hears about from time to time, particularly around Christmastime?

Mr. Diaklw: Let me just break it down. There are differential rates with regard to permanent tenants. A butcher, a baker and a cheese man have all different rates. Those are industry-wide rates that are established.

I think you are talking about the table rates that we raise around Christmastime when there is a tremendous demand, and we have increased the rates for the temporary people coming in. We raise them for everybody. It is not as if we raise for one temporary person and not the other. It is an increase that we bring in the last month and a half of the year, when crafting is very popular. Those are the people I think you are talking about, but they are all treated equally.

Ms. Friesen: All treated equally in the sense that everyone who comes in at the Christmas period, for whatever type of selling, has the same rental charge as everyone else.

Mr. Diaklw: Yes, it is the same rate for everybody who comes in.

Ms. Friesen: One of the earlier concerns, I think, was the establishment of an association of users of the market. Could you give us an update on what has happened there?

Mr. Diaklw: They are a very active group. They meet at least twice a year, tell us what we are doing right and tell us what we are doing wrong. There are committees of that group that handle promotion. They put money into the promotion along with us. They are a very active group, very volatile group, very different group, different kinds of people with different interests.

As the chairman indicated, the management of this facility is like no other facility that I have ever seen, because they are mom and pop type operations. They provide employment for over 400 people in the market. A lot of them are people who got their start in business with us at the beginning and have stayed all along.

The fact is that now the reason you are seeing some of the spin-out developments is because we are turning people away because we cannot accommodate all the demand that is coming, particularly in terms of craft and that kind of tenancy.

Ms. Frlesen: The tenants association, is that the name of it?

Mr. Diaklw: Yes.

Ms. Frlesen: The tenants association, when they meet on a regular basis with you, have they expressed concerns about the differential rates, differential rates first of all by type of permanent stall and also the Christmas incoming rates?

Mr. Diaklw: Could I ask Randy Cameron, the market manager, to respond to that question, because I did not attend the last one?

Mr. Randy Cameron (General Manager, The Forks Market): As far as the association is concerned, those are the permanent vendors who are in The Forks Market. That association, similar to other facilities, is founded primarily to discuss how that facility is advertised. So with respect to leasing rates or rental rates, that is not properly part of what their concern is.

Ms. Frlesen: They are the voice for the tenants. I wondered, have they ever expressed to you concerns about the differential rates, both this and across the board?

Mr. Cameron: No, that has never come up at that committee meeting.

Ms. Frlesen: The 400 people who work there, that is full and part time.

Mr. Diaklw: Yes, that would be full and part time.

Ms. Frlesen: That is not the West Edmonton Mall yet, but that is a considerable number and quite an increase.

Mr. Diaklw: Hopefully we will never become a West Edmonton Mall.

* (1220)

Ms. Frlesen: I wanted to ask about programming for the site overall, and if you could give us a sense of how much money, how many staff are being applied to the public programming at The Forks and, for the moment, apart from the archeological aspect.

Mr. Diaklw: We have two permanent people, one person permanently on programming all year round. Her superior spends part of the time on programming, and that is the full extent of the permanent staff. We do bring in temporary staff to assist, let us say at Christmas at The Forks or Walk 'n' Water Weekend. We will bring in people on an hourly basis to assist in the programming, but that is about our involvement in terms of programming.

The site is programmed almost year round now. There is a great demand for the site. It is really taking off and taken on a life of its own. It is very much, as the chairman said, a meeting place. We do charge for the use of the site. There is some resentment of that, but when you are paying \$2,000 a day in taxes, you have to make some money somewhere.

Ms. Frlesen: I am not sure whether you said or whether I just missed it, how much is spent by the corporation on public programming? Perhaps, while you are looking for that—or do you want to wait?

Mr. Diaklw: Could I suggest that I get that information and forward it to you. I will provide a proper breakdown and breakout so you can have a look at it, because I just do not have it handy broken out in that fashion.

Ms. Frlesen: In the same context, the portion of the revenues which are coming from the leasing of the site for the public events—I assume there is a range again of prices which are charged for the use of the site. There might be one for a commercial use, another for a small nonprofit or a large nonprofit.

Mr. Diaklw: Yes, there are different rates. With commercial uses, what we have tried to get involved in is a percentage rent. We find that wherever we have got involved in a percentage relationship we have done very well, but we do not do that with the likes of the Children's Festival or the Red Cross or people like that who come to the site. We do not get involved in any commercial way other than trying to recoup some of the costs of

parking attendants and facilities that have to be provided, that kind of thing.

Ms. Frlesen: In terms of timetable, I guess the next building we are likely to see opening is the Tourism Centre.

Mr. Diaklw: It will open before the Children's Museum. The Children's Museum will open in about June or July. The tourist facility will probably open the latter part of this year.

Ms. Frlesen: What kind of participation have you had in the content of the Tourism Centre, the displays, the themes, the spatial distribution, that sort of thing?

Mr. Diaklw: We have had a fair involvement. The province and the federal government asked us to be the project co-ordinator for that particular project which our board approved. A lot of the linkage with the tourist community was provided by Manitoba Tourism. They had sessions with the representatives of the tourist community in terms of the kind of programming, the kind of message that should come out of the tourism facility.

We have been involved with the consultants in terms of the design of the building and the design of the six regions that are going to be represented in that particular structure.

Ms. Frlesen: Could you give us a little more information on the design of the structure and the themes? I will tell you my concerns. I think some of the original design ideas that were around were very modern for both the inside and the outside of the building. I wanted to know physically what it is going to look like.

My second concern is for the themes. Again, my job I think is to try and express some of the public concerns that I have heard. Some of the concerns were from the Museum of Man and Nature, where there was a sense that there might be a duplication of the role of the museum at The Forks, that there were to be historical presentations in those six theme regions which might compete with what they are trying to do.

My third concern really rises from a great disappointment with Parks Canada and the fact that Parks Canada never put up the historical interpretation centre that they were supposed to do on their land as part of the federal-provincial agreement, the ARC agreement. One of the purposes of that \$2-million construction that they were supposed to do and never did was to link the

18 ARC sites on the Red and the Assiniboine rivers. I am wondering if there is any potential, any possibility that the Tourism Centre at The Forks, although it is meant to be a Manitoba Tourism Centre, could at least perform part, in one small way, of the function that Parks Canada let go for the 15 or 18 ARC sites.

Mr. Diaklw: I would find it difficult to comment on the last part of your question, because I am not that familiar with why they let it go and where they are at in that regard.

Let us talk about the structure first. In terms of the structure, it will be about two and a half storeys high. What happened with the City of Winnipeg, they made a very strong representation, felt very strongly that the building should be moved around and away from the Johnston Terminal Building, so it should not be attached in a direct way and take away from the vista of the Johnston Terminal Building. I understand that their Heritage Advisory Committee was satisfied with the architectural look of the building and complimented the architect on doing that.

In terms of the internal part of the building, what is being attempted is to get the six regions of Manitoba recognized, so a person coming from either Winnipeg or from outside of Winnipeg or a visitor from the United States or wherever in Canada could come in and get a capsule look at what the province is all about.

What has been designed are six different regions of Manitoba and icons for each of those regions and visual indications of what the regions do. Gimli of course would have a strong ethnic type of presentation, Icelandic. The Dauphin area—what was that called? What region was the Dauphin area?

An Honourable Member: Parkland.

Mr. Diaklw: Parkland would be Ukrainian. So there are icons associated with each region and there would be visual aids identifying what is happening in those regions and what the histories of those regions are.

I do not think there is any cause for concern on the part of the Manitoba museum. I know that the Manitoba Tourism people are meeting with them to be sure that they are aware of what is going on.

Our own Heritage Advisory Committee had presentations. Our board had presentations. The city had presentations. So we have gone through

what some consider to be a very tortuous approval process, but that is what has made The Forks what it is. It is everybody's involvement and criticism.

Seriously, there are people who have been very critical of us in that sense. I am saying, when you are trying to achieve something that is world class, it takes a little longer.

Ms. Friesen: Some of the I think early presentations on the content of the Tourism Centre were very futuristic. Is that theme still there?

Mr. Diaklw: No, in terms of the original concept, it was much more ambitious, much more expensive. That is not reflected in the kind of facility that you will see.

Ms. Friesen: What kind of square footage are we looking at at the moment? Is it all on one level? How high a building is it, for example?

Mr. Diaklw: It is a one-storey building, but one of the icons in the building is the tourist suspension bridge, which is a fair height. People will be able to walk up and look down at the various regions of the province.

The square footage is 8,500 square feet on the one floor. I should have mentioned there will be a theatre as well where people can go in and sit and have presentations in the theatre.

Ms. Friesen: Is it primarily focused on the tourist from outside Manitoba or is it focused on what used to be the standard number, that 75 percent of Manitoba's tourists are generated from pretty close to the Manitoba borders or within the province?

Mr. Diaklw: Everything that I have seen in terms of the message and the vision makes it just as attractive for people in Manitoba to go to these regions as it would to anybody coming from outside. I think people from Manitoba would be more than pleased.

Mr. Ernst: Mr. Chairperson, I should point out that while The Forks Corporation is managing the construction of the building on behalf of the federal and provincial governments, it is Tourism Manitoba who will operate the building. They will change their programming from time to time based upon whatever requirement they see is necessary or how to fit with their tourism strategy or whatever. So what you might see in the first year may not be what you will see in the second and third depending

upon again what the tourism strategy is and who the target markets are and so on.

It is not The Forks that will operate it. It is Tourism Manitoba that will operate it. The Forks are really facilitating that operation because of the expiry of the tourism agreement. Rather than have the money lapse because the project could not be undertaken as quickly as was originally anticipated, the money was given to The Forks Corporation to construct the building.

Ms. Friesen: To the minister, there will be then an agreement to operate between The Forks board and Tourism Manitoba, that is provincial Industry, Trade and Tourism. Will the contents of that agreement be tabled?

Mr. Ernst: I am obviously not the Minister of Tourism (Mr. Stefanson), but my understanding of the matter is, the building will be owned by the province. Government Services will own the building. They will lease the land from The Forks Corporation as do other potential people and pay them a land rent on an annual basis or whatever commercial arrangement there is between Government Services and The Forks. Then the province will own the building on the leased land and Tourism Manitoba will run it. They will program it and pay the operating costs.

Ms. Friesen: So Tourism Manitoba will then report on that through Industry, Trade and Tourism to the Legislature.

Mr. Ernst: Yes and no. I think what happens currently in the 1993 Estimates is Government Services is now charging back every department rent, whether it is in a government-owned building or not. So whether it is ultimately reflected in Government Services or Tourism, I do not know, but it will be reflected in one of those two places.

Mr. Chairperson: As previously suggested when we began this committee this morning, this committee does not pass on this report. The purpose is just to ask questions and discuss.

The hour is now 12:30. Is it the will of the committee to rise?

I would like to thank Mr. MacLean and Mr. Diaklw for their very informative discussion this morning.

Committee rise.

COMMITTEE ROSE AT: 12:30 p.m.