



**First Session - Thirty-Sixth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**

**Standing Committee**  
**on**  
**Municipal Affairs**

*Chairperson*  
*Mr. Mervin Tweed*  
*Constituency of Turtle Mountain*



**Vol. XLV No. 3 - 10 a.m., Tuesday, October 31, 1995**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Sixth Legislature**

**Members, Constituencies and Political Affiliation**

<u>Name</u>	<u>Constituency</u>	<u>Party</u>
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BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
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EVANS, Leonard S.	Brandon East	N.D.P.
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FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
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HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
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McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
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REIMER, Jack, Hon.	Niakwa	P.C.
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STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
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TOEWS, Vic, Hon.	Rossmere	P.C.
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VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS**

**Tuesday, October 31, 1995**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Mervin Tweed (Turtle Mountain)**

**ATTENDANCE - 11 – QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Derkach, Reimer

Ms. Cerilli, Ms. Friesen, Messrs. Laurendeau, Martindale, McAlpine, Ms. McGifford, Messrs. Penner, Sveinson, Tweed

*Substitutions:*

Mr. Clif Evans for Mr. Martindale at 10:10 a.m.

**APPEARING:**

Mr. Doug Martindale, MLA for Burrows  
Ms. Becky Barrett, MLA For Wellington

**WITNESSES:**

Bill 34–The Municipal Amendment and Consequential Amendments Act

Ms. Bev Sawicki, Legal Counsel, University of Manitoba

Mr. Richard Lobdell, Private Citizen

Mr. Greg Selinger, University of Manitoba Faculty Association

Mr. Steve Coppinger, University of Winnipeg

Bill 36–The Municipal Assessment Amendment Act

Mr. John Petrinka, Private Citizen

**MATTERS UNDER DISCUSSION:**

Bill 34–The Municipal Amendment and Consequential Amendments Act

Bill 36–The Municipal Assessment Amendment Act

\* \* \*

**Mr. Chairperson:** Good morning. Will the Standing Committee on Municipal Affairs please come to order.

This morning the committee will be considering Bill 18, The Housing and Renewal Corporation Amendment Act; Bill 34, The Municipal Amendment and Consequential Amendments Act; and Bill 36, The Municipal Assessment Amendment Act.

To date we have had several presenters registered to speak to the bills referred for this morning. I will now read aloud the names of the persons who have preregistered—on Bill 34, The Municipal Amendment and Consequential Amendments Act: Bev Sawicki, University of Manitoba, legal counsel; Richard Lobdell, private citizen; Greg Selinger, University of Manitoba Faculty Association; Steve Coppinger, University of Winnipeg; and on Bill 36, The Municipal Assessment Amendment Act: John Petrinka, private citizen.

If there are any other persons in attendance today who would like to speak to one of the bills referred to the committee and whose name does not appear on the list of presenters, we ask that you register with the Chamber branch personnel at the table at the rear of the room and your name will be added to the list.

In addition, I would like to remind those presenters wishing to hand out written copies of their briefs to the committee that 15 copies are required. If you need assistance in making the required number of copies, please contact either the Chamber branch personnel or the Clerk Assistant and the copies will be made for you.

\* (1010)

### Committee Substitution

**Mr. Chairperson:** At this time I would like to acknowledge Ms. McGifford for a committee change.

**Ms. Diane McGifford (Osborne):** I move, with the leave of the committee, that the honourable member for Interlake (Mr. Clif Evans) replace the honourable member for Burrows (Mr. Martindale) as a member of the standing committee on October 31, 1995, effective immediately, with the understanding that the same substitution will also be moved by the House, to be properly recorded in the official records of the House.

**Motion agreed to.**

\* \* \*

**Ms. Marianne Cerilli (Radisson):** Mr. Chairperson, as we were discussing earlier, I would like to make a recommendation to the committee that we hear the bills that have presenters in the audience, Bill 34 and Bill 36, first and we leave Bill 18 to the bottom of the list.

**Mr. Chairperson:** Is it the wish of the committee? [agreed]

Does the committee wish to establish a time limit on presentations?

**An Honourable Member:** Twenty minutes.

**Mr. Chairperson:** Twenty minutes has been suggested. Is that agreeable?

**Ms. Jean Friesen (Wolseley):** That does not include questions, I assume.

**Mr. Chairperson:** Agreed? [agreed]

At this point, does the committee wish to indicate how late it wishes to sit this morning?

**An Honourable Member:** Why do we not just check at noon and see where we are at?

**Mr. Chairperson:** Proceed as we go and see where we are at. Okay. Agreed.

### Bill 34—The Municipal Amendment and Consequential Amendments Act

**Mr. Chairperson:** We will now proceed with Bill 34, The Municipal Amendment and Consequential Amendments Act.

I would like to call on Bev Sawicki to please come forward and make your presentation to committee, and I would ask if you have written briefs. We will have them circulated for you.

**Ms. Bev Sawicki (Legal Counsel, University of Manitoba):** Thank you, Mr. Chairman, members of the committee.

On behalf of the University of Manitoba, you have received a written presentation, and I will read through it and answer any questions that you may have.

The government pays grants in lieu of taxes to municipalities for university lands which would otherwise be exempt from taxation under The Municipal Assessment Act. These grants are presently paid by the Minister of Finance out of the Consolidated Fund.

Grants in lieu of taxes paid in 1994 for the University of Manitoba land include \$13,166,308.48 to the City of Winnipeg, \$20,146.83 to the R.M. of Richot, \$12,334.63 to the R.M. of Portage la Prairie and \$941.46 to the R.M. of Dufferin.

Bill 34 would shift responsibility for the payment of grants in lieu of taxes to municipalities directly onto universities. While the University of Manitoba can appreciate that the government may wish to have these grants show as education costs, we are deeply concerned that should responsibility for these costs be transferred to universities, university grants from the Universities Grants Commission which are presently or in the future targeted for the integral educational purposes of universities, that these would be adversely affected.

Under the proposed amendment to The Universities Grants Commission Act that is contained in Bill 34, the UGC is merely directed to take into consideration the

obligation of the universities to pay grants in lieu of taxes to municipalities. There is no guarantee that the government will transfer to the Universities Grants Commission, or to any other agency which may be the successor of the Universities Grants Commission, sufficient additional monies for the payment of grants in lieu of taxes to municipalities. There is no guarantee that additional monies will, in turn, be transferred to universities by the UGC or by any other successor agency in an amount sufficient to cover these grants in lieu of taxes to the municipalities in any given year without a decrease in monies for the integral purposes of education.

The University of Manitoba cannot take this additional \$13.2-million liability, based on 1994 tax dollars and, at the same time, continue to properly perform and fulfill its mandate unless it has a guarantee that the additional funds will be available without a corresponding decrease in other education-related grants it receives, whether from the UGC, the government or other governmental agencies.

In light of these concerns, the University of Manitoba obviously prefers that Bill 34 be abandoned. However, if Bill 34 is not abandoned, we would alternatively propose that Section 4 of Bill 34 be changed, and in the written submission, you see some proposed wording in terms of a potential redraft of Section 4 that would address the university's concerns.

In addition to the proposed wording, the addendum really is for your convenience. It was just the process that I went through as I was looking at the legislation and taking the sections of The Municipal Act and showing the modifications of them directly on the present wording in The Municipal Act, so that you do not have to worry about it unless you want to look at it as you are tracing through the legislation.

On that note, this presentation is respectfully submitted on behalf of the University of Manitoba.

**Mr. Chairperson:** Thank you for the presentation and I ask for questions from the committee members.

**Ms. Jean Friesen (Wolseley):** I wanted to ask the presenter whether she is appearing on behalf of the

board of governors and the president of the University of Manitoba.

**Ms. Sawicki:** I am appearing on behalf of the president of the University of Manitoba.

**Ms. Friesen:** I also wanted to ask the presenter whether she was aware that under an accompanying bill in the Legislature, Bill 2, the balanced budget legislation, that changes in property taxes are not to be submitted to referendums.

**Ms. Sawicki:** No, I am not aware of that.

**Ms. Friesen:** You would advise us that this bill, in fact, opens the door to a potential change in property taxes allocation.

**Ms. Sawicki:** What the bill does, as you trace the legislation, if you look at The Municipal Assessment Act, universities and colleges and a number of other institutions are exempt from taxation on real property that they own and would only be taxed in respect of local improvements; however, The Municipal Act, which applies to all municipalities in the province, including the City of Winnipeg, states that the Crown will pay grants in lieu of taxes for educational lands, which are lands that are owned by universities and colleges and are exempt from taxation under The Municipal Act and which are used for educational purposes and some other listed uses that some might argue are incidental to education.

So what has happened, because The Municipal Act says that the Crown will pay grants in lieu of taxes for properties that universities and colleges would otherwise be exempt from paying, the changes in Bill 34, with the Crown shifting the responsibility for the payments of grants in lieu of taxes, some might argue, would in effect make universities and colleges responsible for paying the equivalent amount through the grants in lieu of taxes to taxes which it is exempt from under separate legislation.

\* (1020)

**Ms. Friesen:** What I wanted to ask really was, in your institution, what proportion of the total amount

provided by the Universities Grants Commission would that \$13.2 million be? Do you have a sense of that?

**Ms. Sawicki:** I am sorry, I cannot answer that.

**Ms. Friesen:** Okay, thanks.

**Mr. Chairperson:** Are there any other questions of the committee? If not, I would thank you for your presentation.

**Ms. Sawicki:** Thank you.

**Mr. Chairperson:** I would now like to call on Richard Lobdell.

I will ask you if you have any handouts for the committee.

**Mr. Richard Lobdell (Private Citizen):** I do, Mr. Chairman. It is just one page.

**Mr. Chairperson:** Please proceed.

**Mr. Lobdell:** Thank you, Mr. Chairman. I appreciate the opportunity to address this committee.

At the outset, I would like to express my support in principle for this bill, which attempts to streamline the process by which the province makes grants in lieu of property tax on behalf of Manitoba universities.

I believe this is desirable on two grounds: First, the new arrangements would eliminate the considerable time, trouble and expense inevitably incurred by the Minister of Finance in calculating these grants and in arranging for their payment from the Consolidated Fund.

Second, this legislation would make universities directly responsible for the payment of grants in lieu of taxes on their properties and therefore permit and, indeed would encourage universities to consult with and negotiate with various municipal authorities to establish an appropriate level of such grants. I expect that such negotiations would result in efficiencies and more rational and equitable levels of such grants, so I think this is a good idea.

At the same time, I urge the committee to consider the following points which are worrisome to me.

During the past four fiscal years, that is '92 through '95, grants in lieu of property taxes for the University of Manitoba alone have ranged from \$12.4 million to \$13.2 million annually. This represents between 7.6 percent and 8.4 percent of the total amount of money made available by the Universities Grants Commission to the University of Manitoba. Thus, Bill 34, as it now stands, would impose a novel, continuing and very significant burden on the university's operating budget.

Secondly, Bill 34 proposes to amend The Universities Grants Commission Act so that the commission in determining its grants to universities "shall take into consideration the obligation of universities to pay grants" in lieu of property taxes. But consideration is a very permissive phrase; there is no guarantee or even implied promise that the UGC will in fact provide universities with additional funds sufficient to meet this obligation.

In times of fiscal stringency, I am worried that the Universities Grant Commission grants will not fully fund this new obligation of the universities. The result, of course, would be a further erosion of the universities' abilities to deliver academic programs of high quality.

In view of these concerns, I would suggest this committee consider the following modifications. On page 3 of Bill 34, in the proposed amendment to The Universities Grants Commission Act, the new Section 10.1 might be modified to read as follows: A grant under Section 10 shall take fully into account the obligation of universities to pay grants under subsection 799(2.1) of The Municipal Act.

In any case, I urge that the Universities Grants Commission identify as a separate line item those funds awarded to each university for the purpose of meeting this obligation to pay grants in lieu of property taxes. That really is all I have to say, Mr. Chairman. I am happy to take questions if there are any.

**Mr. Chairperson:** Thank you very much. I will ask the committee if they have any questions of the presenter. No questions. All right, I thank you again.

**Mr. Lobdell:** Thank you very much.

**Mr. Chairperson:** I would like to now call on Greg Selinger, University of Manitoba Faculty Association, and I will ask you if you have any briefs that you would like to hand out.

**Mr. Greg Selinger (University of Manitoba Faculty Association):** No, I do not.

**Mr. Chairperson:** Okay, I will ask you to proceed.

**Mr. Selinger:** Thank you for the opportunity to present today. I was contacted late yesterday afternoon by the Faculty Association to come and express our concerns about the potential implications of this bill. I should say from the outset, we are in agreement with the university's administration and Mr. Lobdell, who just spoke, who is also a professor at the university.

As the legislation currently stands, the Minister of Finance pays grants in lieu of taxes out of the Consolidated Revenue Fund. After Bill 36, grants will be payable by the universities and the colleges. The Universities Grants Commission only has to consider the obligation of universities to pay grants in lieu of taxes. The current grant paid out by the University of Manitoba for property taxes is \$13,375,000. This is equivalent to roughly 8.4 percent of the total grant given by the Universities Grants Commission to the university.

The implications of this change in legislation are that it sets up the grant in lieu of taxes as a fixed cost in the University of Manitoba's budget, and it only gives consideration for this in the Universities Grants Commission grant. This does not ensure that the money will be there and provided for out of the Consolidated Revenue Fund, as in the past. In other words, there is a great potential here for slippage in the amount given to the university versus their obligations for a fixed cost. If there is less money given, this will force cuts in universities' education programs and administration and cuts that, as we all know, are extremely difficult to make these days under a continuing trend towards reduced grants.

I am here to speak in support of the wording proposed to you by Professor Lobdell, and we would

hope that you could amend this legislation to ensure that the grant in lieu of taxes does not become another pressure on the university to cut programs. Thank you very much.

**Mr. Chairperson:** Thank you for your presentation. I will ask the committee members if they have any questions of the presenter. No questions. I thank you again for your submission.

I would now like to call on Steve Coppinger, University of Winnipeg. I hope I am pronouncing that right and ask you if you have any briefs to distribute.

**Mr. Steve Coppinger (University of Winnipeg):** Yes, I do.

**Mr. Chairperson:** Okay. Please proceed.

**Mr. Coppinger:** Mr. Chairman, members of the committee, the University of Winnipeg, as the previous speakers have also indicated, is very concerned with this proposed amendment, as it transfers the responsibility for the payment of property taxes from the provincial government to the universities.

Although the amendment does state that a grant shall take into consideration this new obligation of the universities, there is nothing to suggest that the grant would in fact be equal to the cost and will keep pace with increases that are clearly beyond the control of the universities. Any increased costs to the universities in this area would further diminish the universities' ability to carry out their mandates.

Providing comparable base funding to universities in the province is difficult to assess. Tax rates can vary from municipality to municipality and in fact even within municipalities, depending upon the location of the institution and the assessed value of the property.

Taxes paid to the City of Winnipeg on behalf of the University of Winnipeg are \$2,145,000, close to 10 percent of the university's operating grant. The University of Winnipeg has shown that it is seriously underfunded relative to other universities in the province. If the taxes are left out of the equation, as they currently are, at least in this respect, there is a common base.

I presume that the reason for this proposed change is an attempt to protect the government from assuming liabilities that are beyond their control, in that under the current system universities can acquire property and simply pass the tax responsibility on to the government.

Perhaps another approach could be to amend the appropriate act, likely the universities act, to indicate that when a university purchases property without prior approval of the government, taxes on said property would be the responsibility of the university. This would then protect the universities as to where they are at this point. We request that this amendment be abandoned. Thank you.

**Mr. Chairperson:** Thank you for your presentation. I will ask if the committee members have any questions of the presenter.

**Ms. Friesen:** In your last but one paragraph, you are looking at an assumption that you are making about the government's reason for this. Why do you assume that? Is there an example that you have in mind or is there a series of examples?

**Mr. Coppinger:** No, this was simply assumption on our part. We did not become aware of this amendment until late yesterday afternoon, and we were trying to figure out what the reasons were behind it, and this seemed to be one possibility.

\* (1030)

**Mr. Chairperson:** Any other questions from the committee?

**Mr. Doug Martindale (Burrows):** Thank you for your presentation, sir. I note in a previous brief that the grant in lieu of taxes represents between 7.6 percent and 8.4 percent of the total amount of money made available by the Universities Grants Commission. You have said that the amount for the University of Winnipeg is approximately 10 percent of your operating grant. I assume then that the University of Winnipeg has less money per student to spend for salaries, operating costs, administration, et cetera.

**Mr. Coppinger:** Considerably less.

**Mr. Martindale:** This inequality has been going on for some time, I assume, because your property is more valuable due to its location.

**Mr. Coppinger:** That is correct.

**Mr. Chairperson:** Are there any other questions of the committee? I would thank you for your presentation.

**Mr. Coppinger:** Thank you very much.

### **Bill 36—The Municipal Assessment Amendment Act**

**Mr. Chairperson:** I will now move on to Bill 36, The Municipal Assessment Amendment Act. We have one presenter, John Petrinka. He has made a request that if he could, rather than stand at the podium, he would like to sit and speak from a mike. I presume that is acceptable to the committee. [agreed] I will ask if you have written copies to please pass them out. Do you have copies? There they are, thank you. Please proceed.

**Mr. John Petrinka (Private Citizen):** I wonder if I could borrow a little time left over from Bill 34. I am not sure I can do it in 20 minutes, but I will try.

I am here representing 14 Legions. Your master file there includes the Legions that we have currently under this presentation. They are listed on Exhibit 2, and we will get back to Exhibit 2 later.

I am going to go through the options, and as we do I will refer to the evidence that accompanies it. Option I is to retract the bill—that is 36—and with it also remove Section 23(1)(f) from the act and allow the branches or units to fall under Section 23(1)(i), the section that deals with all other nonprofits, that is, to leave Section 23(1)(i) as it currently exists.

If we go to Exhibit 7 we will sort of get an indication as to why we are making this recommendation. Number 7 is an excerpt from the old act, from the 1970 act. It falls under Section 25 which is headed Exemption from school taxes only. Section (e) makes reference to the buildings and contiguous land used by



association of veterans of the First Great War 1914-18 or the Second Great War 1939-45 for the purposes of the association, not exceeding two acres.

That stipulation in the act is then cojoined with Section 27 where veterans associations are taxable if licensed. The buildings and contiguous lands to which Clause (e) of Section 5 applies are liable to taxation as herein provided if the premises thereon are licensed premises within the meaning of The Liquor Control Act.

Now we go to Section 8 which is your section on nonprofits. It says buildings owned by a municipality or community association or service club or other public body serving the community and that are occupied, used or operated, not for profit, as a community hall, community recreation area, community centre, et cetera.

There was a decision in 1992 generally referred to as the Pembina Curling Club decision wherein Judge Schwartz handed down a decision in favour of the Pembina Curling Club and exempted. At that time, I thought he was exceeding his authority.

But when you take a look at this old bill, 1970, it is clear why he made the decision where he exempted, in its entirety, even those premises which are under The Liquor Control Act, because this act here makes no reference to the pick-up of those premises under The Liquor Control Act. If we go back and talk to the people at the Liquor Control Commission, you will find that before 1956 in the north end of Winnipeg there were 10 private club licences which could serve beer and wine, in addition to the Legions, which were established in 1925. So it was clear at that time that the government of the day had no intention of making reference to private clubs or nonprofits, as they were then and are still today known, but private clubs within nonprofits.

This is carried forward to Exhibit 8 where in 1989-1990 under the then minister—he just walked out—they amended the assessment act and they left in, or they included, they combined (e) and 27 from 1970, and you now have 23(1)(f) which is in the middle of that page under Exemption from school taxes which is owned by

or is held in trust for and is used by an association that is established for the benefit of soldiers as defined in The Soldiers' Taxation Relief Act, for the purposes of the association, to the extent—this is what the minister is intending to move over to Section 23(1)(i) under Bill 36—to the extent that the improvements are not used as licensed premises within the meaning of The Liquor Control Act.

If you take a look at Section 23(1)(l)—and you do not have the preamble to it, but if you take a look at the top of the page, 21(l) is a further exemption from school tax—no, I am getting ahead of myself, I am sorry. We should take a look at 23(1)(i) which is down just below 23(1)(f), and that is where they are going to be taking it to the extent that the improvements are under, inserting it right under community rink there.

My contention here is that historically there is reason why possibly Judge Schwartz and then Judge Schulman, with the German Club decision in 1994, exempted the premises in their entirety, because there is definitely no reference to nonprofits within either the old act or the new act as far as a limitation on licensed premises, and that is very important.

What I am suggesting to you at this stage is that you would be remiss in clawing back at this stage those exemptions that are currently under the two decisions that were handed down by both Judge Schwartz and Judge Schulman.

What I am suggesting is that in the first instance under Option I, the Legions be made equal to all the nonprofits under 23(1)(i), and that is to exclude the Legions in their entirety, including the licensed premises.

Now failing that, Option II, continue with Bill 36 for the purpose of clawing back. If you want to claw back, go ahead and claw back. Taxation is currently exempt from premises that are licensed according to The Liquor Control Act. This will create parity between 23(1)(i) and 23(1)(f). You will then have created parity. This is the intention of the minister with this bill.

However, prior to the decisions of the Pembina Curling Club— and we want to be fair. This is the

essence of any legislation, this fairness; equity, fairness and all those other nice things. The decisions of the Pembina Curling Club and the German Society, the Legions, ANFs, were in a superior position. They had an exemption. The nonprofits did not have the exemption. To all other nonprofits this position existed under both the old act and was carried forward to the new revised act of 1989-1990.

\* (1040)

The position reflected a historical observance of the contribution to freedom for all Canadians and Manitobans made by these people under the so-called Soldiers' Taxation Relief Act which is Exhibit 4. It states very clearly that those people from the First War, the Second War and the Korean War shall be recognized and given consideration under that particular bill. It is included in your section here as defined in The Soldiers' Taxation Relief Act under 23(1)(f).

In keeping with the historical position of the branches or units then, it might be equitable if 23(1)(f) is to remain untouched—leave it equal to 23(1)(i)—but which could be amended to—let us see—then it would follow to include a municipal exemption for the purpose of restoring the historically significant difference between branches units and your nonprofits.

In other words, what we are suggesting here is that we leave everything that you are recommending in place. If you want to claw back on the nonprofits, go ahead. Include that section that you have under Bill 36. But what we are saying is to restore the superiority of the allegiance position to nonprofits is to exempt them completely from municipal tax. That is a good one, is it not?

Option II is in keeping with the how, what, of Alberta, Saskatchewan legislation. That is Exhibit 5 and 6. It is very clear that they exempt in their entirety municipal and school tax, Legions. Alberta exempts under section 363. They exempt under section (c)—there on the page over—property held by and used in connection with a branch or local unit of the Royal Canadian Legion, the Army, Navy and Airforce veterans in Canada or other organization of former members of any armed forces.

They, however, have something that is just reversed here in Manitoba. They have a follow-up clause that says a council may by by-law make any property listed in subsection (1) subject to taxation under this division in any extent the council considers appropriate. But you do so at your peril, and they have not done it.

So this is the difference in Manitoba. This is what I was making reference to earlier with Exhibit 8 where they tell you that under the current legislation, the Manitoba legislation, that municipalities can provide relief but it is up to the municipality to do it, whereas Saskatchewan and Alberta have provided a complete exemption and then left it to the municipality to decide whether or not they want to claw back. But it will be on their heads if they do.

So what we are recommending—with just a quick reference to the Saskatchewan legislation in section 275—you see here where they have amended their legislation to include a complete exemption for nonprofits. It is not only the Legions in Saskatchewan that have the complete exemption, municipal and school under 275 section 13, so it is both the Legions and the nonprofits. Saskatchewan makes no reference to a claw-back on premises which are registered under The Liquor Control Act; however, Alberta does under section 365.

So it is a bit of a dog's breakfast but if you follow it through with the evidence that we have presented, what we are suggesting is that fairness be restored to the act. It is sort of apropos that given that this is the 50th anniversary of V.E. Day, V.J. Day and so forth, that this be done in this particular year. But it is an oversight, I think, by the Manitoba government. We are asking that it be corrected.

**Mr. Chairperson:** I thank you for your presentation, and I will ask the committee members if they have any questions of the presenter?

**Ms. Jean Friesen (Wolseley):** Thank you to the presenter for the material that he has brought us. I want you to assume that I have no familiarity with The Municipal Act. I have read parts of it, and I am not familiar with Legions' operations either. So if you can start with my position, can you explain to me what the

impact of this act will be upon a single Legion and what the impact would be upon the Legions' organization generally?

**Mr. Petrinka:** The issue here, Mr. Chairman, is one of cash flow. Legions, like other nonprofits, are reasonably well off. They, for the large part, own their own buildings that they are situated in, so to be blunt about it all, they are asset rich and cash flow poor.

The move towards the establishment of VLT access for nonprofits and Legions at first had some significant measure of relief. That now, if you talk to, I would say, 70 to 75 percent of the Legions, has now reversed itself. They are actually looking at dumping the VLTs in a lot of them.

The other side of the coin is that it makes an extreme difference to Legions like Imperial Vets which are right downtown. They now have their building up for sale. It is located on very expensive property. The AN & AF on Garry Street is another one. Imperial Vets just had theirs reduced from \$1.4 million down to about eight-hundred-and-some-odd thousand on the amount side. The liability side is what we are really chasing now because—we want to be perfectly blunt—there is a big reduction in Legion members.

Right now, of those people who are represented under The Soldiers' Taxation Relief Act, I would doubt whether you have a 10 percent total membership that falls within that category, and possibly you will have another generation and that will be it. Now whether or not the sons and daughters and the brothers and sisters and so forth will pick up on this remains to be seen. Right now, it is not happening.

So there is probably going to be a rationalization of facilities within the city of Winnipeg. I am not sure what will happen for the province of Manitoba. I hear, though, that there are one or two, three, four situations where they have amalgamated. They are driving the extra 25 miles to get together. I am not sure what more can be said in this regard. It is an extremely difficult situation.

**Ms. Friesen:** So it is declining membership, declining revenues, high-cost buildings and a rationalization that

is underway. How will this bill impact upon that situation?

**Mr. Petrinka:** Well, I would hate to have to come to you from the perspective that we are begging, okay? I am looking to have this committee review the information that we have provided and restore the balance that you currently had within the legislation. I am suggesting that even that balance did not go far enough in addressing what these people have done for the country.

It is difficult to get into who is more deserving and who is not, but there are others who have complete exemptions that I would possibly find that the Legions are right up next to God and education as far as the exemptions are concerned.

I think Saskatchewan and Alberta have the right approach. I am not sure why this has not been addressed before. It has only been addressed, given the fact that these decisions were handed down, the Pembina Curling Club and the German Society. I was involved in the German Society one. These people benefitted to the tune of about \$80,000, \$45,000 in rebate which the City of Winnipeg paid for on your behalf and then the balance in the next three years.

This is another point that you might want to consider here. You do not want to go alienating people after you have given them something. To claw back at this stage of the game—I do not know how many Legions there are in Manitoba, about 60 or 70 of them. I do not know how many nonprofits there are, ethnic and otherwise, but you are going to have a lot of people upset here. Why not leave that alone and look at another possibility for correcting the problem?

I suggest to you that there have been mistakes made, both by the City of Winnipeg in defending the act and by the Province of Manitoba in not reacting more quickly. When the 1992 decision went down, that was before there was another hundred million dollars paid out by the City of Winnipeg. Now, true, it is not all school taxes or school tax exemptions, but there was half of that in school taxes which the City of Winnipeg paid for, and they do not have any redress in recollecting it now that you want them to go out and claw back.

So there are ramifications which, I think, I would not mind discussing privately and not on Hansard that we are going to best leave unsaid here, but enough said that I think equity should be restored. It is not only deserving, but it is fair, and that is what we are asking here of you today.

\* (1050)

**Ms. Friesen:** Are we talking particularly about the City of Winnipeg here, or can you tell me something about the implications elsewhere?

**Mr. Petrinka:** I, of course, am interested in all the Legions, because, let us face it, if the 14 that I represent, if you change the legislation, it is going to affect my 14 and the others. It is not just for the benefit of the 14 here.

I was involved here because I was approached by a couple of Legions to review their property tax position. I was a former Board of Revision member for four years until I was turfed off the board for incompetence—where did he go to—by Greg Selinger, and now I am doing this work.

So what you have here is a situation where, after doing a little bit of research and homework, you can see quite clearly that the Legions have been kicked in the butt here. Did I answer your question? I am not sure what the question was, I am sorry.

**Ms. Friesen:** It was actually to do with the implications for Legions outside of the city of Winnipeg.

**Mr. Petrinka:** They will be the same. They will all benefit equally. There is no doubt about this.

It will mean a big difference to the Legion in Dauphin or the Legion in Russell or wherever. These people here—I am not sure what the minister—do you have a Legion in your riding, Mr. Minister? [interjection] There you have it. Now, I am sure you will be a big hit when you get home if you give them a complete exemption.

**Mr. Chairperson:** Are there any more questions of the committee? Then I will thank you for your presentation.

**Mr. Petrinka:** Thank you. Good questions, thank you.

**Mr. Chairperson:** I will now canvass the audience one last time to see if there are any other persons in attendance wishing to speak to one of the bills that is before the committee this morning. Seeing as there are none, does the committee wish to proceed with clause-by-clause consideration of the bills? [agreed]

I will ask the committee how they wish to proceed, in numerical order or otherwise.

#### **Bill 34—The Municipal Amendment and Consequential Amendments Act**

**Mr. Chairperson:** We will deal with Bill 34. Does the committee wish to have each clause of the bills called individually or have the clauses called in block? What is the wish?

**Ms. Jean Friesen (Wolseley):** I wondered if we could ask some questions of the minister on the bill entirely to begin with, and then we can go through it clause by clause. We may or may not have amendments, depending upon what the minister's intent is.

**Mr. Chairperson:** We will be proceeding with opening statements from each group, and then I am sure questions will follow from that. We need agreement on whether it is clause by clause or block.

**An Honourable Member:** Clause by clause.

**Mr. Chairperson:** Clause by clause. Agreed. We will proceed clause by clause. Agreed? Thank you.

Pertaining to Bill 34, The Municipal Amendment and Consequential Amendments Act, does the minister responsible have a brief opening statement?

**Hon. Leonard Derkach (Minister of Rural Development):** I do not.

**Mr. Chairperson:** We thank you.

**Mr. Chairperson:** Does the critic from the official opposition have a brief opening statement?

**Ms. Friesen:** No, Mr. Chairman, but I do have some questions.

**Mr. Chairperson:** We thank you. Please proceed.

**Ms. Friesen:** I want to proceed from some of the issues that have been raised by the presenters today. There were presenters from various elements of the University of Winnipeg and the University of Manitoba. They have raised the fundamental issue that they believe that this opens the door to the pass-through of taxation to universities and colleges across Manitoba. I wonder if the minister could tell us indeed whether that is his intent.

**Mr. Derkach:** Mr. Chairman, the intent of the bill is to ensure, first of all, that there is some accounting for the grants that are being paid on behalf of the universities and that there is some recognition by universities in terms of the grants in lieu that are paid on their behalf. It is a basic accountability question with regard to the whole issue of grants in lieu for taxation purposes.

**Ms. Friesen:** So the minister is saying then that it is an issue of accounting and recognition and that he has no intention of not paying the taxes in the grants to the universities and colleges.

**Mr. Derkach:** In the bill, Mr. Chairman, there is a section that says that the province will in fact transfer monies for those purposes.

**Ms. Friesen:** I guess we will look at that section when we come to it, but I think I would disagree with the minister's interpretation of that.

I wonder if the minister could tell us what amounts are involved here. I think the University of Winnipeg made an observation on something around \$2 million. The University of Manitoba had a more precise number of how much was involved in grants in lieu of taxes. Could the minister say, for the record, how much is involved in each of the colleges and universities which are affected by this act?

**Mr. Derkach:** These are approximate numbers for 1995: the University of Manitoba at 13.2, the

University of Brandon at 1.7, the University of Winnipeg at 2.3, St. Boniface at 460,000, Keewatin Community College at 373,000, Assiniboine Community College at 660,000 and Red River Community College at 2,900,000.

**Ms. Friesen:** It is useful to have those numbers on the record. It is a substantial amount for universities as a whole. It is about an \$18-million bill, and for the college as a whole it is an additional \$2 million or \$3 million. It was \$3 million and over. I am glad to have that on the record.

The changes in these taxation issues are of course dealing with property taxes, and the minister, I am sure, will be able to confirm that these kinds of changes will not fall under the referendum sections of Bill 2.

**Mr. Derkach:** Mr. Chairman, I can research that for the member and get the answer for her. I am not sure and, therefore, I think it would be better if I could just get a definite answer for you on that matter.

**Ms. Friesen:** Thank you. I am prepared to wait for that answer.

**Mr. Derkach:** We can carry on with other questions. I can come back to that, if you like.

**Mr. Chairperson:** Well, can we continue with the questioning?

**Ms. Friesen:** That was my last question.

**Mr. Chairperson:** That is your last question.

\* (1100)

**Mr. Clif Evans (Interlake):** Mr. Chairman, I just want to ask a few questions related to the municipalities. According to research, there will be some LGDs or municipalities, LGDs that will be affected by this bill. Can the minister indicate which ones will be impacted mostly by Bill 34 and by how much?

**Mr. Derkach:** I guess I could go through the list here, Mr. Chairman. LGD of Pinawa would be \$33,078.33;

LGD of Lynn Lake at \$1,084.45; LGD of Alexander, \$4,644.76; LGD of Mountain at \$2,959.95; R.M. of East St. Paul at \$709.03; the R.M. of St. Andrews at \$1,413.94; the R.M. of Gimli at \$871.73; the Town of Carberry, \$2,604.65; the Town of Beausejour, \$550.20; the Town of Steinbach, \$2,203.22; the R.M. of Macdonald at \$819.13; and I think that is it.

**Mr. Clif Evans:** Mr. Chairman, have these municipalities or jurisdictions approached the minister and his department in lieu of the monies that they will be losing? If they are going to be losing this money, especially the larger sums of money, is there some agreement made between the jurisdictions and the department in receiving or the cuts that are coming?

**Mr. Derkach:** Mr. Chairperson, the municipalities that have significant impact on the list that I just read out have indeed been contacted by the department, and we have sat with them to indicate to them what the impact would be. Basically, there is a concern from the LGD of Pinawa that will be losing the largest amount, and we are certainly prepared to work with the LGD to make sure that the impact is softened as much as possible as we move into this.

**Mr. Clif Evans:** Mr. Chairman, does that mean then that instead of a one-time cut, the minister's department will look over a couple of years?

**Mr. Derkach:** Mr. Chairman, that is an option that has been discussed, although there are no definite decisions of that at this point in time. We are certainly prepared to enter into some discussions with the affected parties so that indeed the impact is as soft as possible, given that the LGD of Pinawa is going to be the jurisdiction that is most heavily impacted.

**Mr. Marcel Laurendeau (St. Norbert):** Mr. Chairman, my question is around the partnership that universities are signing with businesses and with other leaseholders within university properties. When these properties become part of the partnership or there is a deal been signed between the university and a private partner, are those lands then taxable as of today, or will this be taken into account to accept the new realities?

**Mr. Derkach:** Mr. Chairperson, if the university leases out a building or a particular piece of property to

a commercial enterprise, then that property becomes taxable.

**Mr. Laurendeau:** Mr. Chairman, when those lands are leased out, the revenues from the lease of those lands goes to the university in question. Is that correct?

**Mr. Derkach:** That is correct, Mr. Chair.

**Mr. Laurendeau:** Thank you.

**Ms. Friesen:** Could the minister tell us what the legislative basis is for his most recent statement, that businesses upon university lands are taxed, that is, grants in lieu of taxes are not paid? We are using two different terminologies here. There is a general exemption of universities and colleges from taxation, and there is an assumption that grants in lieu of taxes have been paid on their behalf.

The question that the member for St. Norbert (Mr. Laurendeau) raises is a very good one and a good one for clarification. So I would like to know the legislative basis for the answer the minister has just given.

**Mr. Derkach:** That section is covered under The Assessment Act and therefore the lessees would be required under that act to pay the taxes for land that they are leasing from the university.

**Ms. Friesen:** Could the minister show us which section of The Assessment Act covers this?

**Mr. Derkach:** Mr. Chairperson, under Part 4, Section 11(2) Assessment of right, interest or estate—and I will just read the section. "Where real property that is assessable property is exempt from taxation and an occupier has a right, interest or estate in the real property, an assessor shall assess the right, interest or estate in the name of the occupier."

**Ms. Friesen:** How does this fit with the general exemption of universities and colleges from taxation?

**Mr. Derkach:** Basically, Mr. Chairperson, if the property is leased out by the university to a commercial

enterprise, then under The Assessment Act, that property becomes taxable.

**Ms. Friesen:** Does this apply to only freestanding buildings? Does it apply to leases within buildings? For example, I am thinking of food lessees. Are the buildings in which there are food lessees taxed in a way that the grant in lieu of taxes is not—is there any double billing going on here, for example?

\* (1110)

**Mr. Derkach:** Mr. Chairperson, there is no double billing going on. The space occupied by a commercial enterprise would be assessable, rather than the entire building or the entire lands. It is the space that is leased to a commercial enterprise.

**Ms. Friesen:** Could the minister then tell me, since every college and university, I understand, will have some kind of that leased business, whether it is a bookstore, a coffee shop—could the minister give me some evidence of the taxation of those under a different principle than the grants in lieu of taxes?

**Mr. Derkach:** I hope I am understanding the question, Mr. Chairperson. Basically, if the property is leased to a commercial enterprise, then it is assessable and taxable. If it is not, then it comes under the whole grants-in-lieu formula.

**Ms. Friesen:** Could the minister then give me some evidence of, let us say, a building at X university or college, where 99 percent of the building is for educational purposes, and a grant in lieu of taxes is paid. In the basement, there is a partnership. There is a pizza franchise. Can the minister show me where that is being taxed? I would like to see the evidence of where that is being taxed in a different way.

**Mr. Derkach:** Mr. Chairperson, we would have to get the tax bill from the university, but I am sure that I could probably get that kind of information and provide it for the member. I am sure there are many examples, whether it is bookstores or, as the member indicates, a pizza outlet or whatever it might be, that are leased out to commercial enterprises where the tax is paid. I could get that information for the member. I do not have it at this moment because there is a fairly significant list at each of our community colleges and universities, but I am sure we can that for you.

**Mr. Chairperson:** Are there any other questions?

**Mr. Derkach:** Just a clarification, is the member comfortable with us getting the list for her in the next day or so, so that she, in fact, can peruse that list and come back to us with questions if there is clarification required?

**Ms. Friesen:** Thank you, Mr. Chair. Yes, I think we would appreciate that before third reading of this bill.

**Mr. Derkach:** Yes, understood.

**Mr. Chairperson:** Are there any other questions of the committee?

**Mr. Derkach:** Mr. Chairperson, if I could ask the question with regard to Bill 2: Could we have a clarification of your question so that we can answer it appropriately?

**Ms. Friesen:** Bill 2, as I understand it, and it has been spoken on quite extensively in the House, does not include under the so-called Taxpayer Protection act section, which deals with referendums—it does not include property taxes or changes in property taxes under those sections which will be put to a referendum.

So I am asking for a specific on-the-record statement that the changes in taxation included under Bill 34 are excluded from Taxpayer Protection, are excluded from those elements of Bill 2.

**Mr. Derkach:** Mr. Chairperson, if I could, I would ask the member to give us some time so that we can get the specific answer for that question, and we could certainly return with the answer, but, at the present time, we need to do a little research on that.

**Ms. Friesen:** I am a little puzzled as to why that would take a little time. There are only four elements of taxation listed under that Taxpayer Protection section of Bill 2.

**Mr. Derkach:** I am advised by legal counsel that they do require a little bit of time to research it so that indeed the answer that is provided is an accurate one and that there is not any confusion with regard to this particular element in the bill.

**Mr. Chairperson:** Are there any other questions of the committee?

Then we will proceed. The bill will be considered clause by clause. During the consideration of a bill, the title and the preamble are postponed.

**Ms. Friesen:** I am sorry, I did have one further question which I did put to a presenter, and I also wanted to put it to the minister. That is, in the presentation from the University of Winnipeg, the University of Winnipeg said, they presumed that the reason for this proposed change is an attempt to protect the government from assuming liabilities that are beyond their control, in that, under the current system, universities can acquire property and simply pass the tax responsibility to the government.

The presenter did not have any specific examples, and I am curious as to where this idea has come from. Is there some evidence, is there an example of this that the minister is aware of that would give rise to such assumptions?

**Mr. Derkach:** Mr. Chairperson, the assumption was not mine; it was the presenter's. I did not ask the presenter where he got that assumption, and I can only guess. So, therefore, I would not want to answer on behalf of the presenter because I think it was his assumption.

**Ms. Friesen:** Yes, that is right, it is his assumption. Then, perhaps, I should put the question the other way.

Is the minister aware of universities or colleges which have assumed liabilities beyond their control and have simply passed this tax responsibility to the government?

**Mr. Derkach:** I do not have any specific examples of that.

**Mr. Chairperson:** Are there any further questions of the committee?

The title and the preamble are postponed until all other clauses have been considered in their proper order by the committee.

**Ms. Friesen:** Just before you go ahead with clause by clause, I wanted to give notice of amendments just so that when you got to them we would have the chance to present them. Both of them would be under Clause 3.

**Mr. Chairperson:** Clause 1—pass; Clause 2(1)—pass; Clause 2(2)—pass; Clause 2(3)—pass; Clause 2(4)—pass; Clause 2(5)—pass.

Clause 3.

**Ms. Friesen:** I would like to move an amendment here.

**Mr. Chairperson:** Could I ask you to read it into the record, please, Ms. Friesen?

**Ms. Friesen:** I move, in both official languages,

*THAT section 3 of the Bill be amended by striking out the proposed section 38.1 of The Colleges Act and substituting the following:*

**Grant to be made to pay grants in lieu of taxes**

**38.1** In addition to any other grant made to a board, the minister shall make a grant to the board to pay the grants the college is obligated to pay under subsection 799(2.1) of The Municipal Act.

**[French version]**

*Il est proposé que l'article 38.1 de la Loi sur les collèges, énoncé à l'article 3 du projet de loi, soit remplacé par ce qui suit :*

**Subvention tenant lieu de taxe**

**38.1** Les conseils reçoivent, en plus des subventions qui leur sont versées, une subvention du ministre couvrant celles que le collège est tenu de payer en application du paragraphe 799(2.1) de la Loi sur les municipalités.

\* (1120)

**Mr. Chairperson:** There is a problem with this amendment as it is a money amendment and can only be moved by a member of the government and not a



private member. However, if there is unanimous consent, the amendment can be considered. Is there unanimous consent?

**Some Honourable Members:** No.

**Ms. Friesen:** Mr. Chairperson, I would like to call for a vote on that, but I would also like to speak to this amendment, and I do not know whether either of those is possible.

**Mr. Chairperson:** I need unanimous consent to consider it, and I am trying to seek that.

**Mr. Doug Martindale (Burrows):** Mr. Chairperson, could you explain the rule again that you just read, and the number? Thank you.

**Mr. Chairperson:** In 54.(2) of the rule book, it states that "No member, who is not a minister of the Crown shall move any amendment to a bill or to Estimates that increases any expenditure or varies a tax or a rate of tax or provides an exemption or increases an exemption from a tax or a proposed tax, but a member who is not a minister of the Crown may move an amendment to a bill that decreases an expenditure or that removes or reduces an exemption from a tax or a proposed tax."

#### Point of Order

**Ms. Friesen:** On a point of order, Mr. Chairperson, it is my assumption that this amendment would not change the amount of money that the government is paying. They are now paying grants in lieu of taxes. This simply ensures that that be absolutely clear and remains as such, so it does not involve a change in finance.

**Mr. Chairperson:** The amendment suggests that there is a variance of where the money is coming from, a varying. Therefore, there is no point of order.

**Ms. Friesen:** Mr. Chairperson, I was responding to the rule that you read out, about why money amendments cannot be made by members of the opposition. I think the point of order I made is that this is in fact not changing the amount of money that will be paid out. This is revenue neutral, to use the government's terminology.

**Mr. Chairperson:** Because it is varying where it is coming from, it is a money amendment. Therefore, there is no point of order.

**Ms. Friesen:** Mr. Chairperson, it is my understanding that this does not vary the amount of money at all under The Colleges Act. Perhaps I should point out, I am making a similar amendment under Section 4 to The Universities Grants Commission Act, and there is an asymmetry in this existing act, because it is the minister under The Colleges Act who does pay out money directly. Under The Universities Grants Commission Act, the minister pays the money to the Universities Grants Commission which then distributes it, so there is an asymmetry in the existing act.

**Mr. Laurendeau:** Mr. Chairperson, I do believe that you have made a ruling and the ruling is not debatable. I would ask the honourable member to be brought to order. We have not got it on the table at this time, it is not open to debate, and I believe the honourable Chairperson has made a ruling to this.

**Mr. Chairperson:** The advice we are receiving from Legislative Counsel and from the procedural staff indicates that the amendment is a money amendment. Therefore, there is no point of order.

\* \* \*

**Mr. Chairperson:** Is there unanimous consent to consider the amendment?

**Some Honourable Members:** No.

**Mr. Chairperson:** Consent has been denied.

Shall Clause 3 pass?

**Some Honourable Members:** No.

**Mr. Chairperson:** All those in favour of the clause passing, please say Yea.

**Some Honourable Members:** Yea.

**An Honourable Member:** Wait.

**Mr. Chairperson:** Excuse me.

**Ms. Friesen:** Mr. Chairperson, I wanted to speak to that clause. This is a government bill, and I appreciate the opportunity to speak on this clause. I am extremely disappointed that the government denied the opportunity to introduce an amendment to it, because my amendment was intended to make very clear what the purposes of the government were in this amendment, The Municipal Assessment Amendment Act.

What is actually happening here is that the door is being opened to the offload of a massive tax—\$18 million in the case of universities; \$3 million in the case of community colleges—onto those institutions, at a time when those institutions have been, over the period of this government, substantially reduced in the amount of monies that they have.

At the same time, in my view, this bill is also exempt from the taxpayer protections acts of Bill 2, because it does include changes in property tax which are exempt from referendums—

#### Point of Order

**Mr. Gerry McAlpine (Sturgeon Creek):** Mr. Chairperson, I believe that you have already ruled on this point of order—

**Some Honourable Members:** Oh, oh.

**Mr. Chairperson:** Order, please.

**Mr. McAlpine:** Mr. Chairperson, on a point of order, I believe you have already ruled on this point of order that there will be no discussion on the amendment and—[interjection] The member for Burrows (Mr. Martindale) has a lot to say for not being on the committee, but the thing is that you have already ruled on this and then the member continues to speak on her amendment in the way of the bill. I would ask you to please enforce the point of order out of order.

**Ms. Marianne Cerilli (Radisson):** On the same point of order, Mr. Chairperson, the member for Wolseley (Ms. Friesen) is now speaking to the government's bill. We have every right as individual members to ask questions and debate and discuss the bill that is in

question. She is putting on record her ideas with respect to this clause and may have further questions of the government with respect to this clause. As individual members, the government cannot force through a bill and force a vote on the bill until we are prepared to stop asking questions and discussing that clause in the bill.

I would ask that you continue to allow the member for Wolseley to have a thorough discussion on all clauses of the bill as she sees fit. That is her right as an individual member of this committee and as an MLA.

**Mr. Jack Penner (Emerson):** On the point of order, Mr. Chairman, if I look back at parliamentary procedures, and procedures in committee, once the question on a vote has been called the vote needs to be continued. We were in the process of voting on a procedure and one side of the committee had already voted and we were then interrupted and called into question. It is my view that you had no choice but to allow the vote to continue as in process and then the debate could continue and then the questioning could continue. I would suggest to you that we revert to the vote as you had called for and we were in the process of taking and then allow the questions and the debate to continue.

**Mr. Chairperson:** On the point of order, may I just suggest that I probably was reading from the script and did not notice Ms. Friesen's hand. I would ask the compliance of the committee to listen to Ms. Friesen.

\* (1130)

\* \* \*

**Ms. Friesen:** Mr. Chairman, the points that I was making were that it is my belief that this bill is opening the door to a very large offload of taxation onto universities and colleges. I believe that the presenters made a number of points about the streamlining of the process which I think are quite possibly, as they say, that this is admirable, that that is a useful process to undergo. In the process of doing that, the door is opened for this government and particularly a government which intends to pass Bill 2 which requires balancing of their budget on an annual basis and, in

fact, their legislated surplus, that this opens the door to one opportunity to find a place to offload taxes. We know very clearly that this government offloads property taxes both before the election and presumably after the passage of Bill 2. That will be one of the places they will be finding the money for their balanced budget. This gives us serious concern.

We have also the experience of a government which over the last seven or eight years has seriously reduced their obligations and their payments to colleges and universities. The implications of this for young people in Manitoba are very, very dramatic. The doors are closing in universities and colleges to our young people. There are fewer places, there are fewer programs. This is a very, very serious matter. It is not just one clause in one bill.

The opportunities that this opens to this government I take very, very seriously and that was why, in the first instance, I asked the minister what was his purpose in this. He gave me two answers. One was an accounting purpose. I can accept that. His second one was a recognition of universities of the amount they pay in taxes, an accountability question. I can accept that, and I can read the same line in the Universities Grants Commission that everybody else can which tells us that it is \$18 million. It is a little more difficult to find out what the community colleges pay, but we now have it on record here as in the region of \$3 million. Those were the two answers the minister gave.

He did not give the answer that this opens the door to the offloading over one year, over 10 years of taxation onto the universities and colleges by including this in block grants. I was disappointed that he did not give that answer, and so I gave the government the opportunity in an amendment that I proposed to make very clear their commitment to colleges and universities in this province. They were not even prepared to have that on the table. I think that speaks very clearly to what the intentions of this government are.

So, Mr. Chairman, I look at this section, I cannot vote for this section. I think the government is being deceitful in its purpose. I would have liked a clear recognition from the minister. I would have liked to have voted on our amendment. I would have liked to

have had some discussion. It was not even allowed on the table even though it would be revenue-neutral. I am disappointed by that, and I assume that we can now proceed to look at the other sections of this bill. I will be proposing another amendment under the Universities Grants Commission.

**Mr. Derkach:** I guess we should set the record straight. The member for Wolseley indicated that I did not answer a question. Mr. Chairperson, I object to her inference that I did not answer a question. Indeed, I tried to answer very thoroughly each and every question that was put before me with exception of the question that is being researched at this time.

Secondly, I find it somewhat objectionable that the member would insinuate that the government is being deceitful in this bill. That certainly is not the case, Mr. Chairperson. We are in fact laying out the ground work in terms of the basis that we are proposing this amendment on. It is simply to make sure that the accountability issue is dealt with. We are not offloading anything onto universities at this time. There is nothing being offloaded onto the universities, but the member must understand that on an annual basis, the government does have a budgetary process that it must go through.

The grants to universities are based on a process that, regardless of who is in government, has to be considered on an annual basis, and that budgetary process then results in what we can debate in the Legislature in terms of the appropriations. The appropriations, Mr. Chairperson, are the sole responsibility of the government. Therefore, the amendment that the member brought forward and wanted to debate was one that was procedurally incorrect and could not be dealt with.

I think, respecting the rules of this Legislature, we simply are conducting ourselves in an appropriate way. The member chooses, on the other hand, to see this as a deceitful way of proceeding. I think she should think about that very carefully before she makes a statement of that nature.

The other issue, Mr. Chairperson, is the fact that she makes the insinuation that over the last eight years this

government has been dramatically cutting back the funding to universities. If she looks at our record as compared to other jurisdictions in this country, she can then be proud to be someone who lives in this province and who has some affiliation with the universities because indeed this government has lived up to its obligations with regard to funding all of our educational institutions in this province and funding them in a respectable way.

So I do not accept the arguments that have been put forward by the member for Wolseley, and I do not accept the allegation that she makes with regard to the intent of government in putting forward this amendment.

**Ms. Friesen:** Mr. Chairman, I think the minister was incorrect in saying that I said that he did not answer questions. I actually was paraphrasing, and I had notes in front of me of the responses he gave. I did not say he did not answer questions. I said that he dealt with it in terms of accounting and accountability and recognition of taxation authority and that he was not dealing with the further issue, which is the issue of whether the universities and colleges are to be supported at the existing rate. That was my amendment which was to deal with essentially no increase at this stage. I was not even talking about that or the obligation of the government to pay grants, as they are at the moment, under The Colleges Act and under The Universities Grants Commission Act.

"Deceitful" is a strong word, and I withdraw it. I will replace it by saying that the government is not being completely straightforward with Manitobans on its purposes in this bill, and that would have been a better word to have chosen at the beginning.

It is also, I think, important to recognize that we are not only talking about universities here, but in fact this particular section deals with colleges. The minister is well aware as a former Minister of Education, in fact, of the very serious reductions to colleges that were made a number of years ago by this government, in the region of \$7 million to \$10 million. That was a huge cut to community colleges. That has not yet been replaced. It is true that there are other governments which are diminishing the fundings for universities and

colleges, but this government has to bear a portion of that responsibility, but the taking of responsibility is not something which this government leaps to do.

So those are my responses to that, Mr. Chairman. I certainly withdraw "deceitful," but I do believe that the government is not being straightforward. It is taking a very circuitous look at this. The minister, in his most recent response, is now suggesting in fact that the wording in this particular section that we are now looking at "shall take into consideration" means absolutely no more than that, the government shall take into consideration. It is not a guarantee. It is not a confirmation of existing funding to community colleges or universities, and members who are voting on this should be very clear that what they are voting for is an open door to a hidden tax.

**Ms. Cerilli:** I do not have the background on Bill 34 that the member for Wolseley does, our Education critic, but I think that this debate is important. I would like to ask the minister a question with respect to the issue that the member for Wolseley is raising. If it was not the intent of Bill 34 to, as she has described, increase the taxation on the universities and lead to the kind of offloading that we have seen in the public school system, would the minister acknowledge that that could happen with this bill?

**Mr. Derkach:** Mr. Chairperson, that was certainly not the intent contemplated in putting forward this amendment and is not at this time. It is, as I described to the member for Wolseley, that the intent of this is to ensure that there is accountability in terms of the grants in lieu that are paid by the government on behalf of universities and colleges.

\* (1140)

**Ms. Cerilli:** That was not my question. My question was, although it perhaps may not be the intent, as the minister has described, will the minister admit that that could happen, a scenario that the member for Wolseley is asking, given this bill—and this is not a hypothetical question. This bill is going to become law, and it would seem to me that all of the implications, particularly in the area of grants and taxation with respect to post-secondary institutions, must be

considered by a government when they are bringing in legislation.

So I am asking the minister, if perhaps this was not the intention of the bill, is one of the consequences of the bill, as the member for Wolseley described, that there is going to be reduced funding, that there is going to be increased taxation on the part of the universities?

**Mr. Derkach:** As I indicated, Mr. Chairperson, the intent of this is straightforward in terms of accountability by the universities for the grants that are paid by the province on behalf of the universities for the properties that they own.

The member for Radisson simply wants to assume something that is very hypothetical, and no one around this table can answer a question that is as hypothetical as that one put by the member for Radisson.

**Ms. Cerilli:** I am asking a very direct question about the consequences of this legislation. Will the consequences of this legislation be as the member for Wolseley has described?

**Mr. Derkach:** Mr. Chairperson, the consequences of this legislation are that the universities are going to have to be accountable for the grants that are paid to them in lieu of taxes.

**Ms. Becky Barrett (Wellington):** The minister in his answers to the member for Wolseley and also indirectly, I believe, in his answers to the member for Radisson has said, not at this time. Twice he used that phrase in his direct responses to the member for Wolseley when she was asking about the implications of this piece of legislation and stated in less direct ways, I believe, in his answers to the member for Radisson, the same thing. I am wondering if the minister would please clarify the meaning of the phrase "at this time."

**Mr. Derkach:** Mr. Chairperson, we are considering Bill 34, which talks about grants in lieu of taxes to the universities and colleges. I was also asked what the approximate or the actual or the figures were for each of the universities, and I have given them to the members as they are at this time.

Now, what they are going to be next year, I do not know, but I can tell you that as of 1995, the implications that there are on the universities have been given, and that is what this bill deals with, Mr. Chairperson.

**Ms. Diane McGifford (Osborne):** I would like to ask the minister if he is interested in safeguarding and protecting grants to universities.

**Mr. Derkach:** Mr. Chairperson, this is what this is all about. That is exactly what this whole process is all about. I do not know anyone in our government or in the Legislature today who wants to see our universities and our educational institutions in this province destroyed.

I think we all understand the value of education in our province and the need to enhance the education standards, but also, at the same time, we want to ensure that every dollar that is spent on behalf of students, universities, schools, is spent effectively and efficiently, so that the student, the one that we should all be concerned about, gets the maximum value out of every dollar that is invested in the infrastructure and also in the administration, as well as in the process of delivering the services to the student.

**Ms. McGifford:** Given the minister's zeal to protect university education, I am at sea as to why he did not allow the member for Wolseley's (Ms. Friesen) amendment.

**Mr. Derkach:** Mr. Chairperson, I am not going to get into that debate, simply because you as Chairperson, Sir, did rule on the amendment, and I respect your ruling.

**Ms. Barrett:** On that very topic and I am glad that the member for Osborne raised this, yes, the ruling of the Chair was that the amendment as presented by a member of the opposition, i.e., not a government member, was out of order. We could debate the Chair's ruling but the Chair has been upheld, and we have not made the amendment.

But I would like to ask the minister if he is going to stand on that narrow procedural ground or if he would

do the right thing and bring in the same amendment, himself, as a government member, which he is certainly entitled to do, thereby clarifying for all and sundry the fact that this bill does not in any way leave the door open, even the tiniest crack, for the possibilities that the member for Wolseley (Ms. Friesen) and the member for Radisson (Ms. Cerilli) have raised, and, I understand, all of the presenters on Bill 34 today.

Will the minister not—the amendment is all prepared. All he has to do is say moved by himself rather than Ms. Friesen, and there we are. We can carry right on, and we do not have to worry about it, and the minister's word will then be proven.

**Mr. Derkach:** Mr. Chairperson, you have ruled on the proposal by the member for Wolseley. I respect your ruling. The government has presented its bill. We intend to carry on with the bill as presented.

**Ms. Barrett:** Excuse me, but the minister is not responding to the question, not an unusual occurrence for this government.

The ruling was not on the content of the amendment. The ruling basically was that an opposition member could not make the amendment. I am just—

**Mr. Chairperson:** Order, please.

#### Point of Order

**Mr. Laurendeau:** Mr. Chairman, you have already ruled on the amendment. That decision is behind us. If the honourable member has a question that she would like to pose on the area that we are dealing with at this time, I believe that would be in order, but debating the amendment brought forward by the member for Wolseley is out of order, as I believe.

**Ms. Barrett:** On the same point of order, I would suggest, with all due respect to the member for St. Norbert, that I am not debating the ruling of the Chair nor am I debating the amendment that was presented by the member for Wolseley.

My question simply was that since the ruling of the Chair was not on the amendment in and of itself but it

was that the amendment could not be brought forward by an opposition member, I am just asking the minister why he will not take it upon himself to clarify—

**Mr. Laurendeau:** You are still on the point of order, Becky.

**Ms. Barrett:** Sorry. I will say that I do not believe it is out of order for me to ask the minister to put the amendment forward by himself because I am not debating the ruling of the Chair previously. I am trying to facilitate, actually, the onward progress of our discussion about this bill.

**Mr. Chairperson:** The Chair recognizes the point of order, and I would ask that all questions to the minister be pertinent to the clauses that we are discussing and not on the ruling of the Chair.

\* \* \*

**Ms. Barrett:** Mr. Chair, I would like to ask the minister if he would consider, before we move off the clause that we are currently discussing, putting forward an amendment which would clarify the government's position vis-à-vis the grants that the government will make in the future to the universities and the colleges as they are obligated to pay under subsection 799(2.1) of The Municipal Act.

**Mr. Derkach:** Mr. Chairperson, in the opinion of our government, the particular clause we feel is very clear, and we will continue to support the clause that we have proposed.

**Ms. Barrett:** I am just going to say that yes, we on this side of the House believe that given the discussion that has taken place over this particular clause and the concept of the bill as a whole, it is indeed very clear what the government's intentions are, and we will be ensuring that those government's intentions are clearly illuminated to everyone in this province. I think the minister is absolutely accurate, the government's intentions are very clear in their words and their deeds in discussing this piece of legislation.

\* (1150)

**Mr. Chairperson:** Thank you. Are there any—

**Ms. Friesen:** Could I just follow up on that and ask the minister to tell us exactly what he means by take into consideration the obligation?

**Mr. Derkach:** Mr. Chairperson, in terms of the question that was posed by the member for Wolseley, I would have to indicate that on an annual basis government, regardless of what government is in office at the time, would want the ability to review all issues in the way that they are dealt with. As I explained previously, all of this is done on an annual basis through the budgetary process and this particular issue will not be dealt with in any other fashion than is normal in terms of dealing with it on an annual basis through the budgetary process, ensuring that there is fairness in the system.

It is not different from what is being done in other departments of government and other areas of responsibility that a government has. We are simply indicating to universities and colleges that, through our budgetary process, we indeed ask them to be accountable for the grants in lieu that are paid on their behalf and that this be reviewed on an annual basis. I think it just means that our colleges and our universities are going to look at the properties that they have and are certainly going to consider the impact that the grants in lieu have on their educational facilities in terms of what is being paid for by the government.

**Ms. Friesen:** I wonder if the minister could elaborate a little further on what he just said. He assumes that the accountability that he is asking for will lead to certain actions or reconsideration of properties by universities and colleges. Could the minister perhaps give us an example of what kinds of actions might be taken by universities and colleges as a result of re-examining this?

**Mr. Derkach:** In a general sense, I would hope that universities and colleges would, on an annual basis or from time to time, have the opportunity to review this particular item so that indeed, when they are putting forward their requests, this becomes part of the area of consideration in terms of their needs and in terms of their providing services to the students of this province so that in fact this is not an item which is going to be put on the shelf and is simply going to be excluded

from their considerations because someone has the obligation to pay the grants in lieu on these properties, that in fact, through the accountability process, they will indeed be considering their properties and the value of those properties to the university and the need to expand or reduce some of the properties that they might have.

But, again, I cannot dictate to the universities, or to the colleges for that matter, what they need and what they do not need. I think it is simply asking them to be accountable for the properties that we pay taxes on or grants in lieu of taxes on and that on an annual basis, at least, these be considered and reviewed. That is just as straightforward, I think, as we can get in this amendment.

**Ms. Friesen:** The minister seems to assume that these properties and lands are not evaluated on an annual basis by the colleges and universities. Does the minister have any evidence for that?

**Mr. Derkach:** By this amendment, Mr. Chairperson, we are simply ensuring that each and every entity in the educational area would consider their properties and, if they have surplus properties from time to time that they perhaps do not require, that we do not continue paying grants in lieu on those properties, because I think those scarce resources might better be used in areas of greater need.

We are doing that in government at the same time. We are examining all of the properties that government has so that indeed, if we do not need some of these properties, then we either can dispose of them or find an alternate use for them. We are simply asking our universities, our colleges to do the same. We are not directing them to do anything otherwise.

**Ms. Friesen:** The ability of the universities and colleges to consider such properties and to sell or lease them already exists now. I am looking to the minister for confirmation. Does he know that?

**Mr. Derkach:** Yes, the universities basically do have the autonomy in that regard and do consider their needs and make their decisions based on those needs.

**Ms. Friesen:** The government appoints, in most cases, the majority of members of boards of universities and

colleges in Manitoba. Could the minister explain to me why he thinks, what assumption and what evidence he has, that those existing powers, those existing obligations, those annual reviews, have not been conducted? Who is responsible if the minister believes they have not?

**Mr. Derkach:** I could turn that around to the member for Wolseley and say, well, in fact, if that is being done, there should be no objection to formalizing the process to ensure that in fact that is being done. I think that is all the public is asking of us, is to ensure that all of the entities that government has any dealings with or has any responsibility for are accountable to the taxpayers of our province.

If the member does believe, and I know she does, that universities do review their properties, formalizing that they be accountable for that should not be a significant issue and should not be one that is subject to an enormous amount of debate.

**Ms. Friesen:** I think the issue is here that \$18 million is now being put at risk for the university sector and \$3 million for the college sector. The processes, if the minister was concerned that accountability was not there, if this evaluation was not occurring and if those powers did not exist, which we both agree they do, then surely the minister would have dealt with this in a different way, but he has not. He has dealt with it essentially rolling the taxation for the bulk of these colleges and universities into a general bill like this, which enables the minister, in a block grant, either over one year or over 10 years, now to reduce a very significant portion of some funding for colleges and universities.

In the case of Brandon University, it is almost 10 percent of the UGC grant. In the case of the University of Manitoba, it is between 7 percent and 8 percent. In the case of the colleges, it is in the—I do not know actually what it is for the colleges; I would have to check that. But \$2 million from Red River Community College seems to me quite a substantial proportion of the amounts that they used to, that they will now have to evaluate in the context of other educational programs. That is the concern that we have, that this opens the door to an offload and to essentially a hidden tax.

The government will be able to claim, oh, we have not reduced the grants to colleges and universities, but in fact they will have done as they have done in their changes to property taxes for individuals and families. They will in fact have reduced it. That is my concern, is to ensure that there is at least a maintenance of the existing funding that we have for colleges and universities.

I am not asking for an increase. I am asking for a maintenance of that amount of money for the young people of Manitoba. There are fewer of them going to colleges and universities. We have reduced the opportunities for young people. This in fact enables the government to reduce them further.

I would like to believe that the minister does not have that in mind. I would like to believe that this minister wants to support colleges and universities. That was the purpose of my amendment, and I am disappointed that he will not make that clear.

\* (1200)

What he is doing in fact—and I appreciate that. I apologize even further for saying "deceitful" because in fact, through questioning, you are making it very clear what your intent is, and I appreciate that. Mr. Chairman, I also appreciate your forbearance in enabling us to have this kind of discussion because I think it is becoming very clear what the government does intend, and I appreciate that clarity.

**Mr. Derkach:** Mr. Chairperson, the member for Wolseley makes the point that, indeed, this is a significant percentage of the overall operations of a university, and, therefore, I would think that she would agree that this is an issue that needs to have some attention paid to it from the universities' point of view, and, in fact, if it has, then there is no problem in simply formalizing the process.

But, secondly, when we consider, as the member indicated in the case of Brandon University, if it is 10 percent and if the Brandon University can take a look at their properties and perhaps if, in fact, they decide, not us, but if they decide that there are some surplus properties that they would like to dispose of, that



money, then, because it is such a large portion of their budget, can be used for programs and for students who are at those facilities.

So, Mr. Chairperson, what we are asking them to do is simply be accountable, as we do any other sector that involves taxpayer dollars, for the dollars that are spent by the taxpayers on their behalf. That is all that is intended by this legislation, and, indeed, although members opposite are trying to insinuate that there is some hidden agenda here, there is not. Indeed, we are very straightforward in indicating in the bill that this is a measure of accountability that we would only expect of all of our sectors that are dealt with through our provincial government.

**Ms. Friesen:** No, I would not allege hidden agenda. I think the agenda is now very clear.

I would like to suggest to the minister that this is a very blanket—let us take his assumptions that colleges and universities can now sell off, lease, portions of buildings, which, of course, we knew they already could, but what this will do is force them to do that in the first instance. Eventually, you have got no more to sell off, I am sure, as the government will find out with Crown corporations, but eventually you have got no more to sell off, and that will be a problem.

But let us look at the intervening few years. Just exactly what does the minister anticipate that the University of Winnipeg could sell off, for example? What does he anticipate that Assiniboine Community College could sell off?

The point I want to make before the minister responds that he is not going to deal with individual cases, which I am sure he will, is that there are quite significant differences in opportunities for different colleges. For example, the University of Winnipeg is a very dense urban environment. It is a very small amount of property, but it is obviously in the centre of Winnipeg.

The University of Manitoba has many more lands. It has lands outside of the city of Winnipeg. It has large endowment lands made by the people of Manitoba since the 1870s to endow the education of young

people, endowed in perpetuity, I believe, and now the minister will be encouraging alternatives in that perspective.

But there is a great difference between the ability of—and I do want to use individual examples—a small, dense, urban institution versus a large institution which has a variety of lands, and the minister is applying a blanket-type of policy on all of them. Does he see any problems in that?

**Mr. Derkach:** Mr. Chairperson, I see a problem in the tangent that the member for Wolseley is going on with regard to this bill.

First of all, let me say that I am not going to direct any university or any community college to reduce the property that they have under their control. Nowhere in this bill is that alluded to or is it insinuated that perhaps they must start getting rid of surplus properties. It is not the intent of the legislation.

The intent of the legislation—[interjection] Mr. Chairperson, I did not say at any time that we were in any way directing universities to sell off properties, and with all the interjecting that is going on here, perhaps I would ask members to listen carefully because what we are asking universities to do is to be accountable for the grants that we are paying in lieu of taxes, so that they can review the properties that they do hold and may want to acquire, and that does not mean that they cannot acquire property or they cannot sell off property as they have the right to do now. That does not change that at all, but it also allows members of this Legislature, both in government and on the opposition side, to review annually the grants that are being paid in lieu of taxes on behalf of universities and colleges.

So, Mr. Chairperson, it gives members opposite an ability to look at this particular line and to know very specifically—now the member for Wolseley (Ms. Friesen), herself, admitted to the fact that she did not know the amount of grants in lieu of taxes that is being paid on behalf of community colleges.

Now, if that is the case, this is certainly going to make it evident and will give her an opportunity on an annual basis to be able to question government in

regard to the grants in lieu that are being paid on behalf of colleges and universities.

So, Mr. Chairperson, all we are doing in this legislation is ensuring that, first of all, the colleges and universities are accountable for the properties that they have in their possession, and that those properties are reviewed on an annual basis and so future properties can be viewed with the whole idea that they will have to be accountable for the taxes that are going to be paid on their behalf.

**Ms. Friesen:** The argument that the minister has offered is a very odd one, because, yes, I did go in search of the information. The Universities Grants Commission publishes a single line which shows \$18-point-something million for universities, and it is easy to follow. The community colleges is less easy to follow. What I did in fact was to phone the City of Brandon and to phone the City of Winnipeg and to find out what the grants in lieu of taxes were from the assessors. The Legislative Library on my behalf, after having searched the record—and they could not find it either for community colleges—I believe phoned the minister's department which provided it.

Now the fault there lies with the minister's department. The fault lies with the annual report. The fault lies with the annual Estimates. [interjection] Well, I am glad to see the minister is correcting it, but in so doing what he is doing is opening the door to an offload of taxation and to a hidden tax. It is not even taking a hammer to a fly. I do not even know what the analogy is that I would look for. So I think we are being a little less than straightforward on that one.

Perhaps, I could move an amendment that the minister in fact include a line in his annual report to suggest where the community colleges grants in lieu of payment were. Perhaps, he would accept that, but he would not, of course, because in fact his real object is to roll into the universities and colleges grants the amount of taxation that has been paid in another account by government. So I do not accept that argument. If it is a matter of record, that is easily changed and the minister has the opportunity to do that in a variety of ways. I would recommend that he do. I am very much in favour, as I am sure the minister is,

of very clear transparent records for the public and for members of the Legislature.

So, Mr. Chairman, we are left with in fact a section here which says "shall take into consideration no more than that, no less than that" and we are left with the evidence of a minister and his government which in fact intends to reduce over the longer period of time the grants for colleges and universities in this province through this act. It intends to do it in spite of Bill 2 which will not apply and enable people to speak in a variety of ways on this particular hidden tax. I can say that from my part I find that very regrettable.

\* (1210)

I do believe that the city of Winnipeg, the province of Manitoba, is more dependent than ever upon the kind of skills and learning and research which are going on in our colleges and universities. The future of the province—economically, politically, socially—depends upon having what The Globe and Mail's Report on Business calls a smart city, that smart sector. The government must be very aware that Manitoba or Winnipeg lost its position at the top of those smart city lists to Saskatchewan, and the reason it lost it was because Saskatchewan was making a much greater investment in universities and colleges. It has a higher proportion of its students in universities and colleges. It devotes more attention to research, and it is paying off in the biomedical research field and so Saskatchewan moved to the top of that list, not Manitoba. Those are very important considerations for our government to make. That is the long-term future of this province.

So I regret again the kind of change that the government now clearly is intending for colleges and universities in this area, the change in finances. The accountability is a completely different issue. The presentation made by Mr. Lobdell I thought was a very sensible one and similarly as the one made by Mr. Selinger, also by the University of Winnipeg and the lawyer representing the president of the University of Manitoba, sensible assumptions about accountability, assumptions which are there for the most cases for colleges and universities already. The issue here is a different one. The issue is a hidden tax in the long term.

I cannot say as the minister has said—and I agree with him—that he has done it. I cannot say that he is going to do it. I can say that he has opened the door to his cabinet to do so.

**Mr. Martindale:** Does the minister believe that students at post-secondary institutions should be treated equally? What is your government's policy?

**Mr. Derkach:** Mr. Chairperson, the member seeks an opinion, and I do not see the connection between my opinion and this bill.

**Mr. Martindale:** Well, I am leading up to that. Is the reason that there are per capita grants so that post-secondary educational institution students are treated equally?

**Mr. Derkach:** I think it is in all of our interests, Mr. Chairperson, to ensure that students are treated equally regardless of which part of this province or where they come from for post-secondary education.

**Mr. Martindale:** Good. I am glad to hear that. In a presentation earlier this morning, the University of Winnipeg presenter said that the grants in lieu of taxes amount to approximately 10 percent of their operating budget or \$2,145,817. The University of Manitoba presenter said that their grants in lieu of taxes amount to about 8 percent. If the University of Winnipeg paid 8 percent, that would amount to \$1,708,653. The difference is \$437,164. This money could be spent on students, but instead it is being spent on grants in lieu of taxes to the municipality.

Would your government consider giving more money to the University of Winnipeg—or do you now—to recognize the differences in costs of these two universities based mainly on their location?

**Mr. Derkach:** Mr. Chairperson, we pay the universities the grants in lieu of taxes, so therefore the government of this province pays the grants to each of the universities. So the 10 percent or the 7 percent is not something that impacts on the individual student. However, in a global sense, we do recognize that there are differences in the percentages, if you like, of budgets that are being paid for tax purposes.

**Mr. Laurendeau:** Mr. Chairperson, this is becoming a very interesting debate because, as we are approaching this from the angle that the honourable member is bringing forward in talking about municipal taxes, I might be incorrect on this, and I am sure the minister could correct me, but has the City of Winnipeg not got the ability, or any municipality, to give exemptions or eliminate some of the taxation that they impose on different institutions within the city of Winnipeg?

**Mr. Derkach:** Mr. Chairperson, no, they do not.

**Mr. Chairperson:** Clause 3—pass?

**Ms. Friesen:** I do not know the appropriate wording, but I would like to have a recorded vote on Clause 3.

#### Voice Vote

**Mr. Chairperson:** All those in favour, please respond by saying yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** Those opposed.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** In my opinion, the Yeas have it.

#### Formal Vote

**Ms. Friesen:** A recorded vote.

**Mr. Chairperson:** Request for a counted vote.

*A COUNT-OUT VOTE was taken, the result being as follows: Yeas 6, Nays 4.*

**Mr. Chairperson:** The clause is accordingly passed on a counted vote of 6 for, 4 against.

Shall Clause 4 pass?

**Ms. McGifford:** Mr. Chairperson, I wish to propose an amendment that Section 4 of the Bill be amended—

**Mr. Chairperson:** Excuse me, we need copies.

We have a motion of an amendment from Ms. McGifford. Please read it into the record.

**Ms. McGifford:** I move

THAT section 4 of the Bill be amended by striking out the proposed section 10.1 of The Universities Grants Commission Act and substituting the following:

**Grant to be made to pay grants in lieu of taxes**

**10.1** In addition to any other grant made to the commission, grants shall be made to the commission to pay all the grants that universities are obligated to pay under subsection 799(2.1) of The Municipal Act.

Moved in both official languages.

**Motion presented.**

**Mr. Chairperson:** The Chair, recognizing the amendment, has a problem as it is a money amendment, and, again, can only be moved by a member of the government and not a private member; however, if there is unanimous consent, the amendment can be considered.

Is there unanimous consent?

**Some Honourable Members:** No.

**Mr. Chairperson:** Unanimous consent has been denied.

**Ms. Friesen:** Could you just go through for me again what the regulation is on not allowing money bills to be brought by the opposition, or money amendments?

\* (1220)

**Chairperson's Ruling**

**Mr. Chairperson:** It is exactly the same ruling as last time, and I will read it to you again if you prefer: 54.(2): No member, who is not a Minister of the Crown shall move any amendment to a bill or to Estimates that increases any expenditure or varies a tax or a rate of tax or provides an exemption or increases an exemption from a tax or a proposed tax, but a

member who is not a Minister of the Crown may move an amendment to a Bill that decreases an expenditure or that removes or reduces an exemption from a tax or a proposed tax.

The advice we have received from Legislative Counsel and from the procedural staff indicates that the amendment is a money amendment.

**Ms. Friesen:** Mr. Chairman, yes, I recognize this is a money amendment, but it does not increase the amount of money that it is asking the government to spend. It does not ask the government to vary the amount it is spending.

**Mr. Chairperson:** Excuse me. Order, please.

You are now starting to debate my ruling, the ruling of the Chair. If you wish to debate this further, there must be an overturn of the ruling.

**Ms. Friesen:** Could I address this under the issue then of dealing with debate on this section?

**Mr. Chairperson:** The amendment has been deemed out of order.

**Ms. Friesen:** Okay.

**Mr. Chairperson:** You may ask questions on Clause 4, and if you wish to do so, I will recognize you.

**Ms. Friesen:** I wanted to ask the minister whether or not his section, here, Section 4, enables the government to either add to or to reduce the amounts paid to the Universities Grants Commission for grants in lieu of taxes.

**Mr. Derkach:** Mr. Chairperson, again, the answer that I gave in the debate under Section 3 would apply to this section as well.

**Ms. Friesen:** Let me put it then in two parts. Does the minister's Section 4 enable the government to add to the Universities Grants Commission for grants in lieu of taxes?

**Mr. Derkach:** Sorry, I missed the question.

**Mr. Chairperson:** Could you repeat that please, Ms. Friesen?

**Ms. Friesen:** Yes, I am just separating out the previous question into two sections. I am going to ask the minister, does his proposal here in Section 4 enable the Universities Grants Commission to increase the amounts available to the Universities Grants Commission for grants in lieu of taxes?

**Mr. Derkach:** Because this is a consequential amendment, my answer would not vary from what it was in Section 3 in that this is subject to an annual review and would be dealt with through the process of the annual review.

**Ms. Friesen:** I wonder why the minister is so reluctant to say that this enables the Universities Grants Commission to increase the amount of support for universities and colleges under this section.

**Mr. Derkach:** When I indicate to the member that it is reviewed on an annual basis, it would be reviewed for the purpose of either maintaining that or perhaps altering it either upwards or downwards. That is something that would be done on an annual basis.

**Ms. Friesen:** Mr. Chairperson, that then would be one of the reasons that the minister would have rejected my amendment had it gone on the table, that the minister wants to enable the government to either increase and to decrease the amounts paid to the college granting agency and to the Universities Grants Commission?

**Mr. Derkach:** As I indicated in my previous response, this allows the universities and the community colleges to review this whole area of their responsibility on an annual basis as well.

**Ms. McGifford:** I wanted to return to the actual language. A grant under subsection 10 shall take into consideration, and the honourable member for Wolseley (Ms. Friesen) has spoken about the term "consideration." The term "consideration," implies to me that there will be a number of factors to be weighed and measured, and I wonder if the minister could indicate what those possible factors might be. In other words, what will be the deciding factors in deciding the grants?

**Mr. Derkach:** As I indicated in my previous response in Section 3, this allows for consideration of the entire issue by the university or the community college. That may mean that for educational purposes a particular institution may require additional properties. That must be considered by that institution at least on an annual basis so that indeed they can put their plans forward in an appropriate fashion.

**Ms. McGifford:** So one of the possible factors will be that an institution may require additional properties.

**Mr. Derkach:** Again, that is somewhat speculative, but, yes, a university must consider, or any institution, whether it is a university or community college, the issue of space, must consider the issue of facilities even in their capital program.

When they are reviewing their capital program they must consider this whole issue. Therefore, from time to time I know that universities do expand their facilities as their needs command. In that situation they would have to make a consideration for additional property or additional space that is required.

**Ms. McGifford:** But what it says here is that the grant under Section 10 shall take into consideration. I understand that to be that the minister will have a number of factors that he will consider. That is what I am interested in, what those would be.

**Mr. Derkach:** Mr. Chairperson, it says that the grant under Section 10 shall take into consideration. It does not say the minister.

**Ms. McGifford:** I had understood that the minister was ultimately responsible for the grant and therefore he would be the one who would take the grant into consideration. I want to know what things he would take into consideration in determining the grant.

**Mr. Derkach:** This money is going to be put under the appropriations of the Department of Education and Training and then through the Universities Grants Commission. All of this area will be considered by the university and through the Universities Grants Commission. So it is not a matter of someone from the minister's office saying that this is what your grants

shall be. The grants shall be considered by the institution, by the Universities Grants Commission and will be in the Department of Education and Training.

**Ms. McGifford:** Then what factors will the Universities Grants Commission consider? Will it be number of students? Will it be variety of courses? What will it be?

**Mr. Derkach:** Well, Mr. Chairperson, the process is one that I am not involved with on a day-to-day basis; the process is between the university and the Grants Commission. I know that there is a process they follow with regard to their annual reviews of all of their needs and requirements. I am sure that a similar process will be followed when they come into the consideration of the space that they require and the grants in lieu that are paid for on these properties.

**Mr. Chairperson:** Shall Clause 4 pass?

**An Honourable Member:** No.

\* (1230)

#### Voice Vote

**Mr. Chairperson:** All those in favour, say yea.

**Some Honourable Members:** Yea.

**Mr. Chairperson:** All those opposed, say nay.

**Some Honourable Members:** Nay.

**Mr. Chairperson:** It is the opinion of the Chair that the Yeas have it.

#### Formal Vote

**An Honourable Member:** A count-out vote.

**Mr. Chairperson:** A request for a counted vote has been made.

*A COUNT-OUT VOTE was taken, the result being as follows: Yeas 6, Nays 4.*

**Mr. Chairperson:** The clause shall accordingly pass.

\* \* \*

**Mr. Derkach:** Mr. Chairperson, I took as notice a question from the member for Wolseley (Ms. Friesen) with regard to Bill 2. I would just like to respond, if I might, to that question.

In Bill 2, on page 8, Section 10(1) spells out the taxes which are subject to the referendum and they are listed on that. It does not have the issue listed that the member referred to.

**Ms. Friesen:** Mr. Chair, so this bill does not fall under the so-called taxpayer protection section of Bill 2 or any section of Bill 2?

**Mr. Derkach:** Well, as I indicated, under Section 10(1) there is a listing of the taxes that Bill 2 refers to, and there is no expansion from those contemplated in the bill.

\* \* \*

**Mr. Chairperson:** Clause 5—pass; preamble—pass; title—pass. Bill be reported.

As the time is now 12:30 p.m., what is the will of the committee?

**Some Honourable Members:** Committee rise.

**An Honourable Member:** You do not want to consider Bill 36?

**Mr. Clif Evans:** Mr. Chairperson, I think that we on this side would agree to finish up with Bill 36 and committee rise after that—the hour is getting close to Question Period—if that is agreeable.

**Mr. Chairperson:** Is that agreeable to the committee? [agreed]

#### Bill 36—The Municipal Assessment Amendment Act

**Mr. Chairperson:** Does the minister have a brief opening statement?

**Hon. Leonard Derkach (Minister of Rural Development):** No, Mr. Chairperson, I do not.

**Mr. Chairperson:** Thank you, Mr. Minister. Does the critic have a brief opening statement?

**Mr. Clif Evans (Interlake):** Mr. Chairperson, in discussions with the minister and staff with regard to this bill, and with lengthy discussions with Mr. Petrinka, I think that parts of this bill, and the parts that have been repealed, have indeed levelled things out with organizations that do have a liquor licence on their premises when it comes to the education portion of the taxes.

I do think, in hearing what Mr. Petrinka had to say, that in fact not only Legions but other nonprofit organizations in this province are under a great amount of stress. It has been indicated by him that some Legions are considering even taking VLT machines out of their properties.

I wonder where exactly are we going with these nonprofit organizations, and where are we going with the fact that, as the government has indicated, VLTs are supposed to help certain organizations, certain facilities in providing a better amount of profit for their properties. We are seeing, and I do not know why, but we are seeing, as Mr. Petrinka has indicated, a tremendous loss of membership, a tremendous loss of revenue for nonprofit organizations and Legions and going specifically to the coffers of the government through its gaming properties.

I have a problem with that, and I think we should really look at the fact that nonprofit organizations are suffering. We should also look at the fact that, what Mr. Petrinka suggests, when it comes to the Legions there are certain ways perhaps that we might be able to assist Legions through legislation. I think we should review the Saskatchewan and Alberta legislation to see just how it comes into play.

I do feel, yes, we have to have a level playing field for all organizations which, as I said earlier, have licensed premises on there. I think perhaps we should also deal with the liquor act and how it comes into play with The Municipal Act here and as far as taxation goes on property tax and education tax.

On one hand, I certainly do agree that we need a level playing field. On the other hand, I feel that we should perhaps just look at other ways that we might be able to stop the bleeding of income and revenue that nonprofit organizations have faced in the past couple of years.

If anyone else has some questions of the minister in regard to this—those are my comments.

**Mr. Chairperson:** We thank the member for his comments.

**Mr. Derkach:** Mr. Chairperson, this bill simply deals with making sure that all institutions or entities, if you like, who have a liquor lounge are treated alike so that there is not discrepancy between Legions and other community clubs and nonprofit organizations so that indeed they are all treated in a like fashion.

The issue that the member refers to is not one that has come to me from the Legions at this point in time. However, because it is a different issue altogether, that is one that might be addressed at a later time. However, the Legions were identified in the former legislation whereas community clubs were not. A court challenge by the Pembina Club and also the German Club, I believe, led to a discrepancy in the way that the law applied. So therefore we are simply ensuring that all facilities are treated in a fair and equitable way and this bill simply does that.

The other issue, as I indicated, would have to be something that could be addressed at another time. As I said, the only individual who has mentioned this issue is Mr. Petrinka, who mentioned it today, but if Legions do have a concern in that regard, I guess they would have to approach government. At this point in time, they have not.

**Mr. Chairperson:** The bill will be considered clause by clause. During the consideration of a bill, the title and the preamble are postponed until all other clauses have been considered. Is it the will of the committee to discuss this clause by clause or by block?

**Some Honourable Members:** Block.

**Mr. Chairperson:** Clauses 1 through 5—pass; Clause 6(1) and 6(2)—pass; preamble—pass; title—pass. Bill be reported.

The time is now 12:35. What is the will of the committee.

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 12:38 p.m.