

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, 30 April, 1985.

Time — 2:00 p.m.

**OPENING PRAYER by Mr. Speaker.**

**MR. SPEAKER, Hon. J. Walding:** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . . Ministerial Statements and Tabling of Reports . . . Notices of Motion . . . Introduction of Bills . . .

## INTRODUCTION OF GUESTS

**MR. SPEAKER:** Prior to Oral Questions, may I direct the attention of honourable members to the gallery. We have 30 students from the Red River Community College. They are under the direction of Mrs. Breen, and the college is in the constituency of the Honourable Member for Inkster.

There are 65 students of Grade 9 standing from the Charleswood Junior High School under the direction of Mrs. Arnold, and the school is in the constituency of the Honourable Member for Charleswood.

There are 30 students of Grade 9 standing from the Churchill High School. They are under the direction of Mr. Patterson, and the school is in the constituency of the Honourable Minister of Community Services.

There are 55 students of Grade 11 standing from the Warren Collegiate under the direction of Mr. Wiebe, and the school is in the constituency of the Honourable Member for Lakeside.

On behalf of all of the members, I welcome you here this afternoon.

## SPEAKER'S STATEMENT

**MR. SPEAKER:** Also, before Oral Questions, I would like to read a personal statement to the House.

During the past three years I have been at the centre of the decision-making process of the Legislature of Manitoba. I have conducted much research and investigation into the procedures of the parliamentary system in general and the Office of the Speaker in particular. A great deal of information is available and I am grateful to the procedural experts who have given so freely of their wisdom and experience.

Having served on both sides of the Legislature for over 10 years, and for the past three years as Speaker, there is a responsibility on my part to bring certain recommendations to the attention of the Legislature.

The elected representatives of the people of Manitoba meet in the Legislature to discuss the business of our province. To ensure that this public business is conducted fairly, and that the voters of all the elected representatives of the people throughout the province are heard, it is necessary for the Legislature to recognize the role of the Speaker in guaranteeing the fairness of the daily proceedings.

The Speaker is the one member of the Legislature chosen by the Assembly to serve as the referee of the daily discussion of important matters by all the elected

members of the Legislature. Although elected on an equal basis with every other member, the person designated as the Speaker is asked by all MLAs to serve as the referee of their discussions.

The more a Speaker strives for a position of impartiality, the more he becomes separated from the constituency and the party which endorsed him in the previous election.

There is an inherent unfairness in the Legislature which places one of its members, and one only, in the position of being expected to support the initiatives of the Government of the Day while at the same time being required to act with fairness and impartiality.

Suggestions have been made to me both implicitly and explicitly that a Speaker's political allegiance should supersede the requirement for impartiality and this has been the cause of considerable tension.

The expectation of partiality and impartiality at the same time is clearly impossible, and has caused me considerable personal distress.

A second point which must be made concerns the issue of unequal representation in the Manitoba Legislature. The Speaker is the only MLA who cannot take part in any of the debates of the Legislature, does not vote except in the case of a tied vote, and cannot publicly discuss any grievance for any of his constituents. Voters in one constituency, represented by the Speaker, therefore do not enjoy the same rights as do residents of the other 56 constituencies of the province.

Surely a democratic system which gives all voters the equal chance to freely choose their representative should also permit equal representation on the floor of the Legislature.

I recently conducted a survey in St. Vital, my constituency, which makes it clear that the people of St. Vital are very aware of their unequal representation in the House and there is an overwhelming perception that it is a liability to live in the Speaker's constituency.

These arguments, as well as many others, have been referred to as the continuity of the Speakership.

The principle of the continuity of the Speakership has been endorsed by successive Prime Ministers since our first Prime Minister, John A. Macdonald.

In 1967 the Manitoba Legislature approved a resolution, introduced by a former Premier, with all-party support, favouring the principle of the continuity of the Speakership.

Members might be interested to know that Mr. Stanley Knowles introduced a bill in 1971 in the House of Commons proposing a solution to the continuing difficulty of the role of the Speaker. Mr. Knowles called for the setting up of a special constituency for the Speaker.

While certain disadvantages exist with this proposal, they are less than the disadvantages of the present situation.

The same situation exists in all of the provinces and the House of Commons, and although other Speakers are keenly aware of the problem, each Legislature has thus far been reluctant to make changes.

This Assembly has attained a commendable level of political maturity and has demonstrated a willingness to institute parliamentary reforms.

Manitoba has an enviable record of leadership in enacting statutes and programs which have been followed by other provinces. It should not be beyond the ability of the Legislature to implement changes in the evolving development of our parliamentary process, even on a trial basis.

The widespread public interest in parliamentary reform, combined with the recently proclaimed equality provisions of the Constitution, provide a particularly opportune time to introduce an equality provision into the Legislative Assembly of Manitoba.

Accordingly, I intend to meet with the leaders of the major political parties to discuss solutions to this long-standing problem and to propose specific remedies.

I will report developments regarding this matter of importance to all Manitobans.

## ORAL QUESTIONS

### Manitoba Labour Board - Support staff to Dept. of Labour

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. G. FILMON:** Thank you, Mr. Speaker. My question is for the Honourable Minister of Labour. I wonder if the Minister could indicate whether or not a decision has been made to transfer the responsibility and jurisdiction for the support staff of the Manitoba Labour Board under the Department of Labour.

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** Would the honourable member care to repeat that question?

**MR. G. FILMON:** Mr. Speaker, I am asking the Minister of Labour whether there has been a decision made to transfer jurisdiction for the support staff of the Manitoba Labour Board to the Department of Labour?

**HON. A. MACKLING:** I don't recall any such decision, Mr. Speaker.

**MR. G. FILMON:** Is such a move under active consideration at the present time?

**HON. A. MACKLING:** I take the question as notice, Mr. Speaker. It may be that someone has made a recommendation somewhere for change, but I am not familiar with any such recommendation.

### Northern preference clause - Limestone and Northern Development

**MR. G. FILMON:** Mr. Speaker, my question is for the Acting Minister of Energy and Mines. I wonder if it can be indicated why the northern preference clause, and the boundaries for the northern preference for the Limestone development are different from those that

are contained within the Northern Development Agreement.

**MR. SPEAKER:** The Honourable Minister of Culture.

**HON. E. KOSTYRA:** Thank you, Mr. Speaker. I will take that question as notice on behalf of the Minister.

### Sugar beet industry

**MR. SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Mr. Speaker, I was hoping perhaps the First Minister would give us some indication about the state of affairs in the sugar beet industry. I know that he met with the Federal Minister last night.

Can the First Minister indicate whether or not we will be planting sugar beets in the Province of Manitoba this spring?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I thank the honourable Member for Lakeside for that question. It is one that I know concerns all members of this House.

There was a meeting last evening involving the Minister of Agriculture, the Minister of Finance, and myself with the Federal Minister responsible for the Canadian Wheat Board. There was discussion in regard to the positions that both governments have taken.

The Minister responsible for the Wheat Board agreed to take back certain suggestions that we made, arising from the telex that we had forwarded to the Prime Minister some two days earlier, for discussions with the Minister of Agriculture, the Honourable Mr. Wise, and the Minister responsible for the Wheat Board, and delegated with the responsibility of looking into the matter pertaining to sugar beet policy, indicated he would be returning to us.

I must say that I do believe that progress was made in the meeting. It was a candid and open discussion and we had an opportunity to present our concerns, which I believe that the Minister responsible for the Wheat Board better understood after the conclusion of the meeting.

**MR. H. ENNS:** Many of those involved in the industry were aware and acknowledged and accepted the support that was there in the first instance from the Federal Government, namely, \$8 million.

The question really is: did the First Minister commit his government to the additional monies required to continue the sugar beet industry in this province?

**HON. H. PAWLEY:** If the honourable member would refer to the telex which was tabled, I thought, in this House, he will see that some several days ago this government did commit approximately \$2 million towards the sugar industry in the Province of Manitoba, subject to certain understandings.

It was those conditions and those understandings that were discussed last night and I am pleased to say that the Minister responsible for the Wheat Board agreed to have earnest discussions with the Minister of Agriculture to ascertain whether or not he could respond in a positive way to the points that were raised in our telex.

**Memorandum from Premier's Office -  
Man. Gov't programs**

**MR. SPEAKER:** The Honourable Member for St. Norbert.

**MR. G. MERCIER:** Mr. Speaker, I'm having sent to the First Minister a copy of a memorandum dated April 23, 1985, from Garth Cramer, Acting Communications and Co-ordinator, Secretary to the Premier, Room 250, Legislative Building, which states: "Attached you will find eight fact sheets recently prepared for release in the party's spring campaign . . ."

**MR. SPEAKER:** Question.

**MR. G. MERCIER:** ". . . some are updates, some are new. They're forwarded to you for your information and possible use." It's directed to Ministers, MLAs, and I tell the Minister I have canvassed MLAs on this side of the House, and none of us seem to have received it.

**MR. SPEAKER:** Question.

**MR. G. MERCIER:** Is this memorandum directed only to New Democratic Party MLAs?

**MR. SPEAKER:** The Honourable First Minister.  
Order please.

**HON. H. PAWLEY:** Mr. Speaker, I would thank indeed the Honourable Member for St. Norbert for bringing this to our attention. I will ensure that all members of the House do receive this information because I think it will be of assistance in order that honourable members will better understand the programs of the Manitoba Government pertaining to service to seniors, in regard to the farm programs in the Province of Manitoba, in respect to health care, in regard to education policy and programming. Mr. Speaker, I think that indeed the information here ought to be made available to each and every member in this House and I will arrange to do that.

**MR. G. MERCIER:** Mr. Speaker, I thank the First Minister for that answer. The memorandum indicates that the sheets are to be used for the "party's spring campaign," - the NDP party's obviously - and the memorandum is directed also — (Interjection) — well, I thank the Minister of Finance for that comment because we intend to use them, Mr. Speaker.

This memorandum is also directed to communications directors. Will the First Minister inform the House whether all of the communication directors appointed by this government are now partisan members of the NDP, and working to support the government and working at political activities?

**HON. H. PAWLEY:** Mr. Speaker, there is a difference between the communication directors in regard to their work for this government and what indeed was the case with the previous administration.

The communicators that were chosen during the period 1977-81 reported directly to the Ministers. The

communicators insofar as departments are concerned with the present government report to the Deputy Ministers.

**MR. G. MERCIER:** Mr. Speaker, it's clear from this memorandum that all communication directors in this government are asked to work on partisan political activities.

Mr. Speaker, in view of the fact that this memorandum is on Manitoba Government letterhead and has obviously been developed on Manitoba Government staff time - and it's clear from this Minister's actions in the past with The Elections Finance Act - that they are prepared to compel the taxpayers to support their political activities, will the First Minister at least request the New Democratic Party to reimburse the Manitoba taxpayers for the time and expense that the Manitoba taxpayers are being caused to support their partisan political activity?

**HON. H. PAWLEY:** Mr. Speaker, insofar as the documents are concerned, I would agree with the honourable member that if indeed this was forwarded to the communicators, it ought not to have gone to the communicators. I will check that out.

But, Mr. Speaker, insofar as Ministers, MLAs, E.A.s and S.A.s, there is a responsibility on the part of Ministers, executive assistants and special assistants to explain the programs of this government.

**MR. G. MERCIER:** Mr. Speaker, would the First Minister not acknowledge that this is Manitoba Government letterhead and not New Democratic Party letterhead?

**HON. H. PAWLEY:** Mr. Speaker, this deals with government programs. I am going to more thoroughly review all the material but, Mr. Speaker, it seems to me that the information is provided and we could read through it all here, all six pages of it and deal with it, and if the honourable member would like to we could do this page-by-page, but it deals with specific government programs.

**MR. G. MERCIER:** Mr. Speaker, is it the government's policy to approve executive assistants, special assistants, communications staff working on the NDP political campaign - their spring campaign - during government time and using government letterhead?

**HON. H. PAWLEY:** No. But, Mr. Speaker, there is a responsibility for every government Minister, every executive assistant, every special assistant to know the facts and be prepared, and to deliver in an informative way and with pride, because this government has indeed accomplished a great deal in regard to the programs enunciated, to know that information and to relate that information to those that inquire.

There isn't an executive assistant, there isn't a special assistant, there isn't an MLA, there isn't a Minister who does not have the opportunity repeatedly to provide information, nor should that Minister or that executive assistant or special assistant relate that information, Mr. Speaker, to those who require and ask for information with regard to government programs.

**MR. G. MERCIER:** Mr. Speaker, will the First Minister instruct all executive assistants, special assistants,

communications directors and his own secretary, Garth Cramer, who recently received a 47 percent increase in salary, that they are not to work on NDP partisan political activity during government working hours and use government letterhead and charge what are really political expenses to the taxpayers of Manitoba?

**HON. H. PAWLEY:** Mr. Speaker, again I think that we should ensure that deliberate attempts to misrepresent are not left on the record.

There was an adjustment of less than \$3,000 insofar as the Director of Communications was concerned over a three-and-a-half year period. So do not let the Member for St. Norbert attempt to distort the adjustment that was made in respect to the Director of Communications for the government.

Mr. Speaker, I remember very well the Honourable Member for Swan River sending out material on government letterhead to all the municipalities in the Province of Manitoba . . .

**MR. D. GOURLAY:** I was doing my job.

**HON. H. PAWLEY:** . . . dealing with government programs. The honourable member said he was doing his job. Mr. Speaker, I think that it is the . . .

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order please.

**HON. H. PAWLEY:** Mr. Speaker, let us be very candid. In what way are Ministers not doing their job if they are hesitant or shy away from explaining and talking about government programs?

**SOME HONOURABLE MEMBERS:** Oh, oh!

### Federal Budget - agenda

**MR. SPEAKER:** Order please.

The Honourable Member for Elmwood.

**MR. R. DOERN:** Mr. Speaker, I'd like to direct a question to the Minister of Finance and ask him if he can give us an indication of the date of the Federal Budget.

**MR. SPEAKER:** Order please, order please. Questions should be on matters which are within the administrative competence of the appropriate Minister.

The Honourable Member for Elmwood.

**MR. R. DOERN:** Mr. Speaker, I'm not sure whether I can rephrase the question or whether it would still be in order.

I would simply say, in view of the impact of the federal Budget on Manitoba, does the Minister of Finance have any indication of either what it contains or when it will be brought in?

**MR. SPEAKER:** The Honourable Minister of Finance.

**HON. V. SCHROEDER:** No, Mr. Speaker.

### Provincial election - ballot boxes

**MR. R. DOERN:** Mr. Speaker, I would also like to ask a question of the First Minister. In view of the likelihood of a provincial election being tied to the federal Budget, I would like to ask him if he can explain and account for the fact that there are dozens of ballot boxes in the north end of the building, this building - the Legislative Building - and if he can account for the fact that they are there? Is that in anticipation of an imminent election?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** The honourable member has me cold, Mr. Speaker. Obviously there are so many sources of information, so many leaks in this building, that even the Honourable Member for Elmwood has been able to obtain his access to some information.

**A MEMBER:** It's when you move to the south end of the building that you know that.

**SOME HONOURABLE MEMBERS:** Oh, oh!

### Provincial election - Deputy Ministers campaigning

**MR. SPEAKER:** The Honourable Member for Pembina.

**MR. D. ORCHARD:** Thank you, Mr. Speaker. My question is for the First Minister. Could the First Minister indicate how many Deputy Ministers, who are so busy working on the spring campaign, that they are unable to carry out their mandated responsibilities on behalf of the taxpayers of Manitoba?

**MR. SPEAKER:** Order please, order please. The purpose of Oral Questions is to seek information, not to make arguments. Would the Honourable Member for Pembina wish to rephrase his question to seek information?

**MR. D. ORCHARD:** Mr. Speaker, I thought I was seeking the information as to how many Deputy Ministers are so busy with the spring campaign that they are missing meetings to which they were invited, meetings involving policy development for the people of Manitoba.

**MR. SPEAKER:** Order please. That is the same question. Does the Honourable Member for Pembina wish to rephrase his question to seek information, not to make an argument?

**MR. D. ORCHARD:** Mr. Speaker, a short preamble to my question. The International Coalition held a meeting in Grand Forks, North Dakota, April 26th. Bill Regehr, a Deputy Minister of this government, is the vice-president of this organization. He was unable to attend that meeting, and according to the president of the organization, Mr. Regehr sent his regrets that he could not be there because he was too busy working on an imminent spring election. Could the Minister confirm that statement?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I'm not going to confirm for a moment innuendos and third- or fourth-hand reports from the Honourable Member for Pembina.

**MR. D. ORCHARD:** Mr. Speaker, I would commend to the First Minister and ask him if he would care to call the President of the International Coalition, one Lance Yohoe, and confirm with him that that is indeed what Mr. Bill Regehr, a Deputy Minister of this government, indicated was the reason that he was unable to attend a meeting on behalf of the people of Manitoba because he was busy preparing for an imminent spring election.

**HON. H. PAWLEY:** Mr. Speaker, I am going to check out some interesting information. April 27th is a Saturday, Mr. Speaker.

**A MEMBER:** April 26th.

**A MEMBER:** April 26th, that's a Friday.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. SPEAKER:** Order please, order please.

**HON. H. PAWLEY:** Mr. Speaker, as I indicated before, if honourable members want to raise third- or fourth-hand information, they can do so in this House. Mr. Speaker, I am quite prepared to check as to whether any Deputy Minister - so I can deal with innuendo in this Chamber - has been involved in any spring campaign.

### **The Human Rights Act - further amendments**

**MR. SPEAKER:** The Honourable Member for Brandon West.

**MR. H. CARROLL:** Mr. Speaker, I have a question for the Attorney-General.

There are less than 40 pieces of legislation on the Order Paper, which is a relatively light number compared to earlier Sessions.

**A MEMBER:** Because of the spring elections.

**SOME HONOURABLE MEMBERS:** Oh, oh!

**MR. R. DOERN:** That's right. We know that.

**MR. H. CARROLL:** In light of this relatively light agenda, won't you make time to bring in legislation to ban discrimination based on sexual orientation?

**MR. R. DOERN:** You're going from north to south, Rolly.

**MR. SPEAKER:** The Honourable Attorney-General.

**HON. R. PENNER:** No, I am going to Brandon West. Mr. Speaker, I have already answered questions relative to that, asked by the Member for St. Norbert, and indicated that there are no present intentions to introduce any amendments to The Human Rights Act.

**MR. H. CARROLL:** Mr. Attorney-General, then it's a question of your not wanting to rather than your not wanting to have time, is that correct?

**HON. R. PENNER:** Mr. Speaker, I appreciate your being perplexed. The fact that at the moment there are only 40 bills, approximately, not quite, on the Order Paper is no indication of what is yet to come.

Clearly, if one - and I would urge the member to look at the Throne Speech - were to look at the Throne Speech, he will realize that with respect to the Charter omnibus amending bill, which has been given first reading, a bill of that kind alone could take up the balance of the Session; and that is a major bill that must be done because of Section 15 of the Charter.

He could also realize that when we introduced our legislation with respect to pay equity, a major piece of legislation will be on the Order Paper. In a very short period of time the bill will be circulated and then given second reading with respect to freedom of information. That is going to take an awful lot of time in this Session.

So I wouldn't judge the length and complexity of this Session by the number of bills, but rather by the quality of the bills.

### **Manitoba Hydro - Northern travel arrangements**

**MR. SPEAKER:** The Honourable Member for Lakeside.

**MR. H. ENNS:** Mr. Speaker, I direct a question to the First Minister. He may wish to take it as notice.

Can he indicate that Manitoba Hydro has been instructed that they make available room for any northern MLA who wishes to travel to the North on any of their trips into the North?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I will accept that question as notice. It may very well be that there is room made available for the Member for Rupertsland, if that's what the reference is to, as chairman of the working group that has been touring the North in regard to employment opportunities in the North.

**MR. H. ENNS:** I know it would not escape the First Minister's attention, as it does nobody else's, that, of course, all northern seats are presently held by NDP members.

I am simply asking, if the Minister is taking that question as notice, that indeed Hydro has been so instructed to make available service by MLAs, that it indeed be extended to all MLAs on an equal basis. Surely that would be fair, Mr. Speaker.

**HON. H. PAWLEY:** Mr. Speaker, I will accept that question as notice.

### **Education in Manitoba - "The Manitoba Education System" report**

**MR. SPEAKER:** The Honourable Member for Morris.

**MR. C. MANNES:** Thank you, Mr. Speaker. I direct my question to the Minister of Education.

On Monday, April 8th, I asked the Minister of Education whether she would undertake to have her department review a report prepared by Mr. Joe Masek, entitled "The Manitoba Education System." The Minister at that time indicated that she would have her department review that report.

I am wondering if she could at this time report as to the findings, and if not, when she would be prepared to do so.

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. M. HEMPHILL:** Mr. Speaker, as I indicated when the question was first asked, it is a major report. The person in question has put a great amount of time, energy and effort into the report, and I am sure that there is some useful information in the report that will help us make some of the decisions about programs and policies that we'll be making in the future.

We have not finished completing the review of the report, although I do have a meeting set up with the gentleman who completed the report. I think it's tomorrow; sometime this week I will be meeting with him. But the review is not finished and I don't really expect it to be done in the immediate future. We'll have to give a lot of thought and consideration to what's in it as we are going through our normal procedures for policy and program review.

**MR. C. MANNES:** A final supplementary, Mr. Speaker. Education Estimates will be beginning within the next two weeks or so. Will the report be completed within the next three or four, and will the Minister at that time be prepared to offer its findings to the House?

**HON. M. HEMPHILL:** Mr. Speaker, I think it's important to remember that while there is probably some very important, useful information and suggestions in this report, that it is still the report of one person; the examination, the study, the findings, and the values and attitudes of one individual.

We are always willing to look at information that comes to us from anywhere, but I don't think that the member opposite should be suggesting that there will be a massive move to make major changes based on the recommendations of one individual.

We'll look at the information, we'll look at the recommendations, and when we are making our normal decisions on program and policy, we'll give consideration to the useful information and recommendations in there. I don't expect to come out and report to the public really on how we are dealing with a wide number of recommendations in the report. We will review them when it's appropriate.

### Federal deficit - article by R.D.C. Ruhr

**MR. SPEAKER:** The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** Thank you, Mr. Speaker. I have a question for the Minister of Natural Resources.

In the Sunday issue of the Free Press, there is an article written by Mr. R.D.C. Ruhr concerning the federal

deficit. Mr. Ruhr is a senior economist with the Department of Natural Resources.

My question to the Minister of Natural Resources is: does this article represent government policy?

**MR. SPEAKER:** Oral Questions.

The Honourable Member for Turtle Mountain.

**MR. B. RANSOM:** I'll repeat the question for the Minister of Natural Resources, Mr. Speaker. In the Sunday issue of the Free Press there is an article written by a Mr. R.D.C. Ruhr who is a senior economist in the Minister's department. The article concerns the federal deficit. My question to the Minister is: does this article represent government policy?

**MR. SPEAKER:** Honourable Minister of Natural Resources.

**HON. S. USKIW:** Well, Mr. Speaker, I certainly am not aware of the article and I really have no interest as to the opinion of my staff on that subject matter.

### Civil servants re freedom to write articles

**MR. B. RANSOM:** Mr. Speaker, a supplementary to the Minister. Since he has no interest in that subject, does that mean that civil servants are free to write articles about the deficit, about whatever they might wish to write and have it appear in a publication such as the Free Press?

**HON. S. USKIW:** Mr. Speaker, obviously I'm not familiar with the article. If the member is writing in the name of the department, then I would be concerned. If he's writing on his own behalf, I have no issue with him.

**MR. B. RANSOM:** Perhaps I could ask a supplementary question then to the Minister in charge of the Civil Service. Is it government policy that professional people hired by the government are free to write articles in the area of their expertise outside of government and in the public realm?

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. A. MACKLING:** I think, Mr. Speaker, it is common knowledge that this government believes that people are free to express their opinions in respect to issues where they don't hold themselves out as representing the views of their government; where civil servants are taking sides on issues in respect to matters that do not bind their own government. They are issues that may be international issues or national issues; they are free people to express their views.

**MR. B. RANSOM:** A final supplementary to the Minister of Labour then. Are professional civil servants then free to accept compensation for their professional expertise which is they may make use of outside of the Civil Service?

**HON. A. MACKLING:** Well, Mr. Speaker, I'm sure that from time immemorial individuals have exercised their

talents on their own time and received compensation for it. I certainly am not aware of any policy guideline that inhibits anyone from making charge of their own time and I would question that it would be a fair policy to enact.

### **Workers Compensation Board - re setup of appeals body**

**MR. SPEAKER:** The Honourable Member for River East.

**MR. P. EYLER:** Thank you, Mr. Speaker. I have a question for the Minister of Workplace Safety and Health.

The Leader of the Opposition seems to have left hanging his questions from yesterday, I wonder if the Minister of Workplace Safety and Health can tell us whether he has met with the Registrar of the Medical College to resolve the problem of access by Workers Compensation Board claimants to their records, for those records which predate 1983.

**MR. SPEAKER:** The Honourable Minister for the Environment.

**HON. G. LECUYER:** Thank you, Mr. Speaker. Yes, indeed, I had a meeting with the representatives of the Workers Compensation Board and the Registrar this morning, and a fruitful meeting.

We indeed have come to some form of arrangement whereby the Registrar and the executive of the Medical College will supply the Minister with a list of doctors who might serve as a committee to handle these cases in the future; and the executive of the Medical College will continue to handle cases which are referred to them by that committee in cases where there are problems that need to be discussed before they can be resolved.

**MR. P. EYLER:** Mr. Speaker, a further question to the Minister. Can he tell us when this mechanism will be in place?

**HON. G. LECUYER:** Mr. Speaker, the Registrar of the College has been advised that it would indeed be a problem if this were to remain unresolved for any lengthy period of time. The Registrar has undertaken to do this as quickly as possible, and in the meantime should cases arise, the Medical College would not be adverse to handling any such cases until the new mechanism is in place. I expect the new committee to be in place probably within a month, Mr. Speaker.

### **Flood disaster relief areas re boundaries**

**MR. SPEAKER:** The Honourable Member for Swan River.

**MR. D. GOURLAY:** Thank you, Mr. Speaker. In the absence of the Minister of Agriculture, I direct this question to the Premier. Last week, the Minister of Agriculture advised the House that actual boundaries for flood disaster relief areas of Manitoba were

established in consultation with municipal officials. This is not the case as municipal officials in Swan River constituency were not consulted until after the fact.

I ask the Premier why were municipal officials not contacted in the Swan River constituency before the boundaries were determined for those people to get financial assistance?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, first I'll check out the premise of the honourable member's statement pertaining to municipal involvement. I will take that question as notice.

It should also be noted that this is a federal-provincial program that the honourable member is referring to and there has been a submission that has been made to the Federal Government on behalf of the Provincial Government, indicating our willingness to agree to an amendment of those boundaries if indeed the Federal Government will concur, and will ensure that they contribute their portion of the additional costs to the total flooding program pertaining to the areas included within the amended boundary area.

**MR. D. GOURLAY:** I wonder if the Premier could also take as notice as to whose responsibility it was to establish the boundaries. Was it entirely the responsibility of the Provincial Government or was it both the province and the Federal Government to determine those boundaries?

**HON. R. PAWLEY:** I took the question as notice, but I think what is much more pertinent at the present time is that the honourable member contact his Member of Parliament to ensure that the provincial proposal to extend the boundaries be approved at the federal level of government so we can help those farmers in the areas that were excluded. — (Interjection) — Honourable members laugh, Mr. Speaker. Apparently they do not feel it's important that the boundaries be amended.

It was the Honourable Member for Swan River, himself, about one month ago asked that the province take up that cause. We have done so by making submission to the Federal Government. Now it appears that honourable members want to make light of the fact that the Federal Government still has not responded, Mr. Speaker. — (Interjection) — Well, Mr. Speaker, if indeed this is a silly matter, then it's regrettable that the honourable members across the way, when they raise questions in this House that are substantive and important - and I give the Honourable Member for Swan River credit for that - that now honourable members get off their butts and demonstrate some preparedness to represent their constituents rather than continue to protect the partisan interests of their colleagues in Ottawa.

**MR. D. GOURLAY:** Mr. Speaker, I wonder if the Premier would also check out the fact that perhaps the province rushed into determining the boundaries before they really had consulted with the municipal people. For the benefit of the Premier, I have checked with my Member of Parliament and he indicates to me that the onus was on the province to establish the boundaries.

**HON. H. PAWLEY:** Mr. Speaker, we have heard the honourable members for the last three or four days saying that we shouldn't talk about onus, that we should only think in terms of the farmers. Now the Honourable Member for Swan River is indicating to me that his Member of Parliament is trying to exclude responsibility, saying the onus is on the province.

Mr. Speaker, of course the rules change, don't they? The rules very quickly change given the circumstances, Mr. Speaker.

This is a clear program, financed jointly by the Federal and Provincial Governments. We have indicated, yes, that we concur with the extending of those boundaries, Mr. Speaker. That information has been related to the Federal Government, and I would ask the Honourable Member for Swan River, because I'm sure he has a certain degree of persuasion with his federal colleagues, to join us in ensuring there's an early response so that the new amended boundaries can take place, and the farmers who are within those areas can be dealt with under compensation.

**MR. D. GOURLAY:** Mr. Speaker, if the Premier will check back in his files, he'll see that I had contacted his office long before the boundaries were established

**MR. SPEAKER:** Question.

**MR. D. GOURLAY:** . . . when they were arranging for the areas to make sure that they covered the total area that was affected by flood damage. I suggested to the Premier that I was prepared to work with the Province of Manitoba to determine those boundaries in consultation with the municipalities.

**HON. H. PAWLEY:** I would invite the honourable member to meet me to go over the boundaries with me in my office, Mr. Speaker. If the honourable member still has any dispute in regard to the provincial boundaries that had been drawn and have been submitted to the Federal Government to so advise us after he has examined the map, after he's determined the area that is included within the boundaries, Mr. Speaker. If he still has disagreement with the position that we presented to the Federal Government requesting a change in the boundaries, let him so inform us. If not then, Mr. Speaker, I ask him to look forward to the future redress of the problem affecting the flooded farmers in that area, and join with us in asking that the Federal Government quickly concur with the changing of the boundaries.

**MR. D. GOURLAY:** I direct one final question to the Premier, and would ask him if he can bring back to the House information as to who was involved in determining the boundaries for flood disaster assistance in the Swan River constituency?

**HON. H. PAWLEY:** Mr. Speaker, that is a matter that the Minister can deal with in Estimates. But, Mr. Speaker, what is more important - I don't know why the Honourable Member for Swan River is trying to duck this point - that the honourable member state clearly that he supports the province's position that the

boundaries be amended, and all the Federal Government has to do is to redraw the boundary to provide their share of additional compensation, and it's done. That's it. That's all we need, Mr. Speaker. Maybe the honourable member would be better to expend some of — (Interjection) — his energies . . .

**MR. SPEAKER:** Order please.

**HON. H. PAWLEY:** . . . in ensuring that there is some responsibility assumed on the part of his federal colleagues in ensuring that there's fairness done insofar as the farmers in those areas that were excluded that should have been included in the first place.

I don't care quite frankly, Mr. Speaker, whether it was John Doe or Jim Smith that missed out those farmers, whether it was a federal civil servant or a provincial civil servant. What is important, Mr. Speaker, that we correct that problem, that we forget our partisan differences. We have done so at the provincial level, Mr. Speaker. I call upon the Member for Swan River to do likewise at the federal level.

**SOME HONOURABLE MEMBERS:** Oh, oh!

### **Man. Broiler Hatching Egg Marketing Plan reduction in broilers**

**MR. SPEAKER:** Order please.

The Honourable Member for Roblin-Russell.

**MR. W. MCKENZIE:** Mr. Speaker, in the absence of the Minister of Agriculture, can I address my question to the First Minister and ask the Premier to advise the House if the Manitoba farmers, producers under the government's recently announced Manitoba Broiler Hatching Egg Marketing Plan, faced reductions in the number of broilers that can be dressed at a killing plant from 1,000 down to 200?

**MR. SPEAKER:** The Honourable First Minister.

**HON. H. PAWLEY:** Mr. Speaker, I'll accept that question as notice on behalf of the Minister.

**MR. SPEAKER:** Order please. The time for Oral Questions has expired.

### **ORDERS OF THE DAY**

**MR. SPEAKER:** The Honourable Government House Leader.

**HON. A. ANSTETT:** Thank you, Mr. Speaker. We will be continuing in Estimates today in the House, the Department of Health; and in the committee, the Department of Municipal Affairs.

Mr. Speaker, I believe there may be a predisposition to dispense with Private Members' Hour today. If there is leave, I would so request.

**MR. SPEAKER:** Is there leave to dispense with Private Members' Hour today? Leave has been granted.

The Honourable Government House Leader.

**HON. A. ANSTETT:** Thank you, Mr. Speaker. I beg to move, seconded by the Minister of Health, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee to consider of the Supply to be granted to Her Majesty with the Honourable Member for River East in the Chair for the Department of Health, and the Honourable Member for Burrows in the Chair for the Department of Municipal Affairs.

## CONCURRENT COMMITTEES OF SUPPLY SUPPLY - MUNICIPAL AFFAIRS

**MR. CHAIRMAN, C. Santos:** Committee, please come to order. We are now considering Item No. 4.(a) Municipal Assessments, Salaries; 4.(b) Other Expenditures - Mr. Minister.

**HON. A. ANSTETT:** Mr. Chairman, before we commence discussion on that, I would like to return to some of the questions I took as notice for honourable members, and by leave of the committee permit any further questioning or discussion on those items when we provide the members with the information.

I would also like to apologize to members for the delay in getting started this afternoon. I appreciate their indulgence.

The Member for St. Norbert asked a question respecting grants in lieu of taxes paid to the City of Winnipeg by the Department of Municipal Affairs. The figures are as follows: 1981 - \$13,108,770; 1982 - \$15,160,646; 1983 - \$15,960,053; 1984 - \$16,690,608.00. I believe honourable members now have copies of that.

The second question asked, I believe again by the Member for St. Norbert, was with respect to transit grants for the City of Brandon. The grants in 1981-82 were paid equivalent to 50 percent of net operating deficit up to an arbitrary ceiling set by the Province of Manitoba. Annual increase in the maximum amount increased by the same percentage as the City of Winnipeg block grant. Commencing with 1983 operating year, a grant is paid equivalent to 50 percent of net operating cost, no maximum set. Grants paid have always been lower than the provincial maximum set.

In essence, if I may explain that, there was the anomaly that the province, basically since 1978 when that particular policy was clearly enunciated by the government of which the Member for St. Norbert was a member, although it had been followed in previous years by the Schreyer administration, it was clearly enunciated as a 50 percent grant of net operating deficit; but yet there had been a maximum set on it so that potentially those municipalities that operate transit systems outside the City of Winnipeg could have exceeded it and not received an actual 50 percent. That appeared to be occurring with respect to the City of Brandon as a result of the '81-82 deficits. So that was changed with respect to 1983 and is now, as policy, clearly 50 percent of net operating deficit.

The Handi Transit grants are paid annually to the City of Brandon at 50 percent of the net operating deficit. The grants paid are set out - I believe honourable members also received that on the same sheet of paper: 1981 - regular transit is \$385,562, Handi Transit - \$31,931; 1982 - \$430,856 for regular transit, Handi Transit was \$36,049; 1983 - \$435,542, Handi Transit \$38,654; 1984 - \$441,797 for regular transit, Handi Transit \$37,178.00.

The Department of Highways pays operating grants in other rural Manitoba centres for Handi Transit services on the basis of 37.5 percent of the gross annual operating expenditures, rather than net operating deficit.

So the other answer to the Member for St. Norbert's question, are they both paid on the same basis, is no, they are not, there is a difference.

Up until recently the formula worked out to be the same because the formula was for municipalities other than Brandon up to a maximum of \$20,000 with a startup of \$6,000, and one-half of vehicle purchase costs up to \$10,000.00. So the net effect is that they pretty well balance out to amount to the same thing, regardless of which way you cut the formula.

Both formulae have been in place since at least 1980-81. I believe that may have been the first year for the other municipalities. I'm not sure if it was for Brandon as well. I believe Brandon operated prior to that in the later '70s. It was the first community with Handi Transit, as I mentioned last night, and is still funded by Municipal Affairs.

A different kind of funding for smaller municipalities was put in place by the previous government. It's been found to be adequate to date, and it is being continued through the Department of Highways and Transportation. But the formula is different to reflect the special needs of what is our province's second city, much larger than any of the other cities or towns that have Handi Transit.

The honourable member also asked about Brandon transit fares. Mr. Chairman, rather than read those into the record, they are set out on Page 2 of the handout that staff provided to members of the committee. There are different fares for Handi Transit, adult tickets, for monthly passes, for children, seniors, students, there are tickets bought in blocks, and there's also a student pass.

The fares were not increased from 1980 till September 1, 1984. There was a rate increase on September 1, 1984. I believe it is that increase which is now the subject of some judicial action or judicial review on an appeal, I'm not even clear. Perhaps staff can advise whether that appeal is an appeal back to the Public Utilities Board after having gone to the courts for the right to appeal, or if that is still before the courts. I believe there was an attempt to require the Public Utilities Board to hear the appeal on certain other areas of jurisdiction in terms of the actual levels of service provided.

Staff are also unclear as to the exact status, but I believe that's still at another court where a request that the Public Utilities Board allow these other matters to be taken into consideration in their rate review, is now being heard. I believe that's in the Court of Queen's Bench.

The other question asked by the honourable member was with respect to cases before the municipal board.

The cases are broken down by a number of categories. I will provide those to the honourable member.

Under The Municipal Assessment Act there are appeals outstanding. In a total of 95, 86 are to be heard, 9 are currently pending.

The City of Winnipeg Act, again under assessment, appeals to be heard - 11; appeals heard, decisions pending - 2. The two combined are 108 assessment appeals outstanding.

Under The Planning Act, decisions from the approving authority - 10 appeals to be heard; zoning by-law appeals - 4. Formation of a planning district is an application which must automatically go to the board to be considered. There is one which is currently postponed at the request of the applicants.

Application for a withdrawal from a planning district, there is one application; in fact to my knowledge it's the only one we've ever had.

Objection to a development plan, there is one plan cancellation - there are 4; building restrictions, caveats, variations, discharges - there are 4; boundary alterations - there are 3; and under general miscellaneous categories, local improvement by-laws, amendment to an LID, ward boundaries, drainage - there are another 4.

I don't have the gross total totalled up, but it would appear that with 108 assessment appeals there are probably another 40 or so, if you tally up the balance, for about 150 decisions pending or awaiting a hearing at the present time.

If honourable members wish, I do have prepared a two-page summary of all of this information which can be distributed. I will ask staff to distribute that now.

In addition, I have a complete list of all the appeals that are outstanding listing the plaintiff and the respondent. For example, of the 108 assessment appeals, a total of 56 were received in the last week. In other words, assessment appeals are handled very quickly. So of the 108, almost one-half were received in the last week. On April 22nd and April 25th two large batches of appeals came into the Municipal Board Office, reflective of, I believe in both cases, reassessment in two rural municipalities.

I am sure that honourable members opposite, if they represent those constituencies in which those rural municipalities are located, have already heard about them. I know that one can usually judge where reassessment is taking place by one's mail.

**MR. CHAIRMAN:** The Member for Virden.

**MR. H. GRAHAM:** Did the Minister say he had the list of the actual appeals?

**HON. A. ANSTETT:** I had staff prepare a list for my own reference of the actual appeals that are set down and those that are pending. To be quite honest, I don't know if it would be productive to distribute that list into the committee records because it deals with all the individuals involved. If members wish . . .

**MR. H. GRAHAM:** It wouldn't hurt to have one copy. That's all we need.

**HON. A. ANSTETT:** I would warn honourable members that I am not familiar with those cases and will not be

able to answer questions regarding any of those cases even if I was, because they are before the board.

**MR. CHAIRMAN:** The Member for Gladstone.

**MRS. C. OLESON:** Thank you, Mr. Chairman. The Minister mentioned that there were, I believe he said, four development plan cancellations. In those cases, are they the complete development plan that they're wanting to cancel and start over? Or perhaps that was covered yesterday in my absence.

**HON. A. ANSTETT:** Mr. Chairperson, if I could ask the honourable member to wait until we get to the Municipal Planning section of the Estimates to raise that question. When I have the Director of Planning here beside me, I can get the details on that.

I believe these are applications by individuals who own property who are looking to cancel plans of subdivision that are under development plans where development plans have been put in place.

For example, if there's a plan of subdivision that's 20 years old and you have carved two lots on your property and now, under the development plan, that is affecting your assessment because you have two buildable lots when you have no intention of building on them, and you'd like to cancel them and reaggregate the land because it's been zoned for what's considered a lower value use and you want that lower value, you can apply to have that plan cancelled. That's my understanding of what motivates some of the applications. Others are looking to free up parcels so they can be reaggreated into new and larger subdivisions.

If the member wishes to pursue that further though, I think we should wait until we're in the Planning section, and my answers can be corrected by staff when I err. If there are no further questions on that item, we can move on to Assessment, Mr. Chairman.

**MR. CHAIRMAN:** The Member for St. Norbert.

**MR. G. MERCIER:** Mr. Chairman, on the question of assessment, I take it we could deal generally with the whole question of assessment. I would like to question the Minister on two specific areas affecting the City of Winnipeg.

**HON. A. ANSTETT:** Mr. Chairman, I have no objection to the whole discussion taking place on this item on the understanding that we won't have it again when we get to the Minister's Salary or on the Research or Systems appropriation, which is the next one. In other words, let's have the whole discussion once.

The very next item, Item 5., is Systems Design. The biggest job they're doing right now is also on assessment. Let's just cover the whole waterfront now on assessment.

**MR. G. MERCIER:** Mr. Chairman, I'm sure the Member for Virden would agree that we won't repeat it under Research, but there is no guarantee we won't raise the subject under Salary again.

**HON. A. ANSTETT:** Of course not. I expect members to deal with the policy questions under Salary in quite an aggressive form, as they warned me yesterday.

**MR. G. MERCIER:** If that's agreed then, Mr. Chairman, I would like to raise, first of all, the question that came before City Council when they were considering their budget this year, and I'm looking at the minutes of City Council of March 6th of this year, dealing specifically with the reduction of assessment that was ordered by the municipal board with respect to the property along Portage Avenue, which then resulted in the city having to pay - the figure used in their minutes was a total of \$4.7 million - \$3.2 million was for the provincial Education Support Levy and \$1.5 million for the Winnipeg School Division No. 1, which I understand it, was required to be raised by the general taxpayer in the City of Winnipeg in order to reimburse the property owners. In fact the city's position was that because of the reduction in the assessment, the city felt that the Winnipeg School Division and the province should have been responsible for those amounts that I referred to with respect to each of them. I believe the city received no contribution from the province, and in fact, in establishing their mill rate for this year, will be collecting that amount of money from their general taxpayer.

Does the Minister not feel that the city had a good argument at least in equity? It's the general municipal taxpayer in the City of Winnipeg who has to raise this money when clearly it's certainly an equity and should have come from the province and from the Winnipeg School Division. Does the Minister not feel they had a good argument at least in equity?

**HON. A. ANSTETT:** Mr. Chairman, I think the first thing I should do so that we're both talking about apples and not comparing apples and oranges is describe exactly what the situation is. Before I do that though in answer to the member's question, I think a case can be made both ways and I expect that that's what's going to happen here this afternoon.

The municipal board decision last fall ordered a reduction in the assessment on a number of North of Portage properties. The impact of that for four taxation years totalled something in excess of \$9 million. City Council asked in late March at a meeting with the Minister of Urban Affairs and myself with regard to their mill rate for the current year, for a change in the equalized assessment. That request is in terms of a request for action by the province, completely divorced from and separate from, the rebates provided with regard to the previous four taxation years; the \$9 million of which \$1.5 million roughly was Winnipeg School Division No. 1 Special Levy; \$3.220 million was ESP Levy, and the balance was for municipal purposes.

The equalized assessment, as the honourable member knows, was frozen and the only provisions for changes in the equalized assessment related to such things as new construction, demolition, that sort of thing, the kind of thing that's normally reflected when new assessments take place.

The province could not, having assessed all school divisions by notice at that point of what their equalized assessment would be allowing only for the changes proposed in the act, modify that for the City of Winnipeg. The whole purpose of the assessment freeze was to prohibit intermunicipal shifts.

The city has argued on the basis of the Weir Report, and it argued that quite aggressively back in 1982, that

it was paying more than its share of equalized. There is some recent data that suggests that may not even be the case and until we have complete reassessment data for the whole province including the City of Winnipeg, we won't know.

The other question which relates to the back taxes that were rebated, the city does not propose to collect that in one year from its ratepayers. The city has paid that money. It shows as a liability on its books, and the exact question of how it is going to raise the funds required is something the city has not yet decided; and it has pending with the province a request that the province address, in the very least, that portion that was for the Education Support Levy.

They have also requested that we consider, since Winnipeg School Division No. 1 has rebuffed their request, that it consider rebating that portion that was provided to it, that we also consider some payments with respect to that amount. We have agreed to examine that question.

I think the member's suggestion that there is a case that can be made for equity is the bottom line on why we've agreed to examine it. No decision has been made to date. There are some discussions. The Premier, the Minister of Urban Affairs, the Minister of Education and I have met and discussed it in detail. Staff are reviewing some of the options that might be available.

The question of whether or not an offset should be provided to the City of Winnipeg because of a change in its equalization - or theoretically a change in its equalization, it hasn't really changed - when the same thing could be applied to other municipalities, although certainly the dollar amounts are much smaller. For example, the Village of Elkhorn in the Constituency of the Honourable Member for Virden. There is no tax increase in the Village of Elkhorn, and there is no tax increase in the City of Winnipeg to reflect the \$635,000.00. It's just being distributed differently within the classification. In the Village of Elkhorn it's being distributed the same way amongst all three classifications within the village. What we told the city was that they still had to pay the \$635,000 to the equalized.

With regard to the \$3.220 million and change, although a case can be made for equity on the grounds that the City of Winnipeg's real property assessment was lower by the amount of the reduction when the equalized was frozen in 1983 - because the decision was retroactive back to 1981 - and I think that's the argument for equity, in addition to the argument that the money was raised for the Provincial Education Support Levy and for the Winnipeg School Division No. 1.

There is a countervailing argument that can be made and this is something that has to be examined from a policy perspective and also in terms of the precedent and implications of making any payment to the city in this regard.

The City of Winnipeg every year has found assessment; buildings are completed; buildings are renovated; new construction or other types of improvements come on to the role during the city's fiscal year.

The city sends out added-on tax bills. Sometimes those added-on tax bills go back into the year previous because the assessment staff did not have the

information required to do the add-on in the current year and they're allowed to go back one year. Because the equalized can't be changed as the year goes on, as a new house is built or a garage is built, or whatever, all over the province, the equalized is fixed. So all this additional money is found money.

In the same years to which the member refers, the years in which the school board and the education support program which is completely paid out to school divisions across the province - it's not any money the province gets to keep - in those same four years, the city received in found money, based on this added-on taxes equation, something in excess of \$7 million. None of that money is shared with school divisions, or with the Education Support Levy.

In addition, when we want to talk about equity, we have to address the whole question of equity as it affects the out-of-date assessment base of the City of Winnipeg. I have said many times in the House that if the City of Winnipeg chose to make that bed, then they have to sleep in it and one of the ramifications is having the Supreme Court of Canada, subsequently their own Board of Revision that they appointed, and subsequent to that, the Municipal Board decide that their real problem is the failure to do reassessment and implement reassessment.

The dollar problems the city encountered, both the \$635,000 current and the much larger amount for the four years of repayment, are symptoms of a problem that is entirely of the city's creation, not the province's, unless honourable members opposite want to take some responsibility for the purported freeze in 1980 - and I don't think they should - but if they want to, I'll hear them on that. But I don't think they have to, nor should they and I have never suggested they should.

So I have a bit of a problem in suggesting that we should solve the city's problem by giving them money when the Member for Gladstone and the Member for Virden and the Member for Swan River know full well that their ratepayers, when reassessment is taking place, and one municipality's share of the total school division assessment rises dramatically because they've now been reassessed and the school portion of those tax bills jumps sometimes 100 percent, 150 percent, that those reassessment shocks, because the system is out of date, are paid by local ratepayers.

That's happening right now in a very modest way in the commercial industrial classification in the City of Winnipeg for the first time in 25 years or more. So I think a case can be made both ways. We are examining the case. I think there's some very good arguments that can be made against it. On the other hand, I do appreciate the difficult position in which this puts the city so we have agreed, without prejudice, to examine the city's difficulty and see if we can help them.

It's a very long answer, but the member is addressing a very complex issue. If he wishes to go into detail, I'd be prepared to discuss it further with him.

**MR. G. MERCIER:** Well, Mr. Chairman, I think that frankly covers the situation. I raised the issue. It's obviously a matter of great concern to the City Council and the taxpayers of the City of Winnipeg. If it is in the process of being considered by the government, we will look forward to an early decision on that.

Certainly, I would think one has to be made prior to the next taxation year.

**HON. A. ANSTETT:** Mr. Chairman, I'm not clear that there is any time frame on the decision, but I would certainly hope it's made well before the next taxation year. The decision is with respect to the four years of lost revenue, the \$9 million or a portion thereof.

There can be no decision with regard to the \$635,000 shortfall of revenue on equalized assessment. Under the law, that must be picked up by the classification which has been affected by the Municipal Board decision. That's what would happen in any other municipality in Manitoba and I would be hard-pressed to justify treating the City of Winnipeg differently than any other city.

I would, Mr. Chairman, since this is not question period, like to take this opportunity to ask the Honourable Member for St. Norbert whether he would recommend that we should reimburse the City of Winnipeg for this loss, and if his response is positive on that, should we then also establish a policy of reimbursing the 201 other municipalities in Manitoba where they experienced similar losses. I'd like his advice on that.

**MR. G. MERCIER:** Mr. Chairman, I believe that if the Minister wants to forego his responsibilities to govern, I believe that equity should be the prime consideration and I simply don't think it's equitable for the City Council to find themselves in the position that they're in, and that should be applicable to all other municipalities.

Mr. Chairman, on another assessment matter raised by the city on January 23rd of this year - and again I'm looking at the City of Winnipeg Council minutes - the city requested the province to place an absolute freeze on all assessments until 1988 and this was part, I take it, of their decision to prepare a complete reassessment for the 1988 assessment role. I wonder if the Minister could explain his position in regard to that request.

**HON. A. ANSTETT:** Mr. Chairman, my position in response to that request has been very clear. It's been an unequivocal no. I have some reservations about whether the honourable member has read Justice Willard Estey's decision of December 1983 in the Supreme Court of Canada, he would appreciate that it may well not be possible particularly now in view of the Charter of Rights and the comments he made in that decision affecting the rights to due process.

In view of the Charter of Rights, it may well not be possible. I haven't sought a legal opinion on that, although I've had some preliminary thoughts expressed by legal counsel on that. It may not be possible to limit that appeal and particularly to limit it with respect to only one municipality in the province. However, my further response may well be academic, in light of the operation of the Charter in the context of Justice Estey's decision of December '83, but I think the member still deserves an answer to his question, academic or not.

Reassessment programs and subsequent appeal proceedings are ongoing in all parts of the province, except in the City of Winnipeg, where now they've started on a complete reassessment and I don't think

that that process in the balance of the province should be interrupted.

Although Winnipeg hasn't conducted a thorough reassessment, I don't believe it would be fair to further restrict the appeal process for one particular municipality, and here I'm talking equity, not the judicial process or the Charter of Rights, just a question of fairness between people living in Winnipeg and people living in the rest of the province.

Right now we're trying to re-establish the whole integrity of the assessment process throughout Manitoba and a vital part of that system is the perceived right, and I believe legal right, of citizens to appeal perceived inequities. In particular, in light of the Supreme Court decision re-establishing appeal rights, I believe would be considered very high-handed by government.

There is a more fundamental imperative as well operating here and that is that the City of Winnipeg is not only asking for a denial of the rights of its citizens, but is asking for that denial while postponing implementation of a reassessment, which the honourable member knows was first ready in 1979, can be updated within the year 1985 and could be implemented as early as '86, certainly in 1987; and therefore, there is no need to wait until 1988.

I find it, to be quite honest, rather appalling that those people in whom the citizens of the City of Winnipeg have placed their trust would want to refuse to provide equity for three years after the date on which they could first provide it, having denied it for 25 and having managed through the courts to frustrate the will of its ratepayers for four full years and finally getting what I think was the right interpretation of good legislation introduced by the Member for Swan River when he was Minister of Municipal Affairs in 1980.

I believe it was the right thing to do in answer to the request from the Weir Committee. It did deal with a particular problem. It did help us establish a reference point and base on which we could then move on assessment reform. In some ways, some people could argue that the placing of that freeze actually gave us the potential for delaying the process. I think the Member for Virden, who has been urging me to proceed with assessment reform much more aggressively than he thinks I am, and to be quite honest am not sure I could, but I think he would find that had the freeze never been put in place, the demands for reform and the clamour for reform would have reached such a fever pitch that no one could stop it and that things would be happening even more quickly and we would be having to assess municipalities dramatically more money to bring in tremendous numbers of new staff to bring everything up to date. I don't think we would have been able to do it as logically, as thoroughly, and for that reason I think the freeze had some merit in 1980, but I think the public clamour, had that freeze not taken place, particularly in the City of Winnipeg, would have created some real problems.

So we have a basic reference point. I don't believe the freeze was ever intended to take away the rights of the citizens of Winnipeg. The honourable member who asked the question was the Minister responsible. If perhaps he can advise the committee what his intention was in 1980, but unless he tells me otherwise, I would be very hard-pressed to believe that he agreed to take away the rights of the citizens of the City of

Winnipeg, but the Minister of Municipal Affairs, his colleague, refused to do the same for the citizens of the rest of the province. I can't believe that he would have done that, I'm sure he didn't, and, Mr. Chairman, I can't justify agreeing to the City of Winnipeg's request for an appeal.

The other thing that request would do would be prolong, for all I know, indefinitely, because I have no way of requiring the City of Winnipeg to implement a reassessment. In fact, that's totally their own decision. I have no lever; that's their decision. I expect them to make it in good conscience and to do it quickly because of their own imperatives. I don't need them to introduce reassessment; I need their reassessment data so that my department can evaluate it, do the analysis, do the portions, set up the new classifications and analyze the impact of all the Weir recommendations. But I can tell you, I won't go forward with recommendations for implementation of assessment reform until the city has addressed the question of reassessment and implementation of it.

So there is that problem, and the freezing of appeals would get the city off that responsibility, take the pressure off the city to do a job it's refused to do for 25 years.

Now, to be quite honest, I think that pressure is needed because my urgings haven't helped. The urgings of the previous Minister of Municipal Affairs, and I assume his predecessors to the city to do its duty have not helped. Even a tax through the judicial system is only now beginning to help. So, if the city is going to do its job and fulfill its statutory obligations, the last thing I would want to do is give them another excuse not to do so.

**MR. G. MERCIER:** Mr. Chairman, I find the comments of the Minister quite disturbing. Last night when we were discussing the funding by this department to municipal councils for transit and handi-transit systems, the Minister indicated what great respect and confidence he had in the decisions of municipal councils and today we find him using words like "appalling" to describe the decision of the City of Winnipeg Council with respect to assessment. I would ask the Minister, in view of his hard feelings on this subject and strong feelings on this subject, does he intend to force the city through legislation or other measures to advance their schedule for reassessment in accordance with his views rather than the City Council's views?

**HON. A. ANSTETT:** No, I don't, Mr. Chairman. I think that the citizens of the City of Winnipeg, through the statutory instruments that are already in place and the enforcement process that is available for statutory instruments, will do that job. I think it would be foolhardy for me to purport to pass laws when there are laws in place that the city is now not obeying. Why pass new laws?

But, Mr. Chairman, I find it peculiar that the honourable member doesn't appreciate the very strong similarity between what I said last night and what I'm saying today. I said last night that for the most part, in fact in virtually all cases, I have a great respect for the decision-making process at the local level, the kind of maturity and responsibility that local councils bring

to their responsibilities. But I also said when I disagree with them, I tell them, and on this one I disagree and they know it. They've heard what I told the member today, from me, themselves, both in my office and in public meetings of the official delegation to the Urban Affairs Committee of Cabinet.

**MR. G. MERCIER:** Mr. Chairman, I would ask the Minister this: the Weir Commission, in its earlier reports, and I know from my own discussions with the late Mr. Weir, predicted very significant changes in taxation resulting from reassessment. The concerns being reiterated by the administration and members of City Council with respect to, for example, is one area, a large shift in assessment to suburban residential areas.

If indeed this is the case, and it certainly has been predicted by the Weir Commission and by the city, what measures would the Minister and the government offer to attempt to ease what has been referred to as a significant shift in taxation?

**HON. A. ANSTETT:** First of all, I do not accept all of the data in the Weir Report as reflective of the market or assessment or reassessment data reality that we will have, hopefully later in 1985, both for rural Manitoba and for the City of Winnipeg. I believe the data is very close, and I certainly accept that it is close, but we have already had indications that it is not exact.

The Weir Committee in presenting the data clearly stated - and the honourable member, I am sure, is aware of this - that most of the data they present for aggregation into the projections of impact are factored up from old assessment base data and they have to be used with some caution. I respect that caution from the Weir Committee in its report.

So I do not agree that the residential classification in the City of Winnipeg, for example, will have its taxes raised by, or its share of taxes, raised by 19.2 percent. I don't know what the figure is; when we get the numbers, then we will know what the exact impact is.

I think the other thing that has to be said in this whole area is that assessment reform and reassessment are two very different things. There will be impacts from reassessment that none of the Weir recommendations could ameliorate.

For example, the home in the west end of the City of Winnipeg that was in the news last fall, that sold within the previous 12 months for \$42,500 and was compared to a home in a suburban area which sold for \$142,500 - \$100,000 difference - and yet the suburban home paid something in the neighbourhood of \$12 less taxes a year, that inequity would not be addressed, and that is a glaring one. It would not be addressed by any of the Weir recommendations. The honourable member would understand that. The Weir recommendations said that those inequities had to be solved by reassessment.

The Weir recommendation to deal with inequities related to shifts between classes was a proposal to establish new classifications and portioning. But the direct comparison between a single family residence in two separate parts of the city is not one that could be addressed in the Weir recommendations. There were no recommendations to deal directly with that.

The recommendation that was made and that has already been enacted into statute, was a

recommendation to provide by regulation a new system of classification, and portions to be applied to the classifications, so as to prevent shifts when assessment reform was brought in. So the total amount of revenue raised by the city and by all of the municipalities throughout the province, not on an individual basis but collectively, would be the same from the farm classification, from the other classification and from the residential classification.

But certainly there would be shifts within classifications between certain classes of single family residences, between downtown Winnipeg and suburban shopping centres, between cash-crop grain farmers, and building-intensive livestock farmers; shifts within classifications, yes, but shifts between classifications would be prevented by the assignment of portions of value to those classifications.

So the short answer to the honourable member's question is, there is nothing in the Weir Report, no recommendation to deal with the concern he raised. However, despite that, I of course as Minister have given it some thought and I believe there could be consideration given to a phasing in of a reassessment. I am not proposing that; that's something I want to consider and review in some detail.

The problem with phasing in equity is that it means you are also perpetuating inequity. If someone's been paying twice as much in property taxes on their residence as they should be paying in an equitable fair system, they of course would argue that the equity should obtain tomorrow. Someone who has been paying only half as much as they should would like equity phased in. It all depends whose ox is being gored and whose back is being scratched.

I do, however, take some exception with the honourable member's earlier comment. I don't believe that I am in any way denying my responsibility or position in asking a member of Her Majesty's Loyal Opposition to offer suggestions and make constructive contributions. If, on the other issue whether or not we should be paying those monies to the city and thence to all other municipalities that have a problem, or on this issue as to whether or not we should phase in reassessment in the City of Winnipeg by a statutory change once the city is ready to phase it in, or to implement it directly, I would appreciate his observations.

I am willing to listen and take his advice. Now I don't know where I'll take it but I'll certainly listen to it and discuss it with my staff. But if he has contributions on those questions, I think he has an obligation as a member to make them and be a constructive opposition member.

So I take umbrage with his suggestion that I am somehow not fulfilling my responsibility by asking him for constructive criticism and suggestions.

**MR. H. GRAHAM:** Mr. Chairman, the Honourable Member for St. Norbert has some other commitments and because we have two committees going at the same time, I wonder if we could interrupt at the present time. The Member for Gladstone also has another commitment, and I wonder if we could deal with the problem that she has.

**MR. CHAIRMAN:** The Member for Gladstone.

**MRS. C. OLESON:** Thank you, Mr. Chairman.

**HON. A. ANSTETT:** Could I ask if this relates to assessment? Could I ask what area it relates to, so if I don't have the appropriate staff here, I can ask one of the other members to come forward?

**MRS. C. OLESON:** It's to do with hospitals and personal care homes and taxes, property taxes.

**HON. A. ANSTETT:** Oh yes. Carry on.

**MRS. C. OLESON:** It's been drawn to my attention in my constituency, and I understand it's a problem in others - it mainly happens these days because councils are hard pressed for dollars - and one particular council in my area was wondering how they could collect taxes on hospital buildings and personal care homes. They were of the understanding that some people were doing this through Section 888. Could the Minister comment on that?

**HON. A. ANSTETT:** I have had this issue raised with me a number of times and I have just clarified with staff the interpretation in The Assessment Act under Section 23(c) which provides a very specific exemption for hospitals and nurses' residences and the specific exemption, I understand, is interpreted as well to apply to personal care homes. Local improvement levies for services to those properties are permitted.

There is some debate about whether or not a Section 888 levy is permitted under the statute. It is the opinion of some hospitals or some municipalities that under Section 888, they can apply levies to these exempt properties for municipal services. I don't think there is any question about the clear exemption for school purposes. I don't think anyone has raised that question.

The hospitals obviously and the Manitoba Health Services Commission deny that they have that legal authority. It is, to my understanding to date, the advice of our legal counsel in the department that they do not have that legal authority, that the exemption obtains, as I understand it.

Let me correct that, Mr. Chairman. Under Section 888, the municipalities do have the right to tax because it overrides the exemption in 23, but the Manitoba Health Services Commission does not accept those taxes as shareable costs for purposes of the budgets of the hospitals. So the hospitals then are running to the municipal governments within the balance of the hospital district, to get them to increase their contribution to the hospital, in other words, the non-covered or shared costs by MHSC, and saying to the neighbouring municipalities, you cough up into the hospital budget so we can get our taxes paid and the neighbouring municipalities are saying no, generally.

They view the host municipality as receiving most of the benefits of the payroll, assessment for local improvement levies and of the assessment for the other support facilities, services that are provided as being revenue to the host municipality. So we have a problem in terms of the Manitoba Health Services Commission's response to Section 888 levies.

Mr. Chairman, if I may, this is where the legal opinion comes in. There isn't anything we can do about it in

terms of our statute. In our opinion, our statute is very clear. It's a policy question for Manitoba Health Services Commission.

**MRS. C. OLESON:** Of course the Minister brings up a point, that the other municipalities and districts feel that this is a benefit to the town where the hospital or personal care homes are located, but that municipal body in turn says well just a minute now. A lot of our people that work at this facility live elsewhere and shop elsewhere, and we do not get all the benefits that we're told we're getting. So I'm wondering if the Minister has taken it up with the Health Commission to look for some resolution to this problem, because we really don't want the municipal people fighting one town with another and one municipality with another over this either.

**HON. A. ANSTETT:** Mr. Chairman, my memory slipped for a moment with regard to the exact parameters of Section 888 was because it is now over a year ago that I last reviewed this in detail and had staff discuss it in detail with, in my case, the Minister of Health and, in the staff case, with staff of the department and MHSC, had extensive background information to discuss with them in terms of the ramifications and local examples.

The short answer is, yes, we raised it with them. We discussed it very extensively, and the answer was, no.

**MR. H. GRAHAM:** A supplementary on the same question, Mr. Chairman, probably since the Minister had his last discussion with the Minister of Health we have seen changes in government policy, and this deals more with personal care homes and possibly with hospitals to a lesser extent too, because we don't know where the fee for service is going to stop, seeing as how it has started now that universality in health care is out the window and we are seeing fees being charged.

Will the Minister then reconsider if it is, in fact, the case that there will be fees charged and revenues recovered, will there then be a review of the status for tax purposes of hospitals and personal care homes?

**HON. A. ANSTETT:** Mr. Chairman, I went to bat for the municipalities and hospital boards of this province with the Minister of Health and, more particularly, with the Manitoba Health Services Commission on this question. There is an interpretive problem here and a legal question. The answer was no. That was a year ago. I don't believe the Manitoba Health Services Commission has any more money today than they had a year ago with which to address this problem.

The problem only presents itself where local municipalities have formed together to build and own and operate under the jurisdiction of locally elected or appointed, indirect election, hospital boards for which they accept responsibility. The program of support to those hospitals is a very generous one from the Manitoba Health Services Commission.

I don't criticize the municipalities for attempting to extract from the Manitoba Health Services Commission a few more dollars to help pay for municipal services, but those hospitals are also municipal services being paid for by the province. So we're robbing Peter to pay Paul. It all comes from the same taxpayer's pocket, the bottom line.

But I do take some exception to the honourable member's comments about the end of universality. Although this isn't the Department of Health Estimates, I want to point out to him that there has been no suggestion by the government, and contrary to his suggestion, that there are going to be user fees applied all over personal care homes and hospitals or anything like that. In fact, this government has categorically taken a position against the imposition of such fees.

The honourable member is going to say, well isn't room and board a user fee? Mr. Chairman, with regard to people who are permanent residents, I don't believe room and board is a user fee. If we started charging for room and board in hospitals where people had to maintain another bed, another home, another residence, yes, I would call that a user fee and I would take exception to it. But, Mr. Chairman, a user fee is certainly not a user fee when it's room and board for someone who has no other permanent place of residence. That's the bottom line. The Minister of Health has made that clear. The Premier has made that clear. Let's not drag those red herrings into the Municipal Assessment discussion.

**MR. DEPUTY CHAIRMAN, D. Scott:** The Member for Virden.

**MR. H. GRAHAM:** Mr. Deputy Chairman, I would never have raised it if the government themselves had not raised it.

**MR. DEPUTY CHAIRMAN:** 4.(a) - the Member for Virden.

**MR. H. GRAHAM:** Mr. Chairman, so far we have just begun on the question of assessment. We have had the Member for St. Norbert raise some of the problems that are existing in the City of Winnipeg. I'm sure that the Member for St. Norbert would like to carry on from where he left off when he comes back, so I will attempt to stay away from that particular discussion at this time.

But I would like to have the Minister probably give us a review of the 100-and-some-odd recommendations of the Weir Commission Report to indicate to us which of those recommendations he accepts and which ones he rejects, because we have to find out what the policy of the government is going to be in reassessment, in reform of assessment in this province. I think it is incumbent on the Minister to tell us where he is going and what proposals of the Weir Commission he rejects and which ones he accepts.

**HON. A. ANSTETT:** Mr. Chairman, I have no intention of going through 166, I think it is, recommendations, and telling the member which ones we accept and which ones we reject.

The first reason I have no such intention is I don't know, and I won't know until we have the data and are able to evaluate on a reasonable effect basis the implementation of the recommendations. I am certain the Honourable Member for Virden would never recommend to any government, whether he was a member of it or in opposition to it, that it enact anything if it didn't know what the effect would be. In fact, I

think that's one of the standard criticisms that oppositions make to government policy is that government doesn't know what the impact is going to be down the road, and they'd better do that and know what the impact is going to be before they move. That's exactly what we're doing.

Those things that deal with matters of principle in very global terms, I can comment on. There are some on which we have made fundamental decisions and that is that we need a new classification system, and we've acted on that. We have enacted legislation, Bill 105, at the 1982-83-84 Session which provides for classification by regulation by the Lieutenant-Governor-in-Council to be implemented when we have the data. In addition, we passed legislation to provide for portions, another key recommendation.

The most essential recommendations of the Weir Committee are those that relate to valuation and a system of valuation which attempts as much as possible to reflect current values. Most of the current assessment system attempts to do that now but because of all the exemptions and factors and percentages that are involved, it is impossible for people to figure out what their actual assessment is in relation to what the potential value of their residence or farm or commercial property might be in a market situation or even what it would cost to reconstruct.

So clearly we've accepted the principle of valuation, although the details of how we derive that have to be refined, and the principles of classification and portion.

We have also accepted the Weir recommendation with regard to computerization, and we're moving aggressively in the development of that system.

**MR. H. GRAHAM:** Can you carry on for a few minutes?

**HON. A. ANSTETT:** Mr. Chairman, I'm sorry for that brief interruption.

In addition to computerization, we are moving on procedural uniformity, another key recommendation of the Weir Report, to establish not only uniform procedures throughout the province with regard to farmland evaluation, farm building evaluation, commercial evaluation, but uniform procedural manuals so that the field staff are operating the same way, both in the City of Winnipeg and in the province, that we get that kind of uniformity so that we know that the numbers we're dealing with and the whole assessment system, which is the base for a lot of provincial programs, is going to be uniform and be understandable by the public.

In co-operation with the city assessor, we've established three committees, a Technical Steering Committee. The Technical Steering Committee set up with the two Deputies and the city assessor and the provincial-municipal assessor are working on a single land evaluation manual, a single building evaluation manual, and a compatible computerization process. So there are a lot of things.

The Weir Committee also recommended a public education program. We've embarked on that, and I referred to that last night when we were discussing public information. The Weir Committee also recommended some restructuring in the Assessment Branch to focus on some of these areas, and we're moving on that.

Mr. Chairman, the short answer to the member's question is I can't address 166, but in terms of the general principles, yes, we're moving on most of those general principles as stated in the Weir recommendation, and moving on them very aggressively, well within the timetable set by the late Mr. Weir for implementation, late this decade.

**MR. CHAIRMAN, C. Santos:** 4.(a) - the Member for Swan River.

**MR. D. GOURLAY:** Thank you, Mr. Chairman. With respect to the assessment of farm buildings, can the Minister give us an update as to when that will be completed?

**HON. A. ANSTETT:** Anticipated date of completion is September, 1985.

**MR. D. GOURLAY:** So the assessment then is well under way. I wonder if the Minister could indicate how the percentages not only of farm buildings but other, in the case of residential and commercial with respect to portioning. I believe the Weir Report had indicated certain percentages could be used in the implementation of some of the recommendations rather than waiting to get all the data.

**HON. A. ANSTETT:** No, the Weir Committee did not make that recommendation. The Weir Committee said we needed up-to-date data for the whole province before we could establish portions. We don't have that data, so I haven't asked staff to run percentages on partial data. That would be a waste of time.

If the member consults the map in the supplement, he will see that there are only a few municipalities left in the rural residence and outbuilding assessment. The map is on Section 3, Page 30.

**MR. D. GOURLAY:** Mr. Chairman, I wonder then if the Minister can explain the MARC Report recommendations that many of the recommendations could be proceeded with in advance without having the up-to-date assessment on farm buildings. As I understood it, the percentages could be fine tuned when the information was collected if there were some disparities between the actual and what was being used.

**HON. A. ANSTETT:** Sorry, would the member repeat the last portion of that question?

**MR. D. GOURLAY:** With respect to many of the recommendations in the Weir Report, as I understand it, the recommendations were pursued using portioning with percentages that were suggested, that could be fine tuned later when the assessments were completed.

**HON. A. ANSTETT:** Mr. Chairman, the Weir Committee provided as an option - I don't believe it was a recommended course of action - an interim factoring up if all of the data could not be provided in sufficient time and all the calculations done. What we found was, and that has certainly been confirmed to date, when you're talking billions of dollars worth of assessment and \$560 million worth of taxation at the local level,

half of one percentage point on a classification means a lot of money and an error of even that much could have serious ramifications. We examined that possible option and rejected the implementation of portions province wide based on that data because we already know and the wisdom of that decision came home to me just within the last two weeks when it was reported to me that it may well not be the case that the City of Winnipeg is paying too much on the equalized assessment.

We are, however, moving on many of the recommendations of the Weir Report. I will be introducing in the Legislature, later this Session, revisions to Part 3 of The Municipal Assessment Act. I believe it's at the printers now and could be distributed in the House sometime within the next couple of weeks which will address approximately 40 of the 166 recommendations that deal with the appeal process. Perhaps I shouldn't describe them any further than that without breaching the privilege of tabling it in the House first and describing them on second reading.

**MR. D. GOURLAY:** Do you expect to be tabling more than one piece of legislation dealing with the assessment reform for this Session?

**HON. A. ANSTETT:** I expect to be tabling one bill this Session, one the next, one the next after that and one the next after that.

**MR. D. GOURLAY:** With respect to appeals on assessment - I haven't had a chance to look at it in detail, the information we got here just recently with respect to assessments this past year - is it on the increase or decrease or much about the same?

**HON. A. ANSTETT:** Mr. Chairman, we try and keep our staff as busy as possible. They're working at peak efficiency and they can't handle any more. They're doing about the same load they did last year.

**MR. D. GOURLAY:** This is appeals by landowners on their assessment.

**HON. A. ANSTETT:** Oh, appeals. No, the appeals are about the same.

**MR. D. GOURLAY:** In the case of where property is being assessed, whether there is more than one building on the same piece of property and the landowner comes in and he pays his taxes on that property, but subsequently there is another building assessed, and he gets a notice to pay the assessment or the taxation the following year, is it possible that he could be penalized, have a penalty because of the way the assessment and the taxation has been brought forward?

**HON. A. ANSTETT:** My understanding is that there is no penalty for payment of added on taxes as long as they're paid within the deadline provided for the payment of the added on taxes. I don't believe that for added on taxes; in fact, I believe the statute specifically prohibits the tacking on of any penalty or interest payment on a taxpayer who wasn't aware he had that assessment on the roll and therefore had to

pay those additional taxes. Staff are testing my memory and looking up the exact citation, I don't remember it. But they say it's in the act.

**MR. D. GOURLAY:** A specific case in point that I ran into just recently where an older type house had been moved onto property. There was no hydro hooked onto it and no one was living in the house. When the owner compared the assessment of that building to other homes in the area, he was being assessed a much higher assessment and he felt that the building was quite inferior to other houses in the area. Now, what would be his recourse, just to apply to the Court of Revision?

**HON. A. ANSTETT:** The honourable member, having been a previous Minister of Municipal Affairs, knows the Court of Revision process. If any ratepayer is unhappy, and we've now put together a new brochure explaining that process in easy understandable language, so that any time an assessor calls they leave that information. The ratepayer knows the process and the process is Court of Appeal and then, depending on whether the individual is happy with the Court of Revision decision, they have further appeal depending on whether it's liability or quantum which they question to the Court of Queen's Bench or the municipal board respectively.

The member asked earlier about the level of complaints on assessment last year versus the year before. The Annual Report of the Assessment Branch, which I believe the honourable member has, and if he doesn't have his copy with him we'll certainly provide him with an additional copy, it shows on Exhibit 9 that the total number of appeals in 1983 was 2,652. The total number of appeals in 1984 including municipal board and Court of Queen's Bench is 2,404. So it's actually gone down a little. But 2,400 and something versus 2,600, it's about the same. It does tend to be in that range every year.

**MR. D. GOURLAY:** With respect to the specific situation I was just referring to, I am not sure when the Court of Revision will be coming up for that particular municipality. However, the local assessment office is in Swan River. Usually the assessment people, I found them very reasonable to deal with there and help the landowners.

Is it permissible for this landowner to go there and fully discuss his - rather than perhaps go to the Court of Revision. I am not certain of all the details surrounding this particular case.

**HON. A. ANSTETT:** When the individual ratepayer receives the notice of assessment, they will also receive a notice of the date set aside for the Court of Revision. That's required under the law. Those dates will be set in that notice, so they are aware of that.

If prior to the Court of Revision, a real property owner wishes to discuss the details of the assessment, how the figures were calculated, or anything relevant to the assessment, he is certainly free to call on the staff of the assessment office. That's their job and they are very happy to explain these things to enhance public understanding of their job, of the assessment process

and how they do their work. To be quite honest, I have never had a complaint that they have failed to do that.

The complaints I have are that even after people get the explanation, they are still not happy. That's understandable. I think everyone would like to be able to go to Court of Revision and have their assessment lowered.

**MR. D. GOURLAY:** I think in this particular case the problem maybe is not so much with the assessment office as with the local government district office in not perhaps providing the kind of direction to the property owners with respect to information on assessment.

You would have this kind of information as to the kinds of inquiries that are - is this tabulated at the assessment offices - the kinds of inquiries that come before the local assessment people?

**HON. A. ANSTETT:** We do have in the assessor's annual report a record of appeals that are lodged through Court of Revision, yes. I don't know if they are broken down by appeals on land value as opposed to - no, they are not broken down by types of appeal. But, certainly, if there is a problem in any municipality with the staff of the municipality not having an adequate supply of the brochures explaining the appeal process, I would ask the honourable member to provide me with that information and we will see that they receive adequate information.

With regard to the Court of Revision process, the assessor attends the Court of Revision to provide information on the rationale for the assessment, the method of performing the calculation and any other information that's requested about how he or she performed their duties under the act. They are required to provide that information. They do not, of course, make the decisions; that's up to the local council elected by that same ratepayer.

I can't comment on whether all local councils sitting as a Court of Revision necessarily make uniform decisions province-wide. I would hope they do, but I would not be surprised if someone told me they do not always do so.

**MR. D. GOURLAY:** I guess the question I am raising is the degree of public relations that is provided by the local assessment offices to perhaps eliminate maybe the need for appeals at the Court of Revision. I find that in my travels a lot of people are not familiar with the assessment office being located in Swan River per se. They go to their municipal office or their local government district office and they get into a hassle there. I think that if there was a little better communication and maybe a contact made with the assessment office to try and alleviate some of those problems. I am just wondering what effort is being made to improve the PR with assessment offices, the property owners and the municipal offices.

**HON. A. ANSTETT:** I am pleased, Mr. Chairman, to have the Member for Swan River urging me to improve the public information and public education program of the department. We discussed last evening some of the pamphlets that we have already put out.

I mentioned at that time that Part 3 of The Municipal Assessment Act, which we will be dealing with in the

Legislature later this year, will be the subject of another pamphlet.

We will also be producing audio-visual materials for the use of the assessors and for the use of local councils who sit as Courts of Revision to familiarize them with the process.

It would also be my hope that ratepayers who come to our Meet the Assessor Days, in which we try to get exposure for the assessors from the offices within local municipalities, will have an opportunity as well to understand the appeal process which is an important part of their rights.

The outline on the appeal process reads as follows - and I refer the honourable member to the green pamphlet and the first two paragraphs - "If you think your assessment is unfair, you may appeal by letter to your municipal secretary-treasurer. Your appeal must be based on and placed in the vernacular are the three criteria. To find out how your assessment compares to similar property in your municipality, see your municipal secretary-treasurer and check the assessment roll. If your assessment seems to be out of line with assessments on property similar to yours, you may take the following steps."

Step No. 1 - the very first thing that is recommended to real property owners throughout rural Manitoba is to do exactly as the member suggests. Up until last fall, the public didn't get this, but now they do. When they are assessed, they get a copy of this appeal process booklet - I got it myself last month when I was reassessed - and that tells them to see the assessor, discuss why they think the assessment is unfair. If there has been a general assessment, choose to attend the Meet the Assessor Days where the assessor will be on hand to discuss questions and concerns.

So we are going some distance to try and enhance public participation in the appeal process and in understanding assessment. I do appreciate the members urging that we continue to do this, because that's certainly our intention.

**MR. D. GOURLAY:** Could the Minister indicate if there has been any change on the number of personnel in the district office of Swan River this past year?

**HON. A. ANSTETT:** We have three vacancies right now province-wide; one in Portage, one in Steinbach, and one in Swan River. We are interviewing this week to fill all three, I guess - yes. So there is one entry level position open in Swan River; I believe that's the result of a promotion. — (Interjection) — Oh no, actually that is a result of an increase in the staff complement at Swan River. I don't know how we did that.

**MR. D. GOURLAY:** Is it an additional employee in the Swan River Office?

**HON. A. ANSTETT:** There will be an entry level, assessor trainee position in Swan River - interviews are being held this week - and this will provide one additional assessor in that office. We have done some structural reorganization in the Assessment Branch. It included some promotions and transfers of employees, and I guess in this reassignment, and I had forgotten that that reassignment included an additional position.

The total complement hasn't changed, but we have done some reassignment and promotion. There has been a few retirements, as the members know - two of our most senior people retiring the end of August last year, and that reallocation of resources included the dedication of one additional SY to Swan River.

**MR. D. GOURLAY:** Does the Swan River Office still cover The Pas area, or is that handled from . . .

**HON. A. ANSTETT:** The map showing the regions is located in the supplement. I'll give the member the page number if he wishes.

**MR. D. GOURLAY:** I think I saw that. It's just cut off, it didn't show The Pas.

**HON. A. ANSTETT:** If the member will turn to Page 3-20, we didn't cut off The Pas on that map.

**MR. D. GOURLAY:** Yes, I see that now. Thompson office covers all the rest of Northern Manitoba then?

**HON. A. ANSTETT:** Except for that area covered from the Selkirk Office east of Lake Winnipeg, north of the Winnipeg River.

**MR. CHAIRMAN:** The Member for Virden.

**MR. H. GRAHAM:** Thank you very much, Mr. Chairman.

To get back to the Weir Commission then, one of the recommendations of Weir, which the Minister indicated they had accepted, was classification of land. I'd like to know if the proposals of government will be along the general lines of the six classifications that Weir had proposed, or does the Minister intend to have a further refinement of that?

**HON. A. ANSTETT:** I suspect, although those decisions have not yet been made, they'll have to be based on more data examination. We are getting that. We're using the Canada Soils Inventory and as much other material as we can. But I expect that, for purposes of refinement and exactness and addressing the concerns of our agricultural community, we'll probably end up with more than the six proposed. I believe the Weir Report recommended that in a minimum. We see the merits in having it as finely tuned as we can.

I know the honourable member has expressed concerns in the past about soil testing and the number of holes that are dug per quarter. I sympathize with his concerns about the need for a refined system, although I'm not completely sure we need 40 holes to a quarter.

**MR. H. GRAHAM:** Mr. Chairman, I would like to, and it probably arises as a result of the - in my particular area in the last two years, we have had a total of nine centennial celebrations. Another strange thing arose out of those centennial celebrations was the matter of assessment and the concerns that mainly farmers were raising. I think the farmer in general realizes that buildings are assessed, and there is a great deal of concern about it.

I have had it brought to my attention on several occasions about a classification of what might be

considered to be an historic building occurring on farm property. This probably arises because of centennial celebrations where maybe an original homestead with a stone house that was built maybe 100 years ago is left standing on the farm, but now, with assessment of all buildings on the farm, I can assure the Minister that any farmer who is considering his tax problems will be removing all unnecessary buildings from his farm operations because of taxation. There may be a point in our historic system to retain certain historic buildings if they have an historic purpose in the community.

I know in the Municipality of Ellice there is one large stone house which is unoccupied and has been unoccupied for many years. There is a great deal of family history related to that particular place. If it is going to be assessed and taxes charged against it, I don't know how much longer that building will remain in place. So I just want to ask the Minister if there is any consideration being given to a classification of historic buildings in the general classification area.

**HON. A. ANSTETT:** This question was not referenced in the Weir Report, although it is something that has been discussed at least during the last year and I think before that between staff of my department and staff of the Department of Culture, Heritage and Recreation. The concerns the Member for Virden has raised have been concerns of the government for a number of years.

At the present time, where we do market value equivalency assessment under established procedures, those buildings have very little value. Most of them are derelict buildings for all intents and purposes, but they have heritage and local significance in terms of family or community. The question of their tax status is not a relevant one today, because in most cases they are not even on the rolls, although they are being picked up and, I believe, in most cases referenced as outbuildings of whatever sort.

If someone decided to do 100,000 or .5 million of restoration on some big old stone house, and the member knows that these kinds of refits and restorations can be very expensive, and make it into a showpiece of our cultural heritage, certainly then that building would have a very substantial value and would attract taxation.

The Weir Committee recommendation with regard to all properties that people might want to consider for exemption, be they churches, community clubs, legion halls or historic buildings, was that there basically shouldn't be any exemptions. They should all be assessed and taxable, and that the local community could decide whether or not it wished to exempt that property. Within certain classes, it could exempt certain types of property. That was the Weir recommendation, as I recall it.

To a certain extent, that is already done. There are provisions now for the exemption of, for example, churches from Section 888 levies - sorry, not by exemption, but by in effect granting back a portion or all of the taxes paid under Section 888, effectively mean that those churches or other community facilities or heritage buildings do not pay taxes. So certainly it would not be my intention as Minister nor the government's intention nor have staff recommended that we should close the door to the preservation of our historical

resources by implementing the Weir recommendation in that regard.

I think the Weir recommendation to provide for a way of local option with regard to the equivalent of an exemption is something that we'll seriously look at. We have no intention of changing the current provisions which protect those resources from local taxation.

**MR. H. GRAHAM:** This, of course, Mr. Chairman, leads into probably further discussion because when we quite often classify buildings as historic buildings and get into real estate that has a higher than farm value in the urban area, you get into difficulties that become compounded because the owner of what might be a very valuable property in the city, because his building is classified as an historic building, he can effectively be prevented from renovations that would increase the efficiency of his operation. How do you then assess that property when the owner is prevented by other legislation from making maximum use of the resource he has available to him.

**HON. A. ANSTETT:** The designation of buildings within certain categories as having historical significance - and there are series of categories - is by local by-law, for example, in the City of Winnipeg. I am not aware of provisions outside of the City of Winnipeg for that, although I know there have been discussions. The discussion paper of the Minister of Culture, Heritage and Recreation on possible proposed legislation with respect to heritage buildings in the rest of the province and also affecting the City of Winnipeg area did contain suggestions in that regard, and I am sure that it will be debated in the Legislature when it comes forward. But the actual designations in the City of Winnipeg are the responsibility of the City of Winnipeg.

The City of Winnipeg Act requires that those buildings be assessed at current value and that depreciation be provided for, from that current value assessment to the age of the building. Part of the problem in the City of Winnipeg is that they haven't had any depreciation since 1962 because their assessment is that far out-of-date. So there is a real anomaly created with older buildings in the City of Winnipeg because for all intents and purposes, all buildings are in the same category. But that's a function of the city's failure to reassess, not a function of any inadequacy in the Assessment Act.

**MR. H. GRAHAM:** Well, Mr. Chairman, probably we're getting around to what we could have started out at at the very beginning, but basically we are attempting through a review of assessment practices in this province, an extensive review and it's going to be costly and it's going to be time consuming. But we are attempting to adopt standards, uniform standards that apply right across the province, and one of the criteria we're going to be using in the practice of assessment will be a system of classification.

And really, I'm only asking if the Minister is considering setting up a specific classification that will deal with historic buildings, buildings that the owner loses control of as far as making the necessary renovations he would like to do or changing the use of that building, that he can no longer have control

over how he uses the resource available to him. I think it's rather significant when we are setting up standards that we look at all possibilities and I would urge the Minister very strongly to consider in the classification section, the possibility of setting up a classification that would apply so that a different standard would be used in arriving at a final evaluation for assessment purposes.

**HON. A. ANSTETT:** I trust the member appreciates that the function of planning places restrictions, if it's effective, on property whether that be buildings or agricultural land or industrial land or residential land, and that owners are then limited in terms of the uses to which they can place their property. The owner of a heritage building is in no different position than the owner of land surrounding a municipal area, a built-up urban area, or in a recreational area whose ability to use his land for other purposes and develop it is restricted by development planning, zoning by-laws, by his local community by action of their locally elected council.

The designation of historic resources is the same kind of planning function. Staff have examined the question of a special classification. No decisions have been made today on classifications, still very much in the developmental stage, flowing out of the Weir Report and will be finalized when we have the data and know what kind of distinctions within the three broad classes we have to make to refine the current system along the lines proposed by the Mark Report.

I think the honourable member should be aware that the current system with regard to assessment outside of the City of Winnipeg probably goes a long way to addressing the concern the member has to reflect current value with depreciation taken into consideration. Only in the City of Winnipeg is that problem and the current system under the Act, negated to some extent by the outdated assessment. So although it is something that staff will be reviewing, I'm not sure that that is the classification we need. I think the assessment system properly designed and operated, can accommodate the member's concerns.

**MR. H. GRAHAM:** Well, Mr. Chairman, I think the reason that I raised the issue was because it was my belief that the department had still not yet finalized the classification system, and if I raised the issue at this time, it may have been overlooked when they are making their final classification. The fact that there is a concern out there to give consideration to a particular classification, I think that it's quite proper that it should be raised at this time so that the Minister and his department, when they are drafting their final classification, however they do it, might be well advised to take into consideration the concerns that have been expressed here and no doubt will be expressed through the courts, through other avenues that are available to them. The fact I wanted to raise it today is so that the Minister would be aware that there is a concern for that particular classification and I would hope that the department would when they are setting up their final classification standards, make some consideration in that respect.

**HON. A. ANSTETT:** I share the honourable member's concerns. As I noted, the department and the

government have been examining that question for some time now. The fact that the member shares those concerns certainly adds some emphasis to our need to review that and ensure that those properties are not adversely affected in any way by assessment reform and I thank the member for raising the issue.

**MR. H. GRAHAM:** Mr. Chairman, in the Municipal Affairs Committee Report of '83, the No. 1 concern that was expressed in that report was basically property classification and the portioning of the same. There has been concern expressed that further research should be conducted into the determination of the various portions. Can the Minister indicate if that research is ongoing or what stage they are at with the research in that particular field?

**HON. A. ANSTETT:** Mr. Chairman, as I mentioned earlier this afternoon, until we have the farm resident and farm outbuilding data complete so that we're working on a uniform base for everything outside the City of Winnipeg and have City of Winnipeg reassessment data, we can't examine possible classification decisions and know what the parameters of any classification should be in terms of defining them.

Staff have done some preliminary work in terms of looking at the possible parameters, but until we know what we need, until we know what's really out there, on and in the ground, we can't do much more in terms of classification work. We need the data. That's why I've been, to be quite honest, very direct with the City of Winnipeg in terms of getting that reassessment done.

**MR. H. GRAHAM:** Mr. Chairman, the Minister is quite concerned about the City of Winnipeg and the process that they are going through and I'm sure the Minister must be keeping in touch with the Assessment Branch in the City of Winnipeg. Could he give us some indication of how far along they are at the present time with their reassessment in the city?

**HON. A. ANSTETT:** City reassessment is well under way and they expect to have it done before the year is out and possibly as early as September, October.

**MR. H. GRAHAM:** Those figures seem to indicate, or confirm, the information that I have been receiving, which also brings up the point that the province will, by that same time, have completed their work. I believe this year is the last year and at the end of this year the province will have completed their work in the rural part of Manitoba.

Can the Minister give us some indication then of the timetable of where he is going from that point on?

**HON. A. ANSTETT:** Mr. Chairman, once we get the farm outbuildings done in approximately September '85 and get the City of Winnipeg data, and they'll give us preliminary stuff as soon as they have it so that we can begin our work while they begin their analysis as well because they have a lot of work to do to implement their reassessment. We don't need it for that purpose. We need it to look at all the possible permutations and combinations in terms of constructing new classes. That will take many months. I would not want to hazard a

definitive guess, but starting this fall we will be in a position and hopefully the computerization process will be at the stage where it can accept all that. So far, we're proceeding very well on computerization. We're a little ahead of schedule, actually, which is very good. I think we're probably looking at six to eight months of number crunching.

But I'd just as soon not be held to that in terms of the definitive timetable because there are approximately 500,000 roll entries that have to be entered and then you have to start working with that data and analyzing how it all gets put together. We can't deal with a sample survey. We've got to deal with the actual hard data, and 500,000 entries are a lot of entries for the City of Winnipeg and the balance of the province.

Mr. Chairman, a lot of that work, initially, will have to be done manually as well using our old computer system which isn't up to the kind of work we want to do on computerization for assessment reform. It may be a full year after that before it all gets into the new system. Now, it'll be transferred from computer to computer at that stage, but it still won't be in the form required from the kind of analysis the member refers to.

I believe I did lay out last year the overall schedule in general terms as to how long each of the stages took, but I did point out that I believed the computerization of the complete rolls, all the testing and ready to roll would be probably, if you stay on target, the summer of '87 so that we would be computerized at that point. The decisions with regard to classifications and portions will begin to have the information during '86 and '87 and those decisions will be made during that time period.

**MR. H. GRAHAM:** Mr. Chairman, can I ask the Minister, in the present evaluation that is occurring in rural Manitoba, is that still based on the base year of 1975?

**HON. A. ANSTETT:** Twenty percent of 1975, yes. That's the cycle we're currently in now. It's an eight-year cycle. I can't give the member an exact date as to when that will be done, but we're in the final stages of that cycle. The program is set out in the supplementary Estimates information.

**MR. H. GRAHAM:** And the current reassessment that's taking place in the City of Winnipeg, can the Minister indicate what base year they are using for that?

**HON. A. ANSTETT:** The same.

**MR. H. GRAHAM:** 1975.

**HON. A. ANSTETT:** It will be the same. It will be 20 percent of 1975. The city assessor recognizes our need for a uniform base on which to proceed with assessment reform.

**MR. H. GRAHAM:** Mr. Chairman, can the Minister indicate whether a decision has been made or is the government endorsing the proposal of the Weir Commission for full-value assessment?

**HON. A. ANSTETT:** Mr. Chairman, the whole question of what is full value, market value, current value is a

very interesting one. In effect, we now have full-value assessment in the sense that all property is calculated through mechanisms to calculate replacement, etc., etc., at what the assessor believes is reflective of its current value in the marketplace. Then all of the various exemptions, factors, percentages, reductions are applied, and a different figure which, to be quite honest, for most ratepayers is a meaningless figure is put on the assessment form.

But we now have, in effect, what the member called full-value assessment. All we have to do is take out all those factors. The assessor has that value in the roll right now. He can tell you today, and you can go to the assessment office in your district, and he can show you in his file what he thinks your home was worth in 1975. Once you apply whatever the factors are, you will then derive the number that shows on your assessment bill. The question of two-thirds of urban residences, the two-thirds factor on urban residences which some people believe was a trade-off for the farm residence exemption 60 years ago, all those kinds of factors are still in there. But the full value is determined using a standard, a set of standards, and is replicated at the present time.

I think that is also highlighted in the brochures the member is now holding as to, in general terms, the process that's followed to do that.

**MR. H. GRAHAM:** Mr. Chairman, I raised the issue because I have looked at the various pamphlets like the Industrial Property pamphlet, the Residential Property pamphlet, Commercial Property pamphlet and the Farm Building Property pamphlet, and I find something in there that just caused me a little bit of concern, where it says, "Industrial buildings, for example, food processing and distribution plants, distilleries, manufacturing plants, fertilizer plants and depots, mines, smelters are valued on a cost-replacement basis." How does he square that with a market value, a fair market value?

**HON. A. ANSTETT:** Certain types of facilities there isn't a market for. If there is a mine at a location, that mine is only good if there's ore underneath the ground, if they build shafts and mineheads and other things. If that were to burn down tomorrow, it would cost a certain amount of money to replace it. That's its value. There is no market in some items. The value is to the companies. A lot of things don't sell. They don't trade in the market. How can you go to Land Titles Office and do a title search on fertilizer plants? They've never been sold. They don't sell.

I would refer the honourable member to Page 86 of the Weir Report, the second paragraph from the top of the page. "It will not always be possible to obtain sufficient sales data to accurately estimate the value of some properties. In such instances, it may be necessary for the assessors to use other assessment techniques, including the income approach which reflects value in a different kind of way, the replacement cost, new less depreciation method to arrive at a fair value of the property. In all cases, however, the target must be to arrive at a fair evaluation of the property within the established time frame."

So there are cases where there isn't a market, and industrial property is often one of those. Its value to

the owner is what it cost the owner to build it and that cost to build is factored into the owner's decision of whether or not to build based on the rate or the return they can get for using that investment. That's its value to that particular enterprise.

**MR. H. GRAHAM:** Mr. Chairman, that is one of the proposals of the Weir Commission Report, but that is not in The Municipal Assessment Act at the present time.

**HON. A. ANSTETT:** I beg to disagree with the member. That is current practice, and it's been practised for quite a number of years.

**MR. H. GRAHAM:** Is that what The Municipal Act says?

**HON. A. ANSTETT:** The act says that we shall determine the value, and we follow that practice to determine the value.

**MR. H. GRAHAM:** Mr. Chairman, if you look at the one dealing with farm buildings, it says: "The assessor makes a physical inspection of your property. All residential and farm buildings are valued on a cost-replacement basis." The market value appears to have disappeared there too.

If the Minister wants further information, if he takes the pamphlet on Commercial Property, it says: "Commercial buildings are valued on a replacement-cost basis." If he takes the Residential Property pamphlet, it says: "The assessor values all residential buildings on a replacement-cost basis."

Mr. Chairman, I just listed four properties here where, I think, we are clearly violating the present Municipal Assessment Act with these pamphlets if this indeed is the practice that is in place.

**HON. A. ANSTETT:** The honourable member is doing some selective reading here, and that's why it took me some time because I wanted to find the exact pamphlet. The orange pamphlet on residences, the very first thing the assessor does, the start of Paragraph 3, and I'm quoting: "First of all, the assessor reviews all residential property sales, and compares the selling price to prices being paid in neighbouring municipalities. From this analysis, the assessor can determine the average selling price of a similar or like piece of property. Highs and lows in the marketplace are eliminated when determining average residential property values."

"For instance, your neighbour may have sold his property for more than it was really worth, because the buyer wanted it in a hurry or was prepared to pay a premium price. Another neighbour may have needed cash in a hurry, and was forced to sell at a lower price."

It then goes on to describe the process then by which you determine, because a particular piece of property isn't on the market, you want to analyse it to determine what's in it, what it would cost on a replacement cost basis to build, and then factor that against the market information so you can reflect what is actually occurring in the marketplace.

Replacement cost is really the first step in the valuation of all buildings. Market data indicates such things as the loss in value, that reflects depreciation

or obsolescence or reflects a capital gain. I believe that is included in more than one pamphlet, that reference. It wasn't in the Farm Buildings pamphlet, and I don't know why, but certainly that's the standard practice and that is what's provided for in the act. That is how staff implement the requirements of the act.

**MR. H. GRAHAM:** Mr. Chairman, I wish the Minister would read the pamphlet then. It says, "The assessor reviews all residential property sales and compares the selling price to prices being paid in neighbouring municipalities."

From this analysis, the assessor can determine the average selling price of a similar or a like piece of property. Highs and lows in the marketplace are eliminated when determining average residential property value. For instance, your neighbour may have sold his property for more than it was really worth because the buyer wanted it in a hurry and was prepared to pay a premium price. Another neighbour may have needed cash in a hurry and was forced to sell at a lower price. Next, the assessor makes a physical inspection of your residence to record all the physical details of both land and building or buildings. Remember, land and buildings are valued in comparison with similar or like properties in the same neighbourhood. It is probable that your land assessment will be exactly the same as the neighbour who has a lot the same size as yours.

As a rule, buyers will not pay more for a property than what it costs to replace it new. The assessor values all property buildings on a replacement cost basis. After giving all of that, it then says, "The assessor values it on a replacement cost basis." That is the issue that I want to bring to the Minister's attention. There are many factors that he uses, but finally it comes down to the point where he values it on a cost replacement basis.

Mr. Chairman, I suspect that that is in clear violation of The Municipal Assessment Act.

**HON. A. ANSTETT:** Mr. Chairman, the pamphlet is clearly in total conformity with the act. I refer the member to Section 29(1) and 29(2) of The Municipal Assessment Act under the subheading "Valuations" - "Lands apart from buildings shall be assessed at their value and, in determining value, the assessor shall consider amongst other things the advantages and disadvantages of location, the quality of the soil, the annual rental value which, in his judgment, the lands are reasonably worth for purposes for which they may use, the value of any standing timber and such other considerations as the provincial municipal assessor directs."

The provision for "Buildings," Section 30(1) - "Buildings shall be assessed at two-thirds of their value."

There is provision in the act for the provincial municipal assessor to direct how those values shall be calculated. That is what this pamphlet sets out, the historical set of directions that have been used for years as to how these values shall be calculated. They are intended, and that's what the act intends, and that's how we interpret the intention of the act, to reflect full value of that property, whether it's real property in the form of buildings or in the form of land.

Clearly, the use of the sales data, which is also referenced in the farm lands pamphlet and in the residence pamphlet for sales data, is to give that kind of benchmark. There are factors that operate in the marketplace that are slightly different than the lumber yard price of a two by four or the speculative value of land for purposes other than the economic return that a farmer can obtain from it.

**MR. H. GRAHAM:** Mr. Chairman, assessment has been a subject of debate for years and years. We have heard city councillors talking, we have had government plans that have been put in place to upgrade the value of your building, and I don't object to a lot of those things.

But in all cases, whenever work is done to a piece of property, it increases its market value. That has been the basis that people have bought and sold property and it has been the basis that assessment has been, but that is not replacement cost value. That is not replacement cost.

You can buy an insurance policy today - you can get a premium that will replace your house at current market value. You pay a different premium if you have a replacement cost written in so your market value and replacement cost are different figures, Mr. Chairman. They are different figures. But here we have a statement that the assessor values your property on replacement cost.

I suspect, Mr. Chairman, that the pamphlet is in error, and I would hope that the Minister would probably agree that there was an error made and that it should be corrected. This is the reason why I am raising the issue because the replacement cost, as far as I am aware, has never been a basis for assessment other than for insurance purposes. If an insurance company wants to sell you an insurance policy on your house, they will assess it for its replacement cost if that is the type of policy you want to buy. But to assess property on replacement value for assessment purposes, to me, does not wash. It is not a proper method of assessing.

So I don't think the department has an intention of doing that at all. But I wish they would then withdraw these pamphlets and change the wording. That's all I am asking the Minister to do.

**HON. A. ANSTETT:** Mr. Chairman, I don't know what I have to do to demonstrate to the honourable member - maybe it's not possible - that the the pamphlet not only is correct but that perhaps he should have read it before he got to the meeting.

Mr. Chairman, on every one of the pamphlets, and I would refer him to the bottom right hand corner of the one on farm buildings that he was reading, there is a note that very clearly indicates that the assessment is based on market value and tells the ratepayers of his constituency and every other constituency in which there are farm buildings, how that is done. I believe the pamphlet is very clear. Staff worked on them a long time. I went through them with a fine-toothed comb to make sure they were clear before they were published.

For some reason, what the member can't seem to grasp here today is that replacement cost is a way of measuring the value of a building in the context of what's happening in the market because no two buildings are very often identical. So what you must

do is look at them and look at what it costs to build them to establish their relative place in the market so that the assessor can compare their relative market value. Properties aren't identical, so you can't just say because each one is a three-bedroom bungalow, or each one is 1,000-hog barn, they have the same value. There's a lot more to it than that and the honourable member knows that.

You want to find out what actually went into the building so that you can determine if a building which sold on the market for \$50,000 and has on a replacement cost formula a \$40,000 replacement cost, and another building which didn't sell because it's not on the market has a \$45,000 replacement cost even though the two of them look identical from the exterior, that the one that cost \$45,000 is worth more than the one that cost 40 and sold for 50, and you're establishing relationships in the marketplace.

This isn't a question of either/or like an insurance policy and the pamphlet makes that clear. It talks about market data. It talks about the kind of detailed work that's done by assessors out there in the field basically doing - my God, they've almost got to do a specification list of the lumber that went into that dwelling. They almost have to virtually go to takeoffs from plans and do spec lists to determine replacement cost. They do that work but it's put in the context, not an either/or situation of market. This is what it's all about.

Now, we had this same discussion last year. Last year we didn't have the pamphlet to help the member and the discussion was shorter.

**MR. H. GRAHAM:** Mr. Chairman, I would hope that the Minister would not display his ignorance of the marketplace by talking about replacement cost in market value. However, all I'm trying to point out to the Minister is that I wish he would remove that one phrase from his pamphlet. Otherwise, he has an excellent pamphlet.

**HON. A. ANSTETT:** Mr. Chairman, I refuse to lie to the people of Manitoba. The assessor conducts an assessment of the cost of replacing that dwelling so we can put it in the perspective of the market. To do that, he does that kind of reconstruction of the cost of building the dwelling, and if I weren't to tell the people of Manitoba that was done, I would not be giving them the full story. Now having told you in this committee that that's how we do it, to take it out I'd be lying to the people of Manitoba. Mr. Chairman, replacement cost - and I have to emphasize this - is the first step and that's all, the first step in the actual reconstruction of the cost of that dwelling; but there is market data, there are the exemptions, there is the bright red footnote that the member missed . . .

**MR. H. GRAHAM:** I didn't miss it.

**HON. A. ANSTETT:** . . . and that footnote is in every pamphlet. The member said earlier, why don't you tell the people you use market value. Well, every pamphlet says "market value" right in it.

**MR. H. GRAHAM:** It also says you use replacement cost.

**HON. A. ANSTETT:** The same thing.

**MR. H. GRAHAM:** It isn't the same thing.

**HON. A. ANSTETT:** In terms of the final result, it's the same.

**MR. CHAIRMAN:** This committee shall be recessed until 8:00 p.m. tonight.

### SUPPLY - HEALTH

**MR. CHAIRMAN, P. EYLER:** Committee come to order. We are considering the Estimates of the Department of Health, Item 7., Manitoba Health Services Commission, Medical Programs - the Minister of Health.

**HON. L. DESJARDINS:** Mr. Chairman, I can give an answer to one of the questions that I was posed yesterday. This is in regard to the stone removal from a kidney by means other than an open operation. It is recognized that the closed procedure does constitute an advance in technique and a shorter hospital stay can occur. Secondly, early experience with any new procedure is more time consuming than when expertise is achieved. Therefore, time-related remuneration is not satisfactory to use as a sole factor in establishing a fee.

There are two disciplines of medicine who are engaged in performing the removal of kidney stones by non-surgical methods; namely, radiologists and urologists. When the first fee proposals were received from the Manitoba Medical Association, these two groups were negotiating separately for fees. The Manitoba Health Services Commission asked the MMA to provide a joint submission, and the MMA has now agreed. Their latest proposal was received by the Commission approximately two weeks ago or so in the middle of April, 1985.

**MR. CHAIRMAN:** The Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, I wasn't aware that there were two fee schedules, urologists and radiologists that were being sort of melded to come up with a common fee proposal from MMA to the MHSC.

Could the Minister indicate whether my understanding is correct that part of the problem stemmed from patterning the fee schedule in Manitoba off an existing fee schedule in Ontario, which not too many physicians had the expertise or the experience with the procedure under their fee schedule? Ontario, in fact, now apparently is in the process of raising their fee schedule for this procedure as well. That had been a stumbling block in terms of the negotiations, not only with MHSC, but by MMA in terms of trying to come up with a reasonable fee structure for that procedure.

**HON. L. DESJARDINS:** Yes, Mr. Chairman, Ontario and B.C. have an interim fee also.

**MR. D. ORCHARD:** What's that again?

**HON. L. DESJARDINS:** Yes to the question about Ontario having determined fees, and B.C. also determined on an interim basis.

**MR. D. ORCHARD:** And both of them lower?

**HON. L. DESJARDINS:** Both are what?

**MR. D. ORCHARD:** And lower?

**HON. L. DESJARDINS:** Quite a bit lower. The first proposal by the MMA was as high as \$800, and the fees in Ontario, team fee of approximately \$400, and B.C. had about \$400.00.

**MR. D. ORCHARD:** Mr. Chairman, are the approximate days of hospitalization required for the two comparative procedures correct, so that there is about half the hospital time and a potential for fairly substantial savings there to the system?

**MR. CHAIRMAN:** Medical Program - the Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, the Minister indicated that was correct, I believe, in the last answer, did he?

**HON. L. DESJARDINS:** Yes.

**MR. D. ORCHARD:** Mr. Chairman, in the Minister's opening remarks, he indicated that we will reduce the waiting list for elective eye surgery by providing staff and equipment to perform 1,000 procedures a year in day surgery. Can the Minister indicate where that program will be available out of one hospital, several hospitals?

**HON. L. DESJARDINS:** Mr. Chairman, I've been checking the press release, and there's negotiating going on between the Commission, the University, and Seven Oaks at this time to have it done in Seven Oaks.

**MR. D. ORCHARD:** Mr. Chairman, negotiations to undertake the procedures at Seven Oaks, am I to presume that the entire 1,000 procedures would be undertaken at Seven Oaks? What was the method of choosing Seven Oaks as the centre to offer this service? Was it by tender between the hospital systems?

**HON. L. DESJARDINS:** Mr. Chairman, there have been discussions with a number of hospitals, and I think that the Commission sought the costs that would be and, of course, the space available was an important thing and what they were doing, how busy they were at certain hospitals. It seems to indicate that with everything concerned, a good area would be Seven Oaks. Most of it would be there, but that doesn't mean that can't change because we are looking for those kinds of programs that obviously would not necessitate as many beds if some of these methods could be done. It is done also at Selkirk Hospital. I think it's the first place that it was done - people that are not admitted in the hospital, not for admission. That is the reason.

I think Victoria also was interested, and we're still talking to Victoria also, but because of the space available and so on, it seems that Seven Oaks might be the logical place.

**MR. D. ORCHARD:** So, Mr. Chairman, there was no effort by MHSC to basically put out the work on almost

a contract basis to see which hospital could undertake to do it most economically or what facility could undertake to do it most economically?

**HON. L. DESJARDINS:** Mr. Chairman, we received requests or applications from five different hospitals. It then was pretty well between Victoria and Seven Oaks. The final decision - you must remember it's not just the Commission involved in that, it's the university. The Ophthalmology Committee should make a final recommendation in a week or two.

**MR. D. ORCHARD:** Mr. Chairman, in receiving basically - unless I misheard the Minister - applications from five hospitals, on what basis did those hospitals apply? Was anyone allowed to put in a proposal as to how they would undertake this, or was there a set of guidelines that the MHSC put out from which various groups would indicate that they could provide this service for so many dollars? How was the process arrived at?

**HON. L. DESJARDINS:** Mr. Chairman, those that would perform the operation in hospitals; in other words, by admitting. The hospitals were asked if they were interested. They were to put in a bid. Of course, as I say, there were negotiations with the hospitals. It's pretty well done in a teaching way; it should be at a teaching hospital. That's one of the reasons to start getting things away from St. Boniface and the Health Sciences Centre, to have a little more balance, and these people are always wanting more and more beds and so on, to use the other hospitals fully. The discussions then certainly with the university and the hospitals will come down to both Victoria and Seven Oaks, and as I said, the Ophthalmology Committee will make a recommendation to the Commission and to me in about two weeks.

**MR. CHAIRMAN:** Medical Program - the Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, the Minister confused me a little bit with his last answer when he started talking about availability of beds, etc. etc., I thought this was outpatient surgery, which wasn't requiring beds, at the various teaching hospitals, etc.?

**HON. L. DESJARDINS:** I didn't say that. I said those that were performing operations in the way that we've been used to - admitting the people, assigning a bed - these hospitals were asked if they were interested in running an application to do it this way and not for admittance. Five of them applied and it was cut down to two, as I said, and the final recommendation of the Ophthalmology Committee should be made in about two weeks.

**MR. D. ORCHARD:** Mr. Chairman, I take it that when the recommendation is made, and let's make an assumption that Seven Oaks becomes the facility which will undertake this program, I take it that the Health Services Commission will be putting in the necessary facilities and equipment at the hospital that has chosen to undertake this new program and that in all likelihood physicians with an expertise in not-for-admittance eye surgery would be able to book patients up to this 1,000

per year, or whatever the number is - 1,000 procedures a year. As long as they had the ability to undertake that kind of surgery, they would be able to use the equipment there, etc. etc. at Seven Oaks.

**HON. L. DESJARDINS:** The ability to provide for the 1,000 additional cases in the next fiscal year referred to in the Throne Speech is an attempt to clear the backlog, which has resulted in lengthy waiting lists in cases being bumped for in-patient surgery because of a shortage of beds. The decision as to where these services will occur is yet to be made as we are awaiting the recommendation of the Ophthalmology Subcommittee, the Health Services Review Committee, of which both Dr. Laxdal and Dr. Gupta are members. As most of the eye surgeons already have admitting privileges in more than one hospital, it is proposed that access to the new facilities be made available to those eye surgeons who request it. It is expected that regardless of the location of the out-patient program, waiting lists at all facilities should be minimized and perhaps eliminated, and both the Victoria and Seven Oaks have already committed themselves to give admitting privileges to all the ophthalmologists who have performed these operations.

**MR. D. ORCHARD:** But still, only one of them is going to have MHSC supply the equipment under this program that you've announced.

Now, Mr. Chairman, the Minister indicated that outpatient eye surgery service was being performed at the Selkirk Hospital. Could the Minister indicate whether that program is the same as this program; i.e. does the Health Services Commission, etc. etc. own the equipment out there or is it the physicians' equipment?

**HON. L. DESJARDINS:** Mr. Chairman, that arrangement had been developed between the physician and the hospital. The physicians furnish the equipment and we finance the lens of course. This program has been done very successfully, probably in a much smaller way than you would see it with this program.

**MR. D. ORCHARD:** Mr. Chairman, it's my understanding that the Selkirk program has been quite successful and has involved one physician, Dr. Krolman, I believe . . .

**HON. L. DESJARDINS:** Right.

**MR. D. ORCHARD:** Well, I'm not certain, I can't speak for the entire profession, but certainly one might say he is on the leading edge of his profession in terms of ability to perform outpatient eye surgery, etc. etc. It's something that he is at least, if not the best, one of the best ophthalmologists in the province.

Mr. Chairman, in attempting to get a handle on this, I'm not sure what the capital investment that the province has in terms of providing this service out at Seven Oaks or Victoria, wherever the decision is made. No doubt, there will be a more sizable investment than what Dr. Krolman has at Selkirk.

I had a discussion with Dr. Krolman recently to get an idea of the success of a program which doesn't

involve hospitalization, because I think the Minister and most people who are observing the health care system want to try to get away from use of the acute care bed in the hospital if it's at all possible, and Dr. Krolman, that's what spurred my interest in the new kidney stone operation where you don't eliminate the use of hospital beds, but certainly you reduce the time spent and the amount of patient days in acute care beds with that new procedure.

It's my understanding from discussions with Dr. Krolman that he was at one time quite highly involved with the School of Ophthalmology at the Health Sciences Centre and for one reason or another ended up in Selkirk to undertake his practice. Now, I believe that Dr. Krolman, whether it's a public knowledge, is not going to be in the province after this July. He's leaving for Nova Scotia to set up a practice in Nova Scotia, and I think that the province will lose one of their very finest practitioners in ophthalmology with the loss of Dr. Krolman.

Now, I don't know what sort of behind-the-scene problems there are in negotiations with the various hospitals, with MHSC, with experts like this individual, but in talking to him, he indicates to me that it's his understanding of the Nova Scotia situation that they last year passed their legislation which banned extra billing, but prior to doing that they sat down with their medical profession to try to take some of the wrinkles and the kinks out of the fee schedule, so that the fee schedule in some way, I presume, compensated for some of the specialists who had been in the practice of extra billing because the commission's set fee schedule was lower than possibly other provinces or lower than in other jurisdictions.

Now, Mr. Chairman, in setting up his clinic at Selkirk Hospital, Dr. Krolman did have to put in his own equipment, etc., etc., and basically charge, I presume, sufficient in extra billing so that he at least had a contribution towards his equipment because neither the MHSC nor the hospital apparently purchased that equipment.

Now, under circumstances like that, Dr. Krolman is not going to be a problem because midsummer he's going to be, as I say, at Annapolis Royal in Nova Scotia. Once in Nova Scotia, apparently, their commission will be setting him up with equipment and operating space and he indicates to me that the fee schedule is also no problem in Nova Scotia.

But my question to the Minister is: In circumstances like Dr. Krolman's, and with the passage of the extra-billing legislation, where a physician owns his own equipment in order to undertake a procedure which is outpatient surgery, and he requires of the patient, because presumably - well, the fee schedule is the same whether he does it with his own equipment or whether he does it with the hospital equipment at the Health Sciences Centre - now if a physician in that circumstance asks for a contribution above the fee schedule to cover the cost of equipment that he owns, will that be deemed as extra billing and not allowed under the Minister's proposed legislation? Would we see the Dr. Krolmans, as an example, unable to continue operating in the Province of Manitoba?

**HON. L. DESJARDINS:** The situation of the equipment that a doctor might have, if it's something that is covered

by the plan, it's paid for. If you go to a clinic and there is an x-ray, you pay for the x-ray; that's not fee for service. You can't extra bill for a fee for service.

Now the doctor in question had an operative microscope; he did it on his own. He did very, very well financially maybe because he was the first one, one of the first ones that worked at the hospital. I don't think that he had any costs at the hospital. He didn't have any costs at the hospital. He used the hospital and not any other facilities, but he had one piece of equipment. As I repeat, he did very well financially. He's never mentioned it; he has never asked for anything else.

Now the procedure, if there is something new, it would go through the MMA, approved by the College of Physicians and Surgeons, and then like everything else, like your pump that you were talking about yesterday, I guess it would have to be made if it's covered. But, no, there is not going to be any exception for equipment. How would you know why they are extra billing? If the equipment is covered, fine. If it's not, it is the cost of the patient. The same, for instance, x-rays are not covered with chiropractors and you have to pay for your x-ray even if it's just your first visit.

So don't think that this doctor - it could be that he sees a chance to set up the thing. There is no doubt that he was a very capable doctor. We have others also that probably did very well in settling in this new location. It's his right, but there is no doubt that he was doing very, very well here, that he would have to leave a very lucrative practice.

**MR. D. ORCHARD:** Well, Mr. Chairman, presumably, the outpatient eye surgery that the Minister announced with the thousand procedures going into Seven Oaks possibly, or Victoria, presumably undertakes and utilizes similar technology and similar equipment. That being the case, and despite the fact that, as the Minister indicates, the gentleman has done extremely well financially, I presume the Minister is referring to the fact that he has utilized the existing right of extra billing that is still in place in order to assure his income level that the Minister indicates was quite generous.

I pose the possibility that the patients were quite content, if there was an extra-billing charge, to pay that for having the procedure done on an outpatient basis so they weren't hospitalized, so they weren't tied up for several days and that the new technology was something that these individuals believed was good value for their money.

Now, Mr. Chairman, that presents a bit of a problem for the province, I think, even though there are very good ophthalmologists still here, but the School of Ophthalmology, I believe, is closing this July. I think it's fair to say that having a teaching facility in a medical discipline certainly encourages excellence, and I would not wonder whether the profession of ophthalmology will not suffer from these two circumstances which are occurring together co-incidentally in the month of July with the closing of the school and the loss of this physician who is moving out of province to set up his practice elsewhere. It's an expertise, in one instance, of one physician that we are losing and, secondly, the expertise of having a teaching school in the province is also being lost at the same time.

I would wonder if the Minister would have any concerns as to the long-term ability of Manitoba health and the Medicare program in Manitoba to maintain what has been to date a very high quality of service.

**HON. L. DESJARDINS:** Well, the decision to close the ophthalmology residency training program is something completely different. It has nothing to do with a doctor leaving the province or anything. We are all sorry to see that but it has nothing to do with Dr. Krolman.

During certain times when we keep on talking about the freedom of the individual that wants to practice where he wants, it's obvious that some people will come and go to different provinces. There are some people that leave and you are very sorry to see them go because they are performing very well. But I think my honourable friend would be the first one to realize that we can't start making rules around individuals. The act is something that my friend has supported, The Canadian Health Act. Criticism maybe should be directed to the Federal Government who brought that act in.

The situation is that there is no extra billing. In this case, I just passed on very confidentially the kind of money that somebody could be making here without extra billing and with extra billing. Now the motives, it's not up to me to decide, but there are some people that would leave to go to the place that pays the most. You lose athletes that will leave Manitoba because Manitoba can't support them. You lose professors; you lose people in the industry and so on. We're faced with a population of approximately 1 million people who have to pay the bills. As I said, there is not even cost sharing in this case from the Feds anymore, just a flat sum.

We're very anxious to keep the doctors and the best ones that we have, but finally the decision is theirs. We can't change it, especially in this case. I don't think my honourable friend would feel justified that we should do something special to retain that person with the wages, the money that is being made. I don't think it's an emergency like you're losing somebody because they can't make a living. I don't think this is the case.

There might be all kinds of reasons. The person might want to do a little more. It might be Hawerchuk might want to play out his last option year, and then go on the free market to make more money. Those things happen. We can't stop them, but there is no way that Manitoba can say we'll top everything that you get. It's impossible. I think that we're being fair. I'm sorry to see him go, but there is not too much we can do about it.

**MR. D. ORCHARD:** Mr. Chairman, I don't doubt to what there is regret. With a system of billing in place, there may not be too many things that the Minister or the department or the government can or care to do, but I just want to touch briefly on maybe it's a policy, maybe it's a philosophical approach to the fee schedule setting. This one seems to be almost a natural example, and much more so even than the new procedure in kidney stone removal.

I'm going to have to think about how to put this, because I want it to be understood of what I'm trying to get at. In the Estimates, we have got the Manitoba Health Services Commission with a global budget, but

the split comes down in terms of Medical Program versus Hospital Program. So a procedure such as the kidney stone one may well end up saving budget in the Hospital line, because a patient using the new procedure is not taking up an acute care bed for the same length of time as someone who had the new procedure.

The same thing, I think, applies here only maybe more so in that there is basically no admittance at all to an acute care bed, and surgery is done on an outpatient basis. Now it would seem fairly logical to me that, if the physician is paid basically the same commission fee for cataract, if you will, in-hospital versus outpatient basis, that it doesn't make any difference to the physician where he goes. It's probably easier for him to do it at the Health Sciences Centre where everything is completely contained.

But in terms of the global saving to the department and the system, there is an advantage in the Hospital line from the procedure being done on an outpatient basis. Presumably, you know, the Minister has probably got a twofold objective in his announcement in introducing the estimates of 1,000 procedures a year in day surgery, first off to reduce the backlog of people waiting for the procedure; and secondly, by having it as a day surgery, to reduce the load on the hospitals.

Now given that's possible under the new procedures, it seems to make sense to me that the fee schedule somehow reflects partially that kind of saving, and I'm not sure it does. Secondly, and I'm almost arguing against myself because I haven't talked to the experts you've got in your branch or the experts at the MMA to know whether indeed it should, but it seems to me that we are taking and jealously guarding as administrators and as caretakers of the health care system, we sort of zealously guard the Hospital line versus the Medicare line. Unless my particular line saves money from that procedure, then I'm not interested in how it impacts on the Hospital line, for instance, or the Personal Care Home line or the Pharmacare line. That doesn't necessarily seem to me to be the way to breed the greatest amount of efficiency within the system.

Obviously the Minister and the department must agree that the new technique in day eye surgery is beneficial to everybody, including the commission. Everybody theoretically wins on it. There might be only one possibility of a downside, being that, by having the new procedure in place, you might have the waiting list for the elective eye surgery reduced and in one fiscal year, you may move 20 percent patients which would have, because of the waiting list, not been operated on in this year. You might have a temporary blip in your medical services, but basically after that if we're providing the surgery without any cap on it, basically the program should save dollars to the health budget in general.

I ask the question to the Minister as to whether those kinds of considerations become part of the fee schedule for new process, new techniques in surgery that allow a saving in hospital acute care bed time.

**HON. L. DESJARDINS:** Mr. Chairman, first of all, let me say that for any fees, any specialty, any group know exactly how they should proceed. If for some reason

or other, they feel by that change in the method or the style or whatever, equipment and so on, that the fee should be changed, well then they're to apply to their own organization at their request to the MMA to make sure that this is looked at. Then they will get a decision.

Now I am trying to follow my honourable friend now and yesterday on this when he was talking. I have some concerns. If my honourable friend is saying, in effect - I'm not sure he's saying that, but if he's saying well this is going to save money. Part of it should go to the doctor. It should reflect in his fees. Well I don't believe in that. I said that there has to be some incentive in the general motivation but, if you're going to start doing that, well then we're in real trouble, because we are not going to have the saving that we should have.

If they are doing the identical thing, what difference does it make? Why should the doctor, because he is not wasting - shouldn't that be a natural thing for him to do, to try to help with in a plan that is very good to the doctor? Also we're going to look at that, who allows them to make a very good living. I don't think they should be less. I don't think they should be penalized but, in general, you should be paid for what you're doing.

Now it might be that an operation done on a patient that has not been admitted to hospital, there might be some follow-through on home care. A doctor might have to see him a second time or go and see him, and that's different. I think they should be well paid for what they're doing, but not automatically say well, you know, it used to cost so much.

First of all, you're not saving - yes and no. You're not saving anything unless that bed is closed, because as soon as that patient is gone, another patient is in the bed. You can argue, of course, to say well all right, that's one less bed that you're going to bill. Some people will say that's the only way you're going to save is keeping these beds busy, and the only place you'll save is cutting beds. Because the beds, no matter what the system, change. We were talking about this last evening. We were talking about Brandon and so on, that's one of the situations. Things have changed, they've used the beds more and more and it's normal. Now, let's say that you have more doctors, less beds, you'd use it less and that pattern is going all the way through.

So, I would say that if it's the same kind - let's start with the fundamental way, paying this, it should be fair and so on. It should be for the work that they are doing, not necessarily if they save more money. We should encourage them and they should be willing and anxious because it is their program also. They're making a living out of there and the more money they'll make if it's reasonable. Well, if everything is so expensive, well, then, it'll be more difficult.

Now, this doctor mentioned who is going out and it was suggested he's going back to ophthalmology, why is he leaving? I still don't know, but for major surgery - and this is in ophthalmology - this is the fee schedule as of July 1, 1984. The top province was B.C. at 404.45; the second one was PEI at 380.19; the third one was Ontario at 274.72; the fourth is Manitoba at 370.81; the next is Alberta at 365.43; then Nova Scotia - where he's going - at 358.73. So, it's 370.81 here and 378.73 in Nova Scotia, and Nova Scotia has discontinued all extra billing. So, it must be some other reason. Maybe he has a teaching assignment there. He might be a

head of a department or something else, or maybe he just wanted to live in Nova Scotia. The situation is, as far as the fees, it's higher here and we're on the same rules. They do not allow extra billing. They were the first ones to make the announcement and bring legislation in there.

So, on this other thing, the important thing is that there has been more money put into ophthalmology by the MMA. But, if there is something, if there is a change, or if somebody wants to make an appeal, they get in touch with the MMA and ask them to review the fees. That'll be done in conjunction with the commission, but the responsibility is with the MMA and I'm told that this was never done.

**MR. D. ORCHARD:** Mr. Chairman, so that the Minister doesn't get the impression that I'm advocating a given method, my question to the Minister was along the lines of whether, in determining a fee schedule, the cost to the total system became involved in setting that fee schedule because it is my understanding that the new kidney stone one, referring back to that, had a fee schedule which was lower for more time basically - Is the way it was explained to me. It was to the physicians' advantage to not use the new technology and, Mr. Chairman, I think it becomes an important argument, or an important consideration, to know whether those sorts of things will be considered from now on in terms of the setting of fee schedules because, as of this Session, there will be no extra billing by any physician in the Province of Manitoba.

Now, that would seem to me if a physician takes it upon himself to learn a new technique or a new procedure which he believes is beneficial, and I think both of these ones we've been talking about last night and this afternoon are, without question, beneficial to the patient and, as it turns out, beneficial to the health care system and the health care budget at large, that if the fee schedule setting system does not compensate or take into consideration the saving globally to the system of less acute care bed time, or the saving in suffering, if you will, with the patient, then we may well find ourselves in a circumstance where we're being counterproductive to the profession in allowing them to pursue new techniques and new procedures.

Now I know from what the Minister said the other day, and I don't basically disagree with him, that you could have new technology basically to the nth degree and someone at some point in time has to make a decision as to whether it's cost-effective, because you could have, I suppose, ultimately, 1,000 ultra sound machines throughout the province and have five-minute service on them and you could have 25 CAT scanners, etc., etc., etc. I know that there is not an unlimited use of technology, but it seems to me that there is a marrying of the minds and of the expertise that is necessary here, and once again, I reiterate the position that I think this will become possibly more of a problem and it's not going to show up immediately; it's not going to show up this December, for instance; it's maybe going to take a year or two to show up.

But it seems to me that under the old system there was an opportunity, if a physician could try a new procedure, there was an opportunity for him to pay for some of his additional training costs, etc., etc., because

often they have to go out of province to get the expertise because it isn't at home. There are opportunities to recoup some of those extra costs wherein their ability to extra bill. Now we have got a circumstance where there isn't going to be any extra billing and that was the nature of the question and the reason I posed the question to the Minister as to whether it presently is a consideration to the fee setting schedule between the MMA and the MHSC and if it isn't now, if it might not be something that is given consideration, and I'm not saying that if a physician has a new surgical procedure that saves four days of acute care stay in a hospital at \$400 a day that you pay him an extra \$1,600.00. I'm not saying that at all. But I am asking him whether that becomes part or will become part of the fee schedule determining system with the objective being the pursuit of excellence and efficiency within the medical profession.

**MR. DEPUTY CHAIRMAN, D. Malinowski:** Mr. Minister.

**HON. L. DESJARDINS:** Mr. Chairman, there is something that I should correct immediately. My honourable friend might be aware of that by the way he's speaking, I don't know if he realizes it, he's leaving the impression that only people who were opted out in extra billing were ready to try anything new and had any problems like that. They are a very very small group. Well, I'm saying fine, if that's not the case. But remember that when you're suggesting this, that there is a very small group of them that are extra billing. Some of them were opted out and not extra billing, or only extra billing in certain instances.

Now, I have said, we're dealing with human beings and we have to remember and there has to be some incentive for changes. I've said that repeatedly. Having said that doesn't mean that we should go to the other extreme and that the medical profession or anybody delivering service feel that if there is any saving and so on, we owe them a percentage or we owe them something else. That has to be understood.

Now, the fees are set up in this way. On the length of time of the operation, whatever has to be done, and the education needed, the difficulty of it and the expertise needed, not unfortunately - I don't know how we could work it - the ability of each individual. That just can't be done. Everybody would be looking to see if there's a certain way, and that would be very difficult. If you went by age and that, you're discriminating maybe against a real young, good person, and you might be paying somebody that should have retired. So it's very, very difficult.

So I would say that there is no way that we could forget about the incentive that has been mentioned, but that should not be the first way that we're going to set up fees. What are we doing? We're trying to save somewhere. Somebody else is saving. We're saving in this way just to give it to somebody else who is already well paid, and I take for granted that they should be well paid.

But there has to be some incentive. They'll have to understand and work with the association, but they also must take pride and have the responsibility of doing everything they can to make this a success, to make it work and to cut down. They are also taxpayers;

they're also Manitobans, and they have just as much a responsibility to see this thing work, but not at any cost.

Then furthermore, if they change from performing these operations, let's say, in a no-admittance facility, what are they doing? They are releasing these beds that they will be able to use for their most difficult cases, and they won't have to wait as long. They will make more money. You know, if you're waiting, you've got a few doctors and if you're waiting because they take so long in the facilities and you're back down 1,000 cases in a year - my honourable friend said, with this method, we might catch up. Well, that's 100 or 1,000 more operations than were performed, and they all have to be paid for, so somebody is getting something for that.

Then if the beds are used for something else, there are other operations for people that were told awhile ago that you couldn't get in, that everything was postponed because of a lack of beds. So those things are all factors.

You know, there's no such thing as saving money in beds if you don't close beds. For instance, we won't see any saving, no matter what we did, in the immediate future, but you might eventually say well, under this style, I needed so many beds for ophthalmology because it took so long in the hospital for surgery and so on and, under this system, I needed that. Now I don't need them. We have changed that. Therefore, I didn't have to build those 200 or 300 beds. That's where the saving is going to come. It is what's going to be done in the future.

I think there have been some people around who feel that you can just go from one day to the other and decide, okay, starting July 1st, we are now getting away from the institutional model type of health care. We're going to go to the community clinic and prevention and all that. That would be great, but it doesn't work like that. You must maintain both systems and change them gradually.

So if my honourable friend is saying, will you make sure that the incentive is kept to encourage the people to play ball and make sure that they help you with the savings that should be made, yes, that will be done, maybe not necessarily exactly the way it has been mentioned. That will be done in discussions also with the MMA and the other group, and appealing to their sense of fair play we would hope, and then maybe pressure from their peers and pressure from other people in the group. If we all work together, it will be easy to get away a little bit from being less parochial and just say, I don't give a damn about anything else, but I make more money this way and therefore I want the same.

That kind of a hard line, to say I lost that and now I must get that. I don't want to agree with it; then there would be no saving at all. But I certainly agree that, as much as possible, nobody should lose money. In fact, they should make more. There should be some incentive for them to come along and accept the different challenges and work in co-operation in obtaining these savings that are so important.

**MR. D. ORCHARD:** Mr. Chairman, could the Minister indicate whether there is any national standard for the

availability of CAT scanning or ultrasound across the country? Is there any national population goal per machine or per availability of machine that the country uses as a guideline?

**HON. L. DESJARDINS:** The guidelines are roughly one to 300. We have them one to 500. We have been successful in keeping this down, but there are certainly requests; there is a request for a second one at St. Boniface. There are some that would save quite a bit by having these for the head only, and those for the whole body. There is a request for two at the Health Sciences Centre. Their first one is practically obsolete. And there is a request at Brandon.

We have set up a committee. Obviously, we can't buy four of those all at once. We just bought one. There is a committee just on that, just for the CAT scan, we are looking at the situation and making recommendations as to where the next one should go.

The first one was set up in 1977 here at the Health Sciences Centre, and it's currently scheduled to operate 90 hours per week at an annual volume in excess of 8,000 examinations. A replacement for this scanner has been approved, and it's expected to be in operation by 1986. That's at the Health Sciences Centre. The delay is due to a structural requirement. That one has been approved. The 1977 unit will cease operation when the new commences. There is not going to be a second one that's finished.

The second scanner to operate in the province came into service April of 1984 at St. Boniface General Hospital, and is now operating approximately 80 hours a week. The 1985 anticipated volume is in excess of 6,000 examinations.

We have not made provision in the 1985-86 Estimates for a third CAT scanner. A new CAT Advisory Committee will be established to recommend on prioritizing future scanner installations. The terms of reference and membership will be broader than the previous committee to consider the need outside of the teaching hospitals, and also to consider other image modalities such as magnetic imaging. A recent survey was conducted by the Research and Planning Directorate on CAT scanner operations in other jurisdictions, and this will assist the committee in their deliberations.

It is a difficult thing. I think we were doing quite well in Manitoba. There is certainly pressure for more now. As I say, we've approved one that should be up as soon as possible, and are ready for another one. I would imagine that there'll be two more approved in the very near future.

Now you have on the other extreme where a director of a hospital who had been visiting in the States was telling me how bad it was there, the competition between these private, money-making hospitals in the States. The competition was so bad that a hospital with 50 beds felt that they had to order a CAT scanner, because they couldn't get the doctors to refer a person there if they didn't have a CAT scanner. These are the kinds of things that are costly. Imagine 50 beds and a small population that they would want a CAT scanner, but that I think is what adds to the cost and then everybody feels that they should have one. So we have been a little careful. We know that we need more. There is one approved, and I dare say that the others would be approved fairly soon also.

Well, ultrasound, I don't know if the same committee, some of these . . . I'm told it's a different committee, an Ultrasound Advisory Committee to recommend to the Commission phased establishment of ultrasound services within the province. To date, these services are only provided in hospitals.

There has been considerable upgrading at the Health Sciences Centre, St. Boniface General Hospital and Brandon General Hospital. As well, new services were established over the past four years at Victoria, Grace and Misericordia General Hospitals in Winnipeg and The Pas, Dauphin, Winkler, Steinbach in rural Manitoba. There is still insufficient capability to provide adequate ultrasound services with acceptable waiting times.

It is proposed for the '85-'86 fiscal year that the existing facilities be improved to increase patient throughput. The option allows services to be established in the private sector and set up a fee for service, or further expanding existing hospital facilities for greater patient throughput, or establish more new facilities in other hospitals. It is recommended that the primary thrust for the '85-'86 fiscal year should be option 2, and option 3 would be the next choice.

Option 2 is further expanding existing hospital facilities for greater patient throughput and then after that establish more new facilities in other hospitals.

**MR. D. ORCHARD:** Mr. Chairman, I thank the Minister for those answers.

As it stands right now, with the new CAT scanner that will be in place in '86, the Minister indicates we would be at 100,000 to 500,000. Mr. Chairman, the national standard of 100,000 to 300,000, that's a recommended guideline for across Canada.

First of all, does the Minister know whether other provinces are able to come close to that standard, and whether we are lagging behind other jurisdictions or ahead of other jurisdictions?

Secondly, and I know this is always a problem because I know that people at home have run into the same kind of a problem in personal care homes. They say if they can get a personal care home on the books, that there are a lot of seniors in the community that would dedicate some of their estate to the maintenance of that personal care home, but that presents problems with public funded medicine.

In the case of CAT scanners, a couple of questions to the Minister; first of all, on the operating costs per year of a CAT scanner basis the anticipated 90 hours per week that one expects to use a CAT scanner. The reason I ask that is that I believe the CAT will cost us something in excess of \$1 million per machine. I don't know how long ago it was, but basically, I guess, the Lions Clubs of Manitoba-Northwest Ontario did make the offer to the government that they would put up, I think it was .5 million towards the purchase of a new CAT scanner. Often the problem, I appreciate, is not simply the capital cost, but rather the ongoing operating cost of any capital facility including a CAT scanner.

But in view of the fact that the Minister has indicated that it is the government's intention to probably install at least one more after the 1986 installation at Health Sciences Centre, possibly two more, what would be the danger of accepting the offer from the Lions in terms of a .5 million capital contribution to one of those

machines? What would be the precedent that the Minister might be concerned about setting in taking up that kind of an offer?

So, basically, the questions on the capital cost, the operating cost; then, of course, the final one about the generous offer from the Lions of Northwest Ontario-Manitoba.

**HON. L. DESJARDINS:** The capital costs for equipment, if outside of the Health Sciences Centre and St. Boniface Hospital, would be \$1.3 million to \$1.5 million. In the teaching hospital, it would be \$1 million to \$1.3 million.

The capital cost of space preparation outside of those two teaching hospitals would be a minimum of .5 million. The Health Sciences Centre in addition to current construction is \$125,000; St. Boniface, \$50,000.00.

The operating cost outside of those two teaching hospitals for the first year at one shift, one shift only in a day, .5 million. The second and that's the — (Interjection) — What?

**MR. D. ORCHARD:** How much again?

**HON. L. DESJARDINS:** .5 million for one shift, that's the first year. The second year with two shifts in a day in subsequent years would go to 750 and that's with two shifts.

At the Health Sciences Centre and St. Boniface, they can share support services based on one shift a day for \$400,000.00. I don't remember exactly what the cost of the construction at St. Boniface, maybe it covered something else, but it was pretty high. It was around \$4 million-something. I'm talking about the whole thing when it opened, so I don't know exactly.

I think we'd have to admit that we're lagging behind most provinces at this time, although we're using longer hours than they are, and that is why I say we're looking at the situation. It would be kind of dangerous and touchy to start before something is approved, although it's quite obvious that it will be one of the places, because the one is pretty well obsolete, that if we are going to accept offers from these groups before they're approved, we would create problems somewhere else later on, if not there. And then, of course, you'd want to know are they going to pay for the replacement, if there's any replacement and so on.

So it wasn't considered because it wasn't approved. I'm sure that anything that is approved, and if they want to discuss that with us or with the hospital and then with us, we'd be only too pleased. It was just that it was felt until something was approved that you could not give the okay. It would lead you into all kinds of problems somewhere else. I think that's about it.

**MR. D. ORCHARD:** Mr. Chairman, I guess that's the problem that all governments will probably have to wrestle with in terms of dealing with the generosity of various community organizations and groups like the Lions or Kiwanas, etc. etc. But I guess, as a last comment, the government's intention - and no doubt when we're government, our intention will be to try to bring Manitoba closer to the national standard or national guideline in terms of CAT scanners per 300,000 population.

You know last night I said there can't be premiums, deterrents, larger deficits or larger taxes. It would almost seem to be one of the more appropriate times to have people like the Lions participate in a capital funding project. The Minister indicates that he would welcome them, but yet they appear to have been turned down as of six months ago. I guess I don't see the subtle decision, but the Minister has indicated that he would welcome it and that's fine. Maybe there's some Lions out there that are listening.

**HON. L. DESJARDINS:** There's danger, if you carried that on and if you do it for one - I don't mean accept, but only accept it when it's approved. If not, then you'll have somebody that are ready to say, well, we can do this. It's happened to me already. You can do this, we need a personal care home, and there's others with more priority and it could be the same thing. If they want that, then it's cost-shared and the people at the rich hospitals and the rich facilities because they could - it would become a way of trying to get the initiative in government. I don't know if you could call it bribing. I know they certainly don't mean that way, but anyway it would make it very difficult. So when it was approved, we were very pleased, and I would like to encourage more of that because that's the problem with a universal program. Since we have a universal program in the hospitals and so on, you don't see the people willing part of their money and that for the hospitals the way you did before. Very very seldom do you see that. You might see in medical research, because of the emotional part of people dying of certain diseases and so on, but for hospitals and those facilities you see very little. People feel the government is doing it, so why should we. It's that attitude.

**MR. D. ORCHARD:** Mr. Chairman, how often does a Manitoban as a patient of the Medicare system receive a monthly statement or six-month statement as to the services that he has had rendered to him or her as an enrollee in Medicare? What's the process of informing Manitobans by sending out their billing process? How often is it done? What percentage of the population is involved per year or for a given time period?

**HON. L. DESJARDINS:** On a regular basis, every month, the Commission sends a memorandum of approximately 1 percent, 1.5 percent bills at random about every month.

**MR. D. ORCHARD:** Mr. Chairman, I'd like to find out whether that's a fairly costly program to the Commission, because I think certainly it has some benefits. I suppose the most obvious and sensational one in that you might possibly uncover an incorrect billing, etc. etc., but . . .

**MR. CHAIRMAN, P. EYLER:** May we recess for a few minutes?

**MR. D. ORCHARD:** Sure.

**MR. CHAIRMAN:** Committee come to order.  
The Minister of Health.

**HON. L. DESJARDINS:** Could you call it 5:30, please?

**MR. CHAIRMAN:** 5:30?  
The Opposition House Leader.

**MR. H. ENNS:** Mr. Chairman, I can certainly handle the difficulty he's got with the understanding though that the other committee continue its deliberations.  
Thank you.

**HON. L. DESJARDINS:** This committee will not be here tonight either.

**MR. CHAIRMAN:** The Chair has a problem with that. If it is the intent of the committee to rise, it would have to do so on the understanding that it's 10:00 p.m., which would eliminate the possibility of a vote in the other committee.  
The Opposition House Leader.

**MR. H. ENNS:** Mr. Chairman, by leave, we can do everything and anything in this Chamber and, by leave, we can call it 10:00 p.m. for the purposes of this committee. All I'm saying is, Mr. Chairman, let's not

get hung up so that the other committee is not operational.

**MR. CHAIRMAN:** Okay, just to make things clear, I am advised by the Clerk that that would mean no vote could take place in the other committee. That would be an appeal to the whole committee.  
The Member for Pembina.

**MR. D. ORCHARD:** Mr. Chairman, might I offer a point of order? If we simply call this committee at 5:30 and then at 8:00, you, Sir, as Chairman can come in and open up committees in general. Shortly thereafter, a member on the government side can call it 10:00 in this committee, and then that committee can proceed on till whatever time it wishes to adjourn. At adjournment hour, someone will come in here and adjourn the House from here.

**MR. CHAIRMAN:** Is that agreed? (Agreed)  
The time being 5:30, I am leaving the Chair and will return at 8:00 p.m