



Second Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31 Elizabeth II

Chairman
Mr. A. Anstett
Constituency of Springfield



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
ADAM, Hon. A.R. (Pete)	Ste. Rose	NDP
ANSTETT, Andy	Springfield	NDP
ASHTON, Steve	Thompson	NDP
BANMAN, Robert (Bob)	La Verendrye	PC
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BROWN, Arnold	Rhineland	PC
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DRIEDGER, Albert	Emerson	PC
ENNS, Harry	Lakeside	PC
EVANS, Hon. Leonard S.	Brandon East	NDP
EYLER, Phil	River East	NDP
FILMON, Gary	Tuxedo	PC
FOX, Peter	Concordia	NDP
GOURLAY, D.M. (Doug)	Swan River	PC
GRAHAM, Harry	Virten	PC
HAMMOND, Gerrie	Kirkfield Park	PC
HARAPIAK, Harry M.	The Pas	NDP
HARPER, Elijah	Rupertsland	NDP
HEMPHILL, Hon. Maureen	Logan	NDP
HYDE, Lloyd	Portage la Prairie	PC
JOHNSTON, J. Frank	Sturgeon Creek	PC
KOSTYRA, Hon. Eugene	Seven Oaks	NDP
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LYON, Q.C., Hon. Sterling	Charleswood	PC
MACKLING, Q.C., Hon. Al	St. James	NDP
MALINOWSKI, Donald M.	St. Johns	NDP
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MCKENZIE, J. Wally	Roblin-Russell	PC
MERCIER, Q.C., G.W.J. (Gerry)	St. Norbert	PC
NORDMAN, Rurik (Ric)	Assiniboia	PC
OLESON, Charlotte	Gladstone	PC
ORCHARD, Donald	Pembina	PC
PAWLEY, Q.C., Hon. Howard R.	Selkirk	NDP
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PLOHMAN, John	Dauphin	NDP
RANSOM, A. Brian	Turtle Mountain	PC
SANTOS, Conrad	Burrows	NDP
SCHROEDER, Hon. Vic	Rossmere	NDP
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WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Thursday, 27 January, 1983

TIME — 2:00 p.m.

LOCATION — Winnipeg

CHAIRMAN — Mr. Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam, Bucklaschuk, Kostyra and Plohman

Messrs. Anstett, Banman, Blake, Driedger and Gourlay

WITNESSES: Mr. J.S. Walker, Q.C., Private Citizen

William Hilabura, Reeve, LGD of Armstrong

Dave Harms, Union of Manitoba Municipalities

Ed McCready, Private Citizen

Aron Friesen, Deputy Reeve, R.M. of Hanover

Charles Teetaert, Secretary-Treasurer, R.M. of Hanover

Fred McCullough, Carman District Farm Business Association

Steve Rapko, Private Citizen

Wilfred Mutcher, Reeve, R.M. of Dufferin

George J. Froese, Reeve, R.M. of Stanley

MATTERS UNDER DISCUSSION:

Report of the Manitoba Assessment Review Committee (M.A.R.C. — WEIR Report)

* * * *

MR. CHAIRMAN: Committee, come to order, please. We now have a quorum. Before we commence hearing the balance of the rural presentations this afternoon, I've had a special request from Mr. Jack Walker to be heard today even though he is from the City of Winnipeg. I'd like Mr. Walker to make his request to the committee, then have the committee determine whether or not they wish to hear him today.

Mr. Walker, please.

MR. J. WALKER: Thank you very much. You have stated what my request is. I did come here this morning at 10 o'clock and I would be happy to be heard any time today if that was possible. I indicated to the Chairman that if you are going to proceed with the hearings next week, I am in the unfortunate position of taking holidays starting on Saturday, and I won't be around thereafter and I would not be able to make my submission if I wasn't able to make it today.

MR. CHAIRMAN: It's been suggested that we hear Mr. Walker today. When would you like to hear Mr. Walker

- immediately or after - we won't finish the rural presentations likely today, so at what point? Any suggestions from members of the committee?

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, there's been a request by various councils, etc., that there should be maybe different meetings held as well besides this year because many people have come in from the country, have travelled a fair distance and won't be able to get on today. I know full well that we have another meeting on Wednesday, but when we consider the impact of the city people that want to make presentation to the committee here at the Legislature, my suggestion would be to the Minister that he expand his meetings and include the southern and eastern region of Manitoba as well.

MR. CHAIRMAN: I appreciate your suggestion, Mr. Driedger. Could we hold the discussion on that suggestion for a moment until we determine how we are going to deal with Mr. Walker's request. Are there any suggestions as to when Mr. Walker be heard?

Mr. Gourlay.

MR. D. GOURLAY: I would suggest that we could hear Mr. Walker right now.

MR. CHAIRMAN: It is suggested that we hear Mr. Walker first this afternoon. Any discussion? (Agreed) Mr. Walker, please.

MR. J. WALKER: Thank you very much. By way of a very brief one sentence introduction, my name is Jack (J.S.) Walker. I am the lawyer who conducted the case that was decided today, wherein we went to the Court of Queen's Bench to determine whether or not there was going to be a freeze in effect in the rural municipalities. That case is now finished and there is nothing before the courts, there is no appeal from it, and the court has ruled as of today - it hasn't delivered its judgment yet, its reasons for judgment - that the freeze will not affect the rural municipalities and that the Provincial Assessor apparently is going to be able to continue to conduct his business as usual - revisions through the municipalities. I want to speak on this matter.

There was some concern expressed to me that since there is a case already in the Supreme Court of Canada that I not tread on ground that is before the courts and I will respect that. I will not be speaking on that case that is before the court or the issues in that case. However, I am discussing what is in effect the law of Manitoba as it affects our assessment procedure. I don't have a brief as such, but what I have done is I have made some copies of material and, as I refer to it, perhaps I could just pass it down and it could be circulated to the members of the committee.

First of all, I wanted to give you a copy of the recommendation that was made by the Manitoba Assessment Review Committee. I have the papers being distributed now. The recommendation seemed to be quite a simple one; that legislation be introduced at the 1980 Session of the Manitoba Legislature to maintain the existing levels of assessment until December 31, 1982, in order to provide an opportunity for the committee to carry out its mandate and report the result of its research and deliberations. Now, that appears to be the genesis of what has come to be known as Bill 100, which was supposed to be a statute freezing the Province of Manitoba.

On that particular point, I want to also pass among you a letter that was written by a Mr. Joel Weinstein and given to the Court of Revision in the R.M. of Gimli on November 9, 1982. In his letter to the Board of Revision, Mr. Weinstein, who you may or may not know of him - he is a lawyer with the law firm of Aikins, Macaulay - he specializes in the field of taxation and he was simply writing to the Court of Revision in Gimli at the time that they were conducting a new assessment on his property located in Gimli.

At the bottom of Page 1 of his letter, 3.(c) he says, "The Honourable A. Adams, Minister of Municipal Affairs, has stated on Monday, June 28, 1982, that Bill 100, when it was introduced, was intended to impose a freeze."

I will just pause at this point to make this comment on the letter. In view of the fact that we now have a decision from the court saying that the municipalities will not be frozen and that the assessors are able to carry on with their assessment process, did the Minister, when he was bringing forward this bill imposing a freeze, intend that the freeze should only apply to part of the Province of Manitoba and that all the municipalities would not be subject to that freeze? That is the effect of what the ruling of the court is today.

I'll go on and quote further from the letter of Mr. Weinstein. He also continues to quote the Minister of Municipal Affairs. He also stated to the Law Amendments Committee, when it considered Bill 33 and whether it should be enacted, as follows, and this is a quote of what the Minister told the committee: "I want to advise that should the bill be proceeded with, it will only be on as long as is necessary to bring in another system to replace the system we now have. We intend to move as speedily as possible."

I want to give to the committee one further document at this point and this is an affidavit that was prepared by Mr. Reimer, the Provincial Assessor. This affidavit, which is now being circulated, was filed in the court case which is now finished, and in this affidavit, Mr. Reimer at Page 3 - I was wondering if I could have a copy given to the Minister of this affidavit - paragraph 9, Mr. Reimer says, "In 1980, new assessments were completed and used in preparing the 1981 assessment rolls for 7 rural municipalities, 4 villages, 3 towns, 2 local government districts, plus several unincorporated northern communities."

Then he goes on in paragraph 10: "In 1981, new assessments were completed and used in preparing the 1982 assessment roll for 11 rural municipalities, 5 villages, 3 towns, 3 local government districts, plus several unincorporated northern communities. In 1982, new assessments were completed and used in preparing

the 1983 assessment roll for 17 rural municipalities, 3 villages, 3 towns, 1 city, 2 local government districts."

Paragraph 12: "Assessment rolls based on 20 percent of 1975 market values have been prepared for all of the municipal entities referred to in paragraphs 7, 8, 9 and 10 hereof, for a total of 42 rural municipalities, 13 villages, 15 towns, 1 city, 9 local government districts."

And paragraph 13: "In 1982, assessment rolls for the Rural Municipality of Gimli, as well as the rolls for prior years dating back to 1971, were based upon a level of values equivalent to 40 percent of the average market value of property for the years 1964 to 1969."

So here we have in affidavit form by the Provincial Assessor all the proof that you need to establish that the Provincial Assessor is proceeding through the various municipalities, reassessing and bringing levels of value up to the 1975 levels of value.

Now, here again - I put a question to the Minister; he doesn't need to answer at this point - but is this what was intended when the Legislature passed a freeze in the Province of Manitoba that the provincial assessors would carry on as usual, assessing the rural municipalities, and that the City of Winnipeg was to be the only entity that was, in effect, frozen? And if that is the case, what is the value to the study of this committee of only freezing the City of Winnipeg and allowing the rest of the province to carry on as if there were no freeze?

Those are some tough questions and at this point there are many people in the public who can't understand what is behind such a policy. I would like to point out to you that while Mr. Reimer is doing what he sets out in his affidavit that is taking place that this is contrary to one of the recommendations that was contained in the Manitoba Assessment Review Committee's Report.

I have the material here to distribute. In the Manitoba Assessment Review Committee Report, at Page 266, the report said, at the bottom of the page and the top of the Page 267, I have given you a photostat of the quote that I am going to read to you. It says, "The application of the assessment based on 1975 values in 1981 assessment rolls during the interval in which your Committee on assessment is holding public hearings and conducting research in considerable depth would confuse the public as well as municipal officials, and would render the consultations presently underway, useless. The uncontrolled shifts in taxation that will result from the introduction of the 1981 assessment rolls based on 1975 values would in the opinion of this Committee be found to be unacceptable." Unacceptable - so here you have a recommendation in the report saying that it would be unacceptable to move to 1975 levels of value while this study is going on, and yet I am filing with you today an affidavit by the Provincial Assessor wherein he swears, under oath, that he is in the process of going through all the municipalities in Manitoba and he is changing assessment rolls, so that they will reflect 20 percent of 1975 market values.

Now, as of today, and I might say due to an extremely, poorly-worded bill - Bill 100 is a terrible piece of legislation. It is capable of several interpretations; it's causing enormous confusion - you now have a situation where that bill has been read to freeze the City of

Winnipeg, and that bill has been read to indicate that the rural municipalities are not frozen. Now that's disaster, and there's no policy now, and there's great injustice that's being created by this.

I, again, read the recommendation from the Manitoba Assessment Review Committee's Report and read Mr. Reimer's affidavit. How can you reconcile going in the face of the report and still keeping a freeze on and holding hearings such as we have today when the assessor is out changing the values while this committee is sitting? And while the Weir Committee was in its sessions holding its committee meetings, was it aware of the fact that the Provincial Assessor was out reassessing all the municipalities that he sets out in his affidavit? Reflect on that.

Mr. Chairman, what we have now with respect to this area of the provincial assessment - a state of supreme confusion - we have a situation where you will look in your daily newspapers - and I've taken only one notice out of the daily newspapers - these are appearing quite regularly now. They are under the category, "Public Notices" and it says, if you read the fine print, that "The Board of Revision for 1983, City of Winnipeg Reassessment Rolls will take place," and then if you read on through here, "Notice is given to inform all persons that the deadline for lodging such complaints on appeals for the above 1983 assessment roll is 4:30 p.m. on the 28th of January, 1983. If you do not agree with the land and building assessment or classification, you should follow this procedure and file your Notice of Complaint." I'll just give copies of this, I'm sure if you're reading the newspapers you'll see that in the last few weeks the City of Winnipeg has been publishing these notices.

Now, if you are a taxpayer who feels aggrieved with your assessment and you want to compare your assessment to somebody else's, you can file your Notice of Complaint pursuant to the notices that are published. The City of Winnipeg will accept your Notice of Complaint, they'll send you a letter acknowledging it, and then they'll just stick it on a file and you're never going to have a Court of Revision. It's going to sit there.

Mr. Chairman, I don't know if I'm being overly harsh in making the comment that I'm going to make, but to me there is an element there - you know, in some of the African countries they have beautiful Constitutions; and they have beautiful Parliaments and beautiful judicial systems and it's all on paper; and yet when a person goes to take advantage of the system, he finds that the system doesn't work. Well, in Manitoba, if you file a Notice of Complaint pursuant to one of these notices that is published in the Winnipeg papers, the Court of Revision staff will simply accept your notice and you'll be told, that's fine, they're putting it on file, and until the laws are changed your Notice of Complaint is just going to sit on the files of the City of Winnipeg.

If anybody understands one of the basic concepts of real estate taxation, it is that an assessor goes out and prepares his opinion of value. He prepares what is called an assessment roll. That assessment roll does not become automatically, upon his completion of it, the amount of taxes that you or I or citizens will pay, because through many centuries of established procedure and through our legislation, every assessment roll is first submitted to revision and the man that is going to pay the taxes will have the

opportunity to come forward and discuss the amount of assessment that the assessor has placed on his land. He'll be able to do this in front of his Municipal Council, who are the Court of Revision, and only after the Court of Revision has heard the assessor and heard the taxpayer and made its decision, only then does it become a tax roll.

You can appeal to the Municipal Board and have another hearing, but only then is there a tax roll. What has happened now and I'm sure it wasn't done intentionally, but it's disaster just the same, is that through this Bill 100 you have accidentally, or maybe it's been misinterpreted or it was drawn too poorly for anyone to understand it, is you have removed the right to have a Court of Revision. My gosh, you would think that would cause a revolution or a rebellion to have your right to a hearing removed from you, and now you just have to accept your roll as it comes every year. That situation is a very intolerable one, but it's made even more intolerable today because the courts in Manitoba, apparently - we haven't read the decision yet - are saying that the way the statute is worded this does not apply to the rural municipalities.

So you have to ask yourself, how is it that we can justify in Manitoba a statute in existence that takes away from half of the people of the province the right to have Courts of Revision, and the other half of the people of the province have Courts of Revision. It makes no sense.

I've talked to a number of assessors, both in the Provincial Assessment Department and in the City Assessment Department. They are bewildered at how this situation comes into being; they don't understand it. You go back to Bill 100 and the bill is so poorly drafted, capable of several interpretations, that it is very difficult for people to understand what is the policy of the government. If you were putting a freeze on, in order for you to have these hearings today, what is the use of that freeze if half the province is not frozen and if, in any event, the Provincial Assessor is proceeding, according to his affidavit, in changing everything to 1975 levels of value. In any event, while you're conducting these hearings, the Provincial Assessor is carrying on with his updating of assessments.

I'll leave that point, although that is the main reason I came down here, to tell you that. It is something that requires urgent attention. You can't justify that type of undemocratic policy. Courts of Revision cannot be banned, such as they are, and it's something that I appeal to you to act very strongly on.

The Minister of Municipal Affairs has the right by Order-in-Council to remove Bill 100 at any time and consideration should be given to this. The only remedy that an individual has when he receives his tax notice, and he feels that he's not being assessed fairly, is to go before his Court of Revision and compare his property with other comparable properties. All that Bill 100 is doing is stopping the taxpayer from doing that. That's what you're accomplishing by saying that Bill 100 should stay in effect while we conduct our study because we don't want anything to change. But that's not true. Mr. Reimer is changing things every day because Mr. Reimer is not frozen and the judgment today says that, although I haven't read a judgment, I just got it by telephone call.

I'll move on to another point, just make a couple of small points, and that'll conclude my address to you

here today. There is, in addition to that first need that I have expressed to you, a second need of almost equal importance, and that is the need to make our tax legislation understandable to the ordinary citizen. This was one of the recommendations that was made in the Manitoba Assessment Review Committee's Report. At Page 10, I copied that quote, I copied a few quotes for you, but you have your books in front of you. At Page 10, the report says that, "The majority of ratepayers in Manitoba did not understand the present assessment system. They were unable to relate the assessment figure on their assessment notice to the value of their property." That's the majority of ratepayers in Manitoba and it's very interesting.

At Page 12 of the report, they conducted a survey amongst municipal councillors in the Province of Manitoba and they asked those municipal councillors several questions. I'll only read two of those questions and two of those answers to you. They asked the question, "Do ratepayers understand their present assessment?" Of the municipal councillors surveyed, 92 percent said no and 8 percent, yes. 92 percent of the municipal councillors of Manitoba who are in contact with the people and assessments say that the people don't understand the basis for their assessment.

The next question that I'd like to read to you, "Do present assessment notices provide enough information?" On this question the councillors answered: 93 percent, no, there is not information given to the taxpayer on his assessment notice; 7 percent of the councillors said, yes, they thought there was enough information.

The present system of assessing real property makes it very difficult for the taxpayer to deal with the assessor because everything is on the assessor's terms, it's his language, his definitions, which are not readily understood by the man on the street. All that this system does, Mr. Chairman, is to protect the mistakes of the assessor and to make it more difficult for the citizen to deal with the assessor's conclusions. It is a system which, to say the best, is archaic. It is designed more, Mr. Chairman, to protect the assessor than it is to do justice between the state and the citizen.

The second recommendation that I am making to you today is I would ask that this committee act boldly and strongly to deal with this very important issue. Taxes should be readily understood by the people in the street, by the average citizen, not just by the assessment department, and this committee would accomplish an enormous amount and do a great service to the population of Manitoba if the assessments could be based on a system that both the taxpayer and assessing department could understand. That isn't very difficult; there are many recommendations in the report dealing with that question. That is the second urgent matter that I ask this committee to do is to recommend that the system be simplified and I'll give you some of the quotes here:

The report at Page 83 says, "A common denominator must be used in the valuation of all real property in the province. The valuation process must be of such a nature as will be understood by property owners. Local and special conditions affecting the value of the property where it is situated must be reflected. In the committee's opinion, the common denominator that best meets these requirements is that value which is indicated by the marketplace at a given point of time."

And then at Page 85 the report goes on: "The principle of market value assessment has been widely adopted by many jurisdictions. This in itself is not the reason why the committee is recommending application of this approach. The committee believes that it is the appropriate approach for Manitoba. Market sales data provide a yardstick that can be uniformly applied. It is a yardstick that will be visible to all. Furthermore, it provides a means of determining assessment value based on current public perceptions of real estate prices. It recognizes changes in public reception of value over the course of time. It can, therefore, be readily adjusted. Actual values, real values, cash values, has been the standard required by legislation consistently since 1872. A return to this yardstick in a manner in which it can be maintained and understood is essential."

Gentlemen, it is just not acceptable to have a tax system which the municipal councillors of Manitoba say is not understood by 92 percent; 92 percent of the councillors say that the people can't understand the basis of values. There is no reason in the world why that situation should continue. That is a disgrace. I'll give you one example here in the City of Winnipeg, although I don't intend to go into particulars. I could prove this to you, but I'll just tell you what exists there.

In the City of Winnipeg you have a different branch of assessors, as you know. So you have two entities in Manitoba, the provincial assessors and the city assessors, and they use completely different methods, so you don't expect much uniformity when two people come in and try to express an opinion on value. That is one of the recommendations in the report that two separate assessment departments with two separate criteria doesn't make for an equitable system of taxation, and it should be a unified system throughout the province.

In the City of Winnipeg the assessors apply their own formula for depreciation. Now, you and I know that a depreciation schedule can be an awfully arbitrary thing; we can each come to a different depreciation schedule for property, and I suggest that the schedule used by the City of Winnipeg is a very arbitrary and capricious factor. They have just determined that's their depreciation schedule, so that you have a situation in Manitoba, in the City of Winnipeg, where there are some houses - I'll call them mansions because these are the finest houses in Winnipeg and they are many decades old, some of them - some of them sell in the range of .5 million - and because the City of Winnipeg has an arbitrary depreciation factor, many of those very expensive houses will pay less tax than a newer house that has come on the market that will sell for one-third or maybe even less of the value of that expensive mansion. This system exists because the City of Winnipeg, they assess property at what they consider new, less depreciation, and that has nothing to do with market value.

As the years go by, the City of Winnipeg's depreciation gets more and more and more and people pay less and less taxes and the value of the houses go up and up and up, so you get a ridiculous situation where a .5 million house pays less taxes than a house that sells for a fraction of the value of the expensive house. That is because the formula of the City of Winnipeg uses an arbitrary depreciation factor that they apply when they value a property. That type of problem would not

result if - as I made in my second point - the point that the valuations should be ones that are related to market value so that everybody can understand it.

The way it is today in the City of Winnipeg, you can go into the assessor's office and you can say, well, how come this mansion here is assessed so cheaply and how come my house is so expensive, and with their very complicated statistics and calculations and formulas and all kinds of innovations, they can show you that in their books that's what taxation is, that's what it should be, because that's the way their system works and it's just not equitable. So that you can't have a situation that is moving away from market value the way the City of Winnipeg's assessment is and have an equitable taxation system in the City of Winnipeg.

So I do urge this committee to immediately do something about the first point that I made - continuing this freeze. You have to ask yourself, what is the purpose of this freeze? Obviously, the Province of Manitoba is not observing the freeze; the province is continuing to do its assessments, conduct its Courts of Revision. You're freezing a small part of the province while this study is going on. That has to be explained; people can't understand that.

Gentlemen, thank you very much.

MR. CHAIRMAN: Any questions from members of the committee for Mr. Walker?

Mr. Adam.

HON. A. ADAM: Yes, Mr. Watson . . .

MR. J. WALKER: Walker.

HON. A. ADAM: Walker, I'm sorry. Could I ask you if you're in favour of doing the assessments at market value?

MR. J. WALKER: Okay, you can have a market value as of a historic date. If you took market values as of 1975, everybody could understand what you were doing. We could all go and see what houses were selling at in 1975, what properties were selling at in 1975; the city and the assessors would be on the same basis. It would be very, very easy for everybody to relate to that yardstick. So, I say to you, yes, I am in favour of a system, whereby the market value in some shape or form is the main factor. Everybody will understand that.

When you go and impose a system with depreciation schedules and reconstruction costs and all the numerous factors that assessors are so well trained to bring into play, then we will not be able to understand how the basic value is arrived at and then you'll have lots more inequities and - okay, I'm answering your question, not making . . .

HON. A. ADAM: Yes, that's what I wanted to know, whether you were in favour of the market value. You did pose a question to me at the beginning but — (Interjection)— it's not normal for a person making a presentation to the committee to question committee members - it works the other way around.

MR. J. WALKER: Mr. Minister, the reason I did that is I thought that these questions would be on your mind

and when you left the committee you would reflect upon them. I didn't expect an answer.

HON. A. ADAM: I'm pleased that you've made your views known and I'm sure the committee will take your comments under consideration when they make a report back to the Legislature.

In your first question you wanted an opinion from myself as to whether or not I felt that the intent of Bill 100 was to freeze part of the Province of Manitoba. I can't speak for the former Minister of Municipal Affairs, who is here with us today, but it's my understanding that the department has interpreted the Bill 100 in that it froze the assessments in the City of Winnipeg and it froze the level of assessments outside of Winnipeg, not necessarily the assessment process, but rather an amount.

MR. J. WALKER: I really appreciate your forthrightness. Can I interrupt at that one point, please? You realize in saying that, that you're talking about two different bases of valuation then, if the City of Winnipeg is frozen at the exact amount that it reads in their assessment notice and the province is, as you say, frozen at 1975 values, which anyone can move.

HON. A. ADAM: Yes, well, that's how it was done. It was done to allow the assessments to proceed outside of Manitoba, but at a percentage of the level that was in place at that time, because before the freeze was implemented there were many municipalities that had already been assessed on that basis, and to freeze their neighbouring municipalities would have been discriminatory against those that have already been assessed. I think that was the reason why it was not frozen as it was in Winnipeg.

MR. J. WALKER: But then, if that was the intention, if you were going to freeze the municipalities in a different way than the City of Winnipeg was frozen, what has happened? Well, I'm sure then you can see that the municipalities are proceeding on with Courts of Revision and hearing cases and the people in the City of Winnipeg can't be heard.

HON. A. ADAM: That's right.

MR. J. WALKER: So what value would a partial freeze like that serve this committee in conducting its study?

HON. A. ADAM: Well, the legislation is there and I believe there would be a lot of problems for the City of Winnipeg if it was lifted. It was requested, I believe, by the City of Winnipeg and the previous - well, I'm sure Mr. Gourlay may want to elaborate on that, but I believe that the city was in favour of that freeze at the time it was requested.

MR. J. WALKER: Okay, if that is the case . . .

MR. CHAIRMAN: Order please. Order please.

I have some reservations about the direction in which we're proceeding here this afternoon. As I'm sure all committee members are aware and members of the public I hope are aware, every bill which appears before

the Legislature goes through a public committee stage, during which presentations can be made to the public.

During the previous administration, Bill No. 33 in 1981 did receive public hearings. Last year, Bill 100 . . .

MR. J. WALKER: Bill 33 was this administration . . .

MR. CHAIRMAN: Sorry, 33 in 1982, 100 in 1981. Both received public hearings under two different administrations. Two different Ministers of Municipal Affairs defended those bills in the House and in committee. The purpose of our hearings this month is to elicit views on the Weir Committee Report.

Now, we have proceeded this far and I've allowed the discussion to proceed because the subject of the freezing or maintenance of assessment in the City of Winnipeg was a recommendation which, you properly point out, is contained in the report, but now we are going into the discussion of the merits of the particular legislation that was introduced by the two respective Ministers, who are members of this committee, and I'm a little concerned that this may not be the proper place to continue that discussion. Of course, I'm at the will and pleasure of the committee for guidance on that matter.

I'm also somewhat concerned about the recognition of our sub justice convention, in view of the fact that I've been advised that Mr. Walker represents a party in a case which is currently awaiting trial . . .

MR. J. WALKER: No, no.

MR. CHAIRMAN: . . . between the Municipality of Leaf Rapids and Sherritt-Gordon. Are you, sir, involved in that . . .

MR. J. WALKER: I'm sorry, I'm sorry . . .

MR. CHAIRMAN: Are you party to that case?

MR. J. WALKER: I thought you were - I shook my head because I thought you were referring to the case that was decided today.

MR. CHAIRMAN: Are you party to a case . . .

MR. J. WALKER: Yes, yes.

MR. CHAIRMAN: . . . and representing a party to a case involving this freeze which is awaiting trial?

MR. J. WALKER: Yes, I do act for the Town of Leaf Rapids in connection with a dispute between the provincial assessors, the Sherritt-Gordon Mine and the Town of Leaf Rapids. That case is in the courts; that is correct.

MR. CHAIRMAN: Well, I raise my reservations . . .

MR. J. WALKER: But I am not discussing that case and I'm surprised that you knew about it.

MR. CHAIRMAN: Order please. I raise my reservations, based on that knowledge and my concern that the

discussion was properly taking place on the bills last spring and the year before. On the other hand, the discussion has proceeded because that recommendation is contained in the Weir Report, which is properly before us.

Nevertheless, as Chairman, I have to ask the committee whether or not this discussion should continue in view of those two items I've raised. I'm at your will and pleasure. Is there any discussion?

MR. J. WALKER: I might just indicate I'm finished my presentation.

MR. CHAIRMAN: Well, there may be further questions, Mr. Walker. What's your will and pleasure? Is there any discussion?

MR. J. WALKER: I might just indicate I'm finished my presentation.

MR. CHAIRMAN: Well, there may be further questions, Mr. Walker, and my concern was that we should not allow those questions to in any way infringe upon the convention which prohibits us from discussing matters before the courts. If you'll wait, there may be further questions, but I will not entertain them until the committee has decided whether or not the committee wishes to proceed.

Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, I'd like to take this opportunity to thank Mr. Walker for his input into the committee hearings today. I think he has established some problem areas that the committee has to look at when we are making our final recommendations on the committee.

Yes, I was the Minister involved when Bill 100 was brought in, in 1980, and I would like to ask Mr. Walker if he was involved in assessment appeals at that time?

MR. CHAIRMAN: Order please. Is it the will of the committee to proceed in the discussion of the assessment freeze, Bill 100, and Bill 33, before we allow that question? Is there any discussion first on that question?

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, if that is a problem, then maybe the whole committee is sitting illegally.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, I suggest that with that information and since the presentation has been made, I think we should proceed to the next delegation at this point.

MR. CHAIRMAN: Further discussion?
Mr. Orchard.

MR. D. ORCHARD: I think, Mr. Chairman, your concern is whether we're going to discuss a matter that's before the courts, which is what I have no intention to do, but I have a question I would like to pose to Mr. Walker and I would hope that I would be allowed to do that.

MR. CHAIRMAN: Order please. We are on a point of order before the committee, Mr. Walker. I can't allow you to address that point of order.

Mr. Minister.

HON. A. ADAM: I would not object to further questioning of Mr. Walker, but I would appeal to the committee that in view of the fact that Mr. Walker has just disclosed himself that he is involved with a court case at the present time on this particular topic, and I think that, if there are questions relating to the report not dealing directly with the freeze, that it seems to me we can continue on that basis. But I would certainly want to caution very very strongly, and I'm sure Mr. Walker can appreciate that, that we shouldn't be discussing something that's before the courts.

MR. CHAIRMAN: Any further discussion? It's been suggested that questions be limited to those areas which are not now before the courts. Is that agreeable?

Mr. Gourlay.

Oh, Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I have some problem with that because that bill is right in this book here, and the purpose of these hearings is to deal with this book. If there is reference to Bill 100 in this book, as there is, then we should deal with it. I can't see why we have to have any restrictions on it.

MR. CHAIRMAN: I recognize your point, Mr. Driedger, that's why I'm having some problem with it. I take it that there may be a consensus in the committee despite Mr. Driedger's comments that we should restrict our questions to those areas which are not now awaiting trial before the court. Is that the sense of what I'm hearing from the committee?

Mr. Gourlay had a question, would you repeat your question please?

Mr. Gourlay.

MR. D. GOURLAY: Yes, I was wanting to make reference to Bill 100, which is in the Assessment Review Committee's recommendations - Pages 268 and 269. I just wanted to ask Mr. Walker if he was familiar with Bill 100 at that time. Was he involved in assessment appeals, or what have you, at that particular time when Bill 100 was . . . ?

MR. J. WALKER: I was aware of Bill 100, but let me say to you, it was only years later when the questions began to emerge that I realized that in order to be aware of Bill 100 you may have to read it two dozen times. It's so difficult to understand. As you can see, the courts are going all over the place with it.

MR. D. GOURLAY: The recommendations that were brought out, an interim report, by the Assessment Review Committee - it's spelled out on Page 268 and the necessary legislation was brought in at that time. Subsequently, the final report of the Assessment Review Committee was brought in, in the spring of 1982, which upon further examination of the complete report, indicates the problems that you have identified here today. I certainly think that I appreciate, as I said earlier,

that your comments are of value to this committee, and I think that it further reflects the urgency that this committee and this present Minister has to proceed with the recommendations - not necessarily the recommendations - but certainly to correct the inequities that are evident by your comments here. So I would just throw that out as a comment that it's urgent upon the Minister that we proceed as quickly as possible to try and correct the inequities that are evident.

MR. CHAIRMAN: Further questions?

Mr. Orchard.

MR. D. ORCHARD: Mr. Chairman, my question was to Mr. Walker, along the same lines as Mr. Gourlay's comments, that you've identified a number of areas of inequity in the assessment system throughout the province, and would you be prepared to make a recommendation to this committee that it proceed posthaste with a resolution to the assessment problem as identified, so that those inequities can be removed as quickly as possible? In other words, a time frame of several years or six or seven years of implementation is not acceptable?

MR. CHAIRMAN: Mr. Walker.

MR. J. WALKER: Yes, I tried to make the suggestion that Bill 33 contains within it a clause whereby the Minister, by Order-in-Council, can remove Bill 100 and thereby eliminate an awful lot of inequity in the City of Winnipeg. As far as waiting many years to implement some of these recommendations, I would say it would be very unfortunate in my eyes for the people of Manitoba to have to continue to put up with the system that 92 percent of the municipal councillors say is not understood by the average man in the street and he can't understand it. You have to go to assessors' school to understand how your assessment is arrived at and there is no need for that.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, I think during the hearings, Mr. Walker, we had quite a number of briefs that indicated that there was a lack of information on the Assessment Notices and your comments have been well noted. But I take it from your remarks that you would favour an independent assessing authority to be established for the province.

MR. CHAIRMAN: Mr. Walker.

MR. J. WALKER: This is one of the things that the report deals with. The report mainly deals with the problems of having assessment authority in Winnipeg and assessment authority in the Province of Manitoba, both proceeding on different bases of value. I served as Chairman of the Land Value Appraisal Commission for four years and I had an opportunity, working for the province, to see how that commission worked in placing values on people's properties, so I know a little bit about that process of valuation. I know how difficult it was - in fact, I'd almost say impossible - for five members on a commission to agree on the valuation

of a property for expropriation purposes. So, okay, we know that whenever you deal with questions of value, you're going to have different opinions. So automatically you're going to be in trouble if you have two separate assessment departments, one with the City of Winnipeg and one with the Province of Manitoba, because unless they operate with the same basic criteria, you're going to get inequity. To me, it should be independent; I believe in that as a principle of fairness, and it should be one entity for the province of setting values and not two.

MR. CHAIRMAN: Further questions for Mr. Walker from members of the committee? Hearing none, thank you very much for your presentation, Mr. Walker.

MR. J. WALKER: Thank you.

MR. CHAIRMAN: Before we proceed to our list, I have been advised that Mr. William Hilabura, Reeve of the LGD of Armstrong, is also going to be away next week. What is your will and pleasure? Mr. Banman has suggested we hear Mr. Hilabura next. Is it agreed? (Agreed)

Mr. Hilabura.

MR. W. HILABURA: Thank you, Mr. Chairman. In preparing this verbal address - I don't have a written one - as a brief background, besides being Reeve, I am a real estate broker greatly involved in the sale of farm property. I have over 250 farm properties listed and have prepared a booklet of my listings; also, my business gives me a little insight as to the valuation of farm property. I want to dwell in the initial point of departure not as much on the impact of assessment, but perhaps my concern is on the fair method of arriving at a frame of reference of full market value.

What are the frames of reference that appraisers and assessors are going to be using? In attending a course at the Appraisal Institute of Canada I was brought to light of an example, six accredited assessors were sent to appraise a hog operation, they all came back and values ranged from as low as \$50,000 to as high as \$250,000.00. What was the highest and best use? What was in the eyes of the beholder when he went to look at the building? A great variance lies in coming to the terms of reference.

I am also reminded of an incident that happened near Lake Manitoba where a farmer sold his 1,000 acres with a couple of 1,000 acres of Crown leases. The government, in order to ensure that there was no value attached to the Crown leases, sent out an appraiser. The appraiser came back and the realtor sold the farm for \$260,000; the Provincial Government appraiser looked at it and he says the value of that farm unit is \$165,000.00. That killed the deal. However, the farmer says, whoa, there has been an error, let's call for another appraisal. He asked the Farm Credit Corporation, the farm advisor in the area, to appraise the farm cattle unit. He came back with a value of \$255,000.00. What was in the eyes of the beholder when he was looking at that unit? Great variances lie in the frames of reference.

When one is assessing a house there has been enough patterns and enough examples of experiences to somehow categorize the different types of houses,

and there has been a developed system by which assessments and variances have been curtailed, but when it comes to the appraisal of farm property, I fear for the great variance. I have observed from experience that assessments are based on your terms of reference. I have seen one appraiser look at the reconnaissance soils map and say that is Class 3 land. Another appraiser looked at the same piece of land and it showed itself up, under the ARDA soils map, as Nos. 4, 5 and 7. He says, whoa, that's inferior land, different. What is in the eyes of the beholder? What is the frames of reference?

When I go out in the field of real estate, I then watch and observe how appraisers explain what a realtor does, it makes me wonder. I sell in classes and unit; I have a customer, I sell him a unit. I say, what type of farm do you want? He says I want a \$300,000 dairy unit, so I show him maybe six to ten dairy units in the \$300,000.00. But I have observed appraisers look at the parts to make up a whole. I was selling him whole units, but they take, when they come to appraise, a certain area to assess a certain unit. They will break up the parts and sometimes fractionize it to an extent that it has no validity at all in value.

Also, I have observed that the opinion of value often is based on attitude. For example, I have witnessed, way up in the Roblin area, a home that cost approximately \$100,000 to build. The appraiser looked at it, he said even though I recognize that home costs between \$75,000 and \$100,000 to build, but no farmer in his right mind would build a home in the sticks; therefore, I set a value of suitability for that area and location of \$15,000.00. He discounted value because of location. The impact of taxation may be not as harsh as if the parameters of the frames of reference are not clearly defined. This is one of the major concerns I would like to enlighten.

In our Municipality of Armstrong, we had a very interesting case brought to light at a Court of Revision. A farmer went and sold his whole household, his livestock and everything for \$78,000; then we had asked for an appraisal of an adjoining unit. We noticed the appraiser went to the district's Assessment Office, asked for the sales data in that area, and he says, oh, yes, that farm, Mr. A's farm, sold for \$78,000, but he did not look into the antecedents of the sale. He didn't look into the contents of the sale; he looked at figures and this is what bothers me. If they just looked at plain facts and what is associated, you have an unfair situation. So then you could have, as I mentioned before, that farm property, those two quarters were assessed at \$78,000.00. They were appraising for the municipality, adjoining property, and they gave very high values, high values because they were using the comparative subject property, this \$78,000 unit, and they didn't have any background information.

Often what happens is sales are based on benefits. You have a situation where a person may sell for \$200,000, which is an overpriced sale, but he offers benefits. He says I'll give you a mortgage, or he may say I'll help you for a month or two, but the price tag of \$200,000, as the market value, becomes judgmental on the next person who doesn't get benefits from this. So you have what you call an artificial full market value that is going to be used as a frame of reference.

I know from Armstrong's experience, we had asked Gordon Strong, the Provincial Chief Appraiser, to

appraise 33 parcels for the LGD of Armstrong. Out of the 33 parcels, the values ranged as low as \$4,200 to as high as \$11,000. Yet when I look in the market place, where are all these parcels of land? The realtors themselves were selling at least double the appraised value; in this case, it would have been an advantage for the property owner. Again, it puts the big question, what is the frame of reference?

I would like to now say a few words to the committee here about the impact of taxation. Most of Armstrong's land, we have 2,100 quarters, of the 2,100 quarters we have 1,400 that are Crown leases or LGD leases. A good majority of our land is assessed between 5 and 800 in assessment. The productive base off that land is very very low and, henceforth, what has resulted in our community - we have a lot of mixed farms.

Now if the proposal is undertaken, you are going to have quite a burden imposed upon these landowners who have such a low land base value. If this land was Class 2 - let's say some of the southern or closer to the Winnipeg land - then when you have, let's say, 160 acres of productive valuable land and you put a hog operation, an intensive unit, you have what we call a complementary relationship set up. This farmer says, well, I'm tired of carrying my crop to the elevator, I'll feed it through the system and he saves some cost. But the farmer in my municipality, he hasn't got that choice of saying, well, I'm going to knock down the bush and I'm going to start producing crop and set up a complementary system, because he has limitations. If the assessment is carried out, as designed by the proposal, unfortunately the people with the limitations will be saddled with excessive taxes and they don't really have the avenues at their disposal to somehow bring about an increase in productivity.

We don't have too many grain farms in Armstrong because, as I mentioned before, a good majority of our land is Class 4, 5 and 6, and if we do have an upsurge, it'll be an upsurge in intensive farm units, perhaps poultry, hog operations. But then, at the same time, to attract these we would have to allow them cheap tax benefits to a certain extent, because there aren't any land benefits. On the other hand, if the assessment off these farm units is going to be extremely harsh, I'm afraid they'll say we'll go to better producing lands and we won't build on them.

I'd like to just conclude by several things. I hope the phase and process of whatever recommendation the committee and the government undertakes is going to be mild. I don't want to see all the councillors kicked out at one time and their offices flooded when we have Courts of Revision, because usually they don't understand the process and the first person to get his head hit is the municipal councillor or reeve.

Secondly, I hope that the frames of reference, even though they're not well-defined now, are clearly defined and that perhaps there is a municipal assessment ombudsman or an independent assessment authority that will look at these frames of reference when disputes arise.

I thank you for giving me this opportunity - that gives me an opportunity to go to Europe knowing I have said what I had to say.

MR. CHAIRMAN: Thank you, Mr. Hilabura.

Mr. Adam.

HON. A. ADAM: Before you go to Europe, Mr. Hilabura, I want to ask you what is your opinion in regard to market valuation for property?

MR. CHAIRMAN: Mr. Hilabura.

MR. W. HILABURA: Market valuation of property - I have a concern that we don't have very fluctuating values. For example, in Vancouver house prices rocketed as much as 100 percent in one year. Real estate market values are based on many interrelated factors, and unfortunately, we don't know and can sometimes not predict what factors will cause an upsurge or a down surge. However, I think if you're going to look at market values, I would rather see an average of not one year, but an average of over several years - the market value. An average market value would be more able to somehow withstand the excessive fluctuations that may result.

HON. A. ADAM: Yes, and the second point would be, what is your opinion on exemptions for farm residences?

MR. W. HILABURA: Well, I know the old saying, "A house, is a house, is a house" anywhere, but I have to somehow argue that a house on the farm doesn't offer the same types of luxury as a house in the city. I would somehow feel that maybe a discounted value pending and then introduce maybe a business tax based on a certain portion. Now this is my personal view, not the municipal's view, because there are certain portions of the house being used for business and that portion, I feel, should carry the full load.

HON. A. ADAM: The third point would be, what is your opinion of assessment of outbuildings for farm?

MR. W. HILABURA: There we're going to run into, in the initial stages, many complexities because if you assess, for example, a cattle shelter, it has limitations in that it may be seasonally used in the winter. So you may have assessed it at, let's say, quote "\$5,000 value," but this farmer says, well, I'm going to put summer use to it. You might have the assessors running around constantly trying to update assessment on buildings. Then, as I had given you the example of that hog operation, the highest and best use, you may have buildings - I have 22 hog operations in my listings, and I tell you, some will not sell because they're way outdated. They were good in the '50s and the '60s, but their valued for the '80s, so how do you put assessment on the highest and best use? It may be the highest and best use today, but you may have a drastic change, because the systems that are placed in those facilities change. You may have ventilation systems, floor cleaning systems, that perhaps look good today, but however you have all of a sudden somebody coming up with a new system of ventilation or cleaning, and it makes it obsolete. As I said there are very many uncertainties that lie with the assessment of buildings. I would tread very carefully on that.

MR. CHAIRMAN: Further questions? Mr. Banman.

MR. R. BANMAN: Thank you, Mr. Chairman. In the municipality of Armstrong, have you got a fair amount of Crown lands?

MR. W. HILABURA: Yes, we have 2,100 quarters altogether: 1,400 are leases; 600 are LGD; I would say 800 would be Crown lands. Yes.

MR. R. BANMAN: In Crown land that's located in built-up areas, do you think that the province should pay a grant in lieu of?

MR. W. HILABURA: Yes, definitely. I fully agree that a grant in lieu of taxes should be paid, because often we have to service this Crown land and often we have to put up with the nuisance of hunters going onto them and feeling, well, it's public property, I can do whatever I want with my gun in that field amongst the farmer's cattle and that's when the problems start really to trickle down to our council.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: The Minister asked you a question with regard to the taxation of residences on farms, and I guess, would I be accurate in summing up your feeling towards that, that you would think there should be some assessment, how exactly you're not quite sure of, but that there should be some assessment done on farm homes?

MR. W. HILABURA: Again, my answer was personal, not council. I don't know exactly how council would rule, but personally, being a farmer also and a hog producer, I am prepared to pay taxes on my business use, and whether it is one-quarter of my facilities. I'm not going to dodge them, it's a responsibility I have.

MR. R. BANMAN: The answer, Bill, is the same problem I guess we have also as elected officials, one seems to lose the right to have personal opinions when you're elected, because everything that is attributed to you is of a political nature. Your answer, I guess, highlights the problem that we have as a committee also, in that we are trying to establish a system which will be equitable and as fair as possible to everybody. There is no easy solution with regard to the problem, but I appreciate your comments.

MR. CHAIRMAN: Further questions for Mr. Hilabura? Hearing none, thank you very much, sir.

Back to where we were going to be at 2:00 o'clock on our list for today.— (Interjection)—

Would you please come forward, sir, do you wish to make a presentation? —(Interjection)—

Order please. It's not appropriate for anyone other than a member of the committee to raise a point of order or a point of privilege at this meeting, sir. If you have remarks to make during your presentation, we will hear them then.— (Interjection)— That would be inappropriate, sir, I can't allow it. I'm sorry.

The next person on our list is Mr. David Harms, President of the Union of Manitoba Municipalities. Mr. Harms.

MR. D. HARMS: Thank you, Mr. Chairman. I can assure you that I haven't got any loaded or difficult questions,

and that I haven't got any accusations for your staff. If I did have a question, it might be, isn't it amazing what man can do with figures?

I might say that we probably would have a solution to the problem if we listened to Portugal, where they say that each property owner is allowed to set his own assessment on his property. That does away with all the staff that we have to have, and even part of the Department of Municipal Affairs, and they say it works very good, because he's also supposed to be prepared to sell it at that price.

So we have solved our problems already, so maybe

MR. CHAIRMAN: Maybe the committee wants to stop and think about that for awhile.

MR. D. HARMS: I would like to thank you, Mr. Chairman, for the opportunity to present the views of the Union of Manitoba Municipalities concerning assessment procedures in the Province of Manitoba.

We had hoped that the Legislative Committee on Assessment would have announced additional hearings in areas south and east of Winnipeg before the final hearings here in Winnipeg, and we still feel that the area most concerned about assessment has been somewhat neglected in the sites chosen for hearings.

Before I comment on the Manitoba Assessment Review Committee Report, I would like to raise some concerns that became evident in the Statistical Analysis Report that was released by the Department of Municipal Affairs just recently.

We are aware of the four major components or recommendations that were used to do the analysis, but we have some reservations as to whether these recommendations were followed to their fullest extent.

First of all, in the valuation procedures concerning residential property the M.A.R.C. Committee state in Recommendation III-A-1 that all residential buildings be valued at 100 percent of value and not at two-thirds of value as is required by present legislation.

However, nowhere in the study was mention made of assessing all buildings at full value rather than two-thirds of their value. The provincial and municipal assessors new 1975 Manual required an index of .30 to reduce the values to the 1949-50 level of values. In order to reflect legislative requirements that all buildings are to be assessed at two-thirds of value, the index of .30 was reduced to a conversion factor of .20 or 20 percent of the values indicated by the manual. Land was also being assessed at 20 percent of its 1975 value.

The M.A.R.C. Report stated that the one-third differential between building assessments and land assessments as is required by The Municipal Assessment Act. The level of assessed values established in the first Metro Winnipeg reassessment commenced in 1958, and completed in 1966, has been continued as the basis for all real property assessment in the City of Winnipeg to this time. This assessment reflects land at 100 percent and buildings at two-thirds of 1949-50 values in accordance with the legislative requirements.

The figures in the report of the Department of Municipal Affairs do not seem to take into account the increase in land and building assessment in the City

of Winnipeg which would have a marked effect on the Education Support Program throughout the province. It seems that one-third has evaporated somewhat from one report to the other.

The M.A.R.C. Report recommended 6 different classifications for real property. Class II included single family residential properties including farm residences. Now I believe it was intended, however, that small residential holdings, i.e. like 5 or 10 acre parcels, would be assessed and taxed at the residential rate, unless they could qualify as a farm under the definition of the farm in the M.A.R.C. Report.

The value of farmland has increased much faster the past number of years than most other real property. The M.A.R.C. Report used factors to bring assessment up to 1979 values. The report of the Department of Municipal Affairs has used the years 1979 and '80 for assessment value purposes; this increases the price of farmland even more from the valuations that were used in the M.A.R.C. Report.

The M.A.R.C. Report recommended that percentages of 8, 15 and 16 be used for farm, residential and other property valuations, respectively, to raise the same amount of money in each class as was raised before. It is understandable that there will be shifts in individual assessments creating changes in taxation. The feeling among municipal people has been that there should be changes so that building-intensive operations would pay their share.

One of the examples in the report of the Department of Municipal Affairs shows the increase in taxes of a dairy farm. The total taxes in 1982 were \$1,707, at full value they would be \$10,946 and using the portioned value the total taxes would be \$7,364.00. This seems like a very large increase, but we have been told that there are residences on this property as well as numerous outbuildings to accommodate the milking of 500 cows daily. When all things are considered, the tax of \$7,364 does not seem to be all that much out of line.

Now, briefly stated, the concerns that we have in the study analysis are:

Firstly, that the valuation factors were not in line to reflect the full value of urban residential and building properties; and

Secondly, that the portioning percentages did not consider the increased value of farmland and the addition of farm residents into a taxable position in order to initially produce the same number of tax dollars from each classification as before implementation of the recommendations.

The Union of Manitoba Municipalities' position on assessment and taxation has varied very little over the past number of years. We have always maintained that costs of education should not be a burden on the property taxpayer because there is no direct relationship between property and education. Initially when education costs were low and the school districts were relatively small in area, the property tax levies for education could be considered fairly equitable. Not so under the present system of financing education, where these costs now are considerably higher than all other services that most rural municipalities provide. It has become a service to people and should be levied as such.

Now, if you removed education costs from property entirely, it would create a much better atmosphere for

agreement on assessment and taxation. I am sure that municipalities would be willing to make concessions if the government would go this route - concessions being unconditional grants, tax rebates, homeowner grants, which were initially intended as school tax relief but now pay all taxes on property in very many instances.

Our position on assessment is still what it was two years ago when we made our recommendations to the M.A.R.C. Committee, and since their report was published, we have passed a resolution asking the government to implement the M.A.R.C. Recommendations. Even if we do have our reservations or concerns in a few areas, we feel that the new procedure would eliminate many of the present inequities.

First of all, we do approve of the recommendations to value all properties and set them into proper classifications. This would remove the disparity between land intensive and building intensive farms that exist today. It would also remove the concerns under Section 30(2)(3) of The Municipal Act where judgment has to be made to qualify for exemption on rural residences. The number of appeals to the Court of Revision and the amount of time required by the assessors on the administration of this section makes it imperative that a change must be made.

Care must also be taken that all properties in the province are valued at fair or full market value and that these values are updated annually and kept as closely in line as humanly possible. The valuation factors must be adjusted to fairly reflect the true value of all property in all parts of the province.

The portioning factor is the most important part of the total package, since it is the tool to properly distribute the tax load. We would not recommend that the same portioning factors be used today as were used in 1979. Values of farmland rose drastically in 1980 and '81, thus creating a large shift of the tax load to the farming community. In order to start at the point where most property taxpayers are at now, consideration has to be given to the inflationary price of farmland and the addition of farm residences to the tax base. For calculation purposes in establishing the proportioning factors, the farm residences would initially have to be left in the land and buildings classification. We feel that municipalities have to be involved or consulted before this important step in the recommendations is taken.

We have always felt that land had to pay too large a portion of the education costs compared to most residences in the urban areas and we would not want to add to this burden in the process of looking for a more equitable assessment procedure. Again, I would like to say that removing education costs from property would solve a lot of these problems.

I feel that we could agree with the recommendation of a single assessing authority, making it easier to keep all properties assessed at an equal level right across the province.

We agree that all Crown lands should be assessed at fair or full market value and that taxes be levied on Crown lands under the same conditions and terms as any other land in the municipality.

Changing the Court of Revision procedures to a more informal base seems to meet with approval of most municipal corporations and the M.A.R.C.

Recommendations concerning the Board of Revision are acceptable.

In principle, we do approve of the M.A.R.C. Recommendations. We would like to see assessment of all properties take place according to the recommendations.

We have some reservations or concerns in the outbuilding exemptions; particularly, ordinary farm buildings situated on river lots or village lots, vacant buildings becoming taxable, etc. It is very difficult to find a proper solution to these concerns. It's possible that minimum exemption on some of these properties would be acceptable.

We are in agreement that portioning factors be used to shift taxes, providing that we initially all start at the same level that we are at now. Our concern here is that the farm sector should not have to pay a larger portion of the education costs, but rather that it should be reduced from its present level.

Tax rebate or homeowner grants should be abolished or reduced to a point where every home should pay a certain or basic tax before qualifying for a rebate. That suggested amount would be \$300 a year.

Mr. Chairman, our concern is that something should be done to bring assessment up-to-date and to hopefully make it fair and equitable to all property owners. The present system leaves much to be desired and is confusing to most of our citizens.

Thank you for hearing our views on the report and it is our hope that you will urge the government to take action on assessment that will make it more equitable and understanding to all property owners in Manitoba.

Thank you.

MR. CHAIRMAN: Thank you very much, Mr. Harms. Questions for Mr. Harms?

Mr. Adam.

HON. A. ADAM: Mr. Harms, at the bottom of Page 1, I think your brief indicates that the assessment used in the analysis as it pertains to Winnipeg was done at two-thirds. Is that your impression?

MR. D. HARMS: It was my impression until this green book came out. Apparently, like I said, there are indications now that two-thirds has evaluated, although you will find even in the present assessment notices there is a value of the property stated and then a two-third's value that is used for taxation purposes and I saw one yesterday, so that still is reflected in the particular notice.

HON. A. ADAM: The analysis, I believe, brought the valuation of those buildings for the model that they used in the city - they brought those values up to the 100 percent value for that exercise - that's my understanding. At least, that's what the instructions were was to use the recommendations in the report for all the exercises they did to come up with that analysis, not to stray from that; they were not to fabricate their own formulas, but they were to use what was in here and I believe that's what they used.

On Page 2, in the fifth paragraph you briefly say, "The concerns that we have in the study of the analysis are: (1) That the valuation factors were not in line to

reflect the full value of urban residential and building properties." But they are the best estimates that's available as developed by the city and the provincial assessors. It was the best estimates that they had to come up with the analysis. That would be an answer that I would reply to that section.

Further down on (2) of that same paragraph, the last two lines: "The portioning percentages did not consider the increased value of farmland and the addition of farm residents into a taxable position in order to initially produce the same number of tax dollars from each classification as before implementation of the recommendations."

That was clarified this morning during the question period that it disagreed that the 8, 15, 16 portions may not be quite precise enough to do the job that was intended. There are no precise averages. It is very difficult to be right on target, but that is what the Weir Committee used as being the percentages now in place under the present system and our staff used those figures as well because that's all they had.

That's all I have now.

MR. CHAIRMAN: Do you have any further questions, Mr. Adam?

HON. A. ADAM: No.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Thank you, Mr. Chairman. Mr. Harms, first of all, I'd like to, as President of the Union of Manitoba Municipalities, I'd like to compliment you on your brief. I think it's a very good brief.

I have a few questions here. Is it your impression from the M.A.R.C. Report that there should be no shift in taxes between the various classes?

MR. D. HARMS: Initially or eventually?

MR. A. DRIEDGER: Initially.

MR. D. HARMS: Initially, I think the report recommends that there should not be a shift between the different classifications. That doesn't say that there couldn't be a shift later on if the shift was desired.

MR. A. DRIEDGER: Mr. Harms, in studying the green report that was sent out by the Department of Municipal Affairs, do you still have the impression after reading that, that there would be no shift in classes?

MR. D. HARMS: Not necessarily. The impression that I have there, and it still goes back to the point on page 2, is that if you were using different values when you did this study, different values and a year of different values and you used the same proportion in factors, you have to come up with a different end result, because farmland particularly had changed in value in those two years so drastically that there was no other way that you had to come up with a higher figure for a farm. That's the only way it could go, I mean, unless they would have gone through the same steps again as what the M.A.R.C. Recommendation said in the first place, is to allow only all classifications to pay the same

amount. Because of your valuations on the different properties, and it didn't necessarily have to be farmland only, it could be other properties as well, but because the valuation factors have changed, the other report was based on a different set of values than this one was, but the portioning factors were the same that were used, which should not have been the case because they should have been corrected to the new values that were used in that year.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Yes, and my understanding then, in just following up, was that the portioning factors that were applied - Mr. Clarkson mentioned this morning that if they're applied on a provincial basis, that there will not be an overall shift between classifications of property if you applied those portioning factors and they may need some changes, as you suggested, to update them; but applied on a municipality-by-municipality basis, there could very well be shifts using those same factors that were developed for a provincial basis, but applying them on an individual basis.

I see on the bottom of Page 3, you say that portioning is the most important part of the total package and that there should be further consultation with municipalities on this matter. Are you suggesting that there be some type of unique portioning formula for each municipality? Because that certainly isn't what is recommended . . .

MR. D. HARMS: No.

HON. J. PLOHMAN: . . . and I'm wondering what kind of a system of portioning that you would develop so that there would not be that shift on individual municipalities because you cannot arrive at it, and I think that's where all this disagreement is coming around the table on this whole matter, that you cannot arrive at any shifts on individual municipalities if you use a provincial formula.

MR. D. HARMS: Yes, I would agree with you that it will be impossible, whatever implementation you do, that there won't be a shift within or between municipalities. It's impossible to avoid that; but I'm not saying that we want a different set of figures for each municipality. I think what the municipalities are saying right now is this. We go along with reassessment, that's the most important part of this particular package right now, but before we have anybody decide that farmland is going to pay so much on a provincial basis and residential is going to pay so much on a provincial basis, we should have some kind of input or some kind of feedback from the implementation of these recommendations as to what would happen.

Now, everybody, I'm sure - all farm people are scared when they read the green book, if that's what's going to happen, and we don't want anything to happen; but we could also indicate to them that if nothing happens, it could be worse than what it is in this green book.

HON. J. PLOHMAN: So, what you're saying then is you would like to see a refinement of this green book done to take in some of the variables and factors that

haven't been considered necessarily in this one, and something like that prepared for each municipality.

MR. D. HARMS: Well . . .

HON. J. PLOHMAN: Well, you say that we need feedback, the municipalities need feedback so that you have that kind of information and you'll know what the implications are. However, a number of people have said that they don't agree this is adequately and accurately representing what the recommendations were. So if there was a refinement and there was one developed for municipalities and then at the end of that it came out that there were still these shifts in there and people are not going to be satisfied, because no matter what happens, if there's some reform and there's changes there's going to be people that are dissatisfied.

So I was just wondering what you're attempting to get at from that angle, what you really would like to accomplish.

MR. D. HARMS: Okay, I'll try and answer that. I think municipalities would be satisfied, first of all, to know that when the implementation of the recommendations do start to be implemented, we would be assured that you're not going to use 8, 15 and 16, regardless of what your values are. If you can show us what your values are and what values you're basing it on, we'd be prepared to look at it. That is, I think, the biggest problem that municipalities are facing right now - say, well look, if that's the factor you're going to use, forget it - but we are prepared to say that we need a reassessment of property, things are not in order the way they are in Manitoba at the present time, and then we have to look at how we're going to distribute the tax load. I think, again, in the recommendation, it recommends to us that we should start phasing them in; so then we start at where we are now and slowly phase them in so that those property owners that will have to pay in - I'm sure there are some that are going to complain because they've had a free ride for so long; they will be complaining - but if you don't do it in too big a hurry, the complaints won't be just quite as hard.

HON. J. PLOHMAN: So, really what you're saying then is that the phase-in period is critical over a number of years that the actual - any changes would be implemented over a period of years - there would be a gradual - and that was one of the recommendations of the committee as well, I believe.

MR. D. HARMS: Yes, it's important because you don't want to be hit overnight with a drastic change. We can take something that takes a little longer.

MR. CHAIRMAN: Mr. Orchard.

MR. D. ORCHARD: Thank you, Mr. Chairman. Well, Mr. Harms, I also want to congratulate you on your brief. I think you've touched on some of the concerns that other municipal people throughout the other hearings have touched on.

Now you identified, in terms of your concerns, the two points that you addressed. The one was, with the

valuation changing in three years on farmland, you can make invalid the 8 percent portioning figure. That's what you're referring to and you want to have that refined; but I think equally as important you have identified the problem that we have seen in the green book in that farm residences, when they become assessed and taxed, the farm group, the farm classification does not receive credit for those taxes - the residential group does. That tends to have a lowering effect on homes in our small communities in rural Manitoba, in Portage la Prairie and in the City of Winnipeg - all residences get to come down slightly because farm homes become part of the residential classification.

I think you're fairly specific, Mr. Harms, and correct me if I'm wrong, that you want to assure when farm residences are assessed and taxed, that the farm pool receives credit for that, so that it has a lowering effect on the bare land, which was I believe the original intention of most people in the municipal councils to have that take place - if we're going to trade off taxation on farm buildings and residences, that it has to impact by lowering the taxation on bare farmland - is that a fair assessment?

MR. D. HARMS: Yes, I think that's what we thought wasn't included in that particular study and which doesn't reflect the true end result, so to speak. Then again, I would say, going to the recommendations, that it should be initially like that, and once we have established our classifications and know what each classification is doing, it won't be as difficult to decide what each classification should be doing.

MR. D. ORCHARD: Then to follow up on that, Mr. Harms, after having the new classification established, you're saying that you could then move to the other recommendation that the UMM has had of removing education taxes from property. That would be what you would hope for a further step down the road.

MR. D. HARMS: I would suggest you do it right now and then you could proceed a lot faster with your committee report.

MR. D. ORCHARD: Then - well, no, I'll pass, that's fine. Thank you, Mr. Harms.

MR. CHAIRMAN: Further questions for Mr. Harms?
Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, I'm not sure whether Mr. Harms indicated this in his brief, I think there was some reference to it, I just can't find it, but he would like to see some, if not most of the recommendations acted upon as quickly as possible?

MR. D. HARMS: That has been our position. I would probably have to indicate to you that was the position before the green book came out. We had a meeting after that, and the municipalities still are in the position saying that we need reassessment. We are not going to always talk final figures right away and see what the end result is; now, we need to set assessment in line in Manitoba and it has been indicated here this morning

a number of times that all assessments are not in line at all, not even from one municipality to the other, and we all know that. Everybody knows that. On top of that, the inequities that I mentioned of farm residences, which can prove to be farm residences or can't prove to be farm residences, which is an inequity that's right across the province. Those things have to be resolved, we feel, and I don't think there's any doubt that the municipalities wouldn't be in favour of going and getting a new assessment procedure established in Manitoba.

MR. CHAIRMAN: Mr. Gourlay.
Mr. Adam.

HON. A. ADAM: Thank you, Mr. Chairman. Mr. Harms, Page 4 of your brief, about the sixth paragraph, in regard to the exemptions of outbuildings, you have expressed some reservation in regard to this recommendation in the report. Do you care to elaborate any further on that, so that we can have a clear picture?

MR. D. HARMS: It's quite apparent from the recommendations that there are still going to be some inequities in that building-intensive, or even a grain farm that just so happens to have subdivided on a few acres of land and is not situated on a quarter, will have to pay taxes on the buildings, and were it on the full quarter of land, he wouldn't. On top of that, we have the river lots along some of our rivers that have built their farm production buildings and they don't even have to be hog or dairy or poultry farms, but whatever farm buildings are on small lots, and they would not be affected by the exemptions that are quoted in the recommendations. I kind of feel that there is some kind of an inequity there because a farmer could have a highly assessed quarter section of land and good buildings, good outbuildings, numerous outbuildings, and still be exempt, whereas on the small lots they can't be.

Now there is a problem, and it's not that easily solved and that's what I'm saying. But if there were a minimum exemption on those type of farm buildings, and there again you'd have to qualify, and that's where you get into difficulties. I've said this before, that once you start with exemptions, you'll never be without problems. That's the only problem; exemptions always create problems, no matter what. You heard that this morning, when a curling rink is exempt and a club is not exempt, right away we want more exemptions. And that's the problem. I think a minimum probably would solve it, but I haven't got an answer to it, and I was hoping that you might.

HON. A. ADAM: Yes. Well, then I'm sure you would agree that what we are doing now is a second round of consultation to review the report and the analysis that was made of it is a worthwhile exercise, and these points are still coming out. Those concerns that you have expressed today, and others have expressed, I'm sure you wouldn't want us to restrict that consultation process with the people of Manitoba to arrive at an assessment system in the province that will stand the test of time. We want to have something that will do the job and, although we know that there may be some shifts and so on, by looking at your brief I would say

that in general you support the major recommendations that are in the report. I certainly want to compliment you and your association for your brief today.

MR. CHAIRMAN: I'm not sure if you want to answer that. I'm not sure if there was a question.

Mr. Harms.

HON. A. ADAM: There was, I . . .

MR. D. HARMS: I'll just make one comment, and that would be that I don't disagree with continued studies, although we, as far as municipalities are concerned, are probably starting to believe that it is a lengthy procedure, but as long as we get that something at the end and it isn't all dropped, we'll be satisfied, I think.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Just briefly, there was mention made about education financing and removal of property taxes for the financing of education. I would just mention to you, and I'm sure you're aware, that you make those suggestions to the Department of Education Review that is going on, and perhaps you have already, and also alternate suggestions as to how education should be financed.

MR. D. HARMS: Did you want some alternate suggestions?

HON. J. PLOHMAN: Not at this time, I don't think it would be appropriate, but I suggest that you would certainly make those views known to that review.

MR. CHAIRMAN: I am sure the Union of Manitoba Municipalities is aware of the Education Finance Review Committee chaired by Dr. Glen Nichols, and either has or will be making presentations to that committee.

MR. D. HARMS: We have already.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Mr. Harms, I just have one further question. After the meeting the other day at Souris, the Minister indicated it could be a couple of years before anything was implemented. Do you feel that is an overexaggerated time period? Have you got that much time to wait?

MR. CHAIRMAN: Mr. Harms.

MR. D. HARMS: I'm not sure whether I would like to answer that. I think as far as the municipalities are concerned, we would be prepared to go a little sooner than that, if that's a sufficient answer.

MR. A. DRIEDGER: Thank you very much.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Since Mr. Driedger has opened up a new area for discussion, I don't know, Mr. Chairman,

if I'd be out of order, but I would say, just maybe make a comment, that the report indicates that we should have a new assessment in place for the year 1987. Have you any comments to make on that?

MR. CHAIRMAN: Mr. Harms.

MR. D. HARMS: If you're saying that it will be in place by 1987, I don't think there would be that much of an argument with it, but that would mean that it would have to be started pretty soon.

HON. A. ADAM: Thank you very much.

MR. CHAIRMAN: Any further questions for Mr. Harms? Seeing none, Mr. Harms, thank you very much and thank you to the association.

I have been advised that Mr. Syd Lye of Portage who was here today is unable . . .

Mr. Blake.

MR. D. BLAKE: Mr. Chairman, Mr. Lye has left, he will be back next Wednesday.

MR. CHAIRMAN: Thank you, Mr. Blake. I have not been advised that Mr. Lye can't make it next week then, I have now been advised he can.

Next individual on the agenda from out of town is Mr. Ed McCready. Mr. McCready.

MR. E. MCCREADY: Thank you, Mr. Chairman. First of all, I have photocopies, I guess, being distributed entitled "Comments Upon the Report and the Statistical Analysis."

Before I begin reading this submission, it's a pleasure to notice the non-political nature of the discussion, that's the first item, because the reports bridge two different governments, and each government was attempting to establish equity and fairness.

Secondly, the question which I attempted to raise earlier was that I wish that the members of the public who were aware of the Rules of the Committee, because those who prepared written proposals were sort of non-plussed to realize that they had to listen to people give their opinions, who merely talked at great length without the advantage of having taken the care to prepare material in writing. I just pass that comment.

Now the comments I have: First, a question which must ultimately be answered with regard to the changes contemplated with regard to the assessment system in the province is this: What is a cost estimate of the initial capital costs in the establishment of a Manitoba Assessment Authority? Has a proposed budget for such an authority been worked out in draft form? What are the anticipated yearly operating costs of such an authority expressed as a percentage of the revenue generated from municipal and school taxes? What are the present costs in the operation of the Manitoba Property Tax Credit and Cost of Living Tax Credit Departments combined with the present costs in the operation of Assessment Departments in Manitoba? That's one area.

Now, valuation of property for assessment purposes: In the years 1871, 1872, 1876, 1886, assessment of real and personal property was supposed to be done

on the basis of "actual cash value as they would be appraised in payment of a just debt from a solvent debtor." At that time, 100 years ago, it seemed to be a reasonable method. It is still a reasonable method. This principle was changed in 1909 and further changed in the years following with the primary benefit to the farm community, quite possibly because the farm community held power in the Legislature and enacted legislation to benefit itself.

"Portioning" is a variation of the valuation principle in that the taxation burden is shifted from one property classification to another, for no good reason other than that the numbers chosen seem to work out fairly well. I realize I'm expressing an opinion. May I make a case for carrying out the principle of valuation to its logical end? In a farm community, the farmers must support the expenses of the municipality. In a city community, the city dwellers must support the expenses of the city government. If the basis for this support is taxation based upon ownership of property, then this principle should not be altered by compromises such as "portioning."

If the argument in favour of "portioning" is that farm taxation will increase somewhat, then another way to state the question is that quite possibly farm taxation has been unfairly low for too many years and that the proposed different valuation procedures will merely redress the imbalance. However, where any major changes occur, a phase-in period will soften the ultimate blow. Then too, if unusual hardship occurs in the attempt to implement fairness, a municipal or provincial body can eliminate the unusual hardship by a specific grant which would be a matter of public record.

Now, paying for education costs: May I propose that education costs be paid directly through an increase in the Provincial Income Tax. There would be some advantages to this proposal. School costs would be paid on the basis of "ability to pay" rather than upon how much real estate a person owned. Conceivably this principle might be altered in the case of non-resident property owners. We also want to get those guys. The Manitoba Property Tax Credit scheme would become redundant, for the ability to pay principle is a better income distribution measure than most.

Now, to market value assessment: If property is assessed at full value, then in the minds of all, a reasonable sale price exists. Should a government authority need to expropriate any property, the payment of an assessed value to the owner would constitute a fair price to all concerned. Too frequently we find properties charged taxes which are extremely low, yet when a government authority wishes to expropriate, the expropriation price can become extremely high. Now, if such a high value had existed for a period of time, then surely it would have been the right of the community to receive its fair share of tax revenue. With this in mind, property speculation not in the public interest would be minimized, and property owners would constantly maintain an appropriate assessment value on their holdings in the event of an untimely expropriation.

Self-assessment of property: Assessment of property in the province could be done in one assessment year on a self-reporting basis by existing property owners, subject to review by the assessment authority. After all, property owners appear to be quite competent to

evaluate their holdings for sale purposes, for fire insurance purposes, why not for taxation purposes? This proposal could be tried out on an experimental basis in a few municipalities to iron out any problems. The cost benefits of such a system of self-reporting should be considerable. The monitoring of any self-reporting system is always the ultimate sale price of property.

In conclusion: It's been a privilege to have had the opportunity to participate in this discussion. I thank you, gentlemen.

MR. CHAIRMAN: Thank you very much, Mr. McCready. Questions for Mr. McCready from members of the committee?

Mr. Blake.

MR. D. BLAKE: One point I would note to Mr. McCready, in his comments on the valuation of property for assessment purposes, he mentions that the primary benefit to the farm community quite possibly because the farm community held power in the Legislature and enacted legislation to benefit itself. I think back in those years, Mr. McCready, you will agree that there was a great move on to attract immigrants and to attract people to develop the many many thousands of acres of farmland in Manitoba that were remaining underdeveloped.

MR. E. McCREADY: It could be, sir, that your knowledge of history is better than mine, as applied to taxation.

MR. D. BLAKE: I just wanted to get it on the record that farmers really aren't that selfish, you know.

MR. CHAIRMAN: Mr. McCready, more of a comment? Mr. Manness.

MR. C. MANNES: Thank you. I'm intrigued with your recommendations towards the end on self-assessment of property, and as a landowner I'm trying to attempt to fit that into some logical pattern. If in fact I indicate by way of self-assessment that my property is worth \$600 an acre and a neighbour declares his to be worth \$500, and a third party at \$400, how are we going to be treating ourselves fairly and equitably?

MR. E. McCREADY: If we know that our property is liable to be expropriated at our assessed value, I'm sure that our own assessment of value is going to be closer in line to our neighbour's assessed value. That's one point.

The other point is, there are other points of reference, such as, what is the value of our property for fire insurance purposes? What is neighbouring property selling for? There are other factors that can assist the assessment department to put a fair price, anything is much better than the present system in force.

MR. C. MANNES: You haven't quite answered my question, I don't believe, and if you have, it sort of scares me when you talk about expropriation of farm property. I'm wondering then, you're saying the fact that there may have been some expropriation in the

area would cause all individual farmers to tie into that number and therefore make an assessment on the basis of that, in equality to each other.

MR. E. McCREADY: I think that basically people have a desire to be fair to one another and in a community, if an individual under-reported the value of his property in comparison to that of his neighbours, that individual would be probably ostracized or compelled by the assessment department to have a voluntary assessment increased.

MR. C. MANNESS: No further questions.

MR. CHAIRMAN: Further questions from members of the committee? Hearing none, thank you very much, Mr. McCready.

MR. E. McCREADY: Thank you, Mr. Chairman.

MR. CHAIRMAN: The next person on my list is Mr. Aron Friesen, Deputy Reeve of the Rural Municipality of Hanover. Mr. Friesen.

MR. A. FRIESEN: Mr. Chairman, Mr. Minister and Members of the Legislative Committee, after I'm through with my brief and there'll be some questions probably to answer, if I get stuck I guess it's okay if I call on our Secretary-Treasurer.

MR. CHAIRMAN: Certainly.

MR. A. FRIESEN: The committee that was to deal with this day had some reason to skip the country at this moment. I might have some problems.

Once again, we wish to thank the Government of Manitoba and this committee for the opportunity of allowing us to present our views on the complex subject of property assessment change.

We, the Council of the Rural Municipality of Hanover believe that there is a need for a change in the method of assessment of properties in the Province of Manitoba. The complexity of assessment, while utilizing factors based on outdated property values, makes the present system difficult to be understood by the taxpayers of a municipality. We agree that the method of full value assessment would enable ratepayers to relate their assessments shown on their assessment notices and tax statements to the actual value of their property.

No. 1. The first point we would like to make is that we feel there should be no shift of taxes to the farming sector.

When the previous administration established the Manitoba Assessment Review Committee, meetings were held throughout the province to receive input towards the formulation of the M.A.R.C. recommendations. The council of our municipality agreed that there was inequity of taxation among the different classes of farmers and that this inequity should be rectified. They were concerned, however, as they still are today, that there not be a shift of the tax load from the urban and commercial sectors to the farming sector.

The "Statistical Analysis of the Impact of Selected M.A.R.C. Recommendations" hereafter referred to as

the "Analysis" has included all farm residences as taxable in the "Residential" category. The taxes on farm residences coupled with the taxes on farm outbuildings (above the exemption equivalent to the value of the land upon which they are situated) causes a major shift of taxation to the farming sector, despite the fact that farm dwellings are now classified as "Residential". M.A.R.C. recommended that an 8 percent valuation factor be used for farm property including farm dwellings. The "Analysis," however, applies the 8 percent factor on farm property excluding farm residences. This exclusion of farm residences from the "farm" properties causes a substantial shift of taxes to the farming sector of the province as it relates to school taxes; namely, the Education Support Program. To apply the M.A.R.C. recommendations fairly, we feel that farm dwellings should be included with "farm" values for the purposes of portioning the 8 percent valuation factor. The farm dwellings could then again be deleted and included in the "Residential" category. This would then eliminate a major shift of taxes to the farming sector.

No. 2. The second point we would like to make is respecting the value of dwellings on a larger farm unit versus the value of dwellings on a small holding or on an urban lot.

We feel that there is a substantial difference in the value of dwellings depending on where they are located. Although the value of construction may be comparable, the resale value of a dwelling drops immediately upon completion, if it is part of a larger farming unit comprised of several acres of agricultural land and other farm outbuildings. The value of the land is what takes precedence during resale, while buildings are substantially less significant in value. If this difference in the value of dwellings is not taken into consideration in the valuation of the "Residential" category, there will then also be a shift of taxation to the farming sector.

No. 3. The third concern, which our council has, relates to the basis of assessment to be used in determining full value assessment.

We feel that land productivity, rather than a sampling of resale values, should be used as the basis to determine full value assessment. Our concern lies with land speculators and foreign investors, whose purchase of farmlands at drastically inflated prices would seriously affect the taxes paid by the surrounding farmers, if assessments were based on this type of "resale" value. These land speculators/investors would generate no increased revenues for the surrounding farmer, although his taxes would be greatly affected. We therefore feel, Mr. Chairman, that productivity should be a consideration in determining full value assessments.

No. 4. The fourth concern we as council have, is the M.A.R.C. recommendation respecting Section 888 of The Municipal Act.

M.A.R.C. has recommended that Section 888 of The Municipal Act apply only to exempt land and not to exempt buildings. Although farm dwellings will continue to be taxed under this section, we feel that exempt properties such as schools and churches should also contribute towards supplying essential services such as fire and police protection and the maintenance and construction of roads and streets which directly benefit all property, especially buildings. Much of the revenues presently derived from the application of Section 888

of The Municipal Act goes towards providing these essential services for schools, churches and recreation facilities. We do not feel these facilities should be totally exempt from paying taxes.

No. 5. Our fifth and last point is to provide an alternative to the shifting of taxation to the farming sector.

As the major industry in the Province of Manitoba is agriculture, our council feels that school taxes should be removed from land and applied to buildings and/or collected by other means, before a shift in taxation to the farming sector is allowed to occur.

These, Mr. Chairman, are our major concerns with respect to the analysis of the M.A.R.C. recommendations. Apart from the concerns outlined above, we feel that the recommendations, if implemented, would be acceptable to the Council of the Rural Municipality of Hanover.

I, on behalf of my Council, would like to again thank this committee for allowing us this opportunity of presenting our concerns respecting this very important subject. Thank you.

MR. CHAIRMAN: Thank you very much. Questions from members of the committee for Mr. Friesen please?
Mr. Adam.

HON. A. ADAM: Mr. Friesen, I think on page 3 of your presentation, I understand that to mean you would want the farm residence to be assessed at the farm level, which for this figure is 8 percent. Is my understanding correct on that?

MR. CHAIRMAN: Mr. Friesen.

MR. A. FRIESEN: No, I don't think that's what we're saying here. We're saying that total assessment, like what we are having now is, we're having a double assessment put on farms.

First the farmland is assessed and then there's an extra assessment added on for the farm building, and we want that all to be one assessment - farm building.

HON. A. ADAM: Oh, I think I understand your question now. They would be in the same pool, they would be in the farm pool, but they would still be assessed at whatever the figure is for residential housing, whether it's 15 percent, 16 percent, or 10 percent, or whatever.

MR. A. FRIESEN: We feel that according to this green book, it's a little bit confusing or misleading, because when you look at assessment figures, residential assessment, it looks as though the residences will be picking up a larger portion. What really takes place is that the residences to a greater portion of that, in rural municipalities, is farmers themselves again, you know. There's a double . . .

HON. A. ADAM: I think that was clarified this morning during the question period of staff when they said that some of the properties were not as close to market value as others. Unless you can resolve those problems, you know, where in the city the assessment of residence may be closer to the two-thirds than, for instance, in a small town. I think that point was cleared this morning

and there is some shifts there that occur, because maybe in a town the assessment may be closer to the market value than in another town, and I think that's where there is some inequities. I don't know how you would resolve that. If you would say, well no, regardless of all those differences in valuation of a same class, how there would not be some shift somehow.

MR. A. FRIESEN: Well, I am not, like I said before, I was a little bit green in getting into this, but we did a lot of studying. As most people are aware our municipality has had building assessments for, I guess, at least 10 years already, so it's a little easier for us to come up with different figures and we realize, I think like Bob Banman was bringing out before, that there would a drastic change between Hanover and Steinbach. We know that we could be paying, on the school levy alone, anywhere from \$150,000 to \$200,000 more under this deal. I think if you look at the figures from the town, you'll notice that most of their figures are going down - their taxes - so I'm just looking at dollar signs and then I know which is a bad deal or a good deal. We know that there's a shift, there's no question. I'll ask Charlie to explain this 8 percent deal.

MR. CHAIRMAN: Would you identify yourself please, sir?

MR. C. TEETAERT: I'm Charles Teetaert, Secretary Treasurer for the Rural Municipality of Hanover.

I think what Mr. Friesen was trying to get across is exactly what Mr. Orchard touched on earlier today. When full value assessment in green book was calculated, farm dwellings were included in the assessments, but when the 8 percent was applied, the portioning of 8 percent, farm dwellings were excluded. Therefore, there is a shift between the classes - farm and residential. The farm dwelling is now a residential class, the taxes on which are picked up by the farmer, the farming sector, even though it's a residential class. So I think that's the doublewhammy we're talking about.

MR. CHAIRMAN: Thank you very much, Mr. Teetaert. Any further questions for Mr. Friesen or Mr. Teetaert?
Mr. Orchard.

MR. D. ORCHARD: Well, just a comment for Mr. Friesen, in page 3, your point No. 2, where you have concerns that a home, for instance, built on a farm may cost you - and let's pick a figure - \$100,000 in actual cost, but if you had to sell that farm, you would never recover, in all probability, that \$100,000 worth of value. I think the Manitoba Assessment Review Committee said that kind of resale should be reflected in the assessment for taxation of the farm home, only what you could recover, reasonably expect to recover, from the sale of that \$100,000 home. The example used was that a split-level on a farm may well carry an assessment of \$50,000 on the farm and the identical home in the City of Winnipeg, where it's more easily sold and the \$100,000 recovered from that sale, that its assessment of the same home in Winnipeg is \$100,000.00, so that you adjust for that market value. I think if that flexibility were followed through by the assessors, you would find your concern in No. 2 would

be eliminated, if it was followed through and, of course, the assurance that it would be followed through is accomplished in the Court of Revision or the Board of Revision, where you can, as an assessed individual, make the point that that \$100,000 home, you can never recover that value from it if you sell your farm.

MR. CHAIRMAN: Mr. Friesen.

MR. A. FRIESEN: Yes, I think what you brought out is true. I think we agree with that part, you know.

MR. D. ORCHARD: You just want to make sure it happens.

MR. A. FRIESEN: Yes, we certainly hope it would happen.

MR. CHAIRMAN: Further questions? Mr. Manness.

MR. C. MANNES: One question and it's dealing with your point 3, when you talk about assessing property on a productivity basis. Do you feel that there is available enough sources of information to allow you to do that today, and are you happy with the present system that pretty well does that?

MR. CHAIRMAN: Mr. Friesen.

MR. A. FRIESEN: I guess they'd probably have problems with that, but then maybe we'd have problems with true valuation, too, wouldn't we? I mean with all the buying and selling, like was mentioned here before on a hog operation, if the price is right, you know, the price is high, and the minute there's no price for hogs, naturally there's no price for the properties and only Royal Bank has properties for sale.

So I guess maybe it would have to be the two things put together. I don't think you could only do one. I think we said that it should be taken into consideration, it shouldn't be only productivity, but I think they should go hand in hand.

MR. CHAIRMAN: Any further questions for Mr. Friesen? Hearing none, Mr. Friesen, thank you very much. I thought for a minute Mr. Blake would want to ask you a question about the Royal Bank.

MR. A. FRIESEN: Thank you very much.

MR. CHAIRMAN: The next name on our list is Mr. Fred McCullough, representing the Carman District Farm Business Association. Mr. McCullough, please.

MR. F. McCULLOUGH: Thank you very much, Mr. Chairman. We appreciate the opportunity to be here. This is the first time I've ever been at a hearing, so I'm not sure how this is all going to go. We'll find out, I guess.

On my report you have on Page 2, it says "access outbuildings" and that's supposed to be "assess outbuildings."

MR. CHAIRMAN: Could you give us the line, please?

MR. F. McCULLOUGH: Line one, this is the first line on Page 2. On Page 1 on the seventh line up from the bottom it says "Manitoba should be assessed" and that should be "reassessed."

Mr. Chairman, members of the committee, the Carman District Farm Business Association welcomes the opportunity to express its views on the Manitoba Assessment Review Committee Report. We believe some changes are due and that if recommendations in the report become reality, many farmers will be affected.

Our first objection is that there have been no hearings scheduled in the south central area of Manitoba. Since this is probably one of the highest assessed areas in the Prairie Provinces, we feel the people in this area should be given an opportunity to express their opinions on an issue as important as this. The way we are loaded up here today, I think that sort of shows our point. I don't imagine the city people were too happy to have to go home and wait for Wednesday, but we appreciate your letting us speak today, anyway.

We do not believe that it is possible to discuss assessment without mentioning taxes. Assessment is the foundation on which the property tax structure is built. In fact, the Statistical Analysis Report ends in examples of taxes paid before and after the Weir Commission Report. The Weir Commission Report itself mentions taxes on almost every page. To try and discuss assessment without mentioning taxes is like talking about rainfall without mentioning that it's going to get wet. We also believe that before any changes in the system are to be made, every property in urban and rural Manitoba should be reassessed. This would start everyone from the same point and make everything much clearer.

Point No. 3. We feel that separating the \$50,000 of commercial assessments and taxing it at a residential rate is an excellent move. It's difficult for small business to be competitive when the foundation levy is so high. They provide a valuable service to both urban and rural communities and this concession would help them to remain in business.

To assess outbuildings on property where value of the buildings exceeds the value of the land on which they are situated is also a good recommendation. We feel that the farmer who is livestock-intensive on a small acreage is not contributing his fair share compared to the farmer who is land-intensive. We feel the M.A.R.C. Recommendation covered this situation very well. Just a comment to add to that, that maybe we should have put in: We also feel if these buildings are not being used, that maybe should not stand the same way, because it's pretty hard for a fellow to pay taxes on it if they aren't being used.

As taxes charged on farmland must be paid out of revenue derived from that land, we feel that assessment should be based on productive value, not market value of the land. While we have no formula for arriving at a production value, we believe that there are those who do have sufficient data and knowledge to put a productive value on a land. Manitoba Crop Insurance has a data bank on productivity.

A further argument against assessment on market value of land would be that farmland historically sells for more than its productivity would justify. Also, wide fluctuations in the price of land are not uncommon.

If farm residences are to be taxed, and we think they should be, we should look at removing all the education tax from farmland and collecting it from residential and business property taxes. This is the practice in seven out of ten provinces now.

If M.A.R.C. Recommendations are followed, the average farm will pay a higher share of education taxes than it does now. They will be assessed on their residences as well as their land.

We contend that as farmers we are already paying too high a share of the education tax load. Business can pass its cost for taxes on to its customers, and, while a farm is a business, there is no way we can pass on the higher cost of taxes. We must bear the full burden.

The Carman District Farm Business Association strongly recommends that school taxes should be taken off farmland and that school taxes be distributed evenly on all residences both urban and rural according to their assessment. At the same time there should be elimination of the one-third reduction on assessments of urban buildings, since this was originally implemented as a trade-off for the fact that farm buildings were not assessed and remain tax free. This would leave farmlands and farm outbuildings to cover the municipal taxes.

We would agree with assessing farm residences separate from farmland, but we do not agree with the way the Manitoba Assessment Review Committee has proposed this. In the Statistical Analysis, the inclusion of farm residences in the assessment would actually increase the taxes. The farm operator would have to pay in most instances. The amount of taxes he would have to pay on his land only would not decrease enough to offset the increased taxes he would pay on his residence. This is especially discriminatory against smaller farms.

This example we have here was taken from Page 26 of the green book, and I believe that was in Hanover community. We took an example of a 320 acre farm and basically we took a home quarter and a quarter of vacant farmland to make up this tax. In 1982, he would have been taxed a total of \$1,732, and when it's portioned out with the new recommendations implemented it would be \$2,382, which would be up \$650.00. Now, a 1600 acre farm, his total taxes taking it into the same way, he would end up paying \$30 less. \$7,844 in 1982, and after the portioned when the new recommendations come in, it would be \$7,814.00.

For this example, under M.A.R.C. Recommendations assessment, the tax on a half-section of land would increase by \$650 and the tax on two-and-a-half-sections would decrease by \$30.00.

With respect to the Property Tax Credit Program presently in use, we feel it only adds to the inequities in the present system. We realize that a completely equitable system would not be popular with urban homeowners, but if all the facts are looked at it would be hard to criticize our previous recommendations.

For this example, this is two, two-section farms, which is probably an average farm in our area, and we took two houses out of the Town of Carman, which are probably between five and ten years old, which is a newer house and 1150 square feet, so it's probably an above average house and they'd be paying maybe a little above average taxes in the Town of Carman.

On the No. 1 farm, the school taxes would be 2,454; on No. 2 farm with a lower assessment the taxes would be 2,027 and the home in Carman would be \$485.00. Everybody gets a rebate of \$325, so an average 640 acre farm on a higher assessed land will be paying \$2,129 school taxes as opposed to the home in Carman of \$160.00. Now, that's net taxes after you get that rebate back.

The No. 2 farm on the lower assessed land would be paying \$1,702 as opposed to \$160.00. Now, I think that's taking pretty well average houses and pretty well average farms in our area.

This example, taken from tax records, clearly shows that the average farm is paying about four times as much education tax as its urban counterpart.

Now, if you adjust this figure for the property tax rebate, it increases the amount the farm pays to about 10 times. Now I ask you, is that fair? This property tax rebate, when it's put back that way, it increases the figure to 10 times as much that the average farmer pays, according to the homeowner. Will the Manitoba Assessment Review Committee Report recommendations do anything to rectify this present inequity?

Just finishing off, we are grateful for the opportunity to express our views of the Carman District Farm Business Association and hope you will see fit to give us some serious consideration. Thank you very much.

MR. CHAIRMAN: Thank you very much for your presentation, Mr. McCullough. Questions for Mr. McCullough?

Mr. Orchard.

MR. D. ORCHARD: Thank you, Mr. Chairman. Mr. McCullough, on Page 2 under item 6, where you indicate that if M.A.R.C. recommendations are followed, the average farm will be paying a higher share of education taxes than it does now. I think quite possibly some of the discussion that we've had this morning and in briefs this afternoon have indicated that we've got a basic - well, I suppose you could call it "disagreement" - as to how the M.A.R.C. Report wanted to deal with the farm residential taxation in the way it has appeared to come out in the wash with the green report.

I think consistently throughout all of the briefs we've heard, not only today but in other areas of the province, it's come back to square one that if the farm community is going to trade off farm residence exemption and bring them into the taxable category, that has to decrease the taxation on bare farmland. That would be the acceptable method of implementing that, and the indication clearly from Mr. Clarkson, in his overview of the assessment review process, was that that was to be the case, that there was not to be a shift in taxation to the farm community.

So given that in mind, that implementing the entire report, simply rolling in one more recommendation and not dealing with four as the green book does, but dealing with a fifth one on Chapter III, Recommendation C-1, where they said there should be no change in taxation between property groups, I think we would end up accomplishing exactly what you say, but you have to add in that fifth recommendation from the M.A.R.C. Report to do it.

MR. CHAIRMAN: I wasn't clear whether or not that was a question, Mr. Orchard. Was that just a comment? Are you looking for a response from Mr. McCullough?

MR. D. ORCHARD: That was a question/comment, yes.

MR. CHAIRMAN: I didn't detect the question but, Mr. McCullough, go ahead and try to answer it.

MR. F. McCULLOUGH: Now, I'm not exactly sure what you mean by the fifth thing on the report, Don.

MR. D. ORCHARD: Thank you, Mr. Chairman. On page 109 of the M.A.R.C. Report, Recommendation III-C-1 says that, "Initially the portion of the valuation of each class of property to be used for taxation purposes should not result in a shift of taxes between classes."

Now, had that recommendation been added as a fifth one in the analysis that Municipal Affairs staff were required to do, if the Minister had said roll that recommendation in as well, I think you would not see the identifiable shifts in here, because the portioning factors would have to have been adjusted to credit to the farm pool, farm resident taxation, and your concern would be eliminated.

MR. F. McCULLOUGH: That is right. We're concerned that we're not going to be paying a higher percentage of the taxes than we are now and, basically, that's what this whole thing is all about. We realize that we say no shifts between classes should take place, but when you're looking at a fair equitable system, I think shifts have to take place and with this report there is a certain amount of shifting already is taking place. What we're saying is that to be equitable, shifts have to take place, basically.

MR. CHAIRMAN: Mr. Orchard. Mr. Blake.

MR. D. BLAKE: Yes, Mr. McCullough has illustrated it fairly clearly the average farm, what they're paying in school tax. This has been obvious to a number of us for quite some time. In order to obtain the funds necessary to finance the education budget, Mr. McCullough, would you suggest that the funds be raised through income tax?

MR. F. McCULLOUGH: No, we're not suggesting that

MR. CHAIRMAN: Mr. McCullough, I would caution that we may start to move off assessment. I realize Mr. Blake has asked the question. I'm certainly not going to rule your answer out of order, but we do want to try to deal with assessment rather than with other sources of government revenue, other forms of taxation, or we'll be here for days talking about taxation policies instead of assessment.

MR. F. McCULLOUGH: Okay, I understand your concern, Mr. Chairman.

If I may, the school tax rebate or the homeowner's rebate, we also said we thought should be put straight into the school system and the rest be taken strictly

from farm residences - not farm residences, pardon me - from residences as a whole and, as farmers, we will pay our share if our residences are assessed. We want to pay our share but we think we're paying more than our share now; that's what we're saying.

MR. D. BLAKE: Yes, that was a very intelligent answer to an intelligent question, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Blake.
Mr. Manness.

MR. C. MANNES: One question, Mr. McCullough. Again, on page 4, when you gave us the very candid comparison of a farm versus a home regarding school tax. Through your farm business association, in your view, how long will the farm community put up with inequities like this? How many more years?

MR. F. McCULLOUGH: Well, Mr. Manness, I sort of look back to a comment somebody else said here today, and it said, something like 90 percent of us don't really understand the tax system. I kind of think that is true and I guess that's why we've been putting up with it all these years. When you really look at it like this, it sure looks like something needs to be done right away. That's basically our opinion.

MR. CHAIRMAN: Further questions for Mr. McCullough? Hearing none, thank you very much, Mr. McCullough.

MR. F. McCULLOUGH: Thank you.

MR. CHAIRMAN: I have not determined whether or not Mr. Steve Rapko is from the City of Winnipeg or from outside. I believe he's from outside the City of Winnipeg. Mr. Rapko.

MR. S. RAPKO: You are correct.

MR. CHAIRMAN: Please proceed, then.

MR. S. RAPKO: Mr. Chairman, members of the committee, I'm a farmer and I'm living and farming on this farm that my father had and that's about 60 years now. My main income, of course, is from the farm. I drive a school bus. Since this new assessment came in, my taxes went up almost 400 percent, just because it was rezoned as a residential area in a matter of just a few years ago.

Now, I feel that assessing land only on the basis of the market value of the land is wrong. In my case it is. It should be assessed on the basis of what it is used for. So I feel why should I, a farmer, who wants to continue farming, be penalized by paying a higher tax just because his area is suddenly zoned as residential? My question is, can I and others caught in the same situation expect some relief if we are to continue farming?

MR. CHAIRMAN: Are you finished, Mr. Rapko?

MR. S. RAPKO: Yes.

MR. CHAIRMAN: Questions for Mr. Rapko from members of the committee?

Mr. Adam.

HON. A. ADAM: It's not directly a question but I think there is reference in the report on that particular issue as to what happens to farmers who live in a residential-intensive area where it has been rezoned for residential. I think there are some recommendations in there that in the final analysis, if anything is done in this regard, we will be looking at that as well.

MR. CHAIRMAN: Any further questions for Mr. Rapko?
Mr. Manness.

MR. C. MANNESS: Just one, on a point of clarification. Can you tell me how many acres you are residing on?

MR. S. RAPKO: Almost 200 acres. Almost 200.

MR. CHAIRMAN: Further questions?
Mr. Gourlay.

MR. D. GOURLAY: Mr. Rapko, you indicated that it was necessary for you to seek off-farm employment, such as driving a school bus, in order to maintain a living on that 200 acres?

MR. CHAIRMAN: Mr. Rapko.

MR. S. RAPKO: It's not necessary because my greater income is from the farm, but it's a supplement. I used to grow potatoes and, because of health reasons, I had to change to just grain. So I find that this sort of helps as a supplement, driving the school bus.

MR. D. GOURLAY: Then, Mr. Rapko, are you in general agreement with the recommendations as brought forward in the report?

MR. S. RAPKO: Concerning?

MR. D. GOURLAY: With respect to removing all exemptions, so that everybody's in the same situation.

MR. S. RAPKO: I don't exactly understand what you mean by removing exemptions.

MR. D. GOURLAY: Well, right now there are farm people that make their living off the farm and do not pay taxes, and supposedly urban residences are one-third exempt. The recommendations are that all exemptions would be removed and residences would be assessed. Do you feel that this is a fair . . . ?

MR. S. RAPKO: You mean homes would be assessed?

MR. D. GOURLAY: Yes.

MR. S. RAPKO: Yes, I'm in agreement with that, I am. I believe that more of the taxes should be gotten by taxing homes, even farm homes. The reason I'm saying this, because right in my own area, I'm speaking about one person who subdivided his land, he pushed for a subdivision, so he sold a few lots, but at the moment

he's only living on the lot with his home. Because of the Home Ownership Grant, he pays practically nothing in taxes, but yet because of what he pushed through, I feel that I'm being penalized in paying this high tax because he pushed for residential.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes. Just to follow up on that question, what is your opinion on moving towards market value for assessment? You have agreed that you would want to see farm residences assessed for property taxes, but there was also a recommendation that we should move on all property to 100 percent market value.

MR. CHAIRMAN: Mr. Rapko.

MR. S. RAPKO: I don't see anything wrong in basing our taxes on maybe market value, but I feel very strongly that if a farmer has been established in a certain area, he's making his living off the farm, that because someone pushed for subdivision and it turned residential, and if I want to continue farming, why should I be penalized because of it. Why should I pay so much tax?

MR. CHAIRMAN: Mr. Orchard.

MR. D. ORCHARD: Mr. Rapko, just to get your situation better framed in my mind, you operate a farm of 200 acres and because of the reassessment, am I making the correct assumption that your land value went up to reflect its potential for urban residential development?

MR. S. RAPKO: Yes.

MR. D. ORCHARD: Okay, now, I can really appreciate the problem you're in. Mr. Rapko, the Minister referred to it, but I think it would be most valuable for you to get the full volume of the Weir Commission Report and take a look at Page 233 on to about Pages 237 or 238, because in there the Weir Commission recognized the legitimate farmers, and the area they used was inside the additional zone of the City of Winnipeg, that they are facing an inordinately high agricultural land tax because of potential development value that their land is being assessed for. They've got some recommendations in there to bring you back down as a legitimate farmer to paying farm value taxation rather than potential development valuation. I think that's what you're really concerned about, and if you could provide us further comments to this committee after having taken a look at that to see whether the recommendations given in Pages 233 on would help you in your situation, we'd appreciate those comments.

MR. RAPKO: Thank you.

MR. CHAIRMAN: Mr. Rapko, I think Mr. Orchard has made an excellent suggestion. Since you weren't aware of those particular recommendations being made in the Weir Report, perhaps after you've had a chance to review the copy you now have, you may wish to make a written presentation to the committee by

sending a letter to myself as Chairman. That's certainly in order and I'll see that it's distributed to members of the committee.

Do you have any further questions, Mr. Orchard?
Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Mr. Orchard just made the same point I was going to make.

MR. CHAIRMAN: Excellent. Any further questions? Everybody is agreeing, Mr. Rapko. We're in danger here.

MR. S. RAPKO: Could I make another comment?

MR. CHAIRMAN: Certainly.

MR. S. RAPKO: Concerning outbuildings, taxes on outbuildings, I am against that, very much so, because I feel that it curtails building; rather the farmer is going to think twice before he builds, especially machine sheds and things of that nature. So myself, if I had to put up a \$15,000 or \$20,000 machine shed, I would think twice about it - to store my machinery - if I have to pay tax on it.

MR. CHAIRMAN: Thank you, Mr. Rapko. Any questions on that point?

Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: I'm just wondering if Mr. Rapko has interpreted the recommendations that the outbuildings become taxable when the value of the outbuildings exceeds the value of the land on which they are situated. So you're talking of a \$15,000 building on a quarter section of land - that addition would not necessarily put the buildings into a taxable . . .

MR. S. RAPKO: It will eliminate the tax.

HON. J. BUCKLASCHUK: Pardon me?

MR. S. RAPKO: That will eliminate the tax.

HON. J. BUCKLASCHUK: It wouldn't be taxed until such time as the value of the buildings exceeds the value of the land on which the buildings are situated.

MR. CHAIRMAN: Any further questions for Mr. Rapko? Hearing none, thank you very much, Mr. Rapko.

MR. S. RAPKO: Thank you very much.

MR. CHAIRMAN: Mr. Casimir Petaski. Is he also from out of town? —(Interjection)— Thank you.

Mr. Wilfred Mutcher.

MR. W. MUTCHER: Good afternoon, I'm quite proud of you at being able to pronounce my name right; that's about the first time that I've heard anybody do that.

MR. CHAIRMAN: I took two tries at it.

MR. W. MUTCHER: I know you did, but you did okay. —(Interjection)— I won't say, I'll leave that. I just want to make one comment. I notice everybody is getting

pretty tired, so my report won't take very long and I hope then we could get on with this taxation.

Mr. Chairman, Members of the Standing Committee on Municipal Affairs, the Council of the Rural Municipality of Dufferin wishes to thank you for the opportunity to express their views on the report of the Assessment Review Committee. We are disappointed, though, that a hearing such as this was not scheduled in the area south and east of Winnipeg and we still hope that a hearing can be arranged for the convenience of the municipalities and public in that area.

The Municipality of Dufferin has some of the highest assessed land in the province and is well-known for its diversified farming operations.

This municipality agrees that a new Municipal Act or method of assessment is necessary to take care of the inequities that exist today. The proposal of assessing all farm buildings will eliminate the problem of who is and who is not a bona fide farmer, which exists under our present legislation. As a rural municipality we refer to agriculture-related businesses with good buildings, a number of which are situated on a small acreage and pay very little or no property taxes. However, we do feel that the proposal of exempting farm buildings to the valuation of the land on which they are situated is very unfair. In many cases, the farmsite is situated in a wooded marginal land area, near a river or creek on small acreages for good and logical reasons and leaving the good productive land for cultivation. Many of these farmers have several hundred acres of land which could be used to exempt their building assessments. We do not feel that it would be very difficult to bring in a formula that would give these farmers their rightful exemptions.

Council has no argument with one acre being allotted for farm residential as long as it applies only to farm residences. Rural residential people who have bought more than one acre of land should be taxed on the residential assessment of the entire parcel. Often all they have removed from agriculture is a larger parcel that is necessary and in all probability will come in conflict with agriculture from time to time.

The Council are also in agreement that land and buildings should be assessed at their market value. However, the method of determining the apportionment of this value to be used as an assessment for taxation purposes is very critical and a very careful study should be made before arriving at a definite figure.

The Report of the Manitoba Assessment Review Committee comes to us in great detail and it is hard to comprehend so many facts, figures, recommendations and, yes, assumptions, which I believe the whole book is written on, in such a short period. We feel the biggest concern to rural municipalities is the increase in assessment to rural municipalities as compared to urban centres. This in time will lead to a shift in taxes. These increases and decreases in the equalized assessments are shown on pages 349 to 359 of the M.A.R.C. Report. Rural municipalities south of Winnipeg show increases in equalized assessments from 4 percent to 26 percent while the larger towns show a decrease from 19 percent to 23 percent.

Recommendation III-C-1 states, "Initially the portion of the valuation of each class of property to be used for taxation purposes should not result in a shift of taxes between classes."

This simply tells us that in a very short time, because of the change in equalized assessment, the shift of taxes for shared services, especially school levies, will go on the farmers. The report keeps referring to increased residential assessments in rural municipalities, but in essence what it means in most cases is the farmers will be paying two types of taxes, farmland and residential. What reduction he may gain in his farmland taxes he will more than make up for in his residential tax.

Again, I'd like to thank you for the opportunity to express our views on the Report of the Assessment Review Committee. We hope you will give serious consideration to the proposals you have received this week, as the council feels that an increased tax burden is shifting towards the farmers in Manitoba.

I thank you.

MR. CHAIRMAN: Thank you very much, Reeve Mutcher. Mr. Adam.

HON. A. ADAM: Mr. Mutcher, in your comments you mentioned that the Report of the Assessment Review Committee comes to us in great detail and it's very hard to comprehend the recommendations and the assumptions in such a short time.

The report was mailed out in April to all municipalities and to all people who made presentations to the Weir Committee. I have been under pressure to implement the recommendations back last spring. I chose not to do that; I chose to have more consultation to know exactly what we're getting into, so that as time went on we'd have a better understanding of the issues that we're trying to address. So we would not have any complaints that we continue these consultations? That's a question.

MR. CHAIRMAN: Reeve Mutcher.

MR. W. MUTCHER: We received that, I'll admit we received that report, but I'll tell you I'm not a lawyer and I've read that report and I've gone through it and I still can't get the full value of the whole thing and the green one is worse. I still can't figure it out. There are figures thrown in there that I don't know where you got them from.

HON. A. ADAM: At the request of the Union of Manitoba Municipalities we had staff go out and brief them on the green paper in Portage la Prairie before we went out on the hearings. I'm not sure whether you were there at that meeting or not, but the Union of Manitoba Municipalities indicate that there was approximately 200 people or more there and at that time they did receive a briefing on the methodology of that green paper.

MR. W. MUTCHER: Yes, I was at that meeting and I still don't really get the whole drift of that green paper. I have read it and I've talked about it and I've talked to a lot of neighbours about it and they are very surprised and I'm - let's say that it is not written for the average layman to understand.

MR. CHAIRMAN: Further questions? Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Yes, Mr. Mutcher, on Page 2, "The council are also in agreement that land and buildings should be assessed at their market value." Is that in reference to farms, or is that to rural residential?

MR. W. MUTCHER: That's farms.

HON. J. BUCKLASCHUK: I find this rather interesting because I believe that you're probably one of the very first municipal representatives that has recommended that we should be looking at market value for farms. The very opposite has been stated by the Carman District Business Association where they say assessment should not be based on market value. How do you justify your position?

MR. W. MUTCHER: How do you justify market value? The prices in the Carman district was \$1,600 last year; this year it's \$800.00. What's market value?

HON. J. BUCKLASCHUK: Well, then I should ask you the question. What is your interpretation of market value, because we have constantly - the term has been used as based on productivity, but I don't think in the last four days, at any point, has anybody said "market value"?

MR. W. MUTCHER: Okay, the way I would look at market value - you can't take the high and you can't take the low on it, but we should average it for years. If they're going at Portage, when I was there, they said on two years. Well, the last two years in our area were terribly high. I would hate to pay my taxes on the last two years' assessment of market value. I would on this year.

MR. CHAIRMAN: Further questions. Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: I can appreciate the unusual situation you have in the Carman area, but we talk about market value, what it'll sell for on the market, let's average it. We are still taking into consideration a price that is determined, based somewhat on productivity and to some extent not on productivity, but simply on a speculative value. Now would you be taking that into account in your market value? You just indicated that land was worth \$1,600 an acre, this year it may be worth \$800, next year it may be worth \$1,200, you'd average this all out. That still may not even represent 80 percent of the productive value of that land. Would you still be looking at the value that the farmers are able to obtain when they sell their land as a market value?

MR. W. MUTCHER: That's kind of a difficult one, because productivity should come in it, but I have had a run in with the assessors on my land on checking it out for assessing it. I don't know how you'd really put a true value. The true value of my land, if you take it over a few years' time, when I got married and moved out to where I am living presently, the people thought I was moving into the sticks and that's no word of lie. With my chemicals, fertilizer and that, I can make it produce. It's a valuable farm, I'll admit that now; but

without them, there's no value there - it's a reasonably small value. I don't know how we could really determine that, but I would like to try and take a chance on it.

MR. CHAIRMAN: Further questions? Mr. Orchard. Mr. Banman. My apologies, Mr. Orchard.

MR. R. BANMAN: Thank you, Mr. Chairman. You mention on the first page of your brief the one-acre allocation for farm residences. Do you at present, does the municipality have a by-law, as to the size of subdivision of farmland?

MR. CHAIRMAN: Reeve Mutcher.

MR. W. MUTCHER: No, we don't.

MR. R. BANMAN: This is a problem that has occurred, I guess, in several of the other committee hearings; and that is, that in many instances municipalities do have by-laws and then they dictate to the resident, who is going to be building out there, the size of the property he has to build on and very often it's much larger than the resident wants it and I guess that's a problem. But I was just interested if you had a by-law with regard to that.

MR. W. MUTCHER: No, we don't.

MR. CHAIRMAN: Further questions for Reeve Mutcher? Hearing none, thank you very much for your presentation.

MR. W. MUTCHER: Thank you for the time.

MR. CHAIRMAN: Some members of the committee have indicated that there may be only sufficient time to hear one more brief because of the time constraints on which we're operating. What is your will and pleasure? Is that agreed? (Agreed)

Next on the list, from outside the City of Winnipeg, is Mr. George J. Froese and Mr. R.C. Cram representing the Rural Municipality of Stanley. Mr. Froese and Mr. Cram, or just Mr. Froese? Proceed, Mr. Froese.

MR. G. FROESE: Mr. Chairman and Mr. Minister and Members of the Standing Committee on Municipal Affairs, before I go on with the brief I would like to mention that our council has also passed a motion requesting a hearing somewhere in southern Manitoba in regard to this assessment review. We'd appreciate that very much.

Mr. Chairman, Mr. Minister, Members of the Standing Committee on Municipal Affairs, the Council of the Rural Municipality of Stanley takes this opportunity to express, on behalf of its citizens, some of its concerns regarding the recommendations contained in the Manitoba Assessment Review Committee Report.

For many years, it has been our considered opinion that The Municipal Assessment Act as it now reads is outdated and inappropriate. The methods for determining liability to real property taxation creates inequities among landowners, which is unjust and unfair. We believe new legislation should be enacted to provide a more realistic and fair system.

Before getting into the specific areas of the report, allow me to digress for a moment to describe our particular municipality to you. We are situated along the International boundary in South Central Manitoba, approximately 75 miles southwest of Winnipeg. Stanley is 18 miles square, consists of 9 townships, and has a population of 4,257 people, of which approximately 1,700 reside in 11 agricultural type villages and one urban type village. We also have two trading centres, Morden and Winkler, situated within our boundaries.

Some of the recommendations in the M.A.R.C. Report are simply common sense and should have been implemented long ago. A few of the recommendations in the M.A.R.C. Report that we would like to comment on are namely: (a) that all farm residences become taxable; (b) farm outbuildings exceeding the value of the land on which they stand become taxable; (c) first \$50,000 of Commercial/Industrial assessment be at the residential rate; and (d) classifying only one acre of land as sufficient for farm residential.

Council agrees with the removal of residences from the exempt to taxable status, which will eliminate the problem we are running into at our Court of Revision. However, the farm residences should remain in the same pool as the farmland. When the farm residences are included in with rural residences, the farmer finds himself paying the same tax on land as he was before and also the added tax on his residence. The Weir Report suggested using 8, 15 and 16 percent of the valuation of farm residential and other property. In the analysis using 8 percent on farmland, the farmer is paying the same as he is now plus the tax on residences and outbuildings. We suggest the 8 percent figure is much too high.

The matter of farm outbuildings exceeding the value of the land on which they stand becoming taxable, we find there could a large discrepancy in the exemption between farm setups. For instance, two identical sets of farm outbuildings could be set on one with a very high assessed land and one on very low assessed land. So, naturally one set becomes exempt and the other not. In our area, with the large number of villages, we find a lot of farmsteads on five to ten acres, so actually they would get no exemption whatsoever.

We don't want to see farm outbuildings being moved to Class 1 land just to get the tax exemption. We feel that in the interest of preferred land use, it would be more desirable to provide a fixed exemption for farm outbuildings, for example \$100,000.00.

Council agrees with the suggestion that the first \$50,000 of commercial/industrial assessment be taxed at the residential rate. It is becoming increasingly difficult for small businesses in our rural areas and villages to remain competitive when the foundation levy is too high. Therefore, if we want these businesses to remain viable and to continue to offer their valuable service to our communities, we must offer this concession.

Council would agree that one acre of land being allocated for farm residences for taxation would be all that is needed. We feel that rural residential people should be taxed residential assessment tax on all their small acreage, but because we have so many farmers also on small acreage, we had better use the one-acre figure for everybody.

Council agrees with the method of assessing real property at its fair market value; but in the case of

farm outbuildings, when they become vacant and not used for farm use, some form of exemption must come into play.

Gentlemen, here's a mistake made. It should read: In our opinion, farmland should never be taxed for education purposes. There was a mistake made and I hope you will strike out the "vacant land devoid of buildings."

We feel that in the case of urban or farm residences where the assessment is too low for taxation purposes because of age, etc., a basic tax should be used, for example \$200.00. Everyone has to live somewhere and this would ensure that all people would pay some portion of educational tax.

Thank you once again for the opportunity of expressing our views on this report. I trust that you will give serious consideration to our proposals.

Thank you.

MR. CHAIRMAN: Thank you, Reeve Froese. Do members of the committee have questions for Reeve Froese?

Mr. Banman.

MR. R. BANMAN: Mr. Froese, when you refer to the basic tax that should apply to everyone, I guess you're mentioning the problem that's being faced by many municipalities that there are a lot of people on the tax rolls right now, because of the Property Tax Credit, that don't pay any tax at all. Is that what you're saying?

MR. G. FROESE: That's right. That's why they felt, if they're an old building too, they should pay at least up to \$200.00.

MR. R. BANMAN: You mention in your brief here that you think that should - basic \$200 - do you think that should go for school tax purposes or municipal purposes?

MR. G. FROESE: As council has mentioned here, I would assume that it would go for educational tax purposes. I guess that's where the tax credit comes in.

MR. R. BANMAN: Would the R.M. of Stanley have a fair number of people like that who would be . . .

MR. G. FROESE: Yes, there are quite a few that would be. Some live on maybe 25 acres of land, 20 acres of land, 15 acres of land, and so on. They haven't got new buildings on it, old buildings, so their taxes aren't that high and the tax credit covers that. I must say though, don't get me wrong that we haven't got high taxation, because in farmland our taxes run up to \$1,200 a quarter.

MR. R. BANMAN: I'm not suggesting that, Mr. Froese. I think it's a problem that many municipalities face, that there are a number of residents in every municipality that don't pay any tax at all and I appreciate your comments.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Mr. Froese, on Page 2, under (b), you agree with the assessment on outbuildings exceeding

the value of the land on which they stand become taxable. You also express later on that there could be some concerns in that area, and that maybe some of the buildings would be on lower assessed land and therefore would not receive the same exemption as on higher-priced land. Is that correct?

MR. CHAIRMAN: Reeve Froese.

MR. G. FROESE: Well, like I pointed out, we have these villages, a lot of these people in the villages are farmers, and they live on 10 acres of land, and they have outbuildings maybe worth about \$150,000.00. If you take the land value, full market value, six acres of land would amount probably to \$12,000, and you dock \$12,000 from 150,000 it leaves you quite an assessment taxable. This is where we feel there should also be this \$100,000 that I mentioned in there, a set figure for exemption there.

HON. A. ADAM: If those buildings then were placed in the farm pool so that the overall assessment on the farm property throughout the province - there would be a shift for those individuals, a very dramatic shift, who have the farm buildings on the 10 acres of land. Is that not correct?

MR. FROESE: Well, for example, let's say we have a farmer, he's living probably on 120 acres, 150 acres of land and he would get an exemption probably of \$100,000. Whereas, this farmer that lives in the village, on six acres of land, gets \$20,000 exemption, which is, we feel, unfair; they're both farmers. This is why our council felt it would be more fair if we had a fixed amount, for example, \$100,000.00.

HON. A. ADAM: Yes. On another point, I think that's clear now in my mind. I think the report indicates that any reduction that would come about because of the new valuation and farm buildings coming on and so on, that any reductions would be put in immediately and any increases would be phased in over a number of years. Have you any comments to make on that as to where that shortfall would come from?

MR. G. FROESE: I don't know whether I'm getting you right, but you mentioned here, you've got the figure of 8 percent on farmland, and we felt that was too high, the 8 percent, for the market value, if that's what you're referring to.

HON. A. ADAM: No, I'm not referring to that, I'm referring to the recommendation that says, in the event that there is a reduction after the process is in place, that that be credited immediately. But if there is an increase, such as on the farm buildings, that it be phased in over a number of years. I see a shortfall there, somehow, the municipality having to credit immediately a reduction, and having to wait a number of years before picking up the difference, that's the only thing. I was wondering if you had any questions on that, any comments to make.

MR. G. FROESE: Like was mentioned here before, in regard to taking the assessment, it was thrown in there

by somebody. Take it from the year 1975, then they would actually have a more clearer idea how they would arrive at the assessment.

MR. CHAIRMAN: Further questions for Reeve Froese. Mr. Orchard.

MR. D. ORCHARD: Really, this isn't a question for Reeve Froese necessarily, although the Minister made a reference to the phasing in, and he was asking Reeve Froese as to how he would expect to cover the shortfall when lowered assessments are granted immediately and increased assessment are phased in over a four-year period according to the M.A.R.C. Report Recommendation. Can the Minister, to elicit a better answer from Reeve Froese, say that statistical analysis on even Hanover, which is in the book, to show how much the exemptions lower and how much the increases come in? Have you got that information, so that Reeve Froese might better be able to comment?

MR. CHAIRMAN: Mr. Minister.

HON. A. ADAM: Everything that we have is in the two books.

MR. D. ORCHARD: Then how can you expect the man to make a comment if you can't provide him the numbers that you're talking about?

MR. CHAIRMAN: Order please. The purpose of this period in our meeting is to ask questions and make comments with respect to the presentation made by the Reeve of the R.M. of Stanley. Are there any further questions?

Hearing none, thank you very much Reeve Froese for your presentation.

MR. G. FROESE: Thank you.

MR. CHAIRMAN: In accordance with our decision a few minutes ago, gentlemen, that concludes our presentations for today. Is there any other business before the committee before we adjourn until 10:00 p.m. next Wednesday? Sorry, 10 a.m., it feels like 10 p.m. now. 10:00 a.m. next Wednesday, the 2nd of February.

Mr. Blake.

MR. D. BLAKE: Yes, Mr. Chairman, there was some consideration maybe to holding some additional hearings. Would this be the time to ask the Minister if he has considered holding additional hearings in other portions of Manitoba, such as eastern Manitoba, that have had no hearings or the southern part of the province where we've had two or three requests today for additional hearings?

MR. CHAIRMAN: Mr. Minister.

HON. A. ADAM: Yes, I would not have any objections to hold further hearings if it's the will of the committee. There are a number of presentations from Morden and we haven't covered the east side of the province. To find a date would be difficult at this time and to schedule

all the meetings. I think we have maybe one date that we could pick that would be - did I give you that date? —(Interjection)— Yes, I suggested to the Chairman that we could probably hold one hearing on February the 8th. We'd have to reschedule them later on at another convenient time.

MR. CHAIRMAN: Further comments on the question raised by Mr. Blake of additional hearings.

Mr. Gourlay.

MR. D. GOURLAY: Where would the meeting be held, Mr. Chairman, on February 8th, here?

MR. CHAIRMAN: I believe your question and the Minister's response was to additional hearings outside of Winnipeg and the Minister is suggesting that he would be willing to hold additional hearings. He can't give any indication of any dates for those hearings other than February the 8th, but he is suggesting that date initially, subject to committee discussion.

Mr. Gourlay.

MR. D. GOURLAY: Well, that was my question, Mr. Chairman, because there are still a number of briefs to be heard. We may not finish all of the ones that are on this list next Wednesday, so we should establish the location and the date today so that they could be advertised and maybe we could pick up some of these at that particular location.

MR. CHAIRMAN: Is there further discussion then on dates in addition to February the 8th? Probably, first of all, we should establish how many additional meetings the committee wishes to hold.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: I would have no objections to either going to the east of Manitoba on February 8th or to Morden.— (Interjection)— Well, Morden, I think, because there are four or five briefs now that haven't been heard, and I thought because there are a number of briefs from the Morden area that would address those, but I'm open to discussion.

MR. CHAIRMAN: The Minister has suggested a meeting in Morden and a meeting in the eastern regions. Is there further discussion?

Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman, it seems to me that besides the committee meeting that is scheduled for next week that one further meeting would be adequate for the delegations. I would suggest it be held in southeastern Manitoba, maybe a place a bit more to the east than Morden, so it would pick up those that are on the farther part of eastern Manitoba, somewhere around Morris or that area, I think, would make it a bit more central.

MR. CHAIRMAN: Mr. Orchard.

MR. D. ORCHARD: Mr. Chairman, I think that if you do schedule another meeting someplace in south-

central Manitoba, if we could make that decision today and notify the out-of-town briefs from that area so that they would not have the necessity of coming here next Wednesday, we would prioritize them again, I would assume, to give their briefs first and then we might finish Winnipeg. If we have that date set that we're going to be out of town on the 8th and set the location later, then we can deal only with the City of Winnipeg, or basically Winnipeg briefs, on Wednesday and probably that would be sufficient time for the Winnipeg presentations. As Mr. Kostyra suggests, with adequate notification no rural briefs would probably come into Winnipeg on Wednesday and we could clear them up on the 8th.

MR. CHAIRMAN: I believe that's the specific purpose of this discussion right now is to accomplish exactly that purpose. Further discussion?

Mr. Adam.

HON. A. ADAM: I'm just wondering if the Morris suggestion is satisfactory to the committee.

MR. CHAIRMAN: The Minister had suggested two additional meetings. I'm now hearing from the committee that only one additional meeting may be required. What is your will and pleasure?

Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: On the question of the location, it seems to me that at Souris we did have representation from parts of south-central Manitoba. I recall one from Miami or two from that area - one from Miami, one from Roland. We've had some today from Carman, but it seems to me that we really haven't had any representation from southeastern Manitoba as Eugene has suggested. I would, therefore, suggest that we do look at a location east of, let's say, 75 somewhere, midway.— (Interjection)—

MR. CHAIRMAN: Grunthal has been suggested. Are there any further suggestions?

Mr. Adam.

HON. A. ADAM: We haven't determined — (Interjection)—

MR. CHAIRMAN: Hazelridge has been suggested.

Mr. Adam.

HON. A. ADAM: There's been no agreement as to where we should have the meeting, if it's satisfactory to have it at Morris.

MR. C. MANNES: Mr. Chairman, if the Members from Emerson and La Verendrye are allowed to have it at Morris, if they could see it being in Morris, then I would say that we have it there.

MR. CHAIRMAN: The Member for Morris has invited the committee to go to Morris, subject to the agreement of the Members for Emerson and La Verendrye. Is there further discussion?

HON. A. ADAM: Will he buy the lunch when we're there?

MR. CHAIRMAN: The Member for Minnedosa.

MR. D. BLAKE: The usual entertainment will be provided by the member in whose constituency we hold the meetings.

HON. A. ADAM: I think that we haven't had too much representation from the Interlake area, and we had scheduled four meetings as an initial effort to obtain the views of the public, if we are now setting further hearings to accommodate certain people in the southwest of the province, I would suggest that we schedule another meeting at Arborg as well.

MR. CHAIRMAN: The Minister has suggested that in addition to a February 8th meeting in Morris, an additional meeting subsequent to that date be held in Arborg?

HON. A. ADAM: At a future date.

MR. CHAIRMAN: At a future date to be selected and to be advertised as soon as we get agreement on that date. How does that suggestion sit with the committee? In view of the fact that we will have to advertise that date, preferably at the same time we advertise the February 8th hearing, may I take it the committee will leave it to the Chairman's discretion and choice to choose a date in consultation with members of both parties represented? Is that agreed? (Agreed) Agreed and so ordered.

The committee will have two additional hearings in rural Manitoba, one at Morris, one at Arborg, the Morris date to be February 8th at 10:00 a.m., with an additional sitting at 2:00 p.m. if necessary, the Arborg sitting to be sometime after that date.

Is there any further business before the committee?
Mr. Banman.

MR. R. BANMAN: I would assume that the people who are on the list from that area, i.e. Morden and other places, will be contacted and told that they can make their presentation in Morris.

MR. CHAIRMAN: I will so advise the Clerk, if she hasn't been taking notes.

Any further discussion before the committee?

Committee is adjourned and stands adjourned until next Tuesday at 10:00 a.m.