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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
BLAKE, David R. (Dave)	Minnedosa	PC
BROWN, Arnold	Rhineland	PC
BUCKLASCHUK, John M.	Gimli	NDP
CARROLL, Q.C., Henry N.	Brandon West	IND
CORRIN, Brian	Ellice	NDP
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DOLIN, Mary Beth	Kildonan	NDP
DOWNEY, James E.	Arthur	PC
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	Viriden	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
KOVNATS, Abe	Niakwa	PC
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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
PARASIUK, Hon. Wilson	Transcona	NDP
PENNER, Q.C., Hon. Roland	Fort Rouge	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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STORIE, Jerry T.	Flin Flon	NDP
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USKIW, Hon. Samuel	Lac du Bonnet	NDP
WALDING, Hon. D. James	St. Vital	NDP

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Wednesday, 2 February, 1983

TIME — 10:00 a.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, Ashton, Banman, Blake, Carroll, Driedger and Gourlay

WITNESSES: Mr. J.C. Balderstone, Reeve, R.M. of West St. Paul

Mr. S.J. Lye, Reeve, R.M. of Portage la Prairie

Mr. Albert St. Hilaire, Reeve, R.M. of Montcalm

Mr. John M. Giesbrecht, Reeve, R.M. of La Broquerie

Messrs. Rex Virtue and John Wiens, Manitoba Teachers' Society

MATTERS UNDER DISCUSSION:

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

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MR. CHAIRMAN: Order please. We have a quorum. This meeting is a continuation of last Thursday's hearings into the Manitoba Assessment Review Committee Report, also known as the Weir Report. It's been suggested that we dispense with the presentation and other preliminaries and proceed directly to presentations this morning. Is there any discussion on that suggestion?

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, before we proceed with the briefs that are being presented, I've been asked to raise a point with the Minister about the meeting that has been scheduled for next Tuesday. Apparently, the majority of the councils in the east and southwest region are having their regular meeting on the second Tuesday of the month, and as a result of the scheduled meeting, it is creating a problem where they'll either have to cancel their regular meeting, if they want to attend the hearings, or the hope is that possibly reconsideration could be given in terms of the date of that meeting.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Well, Mr. Chairman, I have not received, unless the Chairman has, any requests from

any of the municipalities to change the date of February 8th, which is one of the only dates that we have open at the present time. If we are to change that particular date and, as I say, we haven't received any requests from any of the municipalities expressing concern about that date, but if we have to change that date, very likely we will not be able to have them until March, because our schedule is pretty well taken up. My schedule is taken up all of February.

MR. CHAIRMAN: I must advise the committee that I have heard no expressed concerns other than those raised by Mr. Driedger. I have not been contacted, as your Chairman, by any members of any of the councils involved.

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I believe that most of the councils have been phoned within, I think, the last two or three days and some of those that were phoned at that time expressed that concern. Many of them only had two or three days to consider the fact that the meeting has been scheduled for the 8th, people that were not here. The people that were here realized that, I suppose. But the councils that have been phoned, some of them, I believe, whoever contacted them - I don't know who phoned them - raised that point with me.

MR. CHAIRMAN: Further discussion?

Mr. Plohman.

HON. J. PLOHMAN: Yes, Mr. Chairman, not in regard to the concerns that Mr. Driedger is mentioning, I also was unable to be at the end of the hearing when this date was set. I'm not available on the 8th for that meeting.

MR. CHAIRMAN: Any further discussion with regard to the meeting planned for Morris next Tuesday, February 8th?

Mr. Blake.

MR. D. BLAKE: I've adjusted my schedule, Mr. Chairman, to accommodate the meeting on that date, if it's going to be on that date. But my schedule's fairly flexible, I could be persuaded to adjust it again.

MR. CHAIRMAN: Mr. Ashton.

MR. S. ASHTON: My concern would be if we moved it around within that week, because I'm not available after the 10th, so I would suggest if we are going to change it that it would require, as the Minister suggested, a delay until March.

MR. CHAIRMAN: I believe, gentlemen, that members of the government caucus would have some difficulty

because there's a full caucus meeting scheduled for February 7th and a cabinet meeting, of course, for Wednesday February 9th. Mr. Ashton is going to away from the 10th on. I understand as well the Minister is going to be away after that date, which somewhat limits our choices.

I'm at your will and pleasure as to whether or not you wish to accede to the Minister's suggestion that if we cancel we move the meeting to March or that we proceed with the meeting. What is your will and pleasure?

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I suppose if it can't be changed because of the scheduling to date, I suppose they'll have to adjust. I think the point that some of the councils felt is that maybe a little more consideration should have been given in terms of their timetables when we arbitrarily set the date as to when we'd have it. I suppose if it can't be changed they'll have to adjust accordingly and cancel their regular meetings if they want to attend the hearings.

MR. CHAIRMAN: Any further discussion?

Mr. Adam.

HON. A. ADAM: Mr. Chairman, it was discussed last week that in view of the fact that we were having another meeting at Morris, an additional meeting, that we should consider having another one in the east or the North Interlake area. The same thing applies for that meeting. If we're going to go ahead with it, it would have to be held in March, probably on a Friday afternoon at 2:00 p.m. I suggested Arborg last week, that's not etched in stone, that can be changed, it can be cancelled. It's up to the will of the committee if they wish to proceed with it, but I would not be able to have it till March in any event.

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman, just on that latter point, have you, as Chairman, received any requests for a meeting in that area or concern that municipalities in that area have not had the opportunity of presenting briefs to the originally scheduled hearings?

MR. CHAIRMAN: I have received no requests, as Chairman, for meetings in any particular areas. All the requests have come through members of the committee.

Mr. Kostyra.

HON. E. KOSTYRA: Mr. Chairman, well, then I would suggest that there probably isn't need since we are scheduling a subsequent hearing outside of Winnipeg, and if there is no interest or demand from that area, then I don't see the need of having a further scheduled hearing of the committee.

MR. CHAIRMAN: Are you suggesting then that we dispense with the Arborg meeting or both Arborg and Morris?

HON. E. KOSTYRA: No, just the Arborg meeting.

MR. CHAIRMAN: Further discussion.

HON. A. ADAM: Could I, maybe, just say that in the interim if we do have a number of requests coming in from that area . . . I may have received one from Beausejour, but I just can't recall offhand. I'd have to check back in the correspondence. We have received a number of requests to hold additional hearings. It's certainly a departure from last spring, when we were receiving requests to proceed and implement the recommendations as well as from the Opposition, but we chose to go the route of having more hearings. If we have any further requests from the Interlake we can, perhaps, consider that at a later date. Is that satisfactory with the committee?

MR. CHAIRMAN: It's been suggested that we cancel the proposed meeting in Arborg with respect to which no date had been established. Any further discussion on that proposal?

Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, perhaps more discussion or a final decision on that could be reached at the date of the next meeting. At that time there might be further information that members of this committee are aware and there can be further suggestions at that point, but I would suggest that we go along with the suggestion that has been made by the Minister.

MR. CHAIRMAN: Is that agreed? (Agreed)

Is there any further discussion then with regard to the difficulties raised by Mr. Driedger associated with the proposed meeting in Morris?

What is your will and pleasure in regard to the meeting in Morris? It's been suggested by Mr. Gourlay that we proceed. Is it agreed? (Agreed)

I should advise the committee that there were some difficulties in placing advertisements in all the local weekly papers because of the time involved. There will only be one newspaper ad that will be in the Morris newspaper this week. The other papers - we were unable to meet the deadlines. However, the Clerk has arranged for radio spots to be aired on Radio Southern Manitoba, CHSM, with stations in, I believe, Morden, Altona and Steinbach, as a substitute for the newspaper advertising we were unable to place. I trust that meets with the approval of the committee.

Is there any further discussion before we proceed to presentations? Hearing none, the first name on the list before you this morning is Mr. Rex Virtue representing the Manitoba Teachers' Society. Mr. Virtue.

The Clerk has just pointed out that I've forgotten to call for the out-of-town briefs first. The first one from out of town would appear to be Mr. Balderstone, Reeve of the R.M. of West St. Paul.

Reeve Balderstone, please.

MR. J. BALDERSTONE: Mr. Chairman, Members of the Committee, Civil Servants that are here, and Ladies and Gentlemen, we have a brief from the Municipality of West St. Paul on the report of the Manitoba Assessment Review Committee.

The Report of the Manitoba Assessment Review Committee has been received by the Council of West

St. Paul. In particular, the council has considered the Statistical Analysis of the Impact of the Selected Manitoba Assessment Review Committee Recommendations.

In reviewing the report, the council noted that recommendations of suggested various changes to the means of obtaining an assessment for property. The council feel that this could result in a shift of the collection of the tax dollars from one sector to another. School taxes represent a great portion of the levy placed on real property, in some cases exceeding 80 percent of the total taxes. People react with alarm to real property taxes, one reason being payment on demand on aggregate form.

Human response to tax is difficult to explain. While on one hand taxes, that is, income tax, fuel tax, sales tax, etc., are tolerable and generally acceptable; while on the other hand, people react somewhat different to property taxes.

This consternation can be eliminated to some degree by removing all school tax from real property. Currently school budgets, the major portion of, are made up by general revenues. The Council of West St. Paul believes and implores upon the Minister to explore methods whereby the money required for education purposes are obtained by means of income tax or other tax structures and come under full authority of the Provincial Government.

In the report that was prepared, it suggests that market value be used in determining assessment, then apply exemptions, and then take a portion for assessment. We would like to comment on that suggestion. The Municipality of West St. Paul is located just north of the City of Winnipeg and has some lands inside the Perimeter Highway. We would like to point out that when property was being sold at high prices in our municipality, we had some parcels of land change ownership as many as four and five times in one year. The land was purchased by speculators and resold within a month or two, each time at an enormous increase in price. In some cases, the land sold for double the original purchase price. Which sale would then constitute the market value of the property? As a result of these sales, the assessor could then use them in determining an assessment for other property in the area. Even though land is not for sale, it could have a high assessment value placed upon it, due to the market value established by speculators buying and reselling lands.

In the past couple of years, when the interest rate rose to high levels and jobs became few, the sales of land became very few. What would constitute the market value on property at that point? The market value of property should be what one person can advertise and sell his property at, however, not all persons can sell their land for the same value. As stated before, the property could be purchased for speculation. The rate to borrow money may have changed and the person wishing to purchase property may have a particular reason for purchase of the property. It could abut up to the property they already own. Some property may be in another school division, even though it is still in the same municipality. People may be concerned which school division their children must attend school in.

In the Municipality of West St. Paul, there are only 42 farm units and 767 residential units for a total of

809. The assessment roll indicates that our municipality has 19,592 acres, which is a very small municipality. We estimate, and this is a conservative estimate, that over 7,000 acres of land is owned by speculators and some of this land - it's not in the brief that you have before you - and I've lived in that municipality all my life, has been owned by speculators for over 35 years.

By applying the recommendations on assessment to our municipality, we are concerned that there will be a shift of the assessment from agricultural and commercial to the residential sector. We are concerned that by being in two school divisions, Seven Oaks, which is basically the City of Winnipeg, and Interlake, which is the rural area, that our ratio for payment on school taxes would increase and result in higher school taxes to our residents. We would like to see the results of an exercise to apply the recommendations to our municipality and our school division, so that we could evaluate the assessment impact to our property owners.

The council has heard suggestions that school taxes should be removed from agricultural and commercial property. This council is opposed to that suggestion, as we feel that we would end up with a shift of tax collection from agricultural and commercial to the residential sector. The speculators of land would not pay their share of taxes.

The Assessment Review Committee has prepared their report and it has been distributed for perusal. These series of meetings are the first that we know of that have been held to review the recommendations. We would like to request that no decision be reached on assessment until all recommendations have been heard from all persons concerned. The concerns voiced to this committee should be submitted to the Council for their comment with proper hearings granted for discussion.

Thank you very much.

MR. CHAIRMAN: Thank you, Reeve Balderstone. Are there any questions from members of the committee for Reeve Balderstone? Mr. Adam.

HON. A. ADAM: Mr. Balderstone, I thank you for your brief. It was a well-prepared brief and your main concern is the moving towards the 100 percent market value. Those are the concerns that you have; you're not opposed to them, you haven't said in your brief that you're opposed to the valuation at market value, but that there may be some concerns and if those concerns could be addressed, such as averaging out or taking a five-year average or a two-year average, or whatever, that those problems could be addressed. Is that a correct assumption of your brief?

MR. J. BALDERSTONE: Yes, I think that we're in a sort of unique position as far as the rest of Manitoba is concerned in that, and this applies to all the municipalities that are in close proximity to the City of Winnipeg, which is causing the speculation of land, that speculators are looking forward to maybe the city being there in a short while and they don't seem to concern themselves as to how much money they pay for that land as long as they can get it and hold it. Some of them have been looking at this for a long time, because who can be the Methuselah that can say when things are going to happen.

In our municipality, there are subdivisions that were subdivided as far back as 1906 and 1908 and there are thousands of lots, 50 feet by 100 feet deep, still in subdivisions, and they were subdivided at that time because the City of Winnipeg was going to be there the next week. Talking to some of the oldtimers that I knew, and they're gone now, one fellow said that he remembers when they were subdividing the land west of the CPR Winnipeg Beach Line which was practically all swamp at that time. They subdivided land. He said, I worked for the surveyors that were surveying the land and I walked in hip waders driving stakes for these subdivisions. The subdivisions are still there and they're just nothing but a big pain, because they're owned by people that have owned lots and they're all over the world and we can't get the subdivisions cancelled out without a great deal of trouble. When somebody comes out and buys a piece of land - this happened about two years ago when land values were really climbing - they bought a piece of land and paid a high price for it, a very high price, for so-called farmland, a piece of land that stretches from No. 8 Highway to the Winnipeg Beach Line, and that same year he came into the Court of Revision complaining about the assessment on his property. The assessor was at the meeting at the time of the Court of Revision and he said, sir, I can't afford to farm that land; he said, you never intended to farm the land when you bought it and you set the assessment price when you bought the land and paid for it. It was a very high piece of land. He's still got the land; he doesn't farm it. In fact, it's growing weeds and grass because nobody will bother with it, it isn't big enough for a big farm operator to bother with, but he's still complaining about the assessment on that land. You know, I stood here the other day, and I've known Jake Reimer for a long time, and he's really getting raked over the coals for some of the things he was responsible for, and I really felt sorry for him, because dealing with assessors, they have certain recommendations that they have to follow. In our municipality, the speculators that own land, a large part of the 7,000 acres that I'm talking about, has been owned by speculators for years and they're not worried about sitting, holding, that land.

I talked to a person the other day, talking about high taxes on farmland - well, some of the best land in our municipality, I checked yesterday in the Municipal Office and the taxes are less than \$5.00 an acre on that land and this is what the speculators are paying. They're reaping that, because they got it rented to other people; we don't ever see them. There's no houses on the land, there's nobody living on it. So if they lower the assessment on this land, they won't be paying anything for it.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: You've also indicated in your brief that you would like to have more studies done in your area.

MR. J. BALDERSTONE: Specifically in one of - not only really ours - but in an area that's close to Winnipeg.

HON. A. ADAM: I see.

MR. J. BALDERSTONE: For instance, the only two municipalities that are totally within the additional zone, under the control for zoning and planning by the City of Winnipeg, are East and West St. Paul, and the total municipalities are under the control of the City of Winnipeg.

I sit as a member of the Committee of Environment in the City of Winnipeg that deal with splits of property and so on, but the City of Winnipeg have the balance of power. We only have three members there. So, whatever they decide is right, that's what's done and the same applies to the additional zones of Springfield, Ritchot, Tache, Macdonald, and it was in the municipality of Rosser, but they were fortunate enough and smart enough to get out of it, so they're not controlled.

The thing in that part of legislation gave the City of Winnipeg the right to do what they want in our municipality and on our borders, and we can't do what we want to do on their borders, so it isn't really a fair way of doing things. The pressure is there on all the municipalities surrounding Winnipeg by people that are speculating, and I don't blame the speculators, but I don't think that they should be taken off the hook because they have enough money to buy land to think that maybe in a couple of years they're going to become millionaires by selling it for subdivisions.

HON. A. ADAM: Yes, I guess one of the problems that the Statistical Research Group were facing was that they were trying to find areas where farm buildings had been assessed - they knew the valuation - and, also that the school division would be in the one municipality. Where the school division was divided up in two or three municipalities, then they had considerable difficulty to deal with it, but I think that's one of the reasons why they chose the areas as models, as they did. I'm not sure whether in your municipality the outbuildings and the farm buildings have been assessed or not, but without that knowledge, without that information, it's impossible to do an analysis based on the recommendations and it would take a considerable length of time to obtain that information. I think even if they have the information available, it would take about ten weeks to come up with some figures.

On another point, could I ask you then if you have given any thought to the exemptions on farm buildings, the removal of exemptions that has been indicated in the report?

MR. J. BALDERSTONE: You know, I can't understand why we're trying to go the route that we're trying to go, when it would be so simple to take the cost of education completely away from real estate and put it someplace else and you would have no trouble, you would have no special levy, you would have no equalized assessment, you would have no problems at all with it. We've been talking about this for years. Social services is one of our big costs; we don't assess real estate property to get taxes to fund social services, but we're doing it. Just think of all the - maybe it would involve taking a lot of people out of their jobs, but you could throw this report. It wouldn't make a damn bit of difference whether you had farm buildings assessed or what the assessment was, because municipalities would just have to raise enough property to operate

that municipality. There would be no jumping over boundaries and school divisions and having inequities between one municipality and another municipality. Whether there are five or six municipalities in one school division, it would eliminate all that, but I don't know what the opposition to it is.

The only reason that we have, in my opinion, school taxes on property is that in the early days when the early settlers came out here and they had to have a school to teach their children to read and write and maybe spell a little bit, the only place they could get any money was out of the land, but that's not the case anymore. That's my private opinion and I think this would solve the problem. It isn't only me or my municipality, there's been other municipalities, even the Teachers' Society has come up with this.

I've heard statements said that if you did this you wouldn't have any input into the schools and what was happening. That's a fallacy, because in the Seven Oak School Division that we are a part of, we were put into that school division by a special act of consolidation a few years back when we were put into the School Division of the City of West Kildonan, the Municipality of Old Kildonan, the Municipality of West St. Paul and part of the Municipality of St. Andrews, into that school division. In that act of consolidation it states - and we're going to have a big battle about that - that at no time would Ward One, which we are called, have less than two trustees. We've had two trustees, there are eight trustees in the City of Winnipeg, I might as well say, because it isn't West Kildonan anymore, it's the City of Winnipeg. Now they want to cut us down to one trustee. We didn't have a damn thing to say when we had two against eight and we're going to have less to say when we get one. I'm quite sure that they're going to push that through.

MR. CHAIRMAN: Order please. Reeve Balderstone, I know you were here last week, so you're aware of the admonition I've made to several people presenting briefs that our jurisdiction as a committee is exclusively related to assessment.

I know your brief referred to school taxation and tied that to assessments, so I've allowed the discussion to touch on that area, but now I think we're into it whole hog and I have some reservations about how many weeks we could spend just on that one area.

I appreciate your concerns, but I have to suggest, both to you and to members of the committee, that we direct our questions to assessment and assessment reform. I know you're aware of the committee set up by the Minister of Education specifically to review education finance and chaired by someone with whom you'd be familiar from the Seven Oaks School Division, Dr. Glen Nichol, and I suggest you make those submissions directly to him.

Further questions?

MR. J. BALDERSTONE: I'm sorry, Sir.

MR. CHAIRMAN: That's fine.

HON. A. ADAM: You are concerned about expressing an opinion on whether we should look at the recommendations to remove the exemptions on farm

buildings and you're also concerned about the market valuation that there might be artificial values placed on property in West St. Paul because of the speculative market in the area. Is that correct?

MR. J. BALDERSTONE: That's right, yes.

HON. A. ADAM: You don't feel that you should express a concern or an opinion on the assessment of farm buildings at the present time.

MR. J. BALDERSTONE: Well, in our municipality, as I said in the brief, we only have 42 privately-owned farms that have buildings on them in the Municipality of West St. Paul, so it really doesn't concern us that much because it wouldn't amount to very much even if the farm buildings on it were assessed.

HON. A. ADAM: Just one last question. I think I'm correct in saying that one of the recommendations in the report was to take into consideration areas such as West St. Paul, where being adjacent to a city you had artificial values placed on you because of proximity to the city. I think they did make some recommendations in that area that that also should be taken into consideration when placing a value on bona fide farms, that they're in place and that we should be considering land use at least to a certain degree.

I think there is a recommendation in that respect in the report. I think that's about all I have at this time, Mr. Chairman.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Reeve Balderstone, I know - it's not my original question - but the discussion has gone on about the amount of land, and you do have a unique situation in your municipality, I realize, but would you not feel that - and I know it's been the subject of some discussion in our other briefs that we've had on what is a fair valuation - on the land that is held by speculators in your municipality, if a fair valuation could be placed on it by the assessor, which would result in a considerable increase in assessment, do you not think that might encourage the speculators to either develop that land or get rid of it if they were faced with a fairly good tax increase? Do you think that might help solve the problem of this land being held for so many years by speculators?

MR. J. BALDERSTONE: What are you talking about - a special tax on land that's owned by speculators?

MR. D. BLAKE: No, an assessment based on the real market value or fair market value of the land.

MR. J. BALDERSTONE: The only thing that bothers me about the valuation of land, I don't know where you'd get the valuation from, because if I have a piece of property and it's not a very big piece of property and I have five people that are very, very interested in buying that, the valuation on that piece of property could change dramatically.

For instance, to give you an example, where I live, I have lived all my life, I live right beside the

Middlechurch Home. I have almost five acres of land and right next to me there's a parcel of land, it comprises about nine acres of land. It's been up for sale and that piece of land fronts on No. 9 Highway and has about 300 feet of frontage on the Red River. Now, I don't know what anybody would value that land at, but the man that owns it has been offered \$250,000 for that 9 acres of land. There's a house on it, but it's too small to subdivide by itself, because it's only 300 feet deep and by the time you took a road off the one side of it and then tried to split it up, it wouldn't make a very viable subdivision. But what's the value of that piece of land? How much an acre is that valued at when the offer is there for that piece of land. Somebody with lots of money, they don't care how much it is.

If it was sold for \$250,000, would that then have an effect on the next piece of land to the next river lot to the north of it? You know, I can't understand where you get a value from, because if I want to sell my property tomorrow, the value of it is what I can get for it, and if I've only got one buyer and he offered me \$20,000 for it, and if I'm determined to sell it, that's the value of the land. I can't understand how you can get at values, really.

Suppose all the land in the Municipality of West St. Paul was put up for sale tomorrow; you couldn't sell it. So where would you get the value?

You know, you're all familiar with the Perimeter Highway that goes over the north Perimeter and bisects our municipality. Well, there's a man that owns property and they took part of his land for the Perimeter Highway - he owns land on both sides of the Perimeter Highway. He's got about 40 acres on one side and about 33 or something on the other, between No. 8 Highway and the CPR track going to Winnipeg Beach. That land is assessed and the taxes on the land, under the present assessment on that land, are \$35.75 an acre. On the river lot, just to the north of that, the land is assessed and I think the taxes on it are about \$5 an acre. The basis, I think, for that assessment was that he's right alongside the Perimeter Road and there's an access road on both sides of the Perimeter, so that he has frontage on it. He's had the land up for sale, but we've been told by the planners in the City of Winnipeg that that access road is not for - they can't sell the land because they haven't any right to put anything in there, such as anything commercial or industrial, because that road is only there for the use of that farm. He's had it for sale for the last five or six years. He can't sell it, but the land is assessed too high. He's still growing crops on it and at \$35 an acre, that's high taxes to pay. This is happening all over.

I'll even go back further than that. The land on the east of No. 9 Highway, running all the way along the river to Selkirk, 35 or 40 years ago, the taxes on that land along the river were \$20 an acre, and the taxes on land out in the Blackdale area, in the back end of our municipality, were \$1 an acre. There was a family that lived there, one of them was on our council - I think, Jake, maybe you remember, Fred Bile - their family gardened about 50 acres of land on the river there right where the Perimeter Road is. They got out of there and moved to Blackdale, because the taxes on the land were too high and that's over 35 or 40 years ago. The agriculture was taken out of that land and a lot of it sat idle and we have a subdivision on

part of that property now, Riverdale subdivision that Dick Molder put in there, and that land sat idle for over 25 years and all it did was grow weeds and grass, because nobody would garden it or farm it because of the cost of the rent of the land.

So I don't know where you put values on - where you'd get values from, really. The only real value is, if you've something to sell, what you can get for it is the value of the land, if it's for sale.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, I think it'll fall on Mr. Reimer and his department to set the fair valuation of land if some of these recommendations are implemented.

I think Reeve Balderstone, you touched on one of the problems, or one of the recommendations in the report, and that is to remove some of the inequities in the taxation system such as you mentioned, a \$1 tax per acre on one section and over further they were \$20 an acre.

But to get back to your brief, I'm just not clear on your second paragraph where you mention there is some concern that there will be a shift in the collection of tax dollars. Now, what the report clearly recommends is that there be no difference or no shift between classes of farm property. Is this what you are referring to there, or were you just referring to a shift in the collection and the responsibility of collection?

MR. J. BALDERSTONE: We think there will be a shift.

MR. D. BLAKE: Between classes?

MR. J. BALDERSTONE: Yeah.

MR. D. BLAKE: Yeah, well the report strongly recommends that there be no shift between classes. Now, it may be some problem in sorting that out. That's what you are referring to in the collection of taxes?

MR. J. BALDERSTONE: Yes.

MR. D. BLAKE: Fine, thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Thank you, Mr. Chairman. I realize you cautioned us not to get into the taxation end of it, but I have a question of clarification from Reeve Balderstone. In the first page you indicate, "The Council of West St. Paul believes and implores upon the Minister to explore methods whereby the money required for education purposes are obtained by means of income tax or other tax structures and come under the full authority of the Provincial Government." In the last page on top, in your brief, you indicate, "The council has heard suggestions that school taxes should be removed from agricultural and commercial property," and then the brief goes on to say, "This council is opposed to that suggestion." I wonder if you could clarify exactly what you mean by that.

MR. CHAIRMAN: Reeve Balderstone.

MR. J. BALDERSTONE: Well, yes, I think the concern of my council is that if this is removed, then we have

to get it from somewhere, so it has to go onto residential property. Where else can it go? There's no place else to put it. We haven't got any big industries or anything, and if they are removed from agriculture and on commercial property, it's got to go on to residential.

MR. A. DRIEDGER: What you're trying to say then is if school taxes are removed, they should be removed from all real property, not just . . .

MR. J. BALDERSTONE: Absolutely.

MR. A. DRIEDGER: Thank you.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Pass.

MR. CHAIRMAN: Further questions from members of the committee? Mr. Gourlay.

MR. D. GOURLAY: Thank you, Mr. Chairman. I think you indicated that there were approximately 45 farm buildings in your municipality?

MR. J. BALDERSTONE: That's classed as farms where people are living, Mr. Gourlay, you know. That's all there is.

MR. D. GOURLAY: Do you know approximately how many of those are assessed?

MR. J. BALDERSTONE: The buildings, you mean?

MR. D. GOURLAY: Yes.

MR. J. BALDERSTONE: I would think that when the secretary was getting this together, that there wouldn't be any of them that the farm buildings were assessed. They're bona fide farmers. We have others, small parcels, where the buildings are assessed. They could still be classed as farm if it's 20 acres, even if it's 5 acres; but people are living on them and they're not making the greater part of their living off the land, so their buildings then are assessed.

MR. D. GOURLAY: Would you like to comment on the recommendation that exemptions on farm outbuildings be to the value of the land that the buildings sit on?

MR. J. BALDERSTONE: Well, . . .

MR. D. GOURLAY: Do you think that's a fair way of handling that particular exemption?

MR. J. BALDERSTONE: It would all depend on what kind of a farm it was. I think it's been stated in the recommendations, that if it's a dairy farm or a hog farm or whatever, where the buildings are valued at a lot of money, it would shift taxes to that man tremendously on the assessment of a building that cost \$150,000 or something like that, but on a farm that just had a few granaries and we haven't got many farms today that have many buildings unless you get into

some extensive operation such as dairy or hog raising or chickens or whatever.

MR. D. GOURLAY: What kind of farming operations do you have there of these 45 approximately?

MR. J. BALDERSTONE: Mostly grain farmers.

MR. D. GOURLAY: You don't have any concentration of poultry or dairy or hog operations in that part of . . .

MR. J. BALDERSTONE: No, we don't.

MR. CHAIRMAN: Any further questions from members of the committee?

HON. A. ADAM: Mr. Balderstone, the M.A.R.C. Report indicates that there is inequity between land intensive farmers and building intensive farmers, so you could have two adjacent farmers with approximately the same valuation. One would be tax exempt or very minimal taxes, and the other would be very heavily taxed and I think that's the point that Mr. Gourlay was trying to raise. Do you see this as an inequity or should it be addressed in some way?

MR. J. BALDERSTONE: I think it would be an inequity.

HON. A. ADAM: Should it be addressed? As I think that's why we're here, is to find out whether those perceived inequities should be addressed,

MR. J. BALDERSTONE: Yes, I believe so.

HON. A. ADAM: Thank you.

MR. CHAIRMAN: Further questions? Hearing none, Reeve Balderstone, thank you very much for your presentation on behalf of council.

MR. J. BALDERSTONE: Thanks to the committee for listening to me.

MR. CHAIRMAN: Next on our list is Mr. Syd Lye, R.M. of Portage la Prairie. Mr. Lye.

MR. S. LYE: Thank you, Mr. Chairman. This brief is very brief and was prepared a week ago and, because I submitted it to my council, I didn't feel that I should change it in the meantime. So with your permission, Mr. Chairman, I would like to read part of it and then comment on the paragraphs.

Mr. Chairman, and Members of the Standing Committee on Municipal Affairs, first of all, I want to express our thanks to you, Mr. Chairman, and your committee for the opportunity to express a few thoughts today as to our opinion on the Weir Report.

In our view, the ideal situation would be to tax the property that required certain services; that is, residences where people live be required to pay for school services. Property classed as other or commercial should also be assessed to help pay the cost of education.

Farmland that requires roads and drainage to be taxed to pay for these services by the municipality. Now, on that I would like to comment that we consider that the homeowners' grant or tax assistance grant be eliminated or greatly reduced. Some people in our villages, and we have approximately five or six small communities in our municipalities, are paying very few taxes, if any. We think that everyone should pay something towards the upkeep of the community. We think this would be the ideal situation, but since perfection does not seem to be achieved in most instances, we will refer to the other alternatives.

We think that Section 30 of The Assessment Act should be amended as to the definition of a farmer. Section 30(3) refers to net income and certainly both sections should be amended as soon as possible. I don't think I need to refer to that, Mr. Chairman, or read it. I think everybody is aware that there are discrepancies in that section, and in instances where a farmer has made his living off the land all his life and reduces his holdings, he becomes eligible for his house to be taxed because of possibly interest on his investments. So we certainly think that Section 30 of The Assessment Act should be amended as soon as possible.

Statutory rates of assessment on railroad and pipeline, etc., is out of date and has not kept pace with increased assessment on real property. They should be increased in proportion to the increases in the assessment of a particular municipality. Now, if my act is up-to-date, Mr. Chairman, it seems that the last ruling of the transmission pipeline was in 1974 and certainly farmland has been increased. Now, I haven't any later knowledge of that being amended. Farmland has more or less doubled in value since that time and therefore the assessment should have been increased on farmland more than the assessment on the pipelines.

We contend that under the M.A.R.C. Recommendations that, as farm buildings where they could be located on different parcels of land and yet be in the same yard or on a different quarter section and thus be able to claim exemption on these buildings, we suggest Section IV-B-2 should be studied further. We think that large corporate farms could locate in the middle of a section, or if they owned property on both sides of a road, they could place their buildings so that they could claim exemption on all their buildings theoretically, and we think that should be looked at.

In regard to the first \$50,000 transfer of "other" or "commercial" property to residential, thus giving some relief to small businesses, we agree with that but we question what effect this will have on large commercial holdings. We wonder whether this will give too great a concession to industries such as the pipelines and the railroads or whether the mill rate or percentage would be increased to make up this shortfall.

We concur in principle with the Weir Report, but think these items mentioned should be studied further for better clarification.

We have been reasonably brief, Mr. Chairman, but with the short time that has elapsed since we were notified of these meetings, the points mentioned seem to be the subjects that concern us most.

Once again, thank you very much for this opportunity for us to bring these concerns that we have in the Weir Report to your attention. Submitted on behalf of the

Rural Municipality of Portage la Prairie by myself, and Councillor Galbraith and Councillor Omichinski (phonetic) were here last week but they were unable to come today.

MR. CHAIRMAN: Thank you very much, Mr. Lye. Questions by members of the committee - Mr. Adam.

HON. A. ADAM: Thank you, Reeve Lye, for your presentation. In your brief, you indicated that you would like to see Section 30(3) amended. What amendments would you like to see and to achieve what?

MR. S. LYE: As I mentioned before, we farmers that have made their money through their lifetime from farming and their savings have been put into investments; they have to pay taxes on their house because these investments are called income other than farming income. That is one discrepancy that I think should be cleared up. I don't think that is fair.

We had a young fellow come to our Court of Revision this fall that was farming 1,500 acres of land and because his house that he purchased from his father-in-law - incidentally, he was turned down by Planning of a division from a quarter section of his so that he could build on it. He later purchased his father-in-law's house and it happened to be about 200 feet from his one-quarter section and therefore he was charged on his house. The Court of Revision eliminated it and it was taken to the court and, of course, the court had to decide in favour of the Act; but we think that farmers that have made their living from the farm or farmers that are making their living from the farm should not have to pay taxes on houses. Under the present situation now, if that is changed, why, it will make a vast difference; if farm houses are taxed, well, then it will eliminate that.

HON. A. ADAM: Thank you, Mr. Lye. Do you have any opinions to offer the committee in that direction as to the removal of the exemptions?

MR. S. LYE: Well, Mr. Chairman, as I mentioned, we are more or less in agreement with the Weir Report in that under that report farm houses would be taxed and we would agree with that. I think our brief says at the start that we remove school taxes from land and then the houses would pay for the school property and I think it would help eliminate that problem too.

HON. A. ADAM: Thank you, Mr. Lye. Do you have any opinions on the recommendation to move towards market value and to portioning?

MR. S. LYE: In regard to market value, providing all property within a school district or municipality is kept up to the same level and, as I mentioned before, we don't think that pipeline and railroads are kept up to that level. We think that market value will be acceptable providing everybody is on the same basis.

MR. CHAIRMAN: Any further questions for Reeve Lye from members of the committee?
Mr. Gourlay.

MR. D. GOURLAY: Mr. Lye, you make reference to pipelines and railways. I appreciate that I guess you

have two mainlines of the railway going through your municipality.

MR. S. LYE: Yes, we have CPR, CNR and we have a large assessment on pipeline too. It goes through three of our wards. We have a pumping station at Edwin and so we have a lot of assessment in regard to railroads and pipeline in our municipality.

MR. D. GOURLAY: You are aware that the report deals with recommendations with respect to pipelines and railway holdings. Are you generally in agreement with those recommendations?

MR. S. LYE: Yes, more or less so, yes. But in our instance, the way I read the report, each assessment would be separate; so we have at least three pipelines' assessment and possibly one for the pumping station. So that would be four assessments that would be reduced to the extent of \$50,000 and it would be placed on residential rate. This is why I questioned it in the report.

MR. D. GOURLAY: Yes, I noticed you make reference to the first \$50,000.00. But are you aware that those same commercial or other properties pick that up at the top end of the scale?

MR. S. LYE: Well, that's what I questioned it for, yes. If those same properties do, that's fine, but we just questioned that, that's all.

MR. CHAIRMAN: Further questions?
Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, with regard to the exemptions or assessment of farm outbuildings, do you feel that the value of the parcel of land on which they sit with regard to exemptions is a fair way of exempting farm outbuildings? Meaning, of course, that if your property is more valuable, if your land is more valuable, the parcel that the buildings sit on, or if it is larger that they would have a larger exemption? Do you feel that - that is a recommendation of the M.A.R.C. Committee - and do you agree with that?

MR. S. LYE: Yes, we agree with that but, as I mentioned in my brief, we don't think that large holdings should be allowed to sit on the centre of a section or both sides of a road and own two sections and be able to get exemptions from their buildings because of the location on the quarter sections.

MR. CHAIRMAN: Further questions from members of the committee? Hearing none, Reeve Lye, thank you for appearing on behalf of your council.

MR. S. LYE: Thank you, Mr. Chairman, and members of the committee.

MR. CHAIRMAN: Mr. Albert St. Hilaire, Reeve of the R.M. of Montcalm.
Mr. St. Hilaire.

MR. A. ST. HILAIRE: Mr. Chairman, Honourable Minister, Members of the Commission, this is a brief

presented on behalf of the Rural Municipality of Montcalm to the Standing Committee on Assessment Review Commission.

The R.M. of Montcalm is pleased to take this opportunity of presenting our views on the Statistical Analysis of the Impact of Selected M.A.R.C. Recommendations. The study that was done in the School Divisions of Hanover, Antler River and St. James-Assinboia has given us the opportunity to better understand the, hopefully, end results of the recommended changes to the assessment system in Manitoba.

In 1979, we have had the opportunity to make the presentation of a very comprehensive brief to the M.A.R.C. Commission. We can safely say that many of our concerns have been taken into consideration. The present system of assessment is outdated and is in urgent need of revision.

Too many ratepayers have been getting a free ride, thus creating an excess of taxation onto others. The portioning method of calculations as recommended by M.A.R.C. will definitely rectify many of the inequities which existed for too long. We would like to emphasize very strongly that consideration be given for a fair and equitable tax load on all segments of our society. We sincerely hope that the portioning system of assessment will be adjusted from time to time, residences or commercial establishments or vice versa. For too many years, small commercial establishments have been faced with an unfair tax burden, thus creating unfair business financial situations in small rural communities of our province. The first \$50,000 of valuation at the lower residential rate for the Education Support Program will definitely correct such a situation.

The exercise of the individual assessor's discretion, no doubt, results in inequities which the individual taxpayer finds hard to accept. More rigid guidelines for assessors should be established to avoid wide ranges in exercise of discretionary powers, and the assessments should be reviewed more frequently to avoid inequities caused merely by the passage of time. We believe that better guidelines for assessors could be prepared without impairing that degree of discretion which would have to be exercised to create an assessment which is fair and equitable.

It is very difficult to comprehend - a situation that existed for too long - the existence of two assessment departments, one for the City of Winnipeg, and one for the balance of the province. We believe that the existence of two assessment departments results in an inconsistent picture with both the City of Winnipeg residents and the residents of the balance of the province, each believing that the other is receiving assessment treatment more favourable than they are receiving. We strongly emphasize the importance of one assessment department for the whole province, thus removing the present unfair situation that does exist between Winnipeg and the rest of the province.

Another deep concern of municipal councils in Manitoba is the Manitoba Government Property Tax Credit. A large percentage of our ratepayers are very adamant on such a system of tax relief. It is claimed by many that the Property Tax Credit should be applied to school taxes only, thus requiring every ratepayer to pay municipal taxes.

The inclusion of farm outbuildings exceeding the valuation of the land on which they are situated in the

taxable assessment will definitely rectify the unfairness that existed for too long.

Mr. Chairman, I would like to pause for a moment at this point and I would like to bring to your attention a problem that we have been faced quite often, and I forgot to include it in our brief. I do apologize for this. This is the situation where a municipality is in two or three different school divisions. In our case, personally, I've been involved with municipal politics for 18 years, and such a situation has happened three times. The first time around, some 15 years ago, we did appeal and we won our case; and the next year, we were credited with a large amount of money, thus creating friction between neighbouring municipalities and also a large fluctuation in school taxes. The second time around, when the problem was brought to our attention, we were too late for appeal, thus there was nothing that could be done. Again, in 1982, we are faced with a very similar situation again, and again we were too late to be able to appeal such a situation.

To give you an example of the extent of the problem, within the R.M. of Montcalm, the large portion of it is within the Red River School Division. The rest, that is the northeastern corner and the south end of our municipality, are located within the Boundary School Division. To give you an idea of the extent of the problem, the citizens within the R.M. of Montcalm, that is within Red River School Division, in 1982, the total mill rate for education was 62.30. The neighbouring municipality, which is in a different school division with land of very similar assessment, had a mill rate of only 69.30; whereas the citizens within the R.M. of Montcalm within the Boundary School Division were faced with a mill rate of 103.30 mills.

Mr. Chairman, you can imagine the mood the farmers were in at the time when they received their tax bill and found out about such a situation. We feel very strongly that it is unfair.

Why did it happen three times? I don't know, but one of the reasons is, out of the three municipalities of Montcalm, De Salaberry and Franklin, every time we were reassessed, Montcalm was the first one to be assessed every time. Therefore, before the circle was made, that is the assessment of the two neighbouring municipalities in the meantime, every time we were faced with unfair taxation for school purposes within our municipality and it never happened to the other two, which we feel is very unfair.

If it's going to take a few years before the changes are going to be made, I would strongly suggest the Municipal Assessment Branch to reverse the process next time around so that we would have our turn to get, not a free ride, but at least reduced taxation for our citizens within the R.M. of Montcalm.

To carry on with my brief, Mr. Chairman, as Reeve of the R.M. of Montcalm, on behalf of the municipal council, I would like to say that basically we are in agreement with the M.A.R.C. Report and the study made by the Department of Municipal Affairs. We respectfully request the Provincial Government to implement as many of the recommendations as possible.

Honourable Members of the Commission, thank you for listening to our views on the report. It is our hope that your Standing Committee on Assessment will urge our Provincial Government to take some action on

assessment that will not only make it more equitable, but also better understood.

Respectfully submitted, Reeve of the R.M. of Montcalm.

MR. CHAIRMAN: Thank you very much, Reeve St. Hilaire. Questions by members of the committee?
Mr. Adam.

HON. A. ADAM: Thank you, Reeve St. Hilaire. I thank you for your brief. One of the last points that you made in elaboration of the problems that exist within your municipality and neighbouring municipalities, are you recommending that when an assessment is done that it be done in the entire school division rather than one municipality? Is that what you're suggesting? Would that remove the inequity?

MR. CHAIRMAN: Reeve St. Hilaire.

MR. ST. HILAIRE: Mr. Chairman, Honourable Minister, yes, definitely, that would rectify the problem that has existed for too long. I'm not blaming Mr. Jake Reimer or anybody from the Assessment Department, but when assessments are made - like for instance, our municipality has never been assessed in the same year as the other two municipalities. Normally it's over a period of three years, so by the time the adjustment is made with the equalized assessment and so on, based on figures that are not available at the time and so on. I don't think it's possible for the Municipal Assessment Branch to come up with the proper figures and, definitely, if all municipalities, in our case, would have been assessed at the same time, I'm quite sure that such a problem would not have happened.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, I move to another area. Your brief seems to support, in general, the recommendations as they are presented in the Weir Report; that is, dealing with exemptions and market value and portioning, and so on, and the single authority of an assessment authority.

MR. A. ST. HILAIRE: Yes, Mr. Chairman, basically we do agree with the recommendation of the report. Of course, it took us a while before we could understand the system as suggested by the M.A.R.C. Report, and so on, but providing that the portioning would be looked at, because the figures that had been presented to us, possibly these figures of portioning would not be the right ones and so on. Also, providing that the assessment of farm homes, farm buildings, and so on, would be left with the farm assessment pool and so on, yes, basically we are in agreement.

HON. A. ADAM: Thank you very much.

MR. CHAIRMAN: Further questions for Reeve St. Hilaire?

Mr. Driedger.

MR. A. DRIEDGER: Reeve St. Hilaire, how soon would you like to see these recommendations implemented?

MR. A. ST. HILAIRE: Mr. Chairman, personally, and I feel very strongly that my municipal council would agree with me, we would like them to be implemented tomorrow, but I do understand that it's not possible. It could be a fairly long process before those recommendations are implemented, but in the meantime, I would hope that some degree of fairness would be exercised by all those involved in assessment and governments, and so on, to at least correct the inequities that do exist at the present time.

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

MR. A. ST. HILAIRE: Thank you very much, Mr. Chairman. You were quite easy on me today, Sir.

MR. CHAIRMAN: The next person on our list is Mr. John Giesbrecht from the R.M. of La Broquerie.
Mr. Giesbrecht.

MR. J. GIESBRECHT: Good morning. I appreciate to have the opportunity to address this committee this morning. My remarks will be brief, but I will not stick to my written document here. I will make a few exceptions on it and explain it a little bit further.

We live in a municipality where most of the farmers are in the livestock business and have a large investment in buildings. We feel that farmers cannot bear a greater burden of taxation.

We do not oppose the taxation of farmhouses, but when it is done, the policy should be rescinded that exempts one-third of taxation for residents living in the City of Winnipeg and in towns around Manitoba. I can give you an example.

I have felt for years that we've taxed the residences of the poor people in rural Manitoba, the people who had to go out and work off the farm to make a living and, therefore, we taxed their buildings.

I can give you an example of a broiler operator who has about 30,000 broilers and a teaching job besides. His profit from his broiler operation would be about \$30,000 and his teaching job \$25,000.00. We couldn't tax his house because he made more money on the farm. His neighbour was a beef operator, had a half section of land, an assessment of \$7,000 in land; he made a profit of \$6,000 from his beef, drove a school bus, made \$7,000; we taxed his house. The assessment of the house was \$6,000; it gave him a total assessment of \$13,000 with a mill rate of 140 and gave him approximately \$1,800 in taxes; whereas his neighbour across the road had 40 acres of land, \$2,000 assessment, his tax bill was \$280, the province picked up the first \$325; you can figure his tax bill out. That's not justice, I don't think.

We also had a farmer in the hog business where the hog price was poor three years ago, couldn't make ends meet and therefore showed a loss in his statement. This is actual fact. He took a job for three months and made \$1,200, and according to the recommendations in effect, they were supposed to tax his house for \$900.00. He made \$1,200 off the farm; they were supposed to tax his house for \$900.00. I don't call that justice.

So taxing a farmhouse, I'm not opposed, under the condition that the total taxes paid by farmers in rural Manitoba does not increase percentage wise. Okay, I'll go back to my brief again.

When and if other farm buildings become taxable, taxes should be applied only to the assessment of farm buildings that through their use an additional profit is generated. These buildings would be livestock, poultry and hog barns, and possibly seed cleaning plants, for example. Buildings that are non-productive should be waived from taxations. These buildings would be storage sheds such as hay sheds, granaries and silos. The reason for this is that sometimes a farmer has to store his grain for two or three years and we feel it's not fair to tax his storage facility if he can't sell his grain. It's not right.

Point 3: It has been referred to in the green book that partial exemptions should be given on farm buildings equal to the land where it is situated on. We would like to recommend that there should be a basic exemption of \$10,000 to \$15,000 on farm buildings, or an exemption equal to the total assessment of all the land that the farmer owns up to a maximum of \$15,000.00.

We are in the opinion that farmers, who cease their livestock operations and continue to live on their farm, should not be burdened with taxation on buildings that they have no economic use for. For example, in hog barns, dairy barns and chicken barns, after being empty for one year or more, they should become exempt from taxation. The example here is, for instance, a farmer wants to just go down and quit farming at age 55 or 50 or 40; it doesn't matter. Maybe he expects his son or his daughter to take over the farm in a year or two or three; he doesn't know for sure. He wants to stay living there and not burn the barn down or sell it. If he's supposed to pay taxes on his barn while it's standing empty, it becomes a burden impossible to bear. Thank you.

MR. CHAIRMAN: Thank you, Reeve Giesbrecht. Any questions from members of the committee?

Mr. Adam.

HON. A. ADAM: Thank you, Mr. Giesbrecht, for your presentation. You're not in opposition to moving to market value, as recommended by the Weir Committee, providing that all assessments are assessed at market value?

MR. J. GIESBRECHT: And as long as the percentage of taxes paid by the farmers doesn't increase. The percentage should stay much the same, as recommended in the green book.

HON. A. ADAM: The total farm sector - it's across the province . . .

MR. J. GIESBRECHT: That's right.

HON. A. ADAM: . . . recognizing that there will be some major shifts within the class.

MR. J. GIESBRECHT: I realize that. The tax will shift probably to the densely livestock area, where from the

grain farmers to the cattle producers it'll probably shift a little bit, but I think we could live with that providing that the total taxation doesn't increase.

HON. A. ADAM: Yes, that's the main point. The other recommendations, you have no objections of removing the exemption on farm buildings, again at market value, providing that other buildings in the province are assessed likewise?

MR. CHAIRMAN: Reeve Giesbrecht.

MR. J. GIESBRECHT: I was going to tie the taxation to farm buildings to the buildings that produced the revenue, and if they were empty - you know, it's easy to rent a garage in town to somebody else if you don't want to continue operation anymore, but if your dairy barn is 20 miles from town, it's hard to get any revenue from it if it's empty.

HON. A. ADAM: I was referring, Mr. Chairman, to the farm residence. You have no objection to that?

MR. J. GIESBRECHT: No, I have no objection to that.

HON. A. ADAM: I think that is pretty well all.

MR. CHAIRMAN: Thank you, Mr. Adam.
Mr. Banman.

MR. R. BANMAN: Mr. Giesbrecht, one of the areas of concern that has been raised by a number of municipalities, and I guess it would affect yours too, is the problem of vacant buildings; in other words, a hog barn or a dairy operation, maybe because somebody gets a little older and wants to get out of the business and still wants to stay on the farm, it has been suggested that after the facility is vacant for a year that there be some tax relief with regard to that. How would that suggestion sit with you?

MR. J. GIESBRECHT: Yes. I agree with that. That's what I suggested in my last paragraph. It would also be where a farmer would maybe buy his neighbour's farm, you see, and there he has that dairy barn which he may never use; we don't feel it's fair to tax that barn. He may as well leave it there instead of burning it down.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: I was interested in your comments about exemptions on farm buildings. I'm not just quite clear here, but it would appear from your brief that you're recommending a standard exemption of \$10,000 or \$15,000 regardless of the parcel of land, or . . .

MR. CHAIRMAN: Mr. Giesbrecht.

MR. J. GIESBRECHT: That was one solution, yes.

MR. D. GOURLAY: How do you feel about the recommendation of the exemption equal to the value of the land that the buildings are situated on?

MR. J. GIESBRECHT: The problem that I see, we live in a municipality where the land is not that good, it's poor land, it's Class 4 and 5, and you can have a quarter of land or 80 acres of land where the assessment would only be \$2,000.00. If you would take only the land where the buildings are situated on, it's not quite fair, because if you go to Class 1 and 2 land, it doesn't matter where in the province, but the assessment could be at \$12,000 or \$15,000 a quarter. The farmer living on Class 1 or 2 land would get an exemption on his buildings of \$10,000 or \$15,000 dollars, where the people living in La Broquerie would only get an exemption of \$2,000.00. That's where I see the injustice. First of all, he's hit with poor land; second, he's hit with higher taxes. I don't think it's quite fair.

MR. D. GOURLAY: I was just wondering if you would have a comment as to what you see is the greatest inequity in the present system of assessing in your particular area?

MR. J. GIESBRECHT: The greatest one now is a very productive livestock unit where they only have very small acreage, where only the land is being taxed. That is the worst one. We, in La Broquerie, have 10 mills on all buildings now under Section 888 of The Municipal Act, so we are taxing really at 10 mills, to kind of even out a little bit.

I'd like to make a comment here on this book - I forgot before, my nervousness is so great I missed a point - but if you look on Page 26 of your green book, if I may do that, and the dairy farm that is used as an example there, you will notice the school taxes were \$289.25 and the municipal taxes there were \$1,418.40. In this book it doesn't point out that Hanover, where this dairy farm is situated, also has eight mills on 888 of The Municipal Act and if you take those eight mills off, the municipal tax in that case would have only been \$125, because Hanover has a mill rate of 23 mills. If you multiply 23 mills times 4,450, you'd come up with a municipal tax of \$125.00. It's just because they have eight mills on Section 888 of The Municipal Act that the municipal taxes were \$1,418, so it's not really a very true picture here of an average municipality in Manitoba.

MR. CHAIRMAN: Further questions from members of the committee?

Mr. Manness.

MR. C. MANNES: Thank you, Mr. Chairman. I have two questions, unrelated. First of all, within your municipality, Mr. Giesbrecht, you have a large area of, I would tend to say, marginal land, and in that case, could you tell me which method of evaluation you would prefer as far as land assessment, that of productivity or by way of latest value?

MR. CHAIRMAN: Mr. Giesbrecht.

MR. J. GIESBRECHT: It's very difficult to assess it on productivity only. I think you'll have to take them both into consideration. You have to use both, I'm not too sure how exactly. If you have Class 5 land, which would be closer to the City of Winnipeg, which doesn't give,

mind you, but if it did, it would be definitely worth more than Class 5 land 50 miles away. So there should be some kind of a system arrived at where both resale value and productivity could be taken into consideration.

MR. C. MANNES: Paragraph 2, the last sentence in that paragraph, you say these buildings would be storage buildings such as hay sheds, granaries and silos; I think you're asking that they be exempt.

I have a little difficulty, not with the statement, but in assessing that in my own mind, how you would pull off, for instance, silos off dairy operations and feed bins off hog operations and, indeed, granaries off seed plants, when in fact they are integral parts of those operations. I'm wondering again if you could tell me why you feel a silo, or indeed any of the examples that I've used, should not be assessed?

MR. J. GIESBRECHT: You see, if the farmer owns a fair amount of land to fill his silo or to fill his granaries with grain, he's paying tax on the land. Therefore, I suggested later on that maybe the total value of the land be subtracted, the assessment of the land, be subtracted from the assessment of the buildings, to make it a little more fair.

I did a little bit of calculations yesterday and I went to a dairy farmer, I just took it as an example, and his land assessment, he owns about a section and a half of land, his land assessment was just over \$20,000 and his building assessment was 62,000, so he would have had a total assessment \$82,000.00. If he would take buildings, he had three silos - a fairly big operator, one of the biggest ones in La Broquerie - he would have had an assessment of 82,000 at the present assessment rate. If you apply a mill rate, a foundation levy, he'd pay a horrendous school tax. Today he pays on only 20,000 assessment.

So to make it a little more fair, I thought I'll take the 62,000 in buildings, subtract the 20,000 assessment of land from it, to give him 40,000 in buildings, so he'd pay a total tax on 60,000 assessment instead of 80. That's the benefit I want to give him.

MR. C. MANNES: Following that up, you're saying that the way, in that particular example, you were able to give him the benefit was to remove possibly the assessment on the silos.

I think the point that I'm trying to make is, I can understand where non-productive buildings, or those that are used for storage once in a year, such as a granary, such as a Quonset machine shed, possibly should be exempt, but those buildings that are not part of the main barn or indeed the main enterprise, but which are an integral part of it which are situated close by, I'm wondering what the rationale is for not including them in the assessed value of the buildings.

MR. J. GIESBRECHT: The only rationale there was that seeing he was paying on his land, I felt he shouldn't pay on both. I'm not sure because I just felt that the jump was too great, and to alleviate it a little bit, we subtracted the value of the land off the buildings. It would be a little more just, because in poor land you need a lot of land, and if you only take the land where the buildings are on, the assessment is so low.

MR. C. MANNES: Well, I only bring up the point because in my own mind I'm having some difficulty with it and I was hoping you could . . .

MR. J. GIESBRECHT: I didn't clarify it very much, I'm sure.

MR. CHAIRMAN: Further questions by members of the committee for Mr. Giesbrecht. Hearing none, Reeve Giesbrecht, thank you very much for making your presentation.

MR. J. GIESBRECHT: Thank you.

MR. CHAIRMAN: Next person on our list is Mr. Cliff Graydon. Mr. Graydon.
Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I believe some of the people that are on the list here indicated, after the decision the other day, that a meeting would be held in Morris and they would probably be presenting their briefs over there. I would assume that if they're on the list here that they would still be able to appear at the Morris meeting and they present their cases.

MR. CHAIRMAN: Certainly. I've received a written brief from the individual noted as No. 13 on our list, Mr. Casimir Petaski, so I'll not be calling him this morning unless he is here and still wishes to make a presentation.

Mr. Petaski, the written brief will be circulated to members of the committee.

To the top of our list then for persons from the City of Winnipeg, Mr. Rex Virtue, on behalf of the Manitoba Teachers' Society.

Mr. Virtue.

MR. R. VIRTUE: Good morning. You will notice, like a good teacher, I bring lots of paperwork and all kinds of things. There is no test, though, I must say.

On behalf of the teachers of the province, we welcome the opportunity to make a presentation this morning. First of all, I believe our presentation was - I see it is being distributed, thank you - presented last week. I'm sure most of you are aware of the things that have been going on; in fact, you are. I should say we are very pleased at the opening remarks last week of the indication of your concern with what you are doing here at these meetings and how it ties in with Ed. Finance. I'm sure everyone in the province is aware of the teachers' concern with assessment taxation and education finance in general. To that end the society has been approaching, as I'm sure you're aware, Dr. Glen Nichols on the Ed. Finance Review.

The study that the Society undertook sometime ago and is contained in our book entitled "Changing Realities" - and I do have a copy. If others members would like copies, we can make them available to you. They make very light reading in the evening and help you get that extra sleep you might need at times.— (Interjection)— Right, one on each side of the bed. We do go into some detail into assessment and taxation in this book and John Wiens, our Ed. Finance Chairperson, will be mentioning some of that in our presentation.

At this time, I'd like to introduce three people that I have with me; first of all, John Wiens, our Ed. Finance Chairperson, who will be making the actual presentation and be dealing with the questions. If we get into any very very technical natures that perhaps John or myself aren't too comfortable with, we have a couple of other people that are here for support and detailed information if you want to get that far into it. One is our Assistant General Secretary, Aubrey Asper, and the person who does the research in our office, Glen McRuer. They are here for, as I said, added support or detailed questioning if you so wish.

At this time I'd like to turn over our actual presentation to John, and thank you very much in the meantime.

MR. J. WIENS: Thank you, Mr. Chairperson, it's not my intention to read through the brief but rather to highlight certain parts of the brief as I go through it. I would try to keep you on track with the things that I'm saying by referring to page numbers as I proceed through the brief. As I'm sure you're all aware by this time, the Teachers' Society agrees with Reeve Balderstone, I think, and rather than repeat all the things he said, although they were very eloquently said, we do want to stress that point as well.

The policy of the Teachers' Society basically states that the connection that now exists between property taxation and assessment and education is probably a somewhat artificial one and should not exist. We provide social services; those should be the responsibility of the Provincial Government, and they should be provided on the same basis as other public services.

We'll start with the main section of the brief on Page 2. I'd like you also to note that this is really an ongoing concern of the Manitoba Teachers' Society. Rex pointed out that we had done a considerable amount of study in this paper, which are in this book, which began in 1979 and we have continued that study and have been pleased to take part in the earlier hearings of the Manitoba Assessment Review Committee.

We believe, as we state on Page 2, that the existing system, and I think that's the basis of the review, is neither fair nor equitable. In our first presentation we made the points that are made on Page 2 and these, I think, are still valid in light of the discussion that is taking place at these hearings. I'd like to read them into the record: "The valuation of property should be comprehensive and uniformly determined." We think that in terms of assessment that should be, as the committee states as well, comprehensive and uniformly determined.

"The mechanism for attaching value to all classifications of property should be impartial.

"Assessment should not be used to determine the amount of tax various categories of property will bear." This is one of the major points that we make in all our presentations, I believe, in the the interest of what we call "wealth neutrality." There needs to be a very clear distinction made between assessment and fiscal policy, and it is our intention in fact in this brief to deal mainly with the assessment policy rather than with fiscal policy.

"There should be one assessment agency for the Province of Manitoba.

"Assessment of property should be updated regularly and bear a close relationship to the current property

values." I'll mention this again later, the main point being here that perhaps some of these things could be achieved without a major upheaval of the tax assessment system.

"The assessment agency should develop and utilize a model of operation capable of clearly identifying those factors which contribute to the real value of property." That's one of the tasks we see as being the most difficult ones.

"The practice of according preferential assessment to certain types of property for tax relief purposes should be discontinued." When we talk about exemptions, I will clarify that statement.

"Statutory references pertaining to real property taxation should be contained in separate legislation. It's now in a number of Acts and should be contained, we believe, in separate legislation.

Statutory references pertaining to the application of preferential tax status, either to categories of property or certain property taxpayers, should be contained in separate legislations. Again, that goes back to the issue I raised earlier, that assessment should be divorced from fiscal policy or taxation.

And finally, a general belief that balanced assessment per pupil and balanced assessment per authorized teacher, if ever they were equitable, are certainly no longer accurate measures of the ability of the community to provide the finances needed for education.

We have studied the M.A.R.C. Report. We spent a great deal of time going through it and our general reaction is that the recommendations are positive. Our general reaction is that it has been a very thorough kind of study and that we believe most of the points made in the M.A.R.C. Report are valid and should be considered seriously. In fact, we favour many of the issues made.

In this next section on Page 3, we make some recommendations again, and they have to do with certain parts of the recommendations of the M.A.R.C. Report. The page numbers that you see in the brief refer to pages from the M.A.R.C. Report, so when I say No. 1, valuation of real property, Page 28, that means Page 28 of the M.A.R.C. Report Recommendations.

In terms of valuation of real property, certainly, the idea of market value has some appeal. We've studied this in some detail now and we've taken a look at what has happened in other provinces and we raise some reservations about the idea of current market value. There are some suggestions in the report that there could be an offset of some kind, or there could be a two year averaging, or so on, to offset the fluctuations that might happen in a very live market; but I think we would like to draw the attention of the committee to the experience that some of our other provinces in Canada have had.

First of all, in British Columbia, and we know what's happened to market values in British Columbia, but certainly the legislation to tie assessment to market values have resulted in a great deal of chaos and some backtracking on part of the government there. In the legislation in Ontario, the Blair Commission Report, which suggested market value, resulted in legislation being drafted but, in fact, because of the experience and some of the reservations about it, it was in fact shelved. The legislation was shelved.

So we think that there is an important issue here in terms of market value that perhaps a base year idea, setting a base year, would offset some of the difficulties that we see with the market value situation; but at the same time as we say that, we have those reservations. We suggest that it is something that this committee needs to consider very seriously. It's a way of valuating property.

On Page 4, we welcome the idea of removal of all references to classification of real property in The Public Schools Act. We do not believe that's where it belongs and, also, the idea that real property should be classified according to its uses. There are two issues in No. 2 there, but we do believe that the two classes that we now see for assessment are no longer adequate. So it's necessary and desirable to break those down to possibly the six that we see in the M.A.R.C. Committee Report.

No. 3, Assessment of Real Property, again two issues. One of the real difficulties we have seen, we believe, is that people don't understand assessment and don't understand the taxation that results from their assessment. So the first issue, basically, states that we think that the revaluation of property should be clearly explained to taxpayers. It should be written in such a way that people understand it. The Society supports the recommendation basically, the second issue, that we have the same kind of proportions which now exist; that commercial and industrial should certainly not be favoured. As the recommendation on Page 33 says, it should not be favoured by a change in the assessment of real property.

No. 4, Exemptions from Real Property Assessment. To restate what I said earlier, all property should be assessed - this is what teachers do all the time, by the way; we say things over and over again in the hope that some people remember them when they leave our class. So I don't really apologize for that; it's worthwhile - that all property should be assessed; that the uniform assessments should be made of all real property and, if there is fiscal policy which flows from that, the governments have to determine how much money they wish to raise, based on that assessment. That's where it belongs, in a fiscal policy arena, not in the assessment arena. It's tax practice rather than assessment practice in our opinion.

No. 5, in terms of Administration, we strongly support the idea of a single assessing authority.

No. 6, Frequency of Assessment. We think that with the new technology, that it certainly should be able to upgrade assessment on a much more regular basis than has been done in the past and on that basis, certainly, people would accept the taxes being more fair and more equitable and more reflective or more sensitive to the changing conditions.

No. 7, Assessment Notices and Assessment Rolls. We accept the note here about the assessment notices and the rolls. It's a clarifying process; we see it as a clarifying process. We believe that this, along with the single assessing authority and some updating of the current valuation, could in fact occur without major changes in the assessment system right now; that there are a number of things that could happen; the recommendations could happen almost immediately and this is one of those. We could have a clarification and the assessment notices could be clarified, so people

could understand them more clearly without any major change in legislation. We want to compliment the Review Committee for raising this.

The Appeal Procedures - an appeal procedure is something that we see as a part of natural justice and that applies to an open system like assessment as well, so we support that.

No. 9, Personal Property Assessment. We agree that the current provisions should be cancelled and that, in fact, as the committee report states, that real property should be assessed.

Page 6, on Equalized Assessment, we take note of the recommendation. We would suggest that Total Municipal Assessment and Total School Assessment replace equalized and balanced assessment, but actually we would prefer that the whole thing be scrapped, that any assessment or no assessment should be designated as school assessment. We believe that this really leads to unnecessary confusion. If we're talking about an assessment system that is fair and equitable and that people understand, why call something school assessment? Say this is the real property value; this is the assessed value, it's not assessed for any particular purposes. There's a mixing of two principles there, taxing principle again.

In No. 11, the Assessment of Agricultural Property, we see this area as being particular significant. We believe that farm residences and some lands, and we're not sure exactly what amount of land that would be, it would have to be some measure, I'd say, reached on some discussion and so on with the farming community I would think, should be assessed on the same basis as other residential property in the province, and farmlands located in the proximity of urban or recreational developments should be assessed on a different basis. That's been raised a number of times.

Finally, in regard to The Public Schools Act, we agree that The Public Schools Act should be consistent with the recommendations that are made, should be consistent with the other legislation, but in fact should transfer much of what's in The Public Schools to The Municipal Assessment Act, to a revised Municipal Assessment Act.

The next part of our brief deals with the statistical analysis, lovingly referred to as the green paper, I think, or the green book by many people here at these hearings. We've taken a close look at that and what we're doing here is just, on Page 7, indicating what we believe are the implications of that. I'll not make any particular comment on that, but this is our understanding of what the statistical analysis said.

We appreciate that the Department of Municipal Affairs, in fact has done a dry run, has broken out educational taxes and shown the implications, because this seems to be one of the main areas of contention as far as assessment and taxing are concerned.

The five issues that we raise, there are five interpretations; first of all, that the M.A.R.C. recommendations would have the most impact on building-intensive farms and farms with exempt residences. As I said earlier, this is just our interpretation.

The total taxable assessment would not change, but that assessment changes due to reclassification of land would take place because of different classifications, a breakdown from 2 to 6, for example.

The application of valuation factors would have their greatest impact on the redistribution of assessment among property classifications. We heard that here. The application of portioning, 8 percent of farmland, 15 percent of residential property, 16 percent of other property valuations, seemed to be okay. We understand that is the intention of the statistical analysis that has happened, that each class of property would contribute the same or approximately the same portion required over the province as they now do. The last implication we see is that there would be taxation shifts and it would be important to inform people of these and have them understand them. For example, in St. James-Assiniboia, taxes on single residential property would increase; whereas, taxes on multi-residential properties would decrease, that there would be shifts that would need to get some further attention.

Now in all of that, as I said earlier, we are generally supportive of the recommendations of the Manitoba Assessment Review Committee. There are a couple of things that we're apprehensive about. We really would not like to see, nor do we believe it is in the interest of the principle of wealth neutrality to see any exemptions from real property assessment. If there are exemptions to be made, or concessions to be made, that should happen in taxing policy and should be clearly stated that way.

We believe that the application of the valuation factors and the apportionment factors cause some confusion and it would be noteworthy, I think, to say that we believe that the apportionment part should be again a clear split between fiscal and assessment policy, but we think that there is some difficulty again clarifying this to a public that don't understand assessment. It's even difficult for us to understand what the rationale is for some of the valuations and some of the apportionments that were done. I think those need to be spelled out more clearly.

We have attached appendices. Appendix A is in support of our position on Page 4, No. 2, Classification of Property; Appendix B in support of Item 3, which shows a change in the proportion that has come from commercial and industrial and shifted to farmland in terms of the education, a portion of the tax; and then we have Appendix C for information, Reliance on Real Property Taxes to Finance Manitoba Public Schools in Current Dollars, what the provincial levy has generated and what it has meant in terms of constant dollar in the shifts there from '67 to '82 and what changes have happened in the special levy as a result of the Education Support Program.

All of the appendices really refer to what has happened as a result of the Education Support Program over the last three years, what has happened to property taxes, not necessarily assessment, and the support for education.

Before Rex makes a closing statement, I would be prepared to answer any questions your committee might have or call on my backup here to do the same.

MR. CHAIRMAN: Thank you very much, Mr. Wiens. I want to thank you for, despite your special interest, staying on the topic of assessment and avoiding the topic that we've been trying to avoid and leaving to Dr. Nichols' Committee, more particularly, education

finance. I realize you had to address that to make some of your points. When I knew you were on the list, that's the first thing I was nervous about, so I want to thank you for making that distinction for us.

Questions from members of the committee?
Mr. Adam.

HON. A. ADAM: Yes, I would like to add my thanks and commendation to your Manitoba Teachers' Society for a very comprehensive and well thought-out, well prepared brief, and I'm sure it will be of great assistance to the committee in making recommendations when they finalize all their hearings.

Perhaps a clarification on Appendix E - in your figures in the Gross Current Dollars and Net Current Dollars and Net Constant Dollars, could you elaborate and explain the property tax rebates, how they have been applied in this exercise?

MR. J. WIENS: Yes, I'd like to call on Mr. McRuer to indicate how he's carried out that research or the interpretation.

MR. G. McRUER: We base a good deal of the statistical information that we have analyzed on the White Paper Review of Tax Credits that was issued by the Government of Manitoba in 1980. To our understanding, that is the one time since the introduction of the Property Tax Credits in the early 1970s that the Government of Manitoba provided public information as to the disbursements of the various components of the Property Tax Credits. To our understanding, and we can be corrected on the percentages, that approximately 90 to 95 percent of the RHTA, the Resident Homeowner Tax Assistance, on an annual basis is passed from the Provincial Treasury, the Department of Finance, to municipalities and that money is then passed through to school divisions to offset the special levy.

There was a detailed analysis of the Property Tax Credit, which is similar in the Province of British Columbia, done a couple of years ago when they indicated that 96 percent of the Property Tax Credit was actually used to offset the gross amount of the special levy. So we see a very direct link there; hence, the gross value in current dollars of the special levy, the full amount actually levied by some 55-56 school divisions and districts in the province, the next amount in current dollars after the application of the RHTA, and then the constant dollar value, deflated by CPI.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, there have been a number of briefs presented where they have suggested that the Property Tax Credit be removed. Have you any opinions in that regard?

MR. CHAIRMAN: Order please. I have to caution the Minister and the committee that we don't want to get into the question of taxation and Property Tax Credits; we've avoided that discussion. I realize the Minister's question was directed at clarifying material presented with the brief, and I had no objections to allowing that clarification, but now to allow the delegation to make

presentations of opinion rather than statistical clarification on the Property Tax Credit I think is beyond the committee's mandate. Further questions, please.

HON. A. ADAM: I accept your admonition.

MR. J. WIENS: We'd be glad to tell him after.

MR. CHAIRMAN: I am sure you would, Mr. Wiens, but I'm not prepared to allow the question.
Mr. Minister, further questions?

HON. A. ADAM: No.

MR. CHAIRMAN: Further questions from members of the committee?
Mr. Banman.

MR. R. BANMAN: Thank you, Mr. Chairman. You mentioned that one of the areas that you took exception with the M.A.R.C. Report is the "no exemption" clause as is represented in the M.A.R.C. Report by the committee. The suggestion was made that exemptions for outbuildings - on farms, I'm talking about now - be equal to the land which they are sitting on. Did I understand you correctly that the feeling of the Manitoba Teachers' Society is that there should be no exemptions at all?

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: That's where we make the distinction between the fiscal policy and assessment policy. We believe that all real property should be assessed to form a base and, if there are to be exemptions, that in fact those exemptions, the assessment should show as total provincial assessment. If there are to be exemptions, then that is a matter of taxation policy. We think that is the way to go in terms of wealth neutrality, in terms of indicating what the wealth of the province is, for example, in terms of property assessment, and if there are to be exemptions that they should come through a different taxing mechanism.

MR. R. BANMAN: Another question, you notice in the green document which shows the impact in several of the municipalities and, in particular, in the City of Winnipeg, St. James-Assiniboia School Division, there is a dramatic shift from apartment blocks to residences, and I guess my question to you would be, what do you feel that particular impact would have with regard to the attitude that people in single-family dwellings would have towards the increased education burden that they'd have to be bearing?

MR. J. WIENS: Again, the point that I've been making all along is that they should be assessed. Now, the green paper does take it beyond the assessment and I think that's why we raise it on Page 7. We note that there is a shift, in fact, and we note it for this purpose. We think that the government will have to pay particular attention to that issue because we're not sure at all that is a fair and equitable way of taxation. Without directly answering your question, we know that property taxes is an unpopular tax as it is. We make a note of

that, that this is what the green paper says a government has to take a very close look at, I believe.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: On Page 2, John, you make reference to the Society's recommendations and state that the mechanism for attaching value to all classifications of property should be impartial; I think that it's been borne out by presentations previous to this. A number of people have made presentations where they have expressed some concern about the current method. As a matter of fact, the Rural Municipality of Montcalm, just today, referred in their brief to the fact that they felt there should be less individual assessor's discretion in assessments. I'm wondering if you're referring to that as well and what suggestions the Society would be making with regard to making the mechanism, as it's called, more equitable or more impartial as you're suggesting.

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: First of all, the single assessment authority should do some of that; it should remove some of that. I believe that if you have an assessment authority where the rules are clearly stated that you should have a more impartial, a more objective, detached kind of assessment value being attached. Now we address that, I think, as well on the third page in terms of valuation of real property. We're not exactly sure, and I think in our own discussions we've suggested in fact that impartiality is somewhat of a state of mind, that in the final analysis there probably has to be an arbitrary decision made hopefully with as much information as possible in terms of the use of the land. We're suggesting use of land to be the most impartial, but at some point there has to be a decision made on that, and then the assessing agency would have to apply that as uniformly as possible across the province. I think it's one of the more difficult questions in the whole issue, the whole idea of impartiality, and how you do that. We make a comment about market value and some of the difficulties with market value and it being perhaps too sensitive, in fact, to fluctuations in value. So all we're saying is, take everything into account that you possibly can, and then when you come up with something, probably the mechanism for doing it is as important as the assessment - the base itself.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Would you tie that into your concerns on Page 8 about the application of valuation factors, where that would be a very objective way, as opposed to a subjective way, of arriving at full market value for property.

MR. J. WIENS: Well, it appears objective, as statistics always do, but the problem with that is that some person has to make the decision on valuation. It's at that point that the objectivity can disappear, okay, on those valuation factors. So, I think that's an area that could cause a great deal of confusion in people's minds and I think could be challenged, no matter what is done, in terms of how you set up those valuation factors.

HON. J. PLOHMAN: Would you agree then with the previous - if I can ask that - brief, where they suggested that perhaps the assessors do need more rigid guidelines for assessment?

MR. J. WIENS: I'd like to hear the question again, I'm not sure that I understand.

HON. J. PLOHMAN: Yes, Mr. Chairman, they suggested that there should be - individual assessor's discretion should be reduced and there should be greater, more rigid guidelines actually developed for assessors to utilize when they're assessing property. Are you tying into that, or would you agree or say that has been a problem in terms of assessment? Do you perceive that as being a problem with the people that you've just talked to?

It seems to me one of the fears that is coming out is that they're not sure, when the value is placed on the property, that it is fair. People are concerned that it's not fair that their assessment is not fair.

MR. J. WIENS: There are two problems with that. First of all, perhaps the criteria were stated fairly clearly before but, in fact, were not very indicative of wealth, of property wealth.

Certainly, I think we would agree that the assessment practice or the guidelines would have to be stated fairly clearly and rigidly adhered to. If they are to be viewed by the public as being impartial, they would have to be rigidly adhered to.

HON. J. PLOHMAN: Just briefly, the problem with that, of course, is that at that point then you will lose the chance to be subjective. In other words, where there are individual concerns, that people say it should be considered, when you use formulas and use guidelines, you have a great deal of difficulty allowing for those differences in being fair and being perceived to be fair. I guess that's the dilemma.

MR. J. WIENS: Mr. Chairperson, I believe that's why we have an Ombudsman. No, we should maybe have a Tax Ombudsman. I think that part of the importance of this is, of course, openness; that people understand clearly what they're being taxed on and they can react to that in their appeal procedure.

I think we would believe that, in fact, frequency of assessment and the upgrading of the assessment would also ensure some impartiality. If you can do that fairly frequently, that would ensure some impartiality. While at the same time as I say that, I'm saying that probably that frequency of assessment will have to take place on some appraised value rather than on a market value.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNES: Thank you, Mr. Chairman. I think John Plohman has certainly brought up, in my view, the crux of the matter. It's tied into your first comment on page 2, where you say, "The valuation of property should be comprehensive." Of course, I guess I might ask you to define that, but you, in fact, have just attempted to do that. Because to me, having sat on a board where we attempted to determine quota values

associated with real property, I can tell you whether you're assessing or appraising, you're in great difficulty and you come very quickly down to the hard decision of whether you work under very strict guidelines or whether you leave it to the discretion of an assessor in the wish that individual be fair and impartial.

I think it's very incumbent upon us all to put forward some very strong views on either way, because we just can't talk about saying, well, we'll define it and we'll allow the assessor to rule that domain.

So, I ask then the Teachers' Society to take a strong view on that, as to whether there are strict guidelines that do go down to assessors to help them in this very real problem, because there is no easy way. They'll inevitably be caught in a position where they'll be deemed to be unfair, because there are so many factors that come forward. There's not one case that is identical to the other and I'm wondering if you have given some detailed consideration to that area and are you prepared to give us a detailed recommendation?

MR. J. WIENS: Mr. Chairperson, in terms of detailed consideration, no, we have not broken down, for instance, what should be valued in a farm residence, in a town residence, and so on. The principle still has to be an overriding principle, regardless of the difficulty of doing this, I think, and we would, I think, come out - and this is strictly my own opinion - we would come out probably in favour of rigidly applied guidelines for these purposes. Everybody understands them; whether they agree with them or not perhaps is important. I think it's important that they agree with them and they have appeal mechanisms, but it's also important that they understand them and understand how they are applied and that, in fact, they be as comprehensive as possible in terms of real property and its uses.

Now that is as far as we have taken a look at the issue. We might have four different opinions right here on what should be taxed, for instance, basement windows and doors and this kind of thing, or what should be assessed.

We've had some discussions saying, well, certainly the use of the building should determine that and that should be as comprehensive as possible, taking into account, and all I can is as possible, because it really boils down to a group of people trying to be objective as possible coming down with a set of criteria. Once those are established, it would be our belief they should always be open to review. Even once they're established for a particular year, they should be assessed fairly rigidly, not fairly rigidly, rather rigidly I would think.

MR. C. MANNES: Well, I can accept that, Mr. Wiens. However, I ask you to remember during these times of inflation, and I can only relate to some farm situations where a barn that was built 20 years ago for \$15,000 finds itself today having a value of \$200,000 for some reason. I wonder how a strict procedure of assessment is built into that. Is it strictly the value of the time or is it because of some intrinsic value that that particular real property has increased so significantly in value? All these types of problems come into assessment. They're no different than strict appraisal, as we know it, but they come into assessment also.

MR. J. WIENS: Mr. Chairperson, we did consider those things. This is not meant as a patriotic statement, but

basically a lot of us used to be farmers or came from the farm, spent most of our lives - it won't be much longer where I won't have spent most of my life on the farm - but we did consider that and that's why we talked about a based year and that's why we talked about appraised value rather than market value. We raised some of those issues, not because we necessarily have the answers to them, but we know that there needs to be offsets for some of those things in terms of assessment.

MR. C. MANNES: Changing the subject - referring to Page 7, items 2 and 5 - at the end of 2, you indicate, you say the total taxable assessment would not change because of the M.A.R.C. Recommendations, but there would be assessment changes due to reclassification of land; e.g. farm residential land to farmland. Then at the bottom of 5, you say there would be increases in farm property taxes and decreases in residential and small commercial properties, and I think you're talking about the statistical review, but I'd like to know what the MTS does support. Do they support the farm residential land credit to the farm classification or do they see where homes that are now ruled residential on the farm should indeed stay within the residential area?

MR. J. WIENS: We support basically what the M.A.R.C. Committee says on that, or the M.A.R.C. Review says on that; that there should be some reclassification of that. Because we've heard all kinds of abuses, you know, people talk about abuses of the current system right now, so there should be greater classification or breakdown in the number of classes. In terms of whether farm residences should be taxed or assessed on the same basis?

MR. C. MANNES: No, specifically, and probably best, I will give it to you by way of example. If on my farm now I pay \$6,000 total property tax and there is no change in the level of taxation, do you feel that, and by way of the new recommendations, that all of a sudden \$2,000 is taxable on my home, that my total tax bill should still remain at \$6,000 or indeed now it should be eight - by way of the assessment - and I'm again talking specifically assessment.

MR. J. WIENS: We think that should be addressed through the taxation policy and there may very well be an increase or a decrease, depending on the taxation policy, but that in fact your farmland or your farm residence should be assessed as stated in the recommendation.

MR. C. MANNES: Finally, on Page 8, the last paragraph, you say the Society recommends to the Legislative Committee that careful study be made of the effects of these proposals on assessment in taxation. Are you saying, check the tax results on a dry run before you institute anything?

MR. J. WIENS: Mr. Chairperson, there are some things we think could be instituted right away, and I mentioned those: the single agency for assessment, the whole idea of clarifying how assessment is done and making

sure the taxpayers understand that, the changes in the legislation in terms perhaps of The Public Schools Act, removing some of those kinds of things from an Act that they clearly in our mind do not belong in. You could institute some of those changes right away and we believe that's desirable to do that.

In terms of the impact, I think we would believe as soon as possible, because certainly we've had a freeze now for a number of years, and not only that, we've had a system which I think most people will admit is based on I think the 1949 or something system and is - no better way to say it than extremely out of date. It's archaic and it certainly does not reflect at all probably what property values are at the current time. So, yes, with due haste, but certainly you need to run a dry run as was attempted, I think, in the Statistical Analysis and it would certainly have to be extended further than what has been done in this green paper.

MR. C. MANNES: My only concern is, of course, sometimes your whole process loses objectivity when you do that. It says that you're maybe in a case looking for the result and will flounder around until you find it. Let me move on if I can . . .

MR. J. WIENS: Mr. Chairperson, that's exactly the point we've been making in terms of assessment all along, I think.

MR. C. MANNES: Mr. Chairman, if I could move into a couple of questions regarding the statistics provided in the Appendix. First of all, I want to compliment the Society. There is a wealth of information there that I suppose I've been looking for, for a long time, and I think it supports some of the views that we held intuitively and maybe didn't have the resources to define in a statistical sense.

First of all, Appendix B, you show in the first column the contribution made by way of farm and residential tax, and I think it's very interesting to see what happens over the last three years as you see what contribution that has made to the total levy through the past three years, and I suppose that really supports the outcry that you hear particularly from the rural areas, particularly those of us that farm. I think it's very obvious by the figures you do give.

I have a question though, specifically related to Appendix D where you again talk about the provincial levy, but you've for some reason or other chosen to show current dollars by way of constant dollars. I'm very curious as to the reason you've done that. I suppose it's good to put a deflator into something to show that really maybe the real input or the real impact isn't as serious as it might otherwise be. I caution you though, and I would ask you to comment. I caution you though to realize, of course, you've only looked at one side of the criteria; you haven't chosen to deflate the cost of agricultural products, which of course is my only source of paying for my contribution to that total levy. I suppose again, I ask you why you would do that?

MR. J. WIENS: Mr. Chairperson, I'll comment on a couple of things. First of all, there's a lot of information available in this little book which is available to you.

Mr. Manness was talking about getting more information and so on. I think that he would find that very useful to examine. I would caution people, in reading this data in Appendix B, that it is the provincial levy that's referred to. That's important to take note of that when you're considering the big picture or the perspective of the whole taxation issue; and in terms of our constant dollars, just very briefly, I think our rationale always is to indicate the kinds of revenue that is available to public education, as being provided by education to clear the record, in terms of the money that is being made available to educate students in this province.

It has something to do with why the Teachers' Society exists. We don't have any particular objection to considering the other issue and we use Canadian figures and Manitoba figures as much as possible, but it certainly hasn't been one of the issues that we have had to look at very carefully.

I think probably I should ask Glen at this time to also comment on that, because he is the person who works with this under the direction of our committee.

MR. CHAIRMAN: Mr. McRuer.

MR. G. McRUER: If I understand the question from the honourable member, he's suggesting that we are only looking at the acquisition of tax dollars in a constant sense and not giving any expression to the purchasing power of property taxpayers, that when they're paying those taxes they're also paying the taxes in constant dollars. So we're only looking at the acquisition side of the coin without the output from the taxpayers, and I would say that's quite valid.

MR. CHAIRMAN: Further questions by members of the committee?

Mr. Adam.

HON. A. ADAM: Yes, I just wanted to ask a question or two further on comments made by Mr. Manness. I think the example he gave on his own property, in that he was now paying \$6,000 and in event that the residence would be assessed, his taxes would now be \$8,000.00. I think that question was referring to shifts within a property and not within a total classification. That is a point of clarification that should be made in that if we are, in my opinion, to address all those problems, those shifts that are going to take place, that once we've made the full circle and we're back to Square One, we haven't achieved anything, have we? As far as equity in the system, I think that's the whole purpose of the recommendations that we have before us.

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: Mr. Chairman, my comment is that certainly has to be accurate. We have to achieve some shifts, but the situation that Mr. Manness is talking about may not, in fact, mean any shifts whatsoever. It may mean substantial shifts, but I think that would depend on the mill rate and, of course, that is a different issue.

HON. A. ADAM: The second comment, I believe in reference to the constant dollars and the current dollars

that Mr. Manness raised, was that the income of the farmer had decreased. I find that to be a separate issue again. It is not related to assessment or removing the inequities in the assessment system. It's a separate problem that has to be addressed separately and it's a major issue.

MR. CHAIRMAN: Mr. Wiens, I'm not sure whether that's a question.

MR. J. WIENS: Mr. Chairman, I would just say probably that's a moot point too.

MR. CHAIRMAN: Further questions by members of the committee for Mr. Wiens?

MR. D. GOURLAY: Thank you, Mr. Chairman. I just have a comment to make. I'd like to commend the Teachers' Society for the indepth study they have done on the Assessment Review recommendations. I think they have covered it very fully and appear to really understand what the report is trying to bring out.

I think it's interesting and significant also that the Teachers' Society appear to generally support the recommendations of the Assessment Review Committee with the flagging of three points here, which I believe the Assessment Review Committee has also indicated that should be watched pretty closely with respect to the application of valuation factors and the apportionment and so on.

I think it's interesting, too, that the Teachers' Society indicate to the committee that a number of the recommendations can be proceeded with, and I gathered from your comments that they should be proceeded with as soon as possible.

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: Yes, Mr. Chairperson, that's what we believe. The ones that - I could point them out again, but we believe, first of all, that the single assessing authority could be set up, that the assessment could be done on a more frequent basis, that mechanism could be set up regardless of how the other proceeds and that there could be a clarification of the process.

MR. CHAIRMAN: Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Yes, thank you, Mr. Chairman. Mr. Wiens just some clarification, on Page 2, Item 3 - "Assessment should not be used to determine the amount of tax various categories of property will bear." You were speaking about a clear distinction between assessment function and the taxing function. Could I interpret that as, say, the MTS position was not supportive of the portioning that was recommended by the Weir Committee?

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: The portioning, if I understand correctly, is the taxation issue. If we look at the 8 percent of farmland, 15 percent of residential property and so on, be established or that be the assessment that is subject to taxation, that's a taxation issue, I think, so we would

say that is something that needs to be seriously considered, but that it is devoid of what the property worth of a province is, and that we should establish the property value of a province, appraised property value or whatever, in some way, and based on that, design a fiscal policy.

HON. J. BUCKLASCHUK: I do agree it certainly has a very direct impact on taxation, but nonetheless it is a recommendation. Recommendation III-C-2, it's as a means of maintaining existing assessment levels.

MR. J. WIENS: I'll have to look up III-C-2 here. One of the issues, of course, is that there is an assumption here that this is on market valuations. We take some issue with that, first of all.

The second question, if I understand correctly, is a request for some comment to be made on the 8 percent, 15 percent, etc., and we're not prepared to comment on that. We haven't studied that to say that this is an equitable kind of thing or not. We can't comment on that, sir.

HON. J. BUCKLASCHUK: You may not want to comment on it, but nonetheless the statistical analysis that was done was premised on the basis that the portionment, as outlined in the report, would take place

to prevent shifting from classification to classification. I think it's vitally important that there be a position on that in order to understand whether the recommendations are acceptable or not.

MR. CHAIRMAN: Mr. Wiens.

MR. J. WIENS: Mr. Chairperson, I agree that is a vital part of this. We question the assumptions that were done in the green paper and it's based on market values. If we question that we may in fact come up with - if we were to carry this further and I'm not sure that's our responsibility quite frankly, we would perhaps come up with a different percentage in apportionment section.

MR. CHAIRMAN: Further questions from members of the committee? Hearing none, I'd like to thank you for making your presentation and thank Mr. Virtue, Mr. Asper and Mr. McRuer for being here as well. Thank you gentlemen.

MR. J. WIENS: Thank you.

MR. CHAIRMAN: The hour being past 12:30, the committee is adjourned until 2:00 p.m.